

**TOWN OF BROOKLINE ADVISORY COMMITTEE**  
**Administration and Finance Subcommittee Report**  
**Finance Department: FY24 Budget**  
**Public Hearing held via Zoom February 24, 2023**

**Attendance:** Staff: Melissa Goff, Charles Young, Lincoln Heineman, Rachid Belhocine, Michael Dipietro, Rick Saville, David Geanakakis. Advisory Subcommittee members: Chair Kelly Hardebeck, Harry Bohrs, Neil Gordon, Joslin Murphy.

**Recommendation:** By a vote of 4-0, the Administration and Finance Subcommittee unanimously recommends favorable action on the Finance Department’s proposed budget of \$3,558,210.

**Hearing Recording** Click on the link below and enter the passcode when prompted to view the recording of this hearing. The Finance Department budget starts at 00:02:02

Recording: <https://bit.ly/3SGCB6w>

Passcode: 96ydj@%k

<b>Executive Summary:</b>	The Finance Department has four divisions: Treasury, Comptroller, Assessing, and Purchasing. The FY24 budget of \$3,558,210 represents a <i>de minimis</i> 1% increase from FY23.
<b>Voting Yes will...</b>	Approve the departmental budget request as proposed by the Town Administrator. There is no significant increase in the proposed FY24 budget over the FY23 budget.
<b>Voting No will...</b>	Reject the budget/priorities as proposed, and open the door for different approaches.
<b>Financial impact [if any]</b>	The Finance Department is responsible for the implementation, oversight, integrity, and reporting of the Town’s operating and capital finances.
<b>Legal implications [if any]</b>	The Finance Department is responsible for legal adherence to all of the Town’s revenue, spending, taxing, assessing and procurement requirements.

**Finance Department Budget Overview**

The **Treasury** division is responsible for “the billing, collecting, and investing of all funds and the arrangement of timely disbursements of all payments to vendors, town employees, and retirees. The Division is also responsible for processing payroll for the Town and Schools.”

The vacancy in the position of Town Treasurer (Finance Director) has been filled by the appointment of Lincoln Heineman. Director Heineman reported that there has been significant turnover in Treasury staff, with the retirement of the long term Assistant Treasurer and replacement of two of the four line staff. The Treasury is preparing for the Town’s general debt issuance in the amount of \$10,780,000 this year, and for the issuance of two no interest loans from the MWRA for Town water meter and sewer projects. The PACE (Property Assessed Clean Energy) program, which will allow business owners to create clean energy projects through private loans that are reimbursed by MassDevelopment, and the PILOT (Payments in Lieu of Taxes) program, which will seek payment participation from tax exempt entities, were highlighted by the Director as items on the Treasury’s agenda. With regard to the PILOT program, Director Heineman reported that working with the Moderator’s PILOT Committee, he will seek to encourage greater participation in the program through an incentive approach, as for example offering certain entities access to available cooperative purchasing programs such as the fuel purchasing program. Overall, Director Heineman reported that although the Town’s investments and security yields have fluctuated during the past year and there have been market

losses along with rising interest rates, the Town continues to be on track with its OPEB goal and goal of maintaining the Town's triple-A bond status. The FY24 budget reflects no significant changes across the Department.

The **Comptroller** "is responsible for maintaining and administering a financial accounting and management information system that provides accurate, complete, and timely information pertaining to all financial activities of Town and School departments. Comptroller Michael DiPietro reported that the long-term Assistant Comptroller retired, resulting in internal promotions from within the division and another Town department, and consequently a \$13-14,000 decrease in payroll costs; however the annual software service contract utilized by the Division increased by approximately \$13,000; resulting in an overall net wash.

The **Purchasing** division "is responsible for ensuring that all purchases of goods and services, including public construction, are made in accordance with state laws and are open, fair, competitive, and obtained at the lowest possible cost without sacrificing quality. This is done for all Town and School departments. The Division is also responsible for the General Services unit (Town wide postage and printing)."

Chief Procurement Officer David Geanakakis led the successful negotiation of a cooperative municipal fuel (gas, heating oil and diesel) purchasing contract, which is expected to result in significant cost savings to the Town and other participating municipalities of more than \$1 per gallon. He noted that there is currently one EV in the Town pool and that he expects more EVs to be added to the fleet in the future. The Division is also managing the Disadvantaged Business database, a portal that permits Departments to access valuable information pertaining to disadvantaged businesses for inclusion in contract procurement efforts. The database has been in place for over a year and is currently in marketing phase which has led to greater access.

The **Assessing** division "is responsible for uniformly and accurately valuing all taxable property in town. Quality and accurate assessments ensure that all areas of town and all classes of property equitably share responsibility for their portion of the property tax levy."

Chief Assessor Rachid Belhocine stated that the Assessing Division has also experienced a high turnover in personnel; it reportedly took three years to fill two staff positions. The employee who previously occupied the part time personal property position retired, and the related work was re-distributed to the Assistant Assessor and Principal Clerk. The consolidation is expected to result in improved equity between employee disciplines (residential and commercial property assessing responsibilities) and greater efficiencies within the Division. These changes resulted in a savings of \$60,000; however the Division is seeking to retain this amount in the budget for anticipated future needs such as for the implementation of the means tested senior property tax exemption that was approved by Town Meeting and signed by the Governor on January 5. Mr. Belhocine stated that this is the second year CPA (Community Preservation Act) funds will be collected for all four quarters and the first FY in which the Town will be receiving a state match. FY24 will also see a tax re-evaluation, which is a significant undertaking. The Division is also working with the Department of Revenue to streamline the process for reviewing residential exemptions in FY24; this process is expected to significantly reduce the work within the Division that is required to process the approximately 10,000 residential tax exemptions within

the Town. In response to a question from the subcommittee, Mr. Belhocine reported that the Town lost approximately 1% of the Town's commercial tax base in 2022-23 as well as losing some property to exempt status, including the 37 Harvard Street Preschool. Estimated excise tax revenue collections are also lower; however it was indicated that this is a conservative estimate and an increase in growth is anticipated in FY24.

### **Discussion**

Overall, no significant changes are proposed in the Finance Department's FY24 budget. In addition to the appointment of a new Finance Director, the Department has experienced significant changes in key staff positions within three of its four Divisions. Regardless, *status quo* continues to be maintained with respect to the Town's financial goals, and the Finance Director expects that the Town will continue to maintain its Triple A bond status and stay on track toward reaching the goal of fully funding the Town's unfunded pension liabilities by FY30.

### **Recommendation**

The Subcommittee voted to recommend approval of the proposed Finance Department FY24 Budget by a vote of 4-0 with no abstentions.

### **Insert:**

#### **FY24 Budget Line Item Report**

#### **FY24 Finance Department Budget**