

ARTICLE 7

SEVENTH ARTICLE

Submitted by: Advisory Committee

To see if the Town will:

A.) Fiscal Year 2024 Budget

Appropriate the sums requested or proposed by the Select Board or by any other officer, board or committee, or any other sum or sums, for the fiscal year 2024 budget; without limiting the foregoing, appropriate the sums necessary for all town expenses, including the snow and ice budget, debt and interest, and operating expenses; fix the salaries of all elected officers as provided for in General Laws, Chapter 41, Section 108; authorize the leasing, leasing with an option to purchase or installment purchase of equipment; appropriate to or from a stabilization fund as provided for in General Laws Chapter 40, Section 5B; appropriate CPA funds as provided in General Laws, Chapter 44, Section 44B; authorize the continuation of all revolving funds in accordance with General Laws, Chapter 44, Section 53E½ and all Enterprise Funds in accordance with General Laws, Chapter 44, Section 53F½; allocate available free cash; provide for a reserve fund; and establish the requirements for transfers among appropriations, interfund transfers, transfers for the purposes of salary adjustments, filling vacant positions and budgetary reporting.

B.) Fiscal Year 2024 Special Appropriations

Appropriate sums of money for the following special purposes:

1. Appropriate \$25,000, or any other sum, to be expended under the direction of the Chief Procurement Officer for town furniture upgrades.
2. Appropriate \$375,000, or any other sum, to be expended under the direction of the Building Commissioner, with any necessary contracts over \$100,000 to be approved by the Select Board, for the Brookline Village Library HVAC improvements.
3. Appropriate \$900,000, or any other sum, to be expended under the direction of the Police Chief, with any necessary contracts over \$100,000 to be approved by the Select Board, for upgrades/replacement of the Police and Fire Department's radio infrastructure.
4. Appropriate \$200,000, or any other sum, to be expended under the direction of the Police Chief, with any necessary contracts over \$100,000 to be approved by the Select Board, for the equipment and of the Body Worn and In-Car Camera program.
5. Appropriate \$500,000, or any other sum, with any necessary contracts over \$100,000 to be approved by the Select Board, to be expended under the direction of the Commissioner of Public Works, for traffic calming.

6. Appropriate \$700,000, or any other sum, with any necessary contracts over \$100,000 to be approved by the Select Board, to be expended under the direction of the Commissioner of Public Works, for bike access improvements.
7. Appropriate \$75,400, or any other sum, to be expended under the direction of the Commissioner of Public Works, for Accessible Pedestrian Signals.
8. Appropriate \$3,930,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for the rehabilitation of streets.
9. Appropriate \$500,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for the rehabilitation of sidewalks.
10. Appropriate \$800,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for design work related to the Washington Street Rehabilitation and Complete Streets Program.
11. Appropriate \$600,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for storm water improvements.
12. Appropriate \$2,000,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for water system improvements.
13. Appropriate \$3,000,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for wastewater system improvements.
14. Appropriate \$520,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for the design of the renovation of Amory Tennis Courts, Parking and Halls Pond.
15. Appropriate \$350,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for improvements to Monmouth Park.
16. Appropriate \$2,000,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for the renovation of Schick Playground.
17. Appropriate \$285,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be

approved by the Select Board, for the renovation of playground equipment, fields, and fencing.

18. Appropriate \$100,000, or any other sum, to be expended under the direction of the Commissioner of Public Works for the rehabilitation of Town and School grounds.
19. Appropriate \$300,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts to be approved by the Select Board and the Park and Recreation Commission, for the rehabilitation of tennis courts and basketball courts.
20. Appropriate \$375,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board and the Tree Planting Committee, for the removal and replacement of trees.
21. Appropriate \$150,000, or any other sum, to be expended under the direction of the Recreation Director for the renovation of the Soule Courtyard.
22. Appropriate \$300,000, or any other sum, to be expended under the direction of the Recreation Director, with any necessary contracts to be approved by the Select Board and the Park and Recreation Commission, for tree work at Putterham Woods.
23. Appropriate \$25,000, or any other sum, to be expended under the direction of the Chief Procurement Officer for school furniture upgrades.
24. Appropriate \$200,000, or any other sum, to be expended under the direction of the Building Commissioner for HVAC equipment.
25. Appropriate \$90,000, or any other sum, to be expended under the direction of the Building Commissioner for ADA renovations to Town and School facilities.
26. Appropriate \$250,000, or any other sum, to be expended under the direction of the Building Commissioner for elevator renovations.
27. Appropriate \$130,000, or any other sum, to be expended under the direction of the Building Commissioner for upgrades to energy management systems in Town and School facilities.
28. Appropriate \$125,000, or any other sum, to be expended under the direction of the Building Commissioner, for public building fire alarm upgrades.
29. Appropriate \$170,000, or any other sum, to be expended under the direction of the Building Commissioner, for improvements to life safety systems and building security in Town and School facilities.
30. Appropriate \$1,000,000 or any other sum, to be expended under the direction of the Building Commissioner, with any necessary contracts over \$100,000 to be approved by the

Select Board and the School Committee, for minor renovations / upgrades to school buildings.

31. To see if the Town will appropriate Two Hundred Nine Million Nine Hundred Fifteen Thousand Nine Hundred Fifty-Eight Dollars (\$209,915,958) to the pay costs of constructing a new PreK-8 School which includes renovations/addition to the existing historic Pierce School and other site improvements including reconstruction and repair of the Town Hall and Pierce School garages which are beneath the new school and the Town Park across School Street to be located on the site of the existing John R. Pierce School at 50 School Street in Brookline, Massachusetts replacing the existing John R. Pierce School, including the payment of all costs related to designing the new school project, equipping and furnishing the school, site improvements, and all other costs incidental and related thereto (the "Project"), which new school facility shall have an anticipated useful life as an educational facility for the instruction of school children of at least 50 years, and for which the Town may be eligible for a grant from the Massachusetts School Building Authority (the "MSBA"); and to determine if said appropriation shall be expended under the direction of the Town of Brookline Select Board; to determine if said appropriation shall be raised by borrowing or otherwise; to determine if the Town shall acknowledge that the MSBA's grant program is a non-entitlement, discretionary program based on need, as determined by the MSBA, and any project costs the Town incurs in excess of any grant approved by and received from the MSBA shall be the sole responsibility of the Town and that any grant that the Town may receive from the MSBA for the Project shall not exceed the lesser of (1) thirty-five and fifty-five hundredths percent (35.55%) of eligible, approved project costs, as determined by the MSBA, or (2) the total maximum grant amount determined by the MSBA; to determine if the amount of any borrowing authorized for the project shall be reduced by any grant amount set forth in and received pursuant to the Project Funding Agreement that may be executed between the Town and the MSBA; to determine whether the appropriation and any borrowing authorized for the project shall be contingent upon the Town's passage of a ballot question to exempt the principal and interest payments on such borrowing from the tax limitations of G.L. c.59, §21C (Proposition 2 ½); or to take any other action relative thereto.
32. Appropriate \$2,026,982, or any other sum, to be expended under the direction of the School Superintendent, with any necessary contracts to be approved by the School Committee, for the expansion of classroom capacity in various schools.
33. Appropriate \$275,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for improvements at Robinson Playground, and to rescind a like amount voted at the November 15, 2022 Special Town Meeting under Article 1, Item 4, which item was inadvertently omitted from the warrant for such meeting;
34. Appropriate \$355,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for improvements at Murphy Playground, and to rescind a like amount voted at the November 15, 2022 Special Town Meeting under Article 1, Item 5, which item was inadvertently omitted from the warrant for such meeting;

35. Appropriate \$1,259,083, or any other sum, to resolve the special revenue account deficit as a result of COVID expenses that may not be eligible for reimbursement.

C.) Funding

And determine whether such appropriations shall be raised by taxation, transferred from available funds, borrowed or provided by any combination of the foregoing, and authorize the leasing, leasing with an option to purchase, or the installment purchase of any equipment or any capital items; and authorize the Select Board, except in the case of the School Department Budget, and with regard to the School Department, the School Committee, to apply for, accept and expend grants, gifts, reimbursements, and aid from both federal, state, and other sources and agencies for any of the purposes noted in this Article, or act on anything relative thereto.

---

PETITIONER’S ARTICLE DESCRIPTION

This is the annual appropriations article for FY2024. Included in this omnibus budget article are operating budgets, special appropriations, enterprise funds, revolving funds, and conditions of appropriation. This is the culmination of work that officially began with the publication of the Town Administrator’s Financial Plan on March 7<sup>th</sup>. The proposed budget has since been reviewed by numerous sub-committees of the Advisory Committee, the full Advisory Committee, and the Select Board. The vote ultimately recommended to Town Meeting is offered by the Advisory Committee.

---

SELECT BOARD’S RECOMMENDATION

Article 7 sets the Town’s budget and special appropriations for Fiscal Year (“FY”) 2024. It is the most important article taken up at the Annual Town Meeting, as well as the most detailed. The Select Board would like to thank the Deputy Town Administrator, Assistant Town Administrator for Finance, Finance Director, Department Heads, Superintendent of Schools along with his staff, and the School Committee for their tireless efforts in developing the FY2024 budget.

Financial Plan and Changes

The Town’s Financial Plan was released on March 7, 2023. Its assumptions were based on the Governor’s budget, which was released seven days earlier. Since then, the House has passed its own budget, based on its Ways & Means Committee’s bill, H.3900. While that bill included a small increase in per-pupil education pay under Chapter 70 for so-called “minimum aid” communities like Brookline, it decreased unrestricted general government aid funding. We estimate that this rebalancing will result in minimal additional funds becoming available if it holds through the remainder of the state budget process. As of the time of this report, the Town-School Partnership has not met to discuss whether and how this minimal additional funding

will pass through the community's traditional revenue split between municipal and educational operations. As such, the Select Board's budget recommendation remains tied to the Governor's budget numbers at this time.

The Financial Plan assumed that overall costs of providing healthcare to employees would grow by 8%. When the actual insurance rates came in, they were roughly commensurate with that estimate. Importantly, however, there were major changes to virtually all existing plans the Town offers its employees due to the merger/creation of numerous providers and plans. We will not know the practical impact of these changes until after the close of the open enrollment period, which coincides with the deadline for the release of this report.

At the time the Select Board made its budget recommendation, the outcome of the proposed operating override ballot question was not known. As such, the Select Board's recommendation includes contingencies for scenarios in which Question 2A (the so-called "base override") either passes or fails to pass. Since the override passed, the Board's motion reflects the recommendations made by the Town Administrator for the override.

One less significant change came in the form of an unexpected reimbursement from the Federal Emergency Management Agency ("FEMA"). This reimbursement lowers the amount needed to be appropriated to cover FEMA-ineligible expenses, which reduces the amount of Free Cash used to address this outstanding account.

### Fiscal Snapshot at a Glance

The Town of Brookline continues to move through fiscally uncertain times with prudence and confidence, aiming to provide the services its residents want with the limited resources available to it. As we adjust to the economically turbulent early period of endemic COVID-19 and make the most of one-time funding sources that sprung up during the pandemic, we hope that FY2024 represents the end of the Town's "maintenance" and "recovery" periods and the beginning of an era focused on a future of long-term sustainable growth and community resiliency.

To that end, the Select Board's proposed FY2024 "no override" budget balanced \$404,549,939 in revenues and expenditures, a 5.2% increase from FY2023. This reflects an unfortunately recurring situation in both Brookline and other Massachusetts municipalities that rely predominantly on residential income tax receipts for revenue: even in realizing revenue growth when compared to last year's figures, the Town and Schools alike face operational shortfalls due to the increases in costs from health care, sanitation, licenses, collective bargaining, our MBTA assessment, and the overall inflation-exacerbated costs of goods and services.

Although the new gubernatorial administration committed to an overall statewide increase of 8.2% in local aid from last year, Brookline was not the primary beneficiary of that additional funding. Education payments under Chapter 70 increased for Brookline by only 1.3% from last year, while unrestricted general government aid saw only a 2.0% increase (0.4% higher than the FY2022 to FY2023 increase). Property tax increases remain capped at 2.5% plus the value of any "new growth," which has also shown reduced results due to the lack of new opportunities like 10 Brookline Place and the Hilton Garden Inn that have supported the tax

base over the past five years. When paired with our increased costs, these figures left the Town with an operating shortfall on the town side of \$521,176 and a school deficit of \$3,701,870.

With the passage of the operating override, an additional \$6,556,061 is expected in FY2024 revenue to cover the above shortfalls and be used for the purposes described in Ballot Question 2A. The Select Board may consider delaying some restorations in order to cover collective bargaining shortfalls, but at present, all restorations are included in the Select Board's motion. Overall, the Select Board's override priorities are the maintenance of services we already provide, restoration of critical services pared back during the pandemic, infrastructure investment that can generate savings and transformational change down the line, sustainable and equitable smart community growth in a fossil-fuel-free context, and assistance to vulnerable and/or chronically underserved community members. For further information regarding the override, please visit <http://www.brooklinema.gov/override>.

Our better-than-average Free Cash revenue came from a one-time tax payment and another one-time payment from the issuance of a building permit for a large development structure. But as explained in more detail later on in the Financial Plan, Free Cash is a one-time source of funding that we allocate according to a careful rubric, and not a reliable source of recurring revenue. Regular use of Free Cash to cover operating expenses is not a sustainable financial model, especially for a community with a triple-A municipal debt rating. For FY2024, we continue to follow the Town's Free Cash Policy to and provide support to our aggressive plan to address the Town's capital needs in the Capital Improvement Plan ("CIP"), support liabilities and financial reserves, and address outstanding COVID expenses that have not been reimbursed by FEMA.

Regarding the CIP, Town financial policies require at least 7.5% of the prior year net revenue be allocated to the annual capital budget. This covers both the cost of pay-as-you-go cash projects and the annual debt service on projects that were financed with municipal bonds. Over the last few years, our fund balance has allowed additional investment to meet a backlog of capital projects. A significant portion of the community's CIP activities are covered through "excluded" debt—that is, debt financed through a temporary property tax increase authorized by voters. As discussed in detail in Section VII of the Financial Plan, the current growth of the CIP is unsustainable, but we continue to make targeted choices to ensure needed repairs and replacements of school and municipal facilities such as parks and playgrounds can happen on a timely basis.

Inflation continues to put pressure on our municipal workforce, which is why we recommend an across-the-board cost-of-living increase of 3% for FY 2024. It remains a priority of the Select Board to attract and retain top talent in Brookline's unionized and non-unionized workforces, which is why the current operating override proposal includes \$500,000 to address pay disparities between technical staff (such as social workers) and managers here and in comparable communities. Restoring the proposed operational cuts with override funds also ensures that money in the collective bargaining reserve can be used to fund fair agreements with our unionized workforce.

Through the second round of Brookline's unique and community-oriented American Rescue Plan Act ("ARPA") allocation process, the Town has also proposed a package of nearly \$5M

in one-time requests, primarily to address public sector capacity issues caused or exacerbated by the pandemic in a “green” way while also targeting vulnerable communities impacted by COVID-19. This use of one-time money to address serious needs without creating unfunded mandates when the ARPA period of performance ends in 2026 limits the potential systemic shock of cutting off new initiatives that community members had come to rely on. Most of the programs proposed or continued in the Town’s Round 2 ARPA asks are currently slated to move forward permanently as line items in the proposed “base” operating override.

The Select Board authorized up to \$6M in payments of up to \$4,000 in one-time federal ARPA funds to current full- and part-time benefits-eligible Town and PSB employees who worked 40 or more days in person during the first year of the COVID-19 pandemic. We continue to be grateful to all municipal employees for their service to Brookline.

We continue to anxiously await the possibility of new local aid initiatives at the State level or through the Infrastructure Investment & Jobs Act (“IIJA”) and Inflation Reduction Act. Unfortunately, many of the initial IIJA grant initiatives were either targeted to communities of a lower income level or required too much of an initial investment for Brookline to seriously consider them. We continue to monitor for these and any alternative sources of funding that could help defray the costs of a potential override or offer alternative sources of short- and long-term benefits for the community.

This fall, as detailed further in the reports for Warrant Article 8, the Community Preservation Act Committee will make its first allocations from a pool of over \$6,000,000 in additional funds for community priorities in the allowable categories of open space, historic preservation, community housing, and recreation. All four of these areas provide new opportunities for smart, community-driven growth.

Last year, the previous Town Administrator Mel Kleckner noted that the FY2023 budget represented the beginning of what he called the “New Normal,” an era in which demands for a broader social safety net would be placed on the shoulders of local government. After all, this is the aftermath of the traumatic early years of a decade marked by a catastrophic global pandemic, runaway climate change, and a long-overdue increased awareness of institutionalized violence against people of historically marginalized communities. Larger entities proved unable or unwilling to address these societal concerns, and so the expectation fell to us in Town Hall. Mr. Kleckner urged the community to think creatively about how to fund longer-term transformative service-oriented efforts in the face of systemic operating shortfalls.

The abdication of responsibility by federal- and state-level institutions historically responsible for earlier versions of the social safety net requires local government to maximize its efficiency in evaluating how and when to step into the gap. Massachusetts places a fairly hard cap on how much money we can raise from property taxes. In a community as residential as Brookline is, we must think strategically about how to invest limited override opportunities into efforts that will reduce our reliance on overrides in the future so we can be confident that any expanded safety net will not be subject to sudden termination at the ballot box.



The Select Board believes that its budget, as developed by staff based on the Select Board's stated priorities, balances the needs of the community with the limited resources available to address them.

Advisory Committee Reconciliation

As of the date of this report, the Advisory Committee has not make a formal motion for the Board to deliberate. Select Board believes it appropriate at this juncture to offer their motion on the budget to consider until a balanced budget is presented by the Advisory Committee.

Accordingly, following a public hearing on the matter, at a meeting held on April 25, 2023, the Select Board voted 4-0 to recommend FAVORABLE ACTION on the following motion (except as to those portions of the motion that included funding for the Pierce School reconstruction project, which the Select Board approved of by a vote of 3-1 (John VanScoyoc opposed)).

MOVED: To approve the budget for fiscal year 2024 set forth in the attached Tables I and II; to appropriate the amounts set forth for such fiscal year in the departments and expenditure object classifications within departments, as set forth in Tables I and II, subject to the following conditions; to raise all sums so appropriated, unless other funding is provided herein; and to establish the following authorizations:

**1.) TRANSFERS AMONG APPROPRIATIONS:** Transfers between the total departmental appropriations separately set forth in Tables 1 and 2 shall be permitted by vote of Town Meeting or as otherwise provided by Massachusetts General Laws Chapter 44, Section 33B(b). Within each separate departmental appropriation, expenditures shall be restricted to the expenditure object classifications set forth in the recommendation of the Advisory Committee, and voted by the Town Meeting, for each department, subject to the following exceptions:

- A) Expenditures within the appropriation for the School Department shall not be restricted.
- B) The following transfers within the appropriations for each department (other than the School Department and the Library Department), shall be permitted only with the prior written approval of the Select Board and Advisory Committee:
  - i) Transfers from the appropriation for the capital outlay object classification to any other object classification.
  - ii) Transfers to the appropriation for the personal services object classification from any other object classification.
  - iii) Any transfer which has the effect of increasing the number of positions or the compensation for any position, exclusive of adjustments in wages and benefits voted separately by Town Meeting.
  - v) Transfers within the Department of Public Works from the Parks Division to any other purpose.

- vi) Transfers within the Department of Public Works from the Snow and Ice budget to any other purpose.
  
- C) Transfers within the Library Department appropriation shall be permitted with the approval of the Board of Library Trustees, and written notice of such approval shall be submitted promptly to the Advisory Committee, Town Administrator and Town Comptroller.
  
- D) All other transfers within the total appropriation for a particular department shall be permitted with the written approval of the Town Administrator, subject to review and approval of the Select Board, and upon the condition that written notice of each such approval shall be submitted promptly to the Advisory Committee and Town Comptroller.

2.) **PROCUREMENT CONTRACTS AND LEASES:** The Chief Procurement Officer is authorized to lease, or lease with an option to purchase, any equipment or capital item funded within the FY2023 budget, and to solicit and award contracts for terms of not more than four years, provided that in each instance the longer term is determined to be in the best interest of the Town by a vote of the Select Board.

3.) **ALLOCATION OF SALARY ADJUSTMENTS:** Appropriations for salary and wage adjustments (Item #20) shall be transferred by the Town Comptroller to the various affected departments within (60) days from the beginning of the fiscal year, or in the absence of duly approved collective bargaining agreements, within (60) days of the approval of the collective bargaining agreements by Town Meeting. The Select Board shall determine the salaries, which may include merit adjustments, for employees not included in any collective bargaining agreement.

Should a balance remain after the Town Comptroller has made the transfers specified herein, said balance shall be transferred by the Town Comptroller to a budget line entitled Personnel Services Reserve (Item #19), which shall be used to fund costs incurred over the course of the fiscal year pursuant to employee contracts and/or established personnel policies. The Town Comptroller shall include an accounting of all transfers made from this reserve in the Annual Financial Report.

4.) **STIPENDS / SALARIES OF ELECTED OFFICIALS:** The stipends of members of the Select Board shall be at the rate of \$4,500 per year for the Chair and at the rate of \$3,500 per year for each of the other four members. The annual salary of the Town Clerk shall be at the rate of \$106,861 effective July 1, 2023, plus any adjustment approved by vote of the Select Board. The Town Clerk shall pay all fees received by the Town Clerk by virtue of their office into the Town treasury for Town use.

5.) **VACANT POSITIONS:** No appropriation for salaries, wages, or other compensation shall be expended for any benefit-eligible position which has become vacant during the fiscal year unless the Select Board, at an official meeting, has determined that the filling of the vacancy is either essential to the proper operation of the Town or is required by law. This condition shall not apply to appropriations of the School Department.

6.) **GOLF ENTERPRISE FUND:** The following sums, totaling \$2,517,574 shall be appropriated into the Golf Enterprise Fund, and may be expended under the direction of the Park and Recreation Commission, for the operation of the Golf Course:

Salaries	\$875,572
Purchase of Services	\$438,060
Supplies	\$481,000
Other	\$9,600
Utilities	\$137,741
Capital	\$170,642
Debt Service	\$119,721
Reserve	<u>\$25,000</u>
Total Appropriations	\$2,257,336
Indirect Costs	<u>\$260,238</u>
Total Costs	\$2,517,574

Total costs of \$2,517,574 to be funded from golf receipts with \$260,238 to be reimbursed to the General Fund for indirect costs.

7.) **WATER AND SEWER ENTERPRISE FUND:** The following sums, totaling \$32,522,728 shall be appropriated into the Water and Sewer Enterprise Fund, and may be expended under the direction of the Commissioner of Public Works for the Water and Sewer purposes as voted below:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Salaries	2,658,407	622,907	3,281,314
Purchase of Services	163,617	150,000	313,617
Supplies	149,805	27,000	176,805
Other	13,900	6,980	20,880
Utilities	141,379	0	141,379
Capital	543,349	65,000	608,349
Intergovernmental	8,551,815	14,169,817	22,721,632
Debt Service	925,750	1,261,540	2,187,290
Reserve	<u>139,185</u>	<u>180,425</u>	<u>319,610</u>
Total Appropriations	13,287,207	16,483,669	29,770,876

Indirect Costs	<u>2,218,878</u>	<u>532,974</u>	<u>2,751,852</u>
Total Costs	15,506,085	17,016,643	32,522,728

Total costs of \$32,522,728 to be funded from water and sewer receipts with \$2,751,852 to be reimbursed to the General Fund for indirect costs.

**8.) REVOLVING FUNDS:**

- a.) The Park and Recreation Commission is authorized to maintain and operate, under the provisions of General Laws Chapter 44, Section 53E1/2 and Chapter 79 of the Acts of 2005, a revolving fund for special recreation programs and events. All receipts from said programs and events shall be credited to the fund. Annual expenditures from the fund shall not exceed \$4,600,000.
- b.) The Building Commissioner is authorized to maintain and operate, under the provisions of General Laws Chapter 44, Section 53E1/2 and Chapter 79 of the Acts of 2005, a revolving fund for the repair and maintenance of the Town's rental properties, including all those listed in the vote under Article 13 of the Warrant for the 1999 Annual Town Meeting. All receipts from said rental properties shall be credited to the fund. Annual expenditures from the fund shall not exceed \$225,000.
- c.) The Commissioner of Public Works is authorized to maintain and operate, under the provisions of General Laws Chapter 44, Section 53E1/2 and Chapter 79 of the Acts of 2005, a revolving fund for the construction and reconstruction, upkeep, maintenance, repair and improvement of sidewalks and walkways along public streets and ways over, across and through town owned property. Annual expenditures from the fund shall not exceed \$100,000.
- d.) The Director of Planning and Community Development is authorized to maintain and operate, under the provisions of General Laws Chapter 44, Section 53E1/2 and Chapter 79 of the Acts of 2005, a revolving fund for the Façade Improvement Loan Program. Annual expenditures from the fund shall not exceed \$30,000.
- e.) The Library Director is authorized to maintain and operate, under the provisions of General Laws Chapter 44, Section 53E1/2 and Chapter 79 of the Acts of 2005, a revolving fund for the Copier Program. Annual expenditures from the fund shall not exceed \$30,000.
- f.) The School Department is authorized to maintain and operate, under the provisions of General Laws Chapter 44, Section 53E1/2 and Chapter 79 of the Acts of 2005, a revolving fund for the School bus Program. Annual expenditures from the fund shall not exceed \$75,000.

**9.) SCHOOLHOUSE MAINTENANCE AND REPAIR:** The sum of \$7,635,891 included within the Building Department appropriation for school building maintenance, shall be expended for School Plant repair and maintenance and not for any other purpose. The listing of work to be accomplished shall be established by the School Department. The feasibility and prioritization of the work to be accomplished under the school plant repair and maintenance budget shall be determined by the Superintendent of Schools and the Building Commissioner, or their designees.

**10.) SNOW AND ICE BUDGET:** The sum of \$457,530, included within the Department of Public Works appropriation for snow and ice operations, shall be expended for snow and ice operations and not for any other purpose, unless transferred per the provisions of Section 1.B.vi of this Article 9.

**11.) INTERFUND TRANSFERS:** In order to fund the appropriations voted for the various departments itemized on Table 1, the Town Comptroller is authorized to make the following interfund transfers:

Cemetery Sales Special Revenue Fund [to the General Fund for the Department of Public Works]	\$ 100,000
Recreation Revolving Fund [to the General Fund for benefits reimbursement]	\$460,811

**13.) HOST COMMUNITY FUNDS**

Appropriate \$683,639 to be expended under the direction of the Town Administrator for marijuana mitigation activities, and to meet the appropriation transfer \$683,639 from the HCA stabilization fund.

**14.) BUDGETARY REPORTING:** The Town Comptroller shall provide the Advisory Committee with a report on the budgetary condition of the Town as of September 30, December 31, March 31, and June 30, within 45 days of said dates. This financial report shall include a summary of the status of all annual and special appropriations voted in this article; a report on the status of all special appropriations voted in prior years which remain open at the reporting date; and a summary of the status of all revenues and inter-fund transfers which have been estimated to finance the appropriations voted under this article.

**15.) SPECIAL APPROPRIATIONS:** The appropriations set forth as items 36 through 70, inclusive, in Table 1 shall be specially appropriated for the following purposes. In addition, with

the exception of Items #65 - 70, they shall be transferred from the General Fund to the Revenue-Financed Capital Fund.

Appropriate sums of money for the following special purposes:

36. Raise and appropriate \$1,099,920, to resolve the special revenue account deficit as a result of COVID expenses that may not be eligible for reimbursement.
37. Raise and appropriate \$25,000, to be expended under the direction of the Chief Procurement Officer for town furniture upgrades.
38. Raise and appropriate \$375,000, to be expended under the direction of the Building Commissioner, with any necessary contracts over \$100,000 to be approved by the Select Board, for the Brookline Village Library HVAC improvements.
39. Raise and appropriate \$900,000, to be expended under the direction of the Police Chief, with any necessary contracts over \$100,000 to be approved by the Select Board, for upgrades/replacement of the Police and Fire Department's radio infrastructure.
40. Raise and appropriate \$200,000, to be expended under the direction of the Police Chief, with any necessary contracts over \$100,000 to be approved by the Select Board, for the equipment and of the Body Worn and In-Car Camera program.
41. Raise and appropriate \$500,000, with any necessary contracts over \$100,000 to be approved by the Select Board, to be expended under the direction of the Commissioner of Public Works, for traffic calming.
42. Raise and appropriate \$700,000, with any necessary contracts over \$100,000 to be approved by the Select Board, to be expended under the direction of the Commissioner of Public Works, for bike access improvements.
43. Raise and appropriate \$75,400, to be expended under the direction of the Commissioner of Public Works, for Accessible Pedestrian Signals.
44. Raise and appropriate \$4,680,000, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for the rehabilitation of streets.
45. Raise and appropriate \$500,000, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for the rehabilitation of sidewalks.
46. Raise and appropriate \$800,000, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for design work related to the Washington Street Rehabilitation and Complete Streets Program.

47. Raise and appropriate \$520,000, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for the design of the renovation of Amory Tennis Courts, Parking and Halls Pond.
48. Raise and appropriate \$350,000, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for improvements to Monmouth Park.
49. Raise and appropriate \$2,000,000, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for the renovation of Schick Playground.
50. Raise and appropriate \$285,000, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for the renovation of playground equipment, fields, and fencing.
51. Raise and appropriate \$100,000, to be expended under the direction of the Commissioner of Public Works for the rehabilitation of Town and School grounds.
52. Raise and appropriate \$300,000, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts to be approved by the Select Board and the Park and Recreation Commission, for the rehabilitation of tennis courts and basketball courts.
53. Raise and appropriate \$375,000, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board and the Tree Planting Committee, for the removal and replacement of trees.
54. Appropriate \$150,000, to be expended under the direction of the Recreation Director for the renovation of the Soule Courtyard, and to meet the appropriation transfer \$150,000 from the recreation revolving fund balance.
55. Raise and appropriate \$300,000, to be expended under the direction of the Recreation Director, with any necessary contracts to be approved by the Select Board and the Park and Recreation Commission, for tree work at Putterham Woods.
56. Raise and appropriate \$25,000, to be expended under the direction of the Chief Procurement Officer for school furniture upgrades.
57. Raise and appropriate \$200,000, to be expended under the direction of the Building Commissioner for HVAC equipment.
58. Raise and appropriate \$90,000, to be expended under the direction of the Building Commissioner for ADA renovations to Town and School facilities.

59. Raise and appropriate \$250,000, to be expended under the direction of the Building Commissioner for elevator renovations.
60. Raise and appropriate \$130,000, to be expended under the direction of the Building Commissioner for upgrades to energy management systems in Town and School facilities.
61. Raise and appropriate \$125,000, to be expended under the direction of the Building Commissioner, for public building fire alarm upgrades.
62. Raise and appropriate \$170,000, to be expended under the direction of the Building Commissioner, for improvements to life safety systems and building security in Town and School facilities.
63. Raise and appropriate \$1,000,000, to be expended under the direction of the Building Commissioner, with any necessary contracts over \$100,000 to be approved by the School Committee, for minor renovations / upgrades to school buildings.
64. Raise and appropriate \$2,026,982, to be expended under the direction of the School Superintendent, with any necessary contracts to be approved by the School Committee, for the expansion of classroom capacity in various schools.
65. Raise and appropriate \$600,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for storm water improvements and to meet the appropriation, authorize the Treasurer, with the approval of the Select Board, to borrow \$600,000 under General Laws, Chapter 44, Section 8(5), as amended, or pursuant to any other enabling authority; and authorize the Select Board to apply for, accept, receive and expend grants, aid, reimbursements, loans, and all other forms of funding and financial assistance from both state and federal sources and agencies for such purpose.
66. Raise and appropriate \$2,000,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for water system improvements and to meet the appropriation, authorize the Treasurer, with the approval of the Select Board, to borrow \$2,000,000 under General Laws, Chapter 44, Section 8(5), as amended, or pursuant to any other enabling authority; and authorize the Select Board to apply for, accept, receive and expend grants, aid, reimbursements, loans, and all other forms of funding and financial assistance from both state and federal sources and agencies for such purpose.
67. Raise and appropriate \$3,000,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for wastewater system improvements and to meet the appropriation, authorize the Treasurer, with the approval of the Select Board, to borrow \$3,000,000 under General Laws, Chapter 44, Section 7(1), as amended, or pursuant to any other enabling authority; and authorize the Select Board to apply for, accept, receive and expend grants, aid, reimbursements, loans, and all other forms of funding and financial assistance from both state and federal sources and agencies for such purpose.



68. To raise and appropriate \$275,000 to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for improvements at Robinson Playground; and to meet the appropriation, authorize the Treasurer, with the approval of the Select Board, to borrow \$275,000 under General Laws, Chapter 44, Section 7(1), as amended, or pursuant to any other enabling authority; and authorize the Select Board to apply for, accept, receive and expend grants, aid, reimbursements, loans, and all other forms of funding and financial assistance from both state and federal sources and agencies for such purpose; and to rescind a like amount voted at the November 15, 2022 Special Town Meeting under Article 1, Item 4, which item was inadvertently omitted from the warrant for such meeting.
69. To raise and appropriate \$355,000, or any other sum, to be expended under the direction of the Commissioner of Public Works, with any necessary contracts over \$100,000 to be approved by the Select Board, for improvements at Murphy Playground, and to meet the appropriation, authorize the Treasurer, with the approval of the Select Board, to borrow \$355,000 under General Laws, Chapter 44, Section 7(1), as amended, or pursuant to any other enabling authority; and authorize the Select Board to apply for, accept, receive and expend grants, aid, reimbursements, loans, and all other forms of funding and financial assistance from both state and federal sources and agencies for such purpose and to rescind a like amount voted at the November 15, 2022 Special Town Meeting under Article 1, Item 5, which item was inadvertently omitted from the warrant for such meeting
70. Appropriate Two Hundred Nine Million Nine Hundred Fifteen Thousand Nine Hundred Fifty-Eight Dollars (\$209,915,958) to pay costs of constructing a new PreK-8 School which includes renovations/addition to the existing historic Pierce School and other site improvements including reconstruction and repair of the Town Hall and Pierce School garages which are beneath the new school and the Town Park across School Street, including the payment of all costs related to designing the new school project, equipping and furnishing the school, site improvements, and all other costs incidental and related thereto (the "Project"), which new school facility shall have an anticipated useful life as an educational facility for the instruction of school children of at least 50 years, and for which the Town may be eligible for a grant from the Massachusetts School Building Authority (the "MSBA"), said amount to be expended under the direction of the Town of Brookline Select Board; that to meet this appropriation the Treasurer, with the approval of the Select Board, is authorized to borrow said amount pursuant to G.L. c.44, §7(1) or G.L. c.70B, or pursuant to any other enabling authority, and to issue bonds or notes of the Town therefor; that the Town acknowledges that the MSBA's grant program is a non-entitlement, discretionary program based on need, as determined by the MSBA, and any project costs the Town incurs in excess of any grant approved by and received from the MSBA shall be the sole responsibility of the Town; that any grant that the Town may receive from the MSBA for the Project shall not exceed the lesser of (1) thirty-five and fifty-five hundredths percent (35.55%) of eligible, approved project costs, as determined by the MSBA, or (2) the total maximum grant amount determined by the MSBA; that the amount of the borrowing authorized by this vote shall be reduced by any grant amount set forth in and received pursuant to the Project Funding Agreement that may be executed between the Town and the MSBA; provided, however, that the appropriation and authorization to

borrow pursuant to this vote shall be contingent upon the Town's passage of a ballot question to exempt the principal and interest payments on such borrowing from the tax limitations of G.L. c.59, §21C (Proposition 2 ½).

16.) **FREE CASH:** Appropriate and transfer \$20,067,869 from free cash for the following purposes:

- a.) Operating Budget Reserve Fund (MGL Chapter 40, Section 6) – \$767,368;
- b.) Liability/Catastrophe Fund (Chapter 66 of the Acts of 1998, as amended) – \$381,006;
- c.) Stabilization Fund (MGL Chapter 40, Section 5B) - \$4,500,000
- d.) Reduce the tax rate (Special Appropriations) – \$14,419,495.

XXX

**TOWN OF BROOKLINE'S FISCAL POLICIES**  
**Adopted by the Board of Select Board on June 28, 2011**

**FREE CASH POLICIES**

Free Cash shall not be used for Operating Budget purposes. It shall be utilized in the following manner and order:

1. Appropriated Budget Reserve – an amount equivalent to 0.25% of the prior year's net revenue shall be appropriated as part of the Town's 1% Appropriated Budget Reserve Fund, as allowed for under MGL Chapter 40, Section 6 and as described in the Town's Reserve Policies.
  2. Unreserved Fund Balance / Stabilization Fund – Free Cash shall be used to maintain an Unreserved Fund Balance plus Stabilization Fund in an amount equivalent to no less than 10% of revenue, as defined in the Town's Audited Financial Statements, with a goal of 12.5%, as described in the Town's Reserve Policies. If the Stabilization Fund were drawn down in the immediate prior fiscal year, then an allocation shall be made to the Fund in an amount at least equivalent to the draw down of the immediate prior fiscal year.
  3. Liability / Catastrophe Fund – to the extent necessary, Free Cash shall be used to reach the funding target of the Town's Liability / Catastrophe Fund, as described in the Town's Reserve Policies.
  4. Capital Improvement Program (CIP) – remaining Free Cash shall be dedicated to the CIP so that total CIP funding as a percent of the prior year's net revenue is not less than 7.5%, to the extent made possible by available levels of Free Cash.
  5. Affordable Housing Trust Fund (AHTF) – in order to support the Town's efforts toward creating and maintaining affordable housing, 15% of remaining Free Cash shall be appropriated into the AHTF if the unreserved fund balance in the AHTF, as calculated in the Town's financial system, is less than \$5 million.
  6. Special Use – remaining Free Cash may be used to augment the trust funds related to fringe benefits, unfunded liabilities related to employee benefits, including pensions and Other Post-Employment Benefits (OPEB's), and other one-time uses, including additional funding for the CIP and AHTF.
-

## **RESERVE POLICIES**

The establishment and maintenance of adequate financial reserves provide the Town of Brookline with financial flexibility and security and is recognized as an important factor considered by bond rating agencies, the underwriting community and other stakeholders. The Town shall maintain the following general, special, and strategic reserve funds:

- **Budget Reserve** – to respond to extraordinary and unforeseen financial obligations, an annual budget reserve shall be established under the provisions of MGL Chapter 40, Section 6. The funding level shall be an amount equivalent to 1% of the prior year’s net revenue, maintained in the manner set out below. Any unexpended balance at the end of the fiscal year must go toward the calculation of free cash; no fund balance is maintained.
  - **Funding from Property Tax Levy** – an amount equivalent to 0.75% of the prior year’s net revenue shall be allocated from the Property Tax levy to the Appropriated Budget Reserve.
  - **Funding from Free Cash** – an amount equivalent to 0.25% of the prior year’s net revenue shall be allocated from Free Cash, per the Town’s Free Cash Policies, to the Appropriated Budget Reserve.
  
- **Unreserved Fund Balance / Stabilization Fund** – the Town shall maintain an Unreserved Fund Balance plus Stabilization Fund in an amount equivalent to no less than 10% of revenue, as defined in the Town’s Audited Financial Statements, with a goal of 12.5%. If the balance falls below 10% at the end of the fiscal year, then Free Cash shall be used to bring the amount up to 10%, as described in the Free Cash Policy, as part of the ensuing fiscal year’s budget. The Stabilization Fund shall be established under the provisions of MGL Chapter 40, Section 5B.
  1. The Stabilization Fund may only be used under the following circumstances:
    - a. to fund capital projects, on a pay-as-you-go basis, when available Free Cash drops below \$2 million in any year; and/or
    - b. to support the operating budget when Net Revenue, as defined in the CIP policies, increases less than 3% from the prior fiscal year.
  
  2. The level of use of the Stabilization Fund shall be limited to the following:
    - a. when funding capital projects, on a pay-as-you-go basis under #1a. above, no more than \$1 million may be drawn down from the fund in any fiscal year. The maximum draw down over any three year period shall not exceed \$2.5 million.
    - b. when supporting the operating budget under #1b. above, the amount drawn down from the fund shall be equal to the amount necessary to bring the year-over-year increase in the Town’s prior year net revenue to 3%, or \$1 million, whichever is less. The maximum draw down over any three year period shall not exceed \$2.5 million.

3. In order to replenish the Stabilization Fund if used, in the year immediately following any draw down, an amount at least equivalent to the draw down shall be deposited into the fund. Said funding shall come from Free Cash.
- **Liability / Catastrophe Fund** – established by Chapter 66 of the Acts of 1998, and amended by Chapter 137 of the Acts of 2001, this fund shall be maintained in order to protect the community against major facility disaster and/or a substantial negative financial impact of litigation. The uses of and procedures for accessing the fund are described in the above referenced special act. The target fund balance is 1% of the prior year’s net revenue and funding shall come from available Free Cash and other one-time revenues.
  - **Overlay Reserve** – established per the requirements of MGL Chapter 59, Section 25, the Overlay is used as a reserve, under the direction of the Board of Assessors, to fund property tax exemptions and abatements resulting from adjustments in valuation. The Board of Select Board shall, at the conclusion of each fiscal year, require the Board of Assessors to submit an update of the Overlay reserve for each fiscal year, including, but not limited to, the current balances, amounts of potential abatements, and any transfers between accounts. If the balance of any fiscal year overlay exceeds the amount of potential abatements, the Board of Select Board may request the Board of Assessors to declare those balances surplus, for use in the Town’s Capital Improvement Plan (CIP) or for any other one-time expense.

---

## **CAPITAL IMPROVEMENT PROGRAM (CIP) POLICIES**

Planning, budgeting and financing for the replacement, repair and acquisition of capital assets is a critical component of the Town of Brookline’s financial system. Prudent planning and funding of its capital infrastructure ensures that the Town can continue to provide quality public services in a financially sound manner. The development of a Capital Improvement Program (CIP) is the mechanism that the Town uses to identify projects, prioritize funding and create a long-term financial plan that can be achieved within the limitations of the Town’s budget.

### **Definition of a CIP Project**

A capital improvement project is any project that improves or adds to the Town's infrastructure, has a substantial useful life, and costs \$25,000 or more, regardless of funding source. Examples of capital projects include the following:

- . Construction of new buildings
- . Major renovation of or additions to existing buildings
- . Land acquisition or major land improvements

- . Street reconstruction and resurfacing
- . Sanitary sewer and storm drain construction and rehabilitation
- . Water system construction and rehabilitation
- . Major equipment acquisition and refurbishment
- . Planning, feasibility studies, and design for potential capital projects

### **Evaluation of CIP Projects**

The capital improvement program shall include those projects that will preserve and provide, in the most efficient manner, the infrastructure necessary to achieve the highest level of public services and quality of life possible within the available financial resources.

Only those projects that have gone through the CIP review process shall be included in the CIP. The CIP shall be developed in concert with the operating budget and shall be in conformance with the Board's CIP financing policy. No project, regardless of the funding source, shall be included in the CIP unless it meets an identified capital need of the Town and is in conformance with this policy.

Capital improvement projects shall be thoroughly evaluated and prioritized using the criteria set forth below. Priority will be given to projects that preserve essential infrastructure. Expansion of the capital plan (buildings, facilities, and equipment) must be necessary to meet a critical service. Consideration shall be given to the distributional effects of a project and the qualitative impact on services, as well as the level of disruption and inconvenience.

The evaluation criteria shall include the following:

- Eliminates a proven or obvious hazard to public health and safety
- Required by legislation or action of other governmental jurisdictions
- Supports adopted plans, goals, objectives, and policies
- Reduces or stabilizes operating costs
- Prolongs the functional life of a capital asset of the Town by five years or more
- Replaces a clearly obsolete facility or maintains and makes better use of an existing facility
- Prevents a substantial reduction in an existing standard of service
- Directly benefits the Town's economic base by increasing property values
- Provides new programs having social, cultural, historic, environmental, economic, or aesthetic value
- Utilizes outside financing sources such as grants

### **CIP Financing Policies**

An important commitment is to providing the funds necessary to fully address the Town's capital improvement needs in a fiscally prudent manner. It is recognized that a balance must be maintained between operating and capital budgets so as to meet the needs of both to the maximum extent possible.

For the purposes of these policies, the following definitions apply:

- Net Operating Revenue - Gross revenues, less net debt exclusion funds, enterprise (self-supporting) operations funds, free cash, grants, transfers from other non-recurring non-general funds, and non-appropriated costs.
- Net Direct Debt (and Debt Service) - Gross costs from local debt, less Prop 2 1/2 debt exclusion amounts and amounts from enterprise operations.
- Net Tax-Financed CIP - Gross amount of appropriations for capital improvements from current revenues, less amounts for enterprise operations, grants, free cash, transfers, and non-recurring special revenue funds.

The capital improvements program shall be prepared and financed in accordance with the following policies:

OUTSIDE FUNDING

State and/or federal grant funding shall be pursued and used to finance the capital budget wherever possible.

ENTERPRISE OPERATIONS - SELF SUPPORTING

Capital projects for enterprise operations shall be financed from enterprise revenues solely.

CIP BUDGET ALLOCATIONS - 6% OF NET REVENUES

Total net direct debt service and net tax-financed CIP shall be maintained at a level equivalent to 6% of prior year net operating revenues.

- TAX FINANCED ALLOCATION - 1.5% OF NET REVENUES  
Net tax-financed capital expenditures shall be maintained at a target level equivalent to 1.5% of prior year net operating revenues.
- DEBT-FINANCED ALLOCATION - 4.5% OF NET REVENUES  
Net direct debt service shall be maintained at a target equivalent to 4.5% of prior year net operating revenues.

DEBT MANAGEMENT POLICIES

Debt financing of capital projects shall be utilized in accordance with the following policies:

- Debt financing for projects supported by General Fund revenue shall be reserved for capital projects and expenditures which either cost in excess of \$250,000 or have an anticipated life span of five years or more, or are expected to prolong the useful life of a capital asset by five years or more. For projects supported by Enterprise Fund revenue, debt financing shall be reserved for capital projects and expenditures that cost in excess of \$100,000.
- Bond maturities shall not exceed the anticipated useful life of the capital

project being financed. Except for major buildings and water and sewer projects, bond maturities shall be limited to no more than ten years.

- Bond maturities shall be maintained so that at least 60% of the outstanding net direct debt (principal) shall mature within 10 years.
- Total outstanding general obligation debt shall not exceed 2.5% of the total assessed value of property.
- Total outstanding general obligation debt per capita shall not exceed \$2,385, which reflects \$2,000 inflated annually since July 1, 2004. This amount shall continue to be adjusted annually by the consumer price index (CPI) for all urban consumers (northeast region all items).
- Total outstanding general obligation debt per capita shall not exceed 6% of per capita income, as defined by the Census Bureau of the U.S. Department of Commerce.

#### FREE CASH

After using free cash in accordance with the Town's free cash policy, available free cash shall be used to supplement the CIP so that total CIP funding as a percent of the prior year's net revenue is not less than 7.5%, to the extent made possible by levels of available free cash.

---

### **UNFUNDED LIABILITIES POLICY**

Defined as “the actuarial calculation of the value of future benefits payable less the net assets of the fund at a given balance date”, unfunded liabilities represent a significant financial obligation for all levels of government across the country. In Brookline and other Massachusetts municipalities, the two primary unfunded liabilities are for Pensions and Other Post-Employment Benefits (OPEB's).

- Pensions – the Contributory Retirement System is a defined benefit program that is governed by Massachusetts General Laws, Ch. 32 and is regulated by the Public Employee Retirement Administration Commission (PERAC), a State entity responsible for the oversight, guidance, monitoring, and regulation of Massachusetts' 105 public pension systems. Funding for this system covers the costs of employees who are part of the Town's retirement system, which does not include teachers, as their pensions are funded by the State.

In accordance with State law, PERAC regulations and government accounting standards, the Town contracts for an actuarial valuation of the retirement system to quantify the unfunded liability on a biennial basis. Under current State law, the Town then establishes a funding schedule to fully-fund this liability by 2040. The Town shall



continue to fund this liability in the most fiscally prudent manner, recognizing the fact that the adoption of a funding schedule is, by law, the responsibility of the local retirement board.

- OPEB's – these consist primarily of the costs associated with providing health insurance for retirees and their spouses. The Government Accounting Standards Board (GASB) issued Statements No. 43 and No. 45 in 2004 to address the OPEB issue. GASB 43 required the accrual of liabilities of OPEB generally over the working career of plan members rather than the recognition of pay-as-you-go contributions, while GASB 45 required the accrual of the OPEB expense over the same period of time. The reporting requirements of GASB 43 and 45 include disclosures and schedules providing actuarially determined values related to the funded status of the OPEB. This requires that the accrued liabilities be determined by a qualified actuary using acceptable actuarial methods.

While there is currently no legal requirement to fund OPEB's, the Town shall continue to follow its plan to move toward fully-funding the Annual Required Contribution (ARC), ultimately developing a funding schedule that fully-funds OPEB's according to a schedule similar to the pension funding schedule. This plan should continue to include annual increases in the portion of the appropriation supported by General Fund revenues. It should also include using the "run-off" from the pension system once that system is fully-funded. In order to determine the funding schedule, the Town shall continue its current practice of having an independent actuary prepare biennial valuations, which is in compliance with GASB's requirement.

May 23, 2023 Annual Town Meeting

7-26

ADVISORY COMMITTEE'S RECOMMENDATION

A report and recommendation under Article 7 will be included in the supplement.