

**OVERRIDE STUDY COMMITTEE
 BACKGROUND INFORMATION FOR JANUARY 22, 2014 PUBLIC HEARING
 (Selectmen’s Hearing Room, 6th Floor, Town Hall, 333 Washington Street, 6 PM)**

I. POTENTIAL SCOPE OF PROPOSED OVERRIDE

Operating Override Through FY18

Includes “structural deficit,” collective bargaining, growth in School population, enrollment-driven “catch up” (e.g., guidance counsellors, psychologists, nurses, Special Education support), educational program enhancements (e.g., math and literacy initiatives), and Educational Technology enhancements (e.g., hardware and teacher professional development). To avoid annual overrides, the goal would be an override adequate to meet needs for several years. Using projected FY18 figures:

“Base Case” FY18 School Deficit with collective bargaining	\$ 4.5m
FY 18 School deficit for proposed “catch up” and enhancements	7.3m
FY 18 School deficit for technology proposal	<u>2.2m</u>
	\$ 14.0m

Capital Debt Exclusion Override

Devotion @ \$110 million; Driscoll @ \$53 million; High School @ \$75 million (current estimates \$40-90 M). Total \$238 million. Assume 30% MSBA funding of Devotion and 35% funding for Driscoll and High School (may be optimistic). Town share \$150 million. We have debt capacity within the Capital Improvement Plan for \$54 million. By excluding the Devotion School project, that \$54 million, along with run-off of existing debt, would be freed-up to be applied to the Driscoll and High School projects. Assuming a 25-year level-payment bond, at 4.75% interest, the annual debt service for the Town’s share of the Devotion School project (\$77 million) would be \$5.3 million.

NOTE: This figure does not change existing priorities currently allocated in the CIP, nor allow for funding potential projects such as the renovation of Pierce, renovation of the Coolidge Corner Library, or possible expansion of Baker or other schools if required by expansion at Hancock Village. Those amounts would be in addition to these figures.

Total Override Amount **\$ 19.3 million**

IMPACTS (assume residential exemption for single-family, condo) (11% tax increase)

Typical Single-Family Home (\$1,114,000)	\$1,175	(11% tax increase)
Typical Condo (\$447,000)	\$340	(11% tax increase)
Typical Commercial Property	\$2,380	(11% tax increase)

II. COMMUNITY PRESERVATION ACT

The Town would also have the option of approving a property tax increase of up to 3% under the Community Preservation Act (or CPA), which could substitute for a portion of a general override or debt exclusion. Such an override would come with some restrictions (e.g., a minimum of 10% of the funds must be used for each of three categories – historic preservation, open space, and affordable housing), but there is the benefit of a state match (currently assumed to be about 25%) that would leverage the amounts raised from the property tax increase. There are planned capital programs for which CPA monies could be used.

III. POTENTIAL SOURCES OF NON-PROPERTY TAX REVENUES AND SAVINGS

The following is a list of potential revenues sources (other than annual property tax increases identified in Sections I and II), efficiencies, and savings from reductions in Town or School services that have been discussed by various subcommittees of the Override Study Committee. These changes in policies and practices are not recommendations at this time, but rather are possible ways to mitigate the property tax increase that would be required by the deficit and requests set out in Section I above. This list is not necessarily exhaustive.

- Increase parking meter rates to \$1.25/hr
- Increase refuse fees (\$25- \$75 increase from current \$200)
- Increase parking fines
- Increase commercial parking rates
- Institute fee for temporary on-street permits (e.g., contractors)
- Increase library fines
- Real Estate Transfer tax (0.1% or 0.2%)
- Increase Recreation Department Fees (depends on program), including Soule program if it continues in the Recreation Department
- Additional Library and Cemetery Fund contributions
- Increase Cemetery rates
- More aggressive pursuit of Payments in Lieu of Taxes (PILOTs) (requires agreement from not-for-profit entities to make voluntary payments)
- Legislation to pursue State funding for METCO deficits; State and insurance funding for medical and transportation costs for special needs populations

- Manage personnel costs to sustainable levels. Adhere to the 2008 OSC recommendation that the total compensation package remain within Proposition 2 ½ limits (including collective bargaining increases, “steps,” and “lanes”).

- Examine elements of collective bargaining agreements other than direct compensation (e.g., sick-leave bank, overall leave allowances)
 - Decrease employer share of health insurance costs (must be collectively bargained; MA average at 70%; Brookline at 83%; each 1% is approximately \$270,000)
 - Work with Mass Municipal Association and legislators to allow “grandfathering” of contribution rates with higher rates for new employees and new retirees under Chapter 32, Section 19.
 - Work with MMA, GIC, and Public Employees Retirement Administration Commission (PERAC) to eliminate the GIC regulation linking health insurance and participation in retirement system; would allow the retirement board to consider increasing the number of hours to become a member of the retirement system without making employees ineligible for health insurance while an active employee. (Reduces OPEB liability.)
 - Educate and incentivize use of HMOs rather than PPOs, indemnity plans (each 1% shift from PPO to HMO saves approximately \$30,000).
 - Pro-rate years of service for OPEB (Other Post-Employment Benefits) eligibility for part-time employees (e.g., lifetime medical insurance for retired half-time employee and spouse begins at age 55 after 10 years of service; change to 20 years for half-time employee; decision of Retirement Board)
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- Increase average K-8 class size by 2 students (savings would result from reduced need for salaries and classrooms).
 - Increase flexibility in the enrollment and placement process.
 - Scale back High School Tutorial Program (direct cost savings plus capital savings of reduced classroom need)
 - Treat Elementary World Languages (EWL) as a “Special”
 - Review EWL program for effectiveness; possibly reduce/eliminate
 - Consolidate Town and School Early Education Programs (possible capital savings at Baldwin, Soule, and other buildings)
 - Increase rates for Brookline Early Education Program to rates for comparable programs
 - Reduction or elimination of Materials Fee Program to achieve operating and capital savings
 - Reduction or elimination of METCO program to achieve operating and capital savings
 - Charge Extended Day for space; consider Recreation Department management
 - Fee-based full-day kindergarten (to be implemented after full Chapter 70 funding level is reached)
 - Charge teacher day-care program for use of Baldwin space
 - Increase charges for other School space rental, such as gyms
 - Move Adult and Community Education to Recreation Department

- Phase in “catch up” costs, Technology Plan, enhancements
- Privatization of School lunch program
- Revisit the use of Old Lincoln School as a permanent K-8 facility

- Outsourcing of park maintenance, grass cutting
- Reduce minimum manning of fire trucks from 4 to 3 (collective bargaining required)
- Elimination of one fire company (does not require collective bargaining)
- Reduce police details for Town projects
- Reduced Library hours and/or closure or reduction of hours at Putterham Branch Library
- Eliminate Community Health Service, Day Care Inspections
- Coordination/consolidation of Town Information Technology and School Educational Technology division
- Outsourcing of School IT Help Desk

- Use level-payment borrowing where appropriate.
- Use \$3 million of tax revenues released by debt-financing of capital projects to fund OPEB liabilities. Use one-time monies such as taxi-medallion revenues, to fund OPEB liabilities.