



Warrant Committee Report Town of Belmont FY 2012 Budget

May 2011

2010 – 2011 Warrant Committee Members

Elisabeth Allison (chair)
Sami Baghdady
Kimberly Becker
M. Patricia Brusch
Margaret M. Callanan
Adam Dash
Roy J. Epstein
Michael D. Libenson
Elizabeth Grob
William M. Lynch (vice chair)
Raffi Manjikian
Mary McHugh
Noreen Millane
Robert Sarno
Eric Smith (secretary)

Ex officio

Ralph Jones, Chair, Board of Selectmen
Laurie Slap, School Committee

Warrant Committee Report

Town Meeting, May 11, 2011

Tradition dictates that the Warrant Committee report to Town Meeting begin, “A principal function of the Warrant Committee, more fully described in Article 19 of the Town Bylaw, is to report to Town Meeting on all Warrant Articles that involve an appropriation of money.” The Belmont Warrant Committee consists of fifteen residents appointed by the Moderator for staggered three-year terms, plus a representative of the Board of Selectmen and the School Committee, usually the Chairs.”

If it did not, we would almost certainly begin, “FY2012 was the year that “I’m from the [state] government and I’m here to help you,” turned out to be true. When FY2012 revenue was first estimated in November 2010, it appeared that the increase in revenue available for operating budgets after providing for pensions and health care costs would be on the order of 1%. Coupled with anticipated cost increases in the schools that would have meant painful programmatic cuts in educational offerings in Belmont schools and continued underinvestment in key capital maintenance and investment programs in Town departments.

But favorable developments intervened. In late April, the Legislature provided state aid and circuit breaker grants that were almost \$1.4 million more than anticipated. The Department of Public Works negotiated an improved trash collection contract and generally provided economies throughout its programs saving \$160K. The Belmont Light Department lowered its rates for savings of \$123K. Better than expected experience in our self- insured health plan plus renegotiation of one retiree medical plan lowered health care costs by \$270K. While there were also some negative developments, we are now able to propose a budget to Town Meeting (Table 1) of \$86,608,719.

Table 1: Highlights of FY2012 Budget

		FY2011	FY2012	% change
Total Budget		\$83,977,043	\$86,608,719	3.1%
Operating Budget	Schools	\$39,702,570	\$41,575,783	4.7%
	Town	\$29,420,968	\$30,073,932	2.2%
	Total	\$69,123,538	\$71,649,715	3.7%
Capital Budget		\$955,793	\$1,224,232	28.1%
Non Discretionary		\$14,853,505	\$14,959,004	0.7%

This budget provides an overall increase of 3.1% and with allocation of the new revenue plus cost savings provided to the school budget, a 4.7% increase in the

School operating budget. While this increase does not provide for all important programs, it is at least a path to a reasonable provision of services.

There is also an increase in capital spending, although the dollar amounts are small. Non-discretionary expenses are our obligations fixed in dollar terms, such as debt repayment and interest. This line showed a small decline, largely because of a decline in debt and interest payments. We have paid off the rink and MUNIS, the Town's information and accounting system, and reduced the cost of the Wellington bond.

II. Outlook for FY2013 and Beyond

That is the good news. The bad news is that the items that allowed us to provide reasonable budgets are largely onetime items. We have not addressed the key issue in the Belmont budget: that municipal costs are growing at a rate that is not just higher than our revenues but higher than costs in comparable non-municipal sectors of the economy; e.g. inflation in the service sector now hovers around 1%.

This is largely a compensation issue, although the particulars differ from department to department. In the school budget, there are issues with cash compensation and retiree medical. Teacher salary increases begin with a "step" increase averaging 3.3% per year, to which are added, cost of living increases, "lane" increases for additional education and a variety of stipends. In the 2007 - 2010 contract, the sum of step and COLA increases alone provided annual increases of 7.8%.

Health care costs are a concern across all departments. Belmont's move to a self insured system has allowed it to lower its per policy increases to the 5%-6% range. However its plan design relative to plans offered by most private industry or private non-for-profit employers plus increased unemployment has also led to an increase in enrollments, particularly family enrollment. The Town's current cost per family is \$16,220. Retiree health care costs are of particular concern. The current state retirement plan allows teachers to retire at 55 with ten years of service; public safety employees can retire at 45 under some circumstances. In any case, we offer health insurance (individual and family) until the employee becomes Medicare eligible, and thereafter supplements Medicare benefits at a cost currently averaging \$6400 per year. This benefit, which has largely disappeared from the private section creates very significant future liabilities of an unknown magnitude for the Town.

Finally pension and disability costs are a major issue. In FY2012, pension costs increased by over 12% to approximately \$5.1 million. Public safety retirees, including those retiring on disability accounted for 63% of those costs.

Obviously, these are complex issues, involving what are certainly "core" employees. They require help from the State; the current legislative initiatives to

allow towns to change plan design outside collective bargaining, supported by Representative Brownsberger, would be very useful. But local initiatives are underway as well. The School Committee is actively studying the structure of its collective bargaining agreements and the Police Chief and Fire Chief have engaged a consultant to examine the disability issue and provide alternative approaches.

III. Downside and Upside

While we have tried to present a realistic budget, there are (at least) several major risks to these numbers. First, although all major departments adjusted their expense estimates in April to account for rising energy costs, an 8-10% increase or more would lead to serious unbudgeted expense pressures. Second, what the state gives, the state can take away. Although the improving Massachusetts economy makes the likelihood of midyear cuts in State aid unlikely, a major decline in the stock market reducing state revenues might, for example, produce such cuts.

Upside opportunities are fewer and smaller. There are several departments where fees may be higher than forecasted. If the economic situation improves, the assessors will be able to release reserves they are holding against unpaid taxes. Finally, the collective bargaining agreements covering the majority of town and school employees are still open. The terms of these settlements will be critical to the ability of the town to manage its costs.

IV. Organization of the Report

As begun in last year's report, Warrant Committee continues a programmatic approach to analyzing the budget. Under this approach, we endeavor to identify the programs undertaken or provided by each Town department and then analyze the actual cost of those programs including cross-subsidies within the Town. For each department, we have provided a spending overview; programmatic analysis; expenses analysis; cuts and adds; long-term issues; and then our observations and recommendations. We continue to refine this analysis and hope that Town Meeting members find the format useful.

Presentation of the report is by department, following the order in which budgets are generally presented to Town Meeting. In cases where there was more useful information on department activities than could be accommodated within the printed report, additional detail will be posted on the Town website under the Warrant Committee heading.

Review of Departmental Budgets

Contents

1.	GENERAL GOVERNMENT	5
A.	Accounting and Finance	5
B.	Assessor	7
C.	Human Resources	9
D.	Information Technology	12
E.	Town Administrator	14
F.	Town Clerk	16
G.	Town Treasurer	19
2.	CULTURE AND RECREATION	21
A.	Council on Aging	21
B.	Health Department	25
C.	Library	27
D.	Recreation	30
3.	PUBLIC SAFETY	33
A.	Fire Department	34
B.	Police	37
4.	BUILDING SERVICES	40
5.	COMMUNITY DEVELOPMENT	42
6.	PUBLIC WORKS	45
7.	MINUTEMAN	48
8.	EDUCATION	50

1. GENERAL GOVERNMENT

The General Government subcommittee report covers: Accounting and Finance, Assessor, Human Resources, Information Technology, Selectman, Town Administrator, Town Clerk, and Town Treasurer.

A. Accounting and Finance

Description of department/mission

The Accounting & Finance department is responsible for all the accounting issues for the town, including reporting, auditing, purchasing, budgeting, accounts payable. It is also responsible for internal control/auditing and external certification as required by state and federal authorities.

Spending overview

	Proposed Budget	Level Services
Operating budget	\$363,809	\$363,809
Operating expenses, building services*	\$6,856	\$6,856
Operating expenses, other		
Capital budget	0	0
Debt repayment	\$73,303	\$73,303
Pension	\$115,958	\$115,958
Retiree medical	\$21,367	\$21,367
Other expenses		
Total	\$581,293	\$581,293

Trends in Spending and Headcount

Fiscal Year	Operating budget	Headcount (FTE)
2002	\$161,742	3.2
2011	\$357,049	3.2
2012		
Proposed Budget	\$363,809	3.2
Level Services	\$363,809	3.2
% change: FY2011–2012		
Proposed Budget	1.9%	0.0%
Level services	1.9%	0.0%

Average annual growth 2002-2011	
This department	9.2%
All Belmont	3.9%

Programmatic analysis

a) Program and costs

Program	Budget \$	Budget %	FTEs	FTE%
				25%
Accounting	\$77,589	21.42%	.8	
Audit	\$130,238	35.96%	.8	25%
Budget	\$90,555	25%	.8	25%
Other	\$13,000	3.59%		0%
A/P	\$50,779	14.03%	.8	25%
	\$362,161	100%	3.2	100%

Expense analysis

The following budget line items increased by more than 5% from the previous fiscal year and also had increases greater than \$5,000.

Item	FY 2011 Actual	Available Revenue	Level Services
Audit Town Records	\$50,200	\$56,200	\$56,200

This increase is due to bidding a new contract necessary to audit town records.

Proposed Cuts and Adds

None.

. Long term issues

. The Accounting and Finance department will continue to face the challenge of increased reporting requirements while maintaining the same staffing levels. Increased efficiencies through better use of technology can be a potential offset to these higher reporting and coordinating requirements

Observations and recommendations

Initiation of EFT payment procedures to increase efficiency of the accounts payable function can improve productivity.

Continued development of programmatic budgeting and performance measurement is critical.

The Accounting and Finance department will be charged with implementing the financial processes and procedures for the Community Preservation Act (CPA). This will be a challenging task given the present level of staffing.

B. Assessor

Description of department/mission

The Assessor is to list and value all real estate and personal property in the town. All values are based on “full and fair cash value” or 100% of the market value. The department is also charged with the administration of tax exemptions, excise, real estate and personal property exemptions as well as inspections and changes in value due to structural additions. The department operates with three full time and one part time employee, and an elected board making policy decisions.

Spending overview

	Proposed Budget	Level Services
Operating budget	\$391,319	\$391,319
Operating exp.	\$9,869	\$9,869
Capital Budget	0	0
Debt repayment	0	0
Pension	\$62,259	\$62,259
Retiree medical	\$20,342	\$20,342
Total	\$483,789	\$483,789
Revenue offsets	\$0	

Trends in Spending and Headcount

Fiscal Year	Operating budget	Headcount (FTE)
2002	\$259,498	3.4
2011	\$371,930	3.4
2012		
Proposed Budget	\$391,319	3.8 (a)
Level Services	\$391,319	3.8
% change: FY2011–		
2012		
Proposed Budget	5.2%	11.8%
Level services	5.2%	11.8%

Average annual growth 2002-2011		
This department	4.1%	0.0%
All Belmont	3.9%	

(a) Increase from 3.4 to 3.8 reflects Board of Assessor's time.

Programmatic analysis

a) Program and costs

Program	% of total hours
Valuation and Reports	28%
Permits, Inspections & Sale Proc.	26%
Exemptions & Abatements	27%
Motor Vehicle. Excise	17%
Misc.	2%
Total	100%

Expense analysis

The following budget line items increased by more than 5% from the previous fiscal year and also had increases greater than \$5,000.

Item	FY2011 Actual	Available Revenue	Level Services
No line items have increased more than 5%.	-	-	-

Proposed cuts and adds

None.

Long term issues

The Town of Belmont recently passed the Community Preservation Act (CPA). The Assessors' Office is working on incorporating this new revenue stream into the Town's accounting system. Those taking advantage of exemptions will continue to be tracked in order to provide insight into future budget assumptions.

Observations and recommendations

The Overlay Account is managed by the Board of Assessors to cover exemptions and abatements as well as the senior work-out program. Each year is treated as a separate account. Verizon cases pending have also required the withholding in reserves of approximately \$200,000 for FY '09 and FY '10 collectively. It will be important moving forward to receive early in the budgetary process, an accurate estimate of potential monies to be released from the fund.

As with other Town departments, the use of technology to reduce costs and improve service should be explored.

C. Human Resources

Department Mission/Description of Services

The Human Resources Department provides personnel services including administering benefits for current employees, retirees, and survivors, for both Town and School. In addition, the Department handles employee and labor relations matters, including employee grievances, disciplinary issues, and contract negotiations. It implements pay and position classification revisions and assists other departments in recruiting staff.

Spending Overview

	Proposed Budget	Level Services
Operating Budget	\$250,929	\$250,929
Capital Budget	\$0	\$0
Debt Repayment	\$27,388	\$27,388
Pension	\$13,908	\$13,908
Retiree Medical	\$8,056	\$8,056
Utility and Maintenance Costs	\$7,717	\$7,717
Total	\$307,998	\$307,998

The operating budget continues to account for approximately 85 percent of total department spending, with the balance consisting of retiree benefits and building service costs

Trends in Spending and Headcount

Fiscal Year	Operating budget	Headcount (FTE)
2002	\$199,305	
2011	\$249,430	2.7
2012		
Proposed Budget	\$250,929	2.7
Level Services	\$250,929	2.7
% change: FY2011–2012		
Proposed Budget	0.6%	0.0%
Level services	0.6%	0.0%
Average annual growth 2002-2011		
This department	2.5%	
All Belmont	3.9%	

Programmatic Analysis

a) Programs and Costs

Program	FTE's	FTE %	Budget \$	Budget %
Benefits Administration	0.95	35%	\$82,295	33%
Employee/Labor Relations	0.40	15%	\$47,980	19%
Pay & Classification	0.05	2%	\$5,723	2%
Employment Regulation				
Compliance	0.60	22%	\$45,027	18%
Recruitment	0.20	7%	\$27,032	11%
Assistance	0.51	19%	\$40,675	17%
Total	2.71	100%	\$248,732	100%

Benefits administration continues to account for the largest share of both staff time (35%) and budget dollars (33%) for this department

Expense Analysis

There are no budget items which increase by more than 5% and \$5000.

Proposed Cuts and Adds

None.

Long Term Issues

As stated in last year's report, there are two areas in which structural change might be considered. The first is regionalization of some service functions, particularly in the benefits administration area. Differences among town collective bargaining agreements would need to be considered in assessing the possible gains from such consolidation.

A much discussed possibility is the consolidation of Town and School Human Resources functions, an initiative that has been implemented in other towns in Eastern Massachusetts with mixed results. This proposal is not being actively considered at this time.

Observations and Recommendations

The use of MUNIS, or other alternatives, could reduce the time spent on benefits administration for this department with a small staff. IT help would be required for its implementation,

Pay classifications, pay increases, pay rates and job descriptions should be reviewed for non-union employees. Currently, pay rates for these employees are based on the Position Classification study performed by DMG-MAXIMUS in 2000. These rates have been increased via cost of living adjustments during subsequent years. The last update to these pay scales was issued in July 2009.

The pay rates assigned to the position classifications are approved by Town Meeting, and only Town Meeting can change them.

Now that the new Enhanced Value health insurance plan has been in force for almost six months, the Board of Selectmen has voted to drop the old Enhanced plan. Given the significant financial impact of retiree health care costs, this area requires further study.

All eight of the Town's collective bargaining contracts are being renegotiated this year. As of this writing, three of these contracts have been settled; four are still in negotiations; and, for one, impasse has been declared, and the State has been asked to mediate.

D. Information Technology

Description of department/mission

The IT Department provides strategic technology planning services to all Town departments. The Department's functions include: user support ((help desk, printers, laptops, PC replacement); enterprise software planning and maintenance, file server and communications maintenance, and administration and technology training.

Spending overview

	Proposed Budget	Level Services
Operating budget	\$636,999	\$636,999
Capital budget	\$204,100	\$113,000
Debt repayment	\$0	\$0
Pension	\$0	\$0
Retiree medical	\$0	\$0
Utility and maint. costs	NA	NA
Total spending	\$841,099	\$749,999

Trends in Spending and Headcount

Fiscal Year	Operating budget	Headcount (FTE)
2002	NA	NA
2011	\$559,935	5
2012		
Proposed Budget	\$636,999	5
Level Services	\$636,999	5
% change: FY2011– 2012		
Proposed Budget	13.8%	0.0%
Level services	13.8%	0.0%
Average annual growth 2002-2011		
This department	NA	
All Belmont	3.9%	

Programmatic analysis

a) Program and costs

Program	Budget \$	Budget %
Desktop Services	\$154,393	23%
ERP System Admin.	\$219,468	32%
GIS/DB Admin.	\$117,106	17%
File Server/Comms.	\$160,624	23%
Technology Training	\$34,245	5%

Expense analysis

The following budget line items increased by more than 5% from the previous fiscal year and also had increases greater than \$5,000.

Item	FY2011 Actual	FY2012 Alternative Budgets		
		Available Revenue	Level Services	Override
Professional services (network security)	\$0	\$50,000	\$50,000	NA
Software licenses	\$69,200	\$74,500	\$74,500	NA
Hardware supplies	\$22,000	\$32,000	\$32,000	

In addition, several one time projects have been added as described below.

Proposed cuts and adds

A total of \$91,100 has been proposed for one time projects including an external study of the Town's fiber network, implementation of a new software platform to make the Town website more useful to residents, and improvements in security and reliability of Police Department communications.

Long term issues

Possible synergies from combining four separate IT organizations (town, school, police, and library) into single office.

Observations and recommendations

Department is investigating reducing number of town servers and software license fees by moving to cloud-based computing model. Financial savings and increase in staff efficiency could be substantial.

E. Town Administrator

Description of department/mission

The Department's mission is to provide general Town management services; manage insurance and legal services; administer the Town's dealings with the VFW and American Legion; handle community relations; and support the Board of Selectmen, various Town Committees and Town Meeting.

Spending overview

	Proposed Budget	Level Services
Operating budget	\$926,359	\$926,359
Capital budget	\$0	\$0
Debt repayment	\$600,000	\$600,000
Pension	\$20,161	\$20,161
Retiree medical	\$30,750	\$30,750
Utility and Maint. Costs	\$25,964	\$25,964
Total	\$1,603,234	\$1,603,234
Revenue offsets:		
License Fees	\$37,301	\$37,301

Trends in Spending and Headcount

Fiscal Year	Operating budget	Headcount (FTE)
2002	\$625,250	
2011	\$942,096	3.8
2012		
Proposed Budget	\$926,359	3.8
Level Services	\$926,359	3.8
% change: FY2011– 2012		
Proposed Budget	-1.7%	-100.0%
Level services	-1.7%	0.0%
Average annual growth 2002-2012		
This department	4.7%	
All Belmont	3.9%	

Programmatic analysis

a) Program and costs

Program	Budget \$	Budget %
BOS Support	\$139,957	15%
VFW/Amer. Legion	\$7,500	1%
Legal Services	\$284,296	31%
TM, Committees Support	\$90,730	10%
Community Relations	\$44,844	5%
Insurance	\$343,539	38%
Total	\$910,866	100%

The largest amount of staff time is spent in BOS support.

Expense analysis

No items increased by more than 5% and \$5000.

Proposed cuts and adds

None.

Long term issues

Shifting powers to the Town Administrator should be explored to allow for more personnel oversight. The Town Administrator's ability to effect reforms is severely hampered by the Town's byzantine organizational chart, in which very few department heads report to the Town Administrator. Changing to a Town Manager form of government could also solve operational issues, thereby generating efficiencies.

Observations and recommendations

The pursuit of regionalization and consolidation of Town services should continue being explored. Consolidation of certain Town programs should also be explored.

Further automation, both through the Town website and otherwise, would create future efficiencies and increase public interaction with the Town.

Changing Town Counsel was an opportunity for cost savings, although no savings are currently forecast as a result of putting the legal services out to bid.

Management of the Beech Street Center was moved to the Council on Aging in 2011 from the Town Administrator's office. The effectiveness of this alternative arrangement should be monitored.

The VFW lease carries a financial (\$7500) cost and is a foregone opportunity for the Town. Exploration of alternate arrangements should continue.

Legal Services were put out to bid, as suggested in last year's Warrant Committee report in the hope of generating savings. The new Town Counsel chosen by the Board of Selectmen will not generate any change to the budget.

F. Town Clerk

Department Mission/Description of Services

The Town Clerk Department is responsible for three major programs. The Legislative program supports Belmont's Town Meeting and includes the issuance of the Warrant, recording of Town Meeting proceedings, and posting of Town Meeting votes locally and with the State. The Elections and Registrations program includes preparing for, conducting, and tallying the results of Town, State, and Federal elections. The Town Clerk program covers record-keeping and licensing activities, including vital records maintenance, issuing birth, death, and marriage certificates, business licensing, pet licensing, and maintaining official town records.

The department operates with 4 FTE's, including the elected Town Clerk, the Assistant Town Clerk, and two office staff (one full-time and one part-time). In addition, the Town Moderator and Election Registrars are included in the Department's FTE count (at 0.1 FTE each).

Spending Overview

The proposed operating budget for the Town Clerk Department has decreased from its FY2011 level, primarily due to the reduction in the expected number of elections (from 4 to 3) and some adjustments to earlier cost estimates. Overall spending is expected to increase, however, due to increased pension costs.

	Proposed Budget	Level Services
Operating Budget	\$327,189	\$323,189
Capital Budget	\$0	\$0
Debt Repayment	\$63,718	\$63,718

Pensions	\$73,540	\$73,540
Retiree Medical	\$0	\$0
Disability	\$0	\$0
Utility and Maintenance Costs	\$17,953	\$17,953
Total	\$482,400	\$478,400
Revenue Offsets	\$89,276	\$89,276

Trends in Spending and Headcount:

The Town Clerk's FTE count has remained stable. Operating budgets fluctuate largely because of differences in the number of Town Meeting sessions, where transcription services are a major cost component, and, differences in the number of elections. Thus poll worker and voting equipment maintenance costs were major contributors to a 70% increase in the FY2011 budget.

Fiscal Year	Operating budget	Headcount (FTE)
2002	\$244,201	
2011	\$329,972	4.0
2012		
Proposed Budget	\$327,189	4.0
Level Services	\$323,189	4.0
% change: FY2011–2012		
Proposed Budget	-0.8%	0.0%
Level services	-2.1%	0.0%
Average annual growth 2002-2011		
This department	3.4%	
All Belmont	3.9%	

Programmatic Analysis

b) Programs and Costs

The Elections and Registrations program is expected to consume more than half the Department budget in FY2012, despite accounting for only 39% of FTE time. This is due to the large number of non-staff costs incurred in conducting elections; these costs have been budgeted at \$95,785, with poll workers (\$40,000) and voting equipment maintenance (\$36,000) the largest components.

Program	FTE's	FTE %	Budget \$	Budget %
Legislative	0.44	11.0%	\$31,777	9.8%
Elections & Registrations	1.56	39.0%	\$174,870	54.1%
Town Clerk	2.00	50.0%	\$116,542	36.1%
Total	4.00	100.0%	\$323,189	100.0%

Expense Analysis

The following FY2012 budget line items have increased by more than 5% from the FY2011 level.

Line Item	FY2011 Estimated	FY2012 Proposed Budget	FY2012 Level Services	Explanation
Part-Time Salaries	\$18,494	\$21,284	\$21,284	Step increase; additional hours during elections
Health Insurance	\$11,607	\$22,204	\$22,402	New staff member enrollment
Copier Lease	\$1,845	\$2,205	\$2,205	Addition of scanner
Postage	\$4,600	\$8,240	\$8,240	Increased postal rates & reprecincting notices
Printing/Mailing	\$6,000	\$7,070	\$7,070	Reprecincting notices
Codification Project	\$0	\$5,000	\$5,000	New project

Proposed Cuts and Adds

The salary for the Town Clerk has been reduced from the amount in the Department's initial FY2012 submission. The budget described here reflects the position's FY2011 starting salary plus a 4% step-equivalent increase, which is consistent with the current practice for non-elected town managers.

The sum of \$4000 has been added to the budget to support implementation of a Metropolitan Communications Corporation (MCC) software platform, currently used by the Treasurer's Office, which will allow residents to complete pet licensing on line and to request records remotely.

Long Term Issues

Last year's report noted that the Town Clerk's Office has been slow to automate many of its processes and records. State law requires the maintenance of many records in hard copy format, and thus limits the Department's ability to convert to a "paperless" environment. However the additional investment in the MCC platform and Town Meeting approval of an article allowing electronic dissemination of selected town documents combined with developments already underway will accelerate this process.

Observations and Recommendations

The progress being made on automating Town Clerk functions is substantial, and future plans for automating records, streamlining certificate and license issuance, and utilizing the Department's website appear promising.

One of the activities historically performed by the Department, the determination of whether children who seek to enroll in the public schools are in fact Belmont residents, will not be continued in the future. The School Department has decided to assume this responsibility. The respective capabilities of the two departments to perform this function should be assessed throughout FY2012.

It has been suggested that reducing the number of voting sites from the current 8 would result in cost savings. The Town Clerk does not believe resulting in significant cost savings; this issue should be examined and resolved after the post 2010 Census redistricting is complete.

G. Town Treasurer

Description of department/mission

The Treasurer's Department manages all cash collections, borrowings, investing and disbursements, insuring the safety of all funds and adequate liquidity to pay obligations as due. In addition, the Treasurer is responsible for a wide variety of other financial functions including the administration of payrolls, management of real estate and other tax collections, preparation of quarterly reports for the IRS, liaison with debt rating agencies, and serving as the Parking Clerk.

Spending overview

	Proposed Budget	Level Services
Operating budget	\$582,702	\$582,702
Capital budget	\$0	\$0
Debt repayment	\$0	\$0
Pension	\$91,268	\$91,268
Retiree medical	\$28,202	\$28,202
Utility and maint. costs	NA	NA
Total spending	\$702,172	\$702,172
Revenue offset (parking fines)	\$130,000	\$130,000

Trends in Spending and Headcount

Fiscal Year	Operating budget	Headcount (FTE)
2002	\$450,264	
2011	\$557,123	7.3
2012		
Proposed Budget	\$582,702	7.3
Level Services	\$582,702	7.3
% change: FY2011– 2012		
Proposed Budget	4.6%	0.0%
Level services	4.6%	0.0%
Average annual growth 2002-2011		
This department	2.4%	
All Belmont	3.9%	

Programmatic analysis

a) Programs and costs

Program	Budget \$	Budget %
Treasury management	\$220,921	39%
Collection	\$273,080	48%
Parking	\$71,231	13%

Expense analysis

Health insurance was the only item both to increase 5% from the previous fiscal year and to increase of more than \$5,000: from \$27,357 in FY 2011 to \$44,827 in FY2012.

Proposed cuts and adds

None.

Long term issues

Possible further staff savings from consolidating town payment windows so that only one location is required to accept all in-person payments.

Town parking lot spaces are priced below market, currently \$3/day. Privatization of lots may generate more revenue.

Observations and recommendations

Parking fine receipts have fallen approximately \$70,000 since FY2008.

Substantial majority of non-seasonal employees now use direct payroll deposit.

Treasurer's office is commended for maintaining level services within available funds budget.

2. CULTURE AND RECREATION

Culture and Recreation includes the Health Department, Recreation Department, Council on Aging (COA) and the Library.

A. Council on Aging

Description of department/mission

The mission of the Council on Aging (COA) is to advocate for and serve the senior citizens of the town. The COA carries out its mission through the direct provision of services including transportation, social services, nutritional services, health and wellness as well as enrichment services. The COA accounts for approximately 1.4% of the town side budget.

Spending overview

	Proposed Budget	Level Services
Operating Budget	\$354,905	\$354,905
Operating Expenses	\$36,773	\$36,773
Capital Budget	\$12,700	\$12,700
Debt Repayment	\$195,000	\$195,000
Pension	\$34,707	\$34,707
Retiree Medical	\$29,196	\$29,196
Other Expenses	\$22,750	\$22,750
Total	\$684,687	\$684,687
Revenue Offsets		
Revolving fund	\$38,760	\$38,760
Grants	\$41,157	\$41,157
Total Offsets	\$79,917	\$79,917

COA overall spending is significantly different from its operating budget, because payments are due on the Beech Street Center debt.

The FY12 proposed and level service budgets are the same. There is a \$12,700 capital budget request for a 20% cost share grant for replacement of the Belderbus. The COA collected \$ 38,760 in receipts to cover “fee-for-service” expenses. Four grants supported COA activities totaling more than \$ 41,157 during the fiscal year.

Trends in Spending and Headcount

Fiscal Year	Operating budget	Headcount (FTE)
2002	\$346,778	
2011	\$353,966	6.9
2012		
Proposed Budget	\$354,905	6.9
Level Services	\$354,905	6.9
% change: FY2011–2012		
Proposed Budget	0.3%	0.0%
Level services	0.3%	0.0%
Average annual growth 2002-2011		
This department	0.2%	
All Belmont	3.9%	

Recent growth in operating budget and headcount are generally in-line with the town average.

Operating budget growth over the last ten years is below town average. Headcount has been constant but a closer look at overall program operations would be beneficial to discern how resources are used.

Programmatic analysis

The COA offers services in eight programmatic areas. The COA has made progress in providing data for programmatic analysis, although the data is partial.

Social services are a core service offered by the COA. The nearly 1FTE devoted to this function serves on average 37.5 individuals per month. The services consist of consultations, evaluations, telephone inquiries and ongoing casework. Analysis of staff work is not a straightforward exercise and would require understanding of the subtleties of the work and the history of the department in previous years. A social work position has been consolidated and is now shared with the Health Department. In addition to the paid staff, there is a social work intern.

Transportation is the largest program budget of the COA, with roughly 38% of the budget and nearly 36% of the staff devoted to this program. More than 503 rides are given in a month with the daily average at 24.4 rides per day.

The nutritional program is administered by Springwell. It provided on average, 34 meals per day on site and 32 Meals on Wheels for the period where data was provided, start of the FY11 through present March 2011.

Health wellness and enrichment, socialization, adult education and arts. Roughly 30 users per day attend various programs in these areas. These services cover out of pocket costs; groups are organized using a fee for service approach in which the class instructor's offer classes at a discounted rate and the participant fees cover those modest costs.

Volunteer programs. 125 seniors or community volunteers provided time to the COA.

Travel programs. Outings are coordinated by the volunteer coordinator or volunteers and cover out of pocket costs..

Beech Street rentals. Rentals at the Beech Street Center has been added as a program function at the COA, with a budget of \$18,071.00 to cover marketing and coordinating rentals. The data provided indicates that with events to date and projections through the end of FY11 this endeavor will not generate revenues to cover identified expenses.

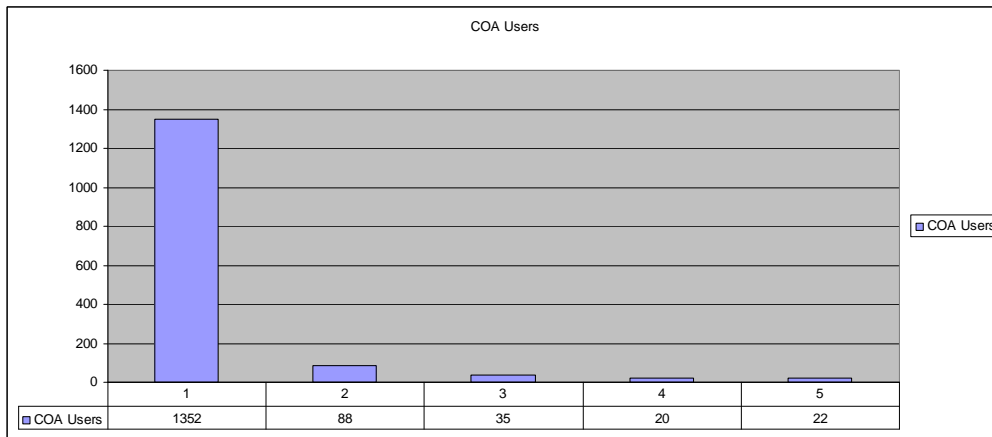
Beech Street Rental	Cost
6 Month expenses	\$9,035
Rental revenue	\$1,585
Custodian service fee	\$2,250
Net revenue	(\$5,200)

Expense analysis

With the exception of the new program area Beech Street Rentals (see the segment above), there were no programs that had increases above 5%.

Long term and structural change issues

The number of persons using COA services and the frequency of use have been outstanding issues. The COA has started to keep track of information bearing on these issues, and the chart below begins to address them. The COA has approximately 1517 users that have been issued computerized cards.



Number of Registered Users at the COA – Frequency of Use

- 1352** of these checked in 1-50 times (Approx. 1 time per month)
- 88** of these checked in 51-100 times (Approx. 1 time per week)
- 35** of these checked in 101-150 times (Approx. 2 times per week)
- 20** of these checked in 151-200 times (Approx. 3 times per week)
- 22** of these checked in more than 200 times (Approx. everyday)

Observations and recommendations

Some of the issues from the previous years remain, although data collection is improving. Despite the mission objectives, making the case with data is integral to solidify the effectiveness of the COA or for any Town department.

The cost to provide COA services needs to be evaluated in the context of the total cost to the Town. The extent to which services can be regionalized should be evaluated if the data indicates demand in Town is not sufficient to justify carrying the total cost. Alternatively, consolidating the Health Department, Recreation Department and COA under a single department head should be considered. Single managerial responsibility for “health and human services” functions within the Town may allow programs to focus on mission critical functions with overall managerial responsibilities uniformly applied under a single manager.

The COA should examine duplication of services offered by other town departments and local non-profits: library, computer lab, blood pressure, classes/courses, and transportation.

The issue of programs or services that receive subsidies without means testing has been raised annually. For the COA, participant cost sharing for meals, rides and certain additional service programs may put grants that cover some or all of those program costs in jeopardy. In the case of transportation, the COA may want to consider whether it would be more cost effective to forgo grant money and use a voucher system if the service could be provided on a regionalized basis

The cost of provided marketing and facility rental coordination should be offset by another department (Town Administrator) since this program is administered in an effort to avoid inconvenience rather than by design or mission focused.

The COA seeks to recover the direct costs of services only and does not seek to recover any operating costs of the center or COA administrative overhead costs.

B. Health Department

Description of department/mission

The primary goals of the Health Department are disease prevention and health promotion. The Health Department has four areas: public safety (animal control, emergency response and hazardous waste), inspections (food services, housing, swimming pools and day camps), social services (youth and family services and veterans services) and disease prevention (vaccination, anti-smoking and dental hygiene).

Spending overview

	Proposed Budget	Level Services
Operating budget	\$405,824	\$404,211
Operating expenses	\$17,434	17,434
Capital budget	\$0	0
Debt repayment	\$0	0
Pension	\$84,024	84,024
Retiree medical	\$36,713	36,713
Survivor benefits	\$16,870	16,870
Total spending	\$560,865	559,252

Trends in Spending and Headcount

Fiscal Year	Operating budget	Headcount (FTE)
2002	\$300,322	
2011	\$422,304	4.85
2012		
Proposed Budget	\$405,824	4.85
Level Services	\$404,211	4.85
% change: FY2011– 2012		
Proposed Budget	-3.9%	0.0%
Level services	-4.3%	0.0%
Average annual growth 2002-2011		
This department	3.9%	
All Belmont	3.9%	

Programmatic analysis

a) Program and costs

Program	Budget \$	Budget %
Public Safety	\$94,049	23%
Inspections	\$94,049	23%
Social Services	\$74,148	18%
Disease Prevention	\$54,926	13%
Other	\$91,942	23%
Total	\$331,431	100%

*Adds not incorporated unless material.

Expense analysis

There are no items in this department's budget that increase by more than 5% from last year.

Proposed cuts and adds

This department has a new director and a new assistant director which allowed for a savings in salaries. This, along with the two regionalized positions (see below), has allowed expenses to decrease.

Long term issues

Scale continues to be an issue as this is a small department

Observations and recommendations

Two items in this department were "regionalized" this year:

1. Sealer of weights and measures is now a shared position with Arlington
2. Council on Aging and Health share a social services provider, where in the past this was two positions.

Further regionalization and consolidation within the Town should be pursued.

C. Library

Department Mission/Description of Services

The Belmont Public Library provides library services for the town consisting of circulation services (for material owned by Belmont and from other libraries in and out of network), adult/reference services (selecting and managing books, databases and other materials for the collections, addressing reference issues, initiating adult programs), young adult services (selecting materials for collections, assisting students in grades seven through high school, and initiating programs), children's services (same for up to grade six), and technical/processing services (handling acquisitions, repairs and maintaining holdings information).

Spending Overview

The Library's operating budget continues to account for approximately 85 percent of total spending.

	Proposed Budget	Level Services
Operating Budget	\$1,877,894	\$1,862,194
Capital Budget	\$0	\$0
Debt Repayment	\$0	\$0
Pension	\$257,889	\$257,889
Retiree Medical	\$54,200	\$54,200
Disability	Inc. Above	Inc. Above
Total	\$2,172,783	\$2,174,283
Revenue Offsets		
Fines	\$42,000	\$42,000
Lost Books	\$3,000	\$3,000
Copier Use	\$7,000	\$7,000
Total	\$,52,000	\$52,000

Trends in Spending and Headcount

FTE counts have remained relatively constant during the past four years, generally between 23 and 24, and this trend continues in FY2012, with an estimated count of 23.36. These FTE's consist of 17 full-time staff, 4 permanent part-time staff who work 25 hours or more per week, 19 temporary part-time staff who work fewer than 20 hours per week, and 6 pages, who are temporary high school student employees.

The Library's operating budget has been more variable: since FY2008, annual growth has averaged 2.2 percent, however, year-to-year fluctuations have been as high as 6.4 percent and as low as -5.9 percent.

Fiscal Year	Operating budget	Headcount (FTE)
2002	\$1,435,296	
2011	\$1,791,955	22.8
2012		
Proposed Budget	\$1,877,894	22.8
Level Services	\$1,862,194	22.8
% change: FY2011– 2012		
Proposed Budget	4.8%	0.0%
Level services	3.9%	0.0%
Average annual growth 2002-2011		
This department	2.5%	

All Belmont

3.9%

Programmatic Analysis

a) Programs and Costs

Circulation Services accounts for the highest percentage of FTE's (29.6%) whereas the Adult Services program consumes the highest share of budget dollars (31.2%), with the difference due to the levels of staff working in each program. Young Adult Services is by far the smallest program with respect to both measures.

Program	FTE's	FTE %	Budget \$	Budget %
Administration	1.75	7.5%	\$274,245	14.7%
Adult Services	6.35	27.2%	\$580,644	31.2%
Young Adult Services	0.94	4.0%	\$63,566	3.4%
Children's Services	3.58	15.3%	\$282,418	15.2%
Circulation Services	6.92	29.6%	\$397,860	21.4%
Technical Services	3.82	16.4%	\$261,962	14.1%
Total	23.36	100.0%	\$1,860,694	100.0%

*Adds not incorporated unless material.

b) Activity Indicators.

Key Library-Wide Activity Indicators		
Activity	FY2011 Estimate	FY2012 Estimate
Programming: # Attendees	9,000	9,050
Collection Development: # Items Acquired	13,000	14,000
Circulation: # Items Checked Out	545,100	546,000

Expense Analysis

The following budget line items increased by more than 5%, and more than \$5,000, from the previous fiscal year.

Line Item	FY2011 Estimated	FY2012 Proposed Budget	FY2012 Level Services	Explanation
Health Insurance	\$156,674	\$177,584	\$177,584	Increased health insurance participation
New Acquisitions for Collection	\$241,508	\$257,960	\$257,960	State requires 13.5 % of budget to be spent on collection development. FY12 amount = 13.85%.
Computer Service	\$55,000	\$62,000	\$62,000	Replacement of 6-year-old server.

*Adds described separately below.

Proposed Cuts and Adds

The proposed budget adds 14 additional Sunday openings and one additional hour to the 16 Sundays the Library is currently open.

Long Term Issues

While the Library operations involved relatively few personnel, they are in three unions (Librarians, Clerks and Custodial). This limits operational flexibility. Further, the Custodial union negotiates with the Board of Selectmen, not the Board of Library Trustees.

There is an ongoing question of how developments in technology will affect the provision of library services and the demand for library services.

Observations and Recommendations

The Library added 16 Sunday openings this year, and 13 more will be added in 2012. This is a long sought service enhancement.

Belmont is part of the Minuteman network. The Library borrowed almost 68,000 items through Minuteman in 2010 and loaned about 48,000.

D. Recreation

Description of department/mission

The Recreation Department's mission is to provide Belmont residents with healthy, enjoyable and affordable activities regardless of age, gender or physical ability. The department is operated by 3.9 FTE, approximately 128 seasonal employees, and volunteers within each program. The programs include Summer Pool Programs, School

Year Programs, Summer Programs, Special Needs Program (SPOT), Skating Rink Programs and Spring Programs.

Spending overview

	Proposed Budget	Level Services
Operating Budget	\$677,300	\$677,300
Other Program costs (DPW, School Custodial, etc)	\$184,469	\$184,469
Subtotal - Rec Department and Program Costs	\$861,769	\$861,769
<i>Operating Expenses – building services **</i>	\$56,111	\$56,111
<i>Office - 10% Homer</i>	\$6,856	\$6,856
Capital Budget	\$0	\$0
Debt Repayment	\$0	\$0
Pension*	\$80,537	\$80,537
Disability	\$0	\$0
Retiree Medical	\$8,137	\$8,137
Subtotal –	\$151,641	\$151,641
Total Expenses	\$1,013,410	\$1,013,410
Revenue Offsets		
Fees	\$683,247	\$683,247
Net Income/ Loss	\$178,522	\$178,522

* This pension expense will be net of the reimbursement to the Town from the MA Teacher's retirement.

** This expense is not updated but is carried forward from the 2011 Warrant Committee report, labeled as "building services".

Trends in Spending and Headcount

Fiscal Year	Operating budget	Headcount (FTE)
2010	\$642,586	16.06
2011	\$646,722	16.87
2012		
Proposed Budget	\$677,200	14.68
Level Services	\$677,200	16.87
% change: FY2011– 2012		
Proposed Budget	4.7%	-13.0%

Level services 4.7% 0.0%

Note: FTE includes full time, part time and seasonal

Programmatic analysis

Program	Recreation Department Budget \$ (Level Service)	Recreation Department Budget + other Program Costs (Level Service)	Recreation Department Budget %
Summer Pool	\$136,355	\$205,924	20%
Summer Sports	\$139,570	\$139,570	21%
School Year	\$170,198	\$170,947	25%
Skating Rink	\$89,824	\$203,975	13%
Spring	\$68,206	\$68,206	10%
Special Needs	\$72,313	\$72,313	11%
Total	\$676,466	\$860,935	100%

Expense analysis

The only increase of more than 5% and \$5000 is the new custodial fee charged back by the School Department. This is a transfer but not an increase in total Town coss.

Proposed cuts and adds

None.

Long term issues

. To avoid operating losses Belmont will need to increase program volume, provide additional value so fees can be increased, and/ or reduce controllable expenses. In Belmont, the schools also run recreation programs, fragmenting the offerings and the efficiency of total town recreation program administration.

The recreation offerings depend on the functioning of facilities that require significant investment to maintain. The department budget and program financials do not provide for capital improvement of the non-school facilities (pool and skating rink). However, the long term viability of these recreation programs requires addressing the need for capital improvements.

Observations and recommendations

The Level Service Budget and FY2011-FY2112 budget increase of approximately \$30K represents a change in policy by the School Department to recover incremental custodial fees required to support recreation programs. This is essentially a budget shift but not an increased expense to the town.

Consideration should be given to centralizing the administration of recreation programs across the town to one set of offerings, leveraging a common administrative department. This would increase the volumes and revenue supported by the fixed and expenses and offer a rationalized set of programs.

The departmental restructuring suggested last year (consolidating a number of small departments into a single department) should be considered to reduce overhead expense.

3. PUBLIC SAFETY

Public Safety consists largely of two departments: the Police Department and the Fire Department. Overall, the Police and Fire Departments both represent areas of core services for the Town of Belmont. By their nature, both Departments require a minimum level of operating scale in order to perform effectively. For example, a minimum number of firefighters are required to staff each shift so that fifteen firefighters can be first responders to a fire or other emergency in less than four minutes.

Both Departments are staffed with highly trained and dedicated professionals. The challenge for a town of the size of Belmont is that our population is below the level that supports optimal staffing efficiency in some areas. This means that there are likely opportunities to gain scale economies if services could be combined with similar departments from nearby communities.

If Belmont seeks to maintain the high quality of our Public Safety departments and yet do so with greater efficiency, there is limited opportunity to save significant taxpayer dollars simply by cutting staffing or expense lines. As we enter the FY2012 budget cycle, regionalization of certain programs – such as Public Safety Communications, Fire Suppression, and Emergency Medical Services – will need to be seriously considered for implementation

A. Fire Department

Description of department/mission

The Belmont Fire Department (BFD) has four functional programs: Fire Suppression, Fire Prevention, Emergency Medical Services and Service Calls. The department's primary mission is Fire Suppression. Fire Prevention has a direct impact on the primary mission. The BFD also provides Rescue Services, the majority Emergency Medical calls, and responds to Service Calls.

Although there are four functional programs in the BFD, the budget is divided into three components: Administration, Fire Suppression and Emergency Medical Services (EMS). Fire Prevention is included in the Administration component of the budget.

Spending overview

	Proposed Budget	Level Services
Operating Budget	\$5,153,070	\$5,153,070
Operating Expenses	\$101,000	\$101,000
Capital Budget	\$114,600	\$114,600
Debt Repayment	\$958,375	\$958,375
Pension	\$1,608,965	\$1,608,965
Disability	\$421,923	\$421,923
Retiree Medical	\$542,298	\$542,298
Total	\$8,900,231	\$8,900,231
Revenue Offsets	\$379,775	\$379,775

Trends in Spending and Headcount

Fiscal Year	Operating budget	Headcount (FTE)
2002	\$3,746,983	56
2011	\$5,094,730	55.49
2012		
Proposed Budget	\$5163870	55.49
Level Services	\$5,153,070	55.49
% change: FY2011– 2012		
Proposed Budget	1.4%	0.0%
Level services	1.1%	0.0%
Average annual growth 2002-2012		

This department	3.23.5%
All Belmont	3.9%

Programmatic analysis

	Budget \$	Budget %	FTE's
Fire Suppression	\$1,133,675	22%	5.49**
Fire Prevention	\$566,838	11%	
Rescue Services	\$2,421,943	47%	50***
Service Calls	\$1,030,614	20%	
Total	\$5,153,070	100%	55.5

*Adds not incorporated unless material.

**5.49 FTE's are allocated under Fire Administration

***50 FTE's are allocated Fire Suppression/Rescue Services

Activity Indicators

	<u>Calls</u>
Fire Incidents	164
Rescue Calls	1774
Hazardous Conditions	
200	
Service Calls	581
Good Intent Calls	304
<u>Alarm-Related Calls</u>	461
Total	3484
Permits Issued	656
Inspections Completed	146

Expense analysis

The following budget line items increased by more than 5% from the previous fiscal year and also had increases greater than \$5,000.

Item	FY2011 Actual	FY2012 Alternative Budgets		
		Available Revenue	Level Services	Override
FT Wages	2,871,026	2,889,653	2,889,653	\$
OT	\$331,122	\$382,879	\$382,879	\$
Occup Health Mgmt	\$2,500	\$10,000	\$10,000	\$
Medical Bills	\$15,000	\$21,000	\$21,000	\$

* Adds are described separately below

Proposed cuts and adds

The proposed budget includes an increase of \$10,800 from the initial available funds budget to cover increased fuel costs and computer maintenance.

Long term issues

Regionalization – Although the BFD supports sharing resources with surrounding communities (mutual aid) and regionalization, little progress has been made to date beyond shared Fire and Police communications. Representative Brownsberger, however, has identified possible grant funding from the Metropolitan Area Planning Council (MAPC) for Belmont and Watertown to study regional EMS and dispatch. Both communities are in the process of submitting the grant application.

With a town of less than 25,000 people and the service delivery requirement of having a minimum number of staff in order to respond to a potential fire 24/7, Belmont is simply subscale. Real savings will only be realized through regionalization of Fire Suppression and EMS, not just dispatch. Resolving the longstanding question of regionalization of the BFD will require strong leadership from the Board of Selectmen, the Fire and Police chiefs and neighboring towns.

Fire Prevention – Stringent building codes, inspections, smoke detectors and Fire Prevention have drastically reduced the number of actual fires. The BFD is staffed to be fully prepared to address fire and other emergencies 24 hours a day. The challenge is to maintain a force to adequately respond to a major fire, despite the low frequency. This calls for regionalization.

Observations and recommendations

Ambulance Rate Structure – The Board of Selectmen (BOS) voted to increase the ambulance rate structure. The initial estimated increase in revenue for FY12 is \$300,000.

EMS – The BFD operates Basic Life Support (BLS) Ambulance services and contracts for Advanced Life Support (ALS) services with a private vendor. The BFD has repeatedly suggested that adding ALS would improve service, resulting in a net financial gain to the town. The issue has been analyzed in the past, but a disagreement remains whether the increased fees from ALS will be covered by the increases stipends, training, and possible additional equipment required. A decision should be made.

Injured on Duty/Sick Leave – Over the last several years, Injured on Duty and Sick Leave is averaging overall around 5% in the BFD, which is significantly higher than other town departments. It also increases the use of overtime (OT), the least efficient and most expensive staffing model. The Fire Chief and the Police Chief will be hiring an

outside contractor to assist them in managing injured on duty and sick leave issues. We applaud that effort.

Staffing – The BFD has 55.49 Full-Time Equivalent (FTEs). 5.49 FTEs are assigned to Administration and Fire Prevention and 50 FTEs are assigned to Fire Suppression and EMS. There is no specific allocation of the Fire Suppression and EMS staffing this year, even though such an allocation has been included in the BFD budget historically. Addition of this allocation would allow more meaningful program budgeting.

Retiree Health and Pension Costs – The BFD retiree health and pension costs respectively are 37% and 32% of the town-side department’s overall costs.

B. Police

Description of department/mission

The Police Department is comprised of seven different Divisions: Administration, Patrol, Detective, Traffic, Records, Community Services and Joint Public Safety Communications. Each division provides a different function within the department to complete the mission of the Department, which is to best serve the community.

Spending overview

	Proposed Budget	Level Services
Operating Budget	\$6,374,031	\$6,351,372
Operating Expenses	\$57,288	\$57,288
Capital Budget	\$24,100	\$24,100
Debt Repayment	\$0	\$0
Pension	\$1,993,012	\$1,993,012
Disability	\$248,039	\$248,039
Retiree Medical	\$438,417	\$438,417
Total	\$9,112,228	\$9,112,228
Revenue Offsets (fines)	\$301,686	\$301,686

Trends in Spending and Headcount

Fiscal Year	Operating budget	Headcount (FTE)
2002	\$4,317,952	52
2011	\$6,178,078	46*
2012		

Proposed Budget	\$6,374,031	46*
Level Services	\$6,351,372	46*

% change: FY2011–
2012

Proposed Budget	3.2%	!Zero
Level services	2.8%	Divide
		0%

Average annual growth
2002-2011

This department	4.1%
All Belmont	3.9%

*Headcount in this section only includes sworn officers.

Programmatic analysis

	Budget \$	Budget %	FTE's
Administration	\$410,774	6.5%	3
Patrol	\$3,896,256	61.3%	35
Detective	\$449,496	7.0%	5
Traffic	\$440,260	7.0%	12
Records	\$83,184	1.3%	2
Community Service	\$254,811	4%	3
Joint Public Communication	\$816,591	12.9%	10
Total	\$6,351,372	100%	70**
Sworn officers			46

*Adds not incorporated unless material.

Activity Indicators

	Highlights of Calls for <u>Service</u>
Medical	1,094
Alarms	836
Accidents	664
Domestic	328
911	250
Theft	227
Break	217
Vandalism	185

The BPD made 17,328 total calls for service in 2010.

Expense analysis

The following budget line items increased by more than 5% from the previous fiscal year and also had increases greater than \$5,000.

Item	FY2011 Actual	FY2012 Alternative Budgets		
		Available Revenue	Level Services	Override
Benefits	\$717,112	\$754,805	\$754,805	
Personnel Overtime	\$268,333	\$336,757	\$336,757	
Capital – Cruiser	\$80,000	\$120,000	\$80,000	
Part-time Employees	\$215,000	\$231,653	\$231,653	

Proposed cuts and adds

Two items were added to this budget from new revenues: additional monies were added in anticipation of rising fuel costs and “mug shot capture” system to allow better visual identification of suspects. This Level Service budget calls for replacement of three police cruisers but a third cruiser was not restored.

Long term issues

The Police Department has joined together with the Fire Department and has chosen to hire an outside consulting firm to help review and monitor the impact of “injured on duty” (IOD). IOD negatively impacts department staffing and overtime and translates into increased pension and disability costs for the Town.

Observations and recommendations

Programmatic Analysis –Data points for the police department are clear and tracked in detail. Data statistics are kept on more than 245 types of crimes as promulgated by the Federal Bureau of Investigation and the Commonwealth of Massachusetts guidelines for cities and towns. There has been a modest increase in non-violent crimes that the department finds consistent with an economic downturn. The department is operated efficiently.

Administration – The Administration program costs should be spread across the remaining six programs: Patrol, Detective, Traffic, Records, Community Service and Joint Public Communication.

Regionalization – The Police Department is part of a regional organization NEMLEC, the North Eastern Massachusetts Law Enforcement Council, composed of a consortium of 53 police and sheriff departments in Middlesex and Essex Counties. Member agencies operate pursuant to an interagency mutual aid and assistance agreement.

The Department is also a member of an 8-member Regional Drug Task Force that works collaboratively to combat drug activity. In addition, the BPD partnered with the Arlington and Cambridge Police Departments, along with 24 other private and public agencies to combat Domestic Violence, especially high-risk cases forming the CAB HART (Cambridge/Arlington/Belmont – High Risk Assessment) Team. Some federal and state agencies have viewed this as a model program.

The department should continue to explore regionalization opportunities, especially as it relates to regionalization of Fire Suppression and EMS.

Part Time Positions – Consideration should be given to modify staffing of part-time ticket clerks to eliminate the benefit and pension financial exposure to the town for these positions, regardless of the number of employees actually accepting these benefits at this time.

4. BUILDING SERVICES

Description of department/mission

Building Services is responsible for maintenance, cleaning, and repair of the following Town buildings including the Police Station, Town Hall, Homer Bldg, Old BMLD Bldg, the Fire Stations, the Town Yard, the Benton Branch Library (but not the Main Library) and the Beech Street Center.

Building Services also assists with oversight of Town capital projects.

Spending Overview

	Proposed Budget	Level Services
Operating budget	\$1,137,189	\$1,108,979
Capital budget	\$200,000	\$200,000
Debt repayment	\$0	\$0
Pension	\$27,086	\$27,086
Retiree medical	\$14,780	\$14,780
Utility and maint. costs	NA	NA
 Total spending	 \$1,439,148	 \$1,439,148
 Revenue Offsets Beech St. Center		

Trends in Spending and Headcount

Fiscal Year	Operating budget	Headcount (FTE)
2001	\$400,226	
2011	\$1,137,189	6.6
2012		
Proposed Budget	\$1,137,189	6.6
Level Services	\$1,108,979	6.6
% change: FY2011–2012		
Proposed Budget	0.0%	0.0%
Level services	-2.5%	0.0%
Average annual growth 2001-2011		
This department	11.0%	
All Belmont	3.7%	

Programmatic analysis

As suggested by its name, Building Services has one major programmatic activity: the maintenance and repair of the town's buildings and building systems. Its other major activity, assistance and troubleshooting on building projects accounts for less than 10% of staff time; any out of pocket expenses are born by the building funds of the respective projects.

Expense analysis

The following budget line items increased by more than 5% from the previous fiscal year and also had increases greater than \$5,000.

Item	FY2011 Actual	FY2012 Alternative Budgets		
		jProposed	Level Services	Override
Telephone	\$35,000	\$45,000	\$45,000	NA

Proposed cuts and adds

A sum of \$19,692 to support increase in fuel prices, and \$10,200 to allow the installation of a new and more efficient boiler for the Homer Building have been added to the initial level service budget.

Long term issues

The Town Meeting vote to allow consolidation of town and the school departments has resolved the major long term issue.

Observations and recommendations

FY2012 will be a year of considerable transition as the consolidated building services plan is developed.

5. COMMUNITY DEVELOPMENT

Department Mission/Description of Services

The Community Development Department is responsible for three functions. Its Planning division provides professional planning services, project related services, and staffing of Town committees, and public information services. The Engineering Services division designs, reviews, implements and provides permanent record keeping of infrastructure improvement programs, including major road reconstruction and sanitary sewer and storm drain repairs. The Inspection Services division reviews permit applications and issues building, zoning and other land use permits; investigates and follows up on building code, zoning code and general by-law violations; conducts inspections required for various certificates; and reviews and issues gas and plumbing permits. The Town Engineers serves as the head administrator of the department.

Spending Overview

	Proposed Budget	Level Services
Operating budget	\$905,224	\$900,224
Capital budget	\$0	
Debt repayment	\$0	
Pension	\$66,206	\$66,206
Retiree medical	\$8,054	\$8,054
Utility and Maint. Costs	NA	NA
Total	\$974,484	\$974,484

Trends in Spending and Headcount

Fiscal Year	Operating budget	Headcount (FTE)
2001	\$663,332	
2011	\$901,961	8.97
2012		
Proposed Budget	\$905,224	8.97
Level Services	\$900,224	8.97
% change: FY2011–2012		
Proposed Budget	0.4%	0.0%
Level services	-0.2%	0.0%
Average annual growth 2001-2011		
This department	3.1%	
All Belmont	%	N/A

Programmatic Analysis

a) Programs and Costs

Planning accounts for the largest share of staff time (33%), and Administration accounts for the largest share of budget dollars (\$270,415) for this department. Plumbing and gas inspection services are shared with the Town of Watertown.

<u>Program</u>	<u>Budget \$</u>	<u>Budget %</u>
Administration	\$270,415	30%
Planning	\$257,019	29%
Engineering Services	\$145,753	16%
Inspection Services	\$227,037	25%
Total	\$900,224	100%

*Adds not incorporated unless material.

Administration, Engineering, and Inspections are staffed with 6.9 FTEs.

Planning is made up of 3 FTE's: a Planning and Economic Development Manager, Senior Planner, and Administrative Assistant. Planning reports to the Town Administrator, not the Community Development head.

Expense Analysis

There are no budget line items which increase by more than 5% from FY2011's Estimated Expenses.

Proposed Cuts and Adds

A sum of \$5000 for the purchase of "toughbook laptops" which will allow inspectors to work in the field thus improving productivity.

Long term issues

Adequate engineering oversight of public infrastructure projects has been difficult with current staffing levels. With projects, e.g., street repaving, water lines, sewer lines, supposed to last for many decades, it does not seem wise to neglect close supervision of contractors.

The Economic Development Manager reports to the Town Administrator rather than to the head of Community Development, which makes the department more difficult to manage. This chain of command should be explored.

Observations and Recommendations

The costs of permits and the fees for planning, zoning and other applications should be explored to ensure they are in line with surrounding, similar municipalities and to ensure they are covering the actual costs associated with processing and advertising, as well as for possible peer reviews.

Grants for planning should be explored and applied for.

The philosophical question as to whether the Town should regionalize its planning function, or hire consultants for individual projects, zoning amendments and long-range plans is worthy of discussion. More emphasis on bringing additional economic development to the Town should be explored.

The department is exploring entering into contracts which would link the amount of the payment to the quality of the work provided to improve the overall quality of public projects.

Purchase of a document imaging system for historical Town engineering, permitting and other documents would enable the documents to be more available to the public and to potential developers. While staff would be required to scan and organize the

documents, it would be a discrete, temporary job. Community Preservation Act funds could be explored for this purpose.

While the department processes 78% of building permit applications within 5 days and 83% in 10 days, extending such dates slightly would free up the inspectors to conduct more enforcement. Increased enforcement would lead to greater safety, more compliance and increased revenue from fines.

The department is commended for maintaining level services in FY2012 within available funds budget and with decreased budget from FY2011.

6. PUBLIC WORKS

Description of department/mission

The Department of Public Works (DPW) provides a wide variety of key Town services including street and sidewalk maintenance; snow removal, vehicle fleet maintenance, forestry, grounds and delta maintenance, solid waste collection and disposal, street lighting, parks and playing fields maintenance, cemetery maintenance, water and sewer maintenance and construction. It is the sole department in Belmont whose activities touch every resident, every day.

Spending overview

	Proposed Budget	Level Services
Operating budget	\$6,318,156	\$6,280,509
Capital budget	\$13,500	\$13,500
Debt repayment—water	\$421,358	\$421,358
Debt repayment—sewer	\$859,287	\$859,287
Debt repayment—other		
Pension	\$938,614	\$938,614
Retiree medical	\$288,831	\$288,831
Utility and maint. costs	\$37,509	\$37,509
Total spending	\$8,877,255	\$8,839,608
Revenue offsets (permits)	\$55,000	\$55,000

Excluding debt repayment for water and sewer which are capitalized into the rates for water and sewer, the operating budget accounts for 83% of total spending on this function.

Trends in Spending and Headcount

Fiscal Year	Operating budget	Headcount (FTE)
2002	\$5,275,022	
2011	6,259,589	51
2012		
Proposed Budget	\$6,318,156	50.6
Level Services	\$6,280,509	50.6
% change: FY2011–2012		
Proposed Budget	0.9%	-0.8%
Level services	0.3%	-0.8%
Average annual growth 2002-2011		
This department	1.9%	
All Belmont	4.7%	

Expense growth in this department has been significantly below the town average over the long term.

Programmatic analysis

a) Programs and costs

Program	Budget \$	Budget %
Cemetery Maintenance	\$438,004	4.3%
Central Fleet Maint - Highway Facilities	\$523,956	5.2%
Delta & Grounds Maintenance	\$58,540	0.6%
Forestry Service	\$238,435	2.4%
Parks & Facilities	\$681,415	6.7%
Snow Removal	\$552,373	5.5%
Solid Waste Collection & Disposal	\$2,519,615	24.9%
Street Lighting	\$308,875	3.1%
Street Maintenance	\$649,630	6.4%
Water Distribution	\$1,936,772	19.1%
Water Main Replacement	\$0	0.0%
Sewer Maintenance	\$1,819,568	18.0%
Stormwater Maintenance	\$394,225	3.9%

Solid waste collection has been contracted out; thus staff time is largely spent on water, sewer, and street, park, and facilities maintenance.

*Adds not incorporated unless material.

Expense analysis

The only expense item to increase by more than 5% is the allocation for tree planting.

Proposed cuts and adds

Sidewalk repair was funded from the capital budget. A sum of \$10,000 was added to support tree planting, \$6655 for vehicle maintenance and \$21,755 to cover anticipated fuel cost increases.

Long term issues

Lack of funding for adequate maintenance/replacement of many town facilities continues to take a toll on the quality of town services. Examples include roads, sidewalks, trees, and tennis courts. The Underwood pool and the Skip Vigliolo Skating Rink are past their useful lives.

Observations and recommendations

A street opening coordinator was hired, with the position funded by fees. This will hopefully improve the condition of streets when work is completed.

The town should review whether fees charged for town services are too low when the services compete directly with private tradesmen. Of particular concern are fees for services that are currently set at zero. One example is a service call to rod out tree roots in a homeowner's sewer line.

Another potential fee opportunity is residential yard waste pick-up. This activity costs the town more than \$300,000 annually and competes with private landscapers. It is worth investigating whether a charge should be assessed to help defray this expense.

Recycling is approximately \$40/ton cheaper than regular trash disposal. An increased education campaign should be considered to encourage more recycling.

The department is commended for maintaining level services within the available funds budget.

7. MINUTEMAN

Description of department/mission

Minuteman is a career and technical high school that provide carrer education to students from Belmont and 15 other member towns. Minuteman also offers a variety of separately-funded middle school, summer, and community education programs.

The mission of Minuteman is to serve a diverse student body with multiple learning styles and develop the academic, vocational and technical skills necessary to become productive members of a global community.

Spending overview

	FY2011	FY2012 Proposed	% change FY 2011
Minuteman	\$16,258,679	\$16,435,472	1.1%
Belmont Assessment	\$751,311	\$880,134	17.1%

Belmont assessment

For FY 2012, despite just a 1.1% increase in the Minuteman budget, Belmont's assessment is projected to increase by \$128,823, or 17.1%. This increase is attributable to two primary factors. More than half of the increase (\$72,684, or 9.7% of the 17.1%) is the result of an underassessment, or windfall, that Belmont enjoyed in FY 2011. That underassessment was the result of the State not finalizing the required minimum contributions until after Belmont and the other Minuteman towns had approved the Minuteman budget and assessment at their respective town meetings. The remainder of the projected FY 2012 assessment to Belmont is driven by an increase in Belmont's FY 2011 enrollment from 33 to 41.

Programmatic analysis

Minuteman's planning and budgeting process does not provide programmatic data comparable to Town data.

Expense analysis

The Minuteman administration lowered operating expenses over the past few years.

Consequently, Minuteman's per-pupil expenditures have gone from being among the highest in the State to now being close to the State average for regional career and technical high schools.

Excluding those line items that simply represent a change in budget classification, the following budget line items increased by more than 5% from the previous fiscal year and also had increases greater than \$5,000.

Item	FY2011 Budget	Proposed Budget	Level Services
Health (Active Employees)	1,460,756	1,547,101	1,547,101
Health (Retirees)	604,646	725,400	725,400
Medicare	151,070	165,000	165,000
Transportation	1,208,080	1,272,662	1,272,662
Heating	120,000	180,000	180,000
Electric	195,000	400,000	400,000
ESCO Lease	275,000	411,273	411,273
Debt Service	0	20,000	20,000

Health insurance costs for current employees and retirees were originally anticipated to increase by 10% based on the initial quotes from the insurance carrier. Since the FY 2012 budget was prepared, these cost increases have actually been limited to only 1.6%. The increase in Medicare expenses is the result of a continued decline in senior staff and their replacement with younger employees. The increase in transportation costs reflects a fixed escalation in the second year of a three-year bus contract, plus a fuel escalation charge due to a projected increase in fuel prices above a base index in the contract. The increase in heating and electric costs is largely attributable to an under-budgeting of FY 2011 expenses.

Proposed cuts and adds

Minuteman is not proposing any increases to its programs in FY 2012.

Long term issues

Minuteman continues to focus on managing a number of issues all of which revolve around the theme of providing a robust career and technical education program in the most cost-efficient manner possible. Many of the specific issues that Minuteman is addressing are interrelated. These issues include:

Right sizing. In addition to trying to improve efficiencies through cost reductions, Minuteman is also making a concerted effort to increase enrollment. Total enrollment, which was as high as 926 students in 1996, declined to less than 700 by 2008. By 2010, enrollment had recovered to 754. This increase in enrollment has been driven by a 63% increase in the size of the FY 2011 freshmen class (from 113 to 184) and a 50% increase (from 80 to 120) in FY 2011 post-graduate enrollment. While some of this increase has come from member towns, a significant portion has come from non-member towns.

Building Renovation. Minuteman has long-term capital equipment and facility needs, as confirmed by the Massachusetts School Building Authority (MSBA). Before proceeding with a building renovation, Minuteman is undertaking three analyses including an enrollment study in order to project future enrollment from both member and non-member towns. This study is currently underway and is expected to be available for review shortly.

Changes in Regional Agreement. A Regional Agreement Task Force (RATF) was formed in January, 2010 to examine the Regional Agreement and its impact on member and non-member enrollment and on the current allocation of capital and operating costs among member towns, and to consider potential options for changing the current formulas.

Program Mix. Undertaking assessments of the mix of the menu of career and technical programs offered to Minuteman students is an on-going activity. The need for this assessment is made particularly acute as decisions are potentially being made regarding a new facility.

Financial Controls. Minuteman has made great strides over the past few years in improving its internal financial controls. However, continued improvements in this area are still required.

Observations and recommendations

Continued, careful monitoring of the Minuteman administration's progress towards improving operating efficiencies and administrative controls; increasing enrollments; potentially admitting new towns to the consortium; revisiting the mix of career and technical programs; considering changes to the Regional Agreement; and contemplating plans for a new/renovated facility is required.

8. EDUCATION

Description of Department/Mission

The School Department, the largest of the town's departments is responsible for K-12 education of all Belmont children and for pre-kindergarten services to children with special needs. In addition to its core classroom education, it also provides Belmont students with a wide array of physical, social, cultural, and service opportunities. It aims to prepare student for further academics, citizenship, employment and lifelong learning.

Spending Overview

The School Department originally presented three operating budgets for Fiscal Year 2012: an Available Funds budget of \$40.6 million, a Level Services budget of \$42.7 million and a Mission Critical budget of \$43.5 million. The Available Funds Budget reflected anticipated FY2012 revenues, the Level Services Budget included amounts considered necessary to provide the same services as in FY2011, and the Mission Critical Budget contained additional items seen as critical to sustain current systems, structures, and programs.

Because of increases in State aid and circuit breaker reimbursement, as well as savings achieved by the entire Town in health insurance and electricity costs, a new budget was developed in late April that restores many of the cuts contained in the Available Funds Budget. This is the budget that will be presented to Town Meeting in May.

The increases reflected in the final budget include some \$1,002,800 in additional State aid, a \$150,000 increase in projected town revenues, and \$82,900 in projected cost savings to the town that are being allocated to the schools, less a decrease in the assessor's overlay surplus of \$225,000. The resulting total of \$1,010,700 has been added to the school's operating budget. In addition, state circuit breaker funding is now projected to rise by \$400,000, and a corresponding amount has been moved from the general funds budget to the grants budget; also, the School Department expects achieve its own cost savings in the amount of \$182,200. While these amounts have not been added to the operating budget, they do free up already budgeted funds for reallocation. In total, these changes have yielded \$1,592,900 that is being used to restore programs that had previously been cut.

With this new funding, the FY2012 operating budget will account for almost 86.7% of the total education budget, up from 84.9% in FY2011. Expenditures that support education but are outside the school's operating budget include repayment of debt, certain town services (provided largely by General Government, Public Safety, and Public Works), retirement costs for non-teacher employees, the Minuteman assessment, and federal stimulus grants. Two of these categories, debt repayment and federal grants, are expected to decrease in FY2012. The Town also receives revenue, primarily from Chapter 70 state aid, school construction reimbursement, and athletic and student activity fees. Total revenue offsets are expected to be \$6.32 million in FY2012, slightly down from this past year's \$6.34 million.

	FY2011 Budget	FY2012 Budgets		
		Initial Available Funds	Level Services	Proposed
Operating Budget *	\$39,702,570	\$40,574,854	\$42,652,566	\$41,575,783
Temporary stimulus grants allocated to operating budget	\$832,134	\$154,679	\$154,679	\$154,679

Operating Expenses, Other Town Depts.				
General Government	\$455,659	\$462,072	\$462,072	\$462,072
Public Safety	\$107,810	\$113,386	\$113,386	\$113,386
Public Works	\$258,360	\$252,321	\$252,321	\$252,321
Operating Budget, Minuteman and Charter	\$751,311	\$888,119	\$888,119	\$888,119
Pension and other employee benefits	\$716,375	\$716,375	\$716,375	\$716,375
Disability	Inc. above	Inc. above	Inc. above	Inc. above
Capital Budget	\$617,381	\$609,000	\$609,000	\$609,000
Debt Repayment (capital & interest)	\$3,337,450	\$3,194,788	\$3,194,788	\$3,194,788
Total	\$46,779,050	\$46,965,594	\$49,043,306	\$47,966,523
Operating Budget as % Total Costs	84.9%	86.4%	87.0%	86.7%
Revenue Offsets				
Chapter 70	\$5,541,573	\$4,744,000	\$4,744,000	\$5,571,323
School Construction	\$382,498	\$382,498	\$382,498	\$382,498
Charter School Assessment Reimb.	\$10,551	\$0	\$0	\$0
Medicaid Reimbursement	\$0	\$0	\$0	\$0
Athletic and Student fees **	\$402,822	\$342,850	\$369,850	\$369,850
Total	\$6,337,444	\$5,469,348	\$5,496,348	\$6,323,671

* Includes post-employment medical expenses of \$1,533,162 for FY11 and \$1,643,079 for FY12

** FY11 amount includes \$42,281 in donations.

Trends in Spending and Headcount

During the past four years, average growth in the school operating budget has generally outpaced the growth in student enrollment, as well as budget growth for other town departments. Using the final proposed FY2012 budget, over the last decade the operating budget has grown at a compounded annual rate of 4.25%, which is above the overall town rate of 3.52%. (The latter rate is for the entire Town, the compounded annual growth rate for the town ex school operating budgets has been 2.70 %.)

Growth in Enrollment and Operating Budget: FY2008 – FY2012

Fiscal Year	Enrollment	% Incr.	Operating Budget	% Incr.
2008 Actual Exp.	3,831	-----	\$37,205,025	-----
2009 Actual Exp.	3,945	3.0%	\$38,470,916	3.4%
2010 Actual Exp.	4,060	2.9%	\$37,824,011	-1.7%
2011 Budget	4,016	-1.1%	\$39,702,570	5.0%
2012 Proposed Budget	4,034	0.4%	\$41,575,783	4.7%

Note: The FY10 and FY11 numbers do not include federal stimulus funds.

		Annual Growth Since 2002 Operating Budget	Annual Growth
	Fiscal Year		
Education	2002	\$27,411,644	-----
	2012	\$41,575,783	4.25%
All Belmont	2002	\$61,284,641	-----
	2012	\$86,608,719	3.52%

Programmatic Analysis

The Warrant Committee has sought to have all budgets, including the school budget, presented on a programmatic basis so that it will be easier to understand how much (including underlying support costs) is being spent on each program within the budget. For FY2011, the School Department identified ten program components that make up the school's budget. This presentation was conceptual, however, and the operating budget was not allocated among the programs. In this year's submission, the Department has organized its budget into 38 programmatic, administrative, and support categories. This program allocation is presented for the FY2011 Budget and the final FY2012 Proposed Budget in the table that follows.

Program/Budget Category	FY2011 Budget				FY2012 Proposed Budget			
	FTE's	FTE %	Budget \$	Budget %	FTE's	FTE %	Budget \$	Budget %
Regular Instruction								
English	23.75	5.8%	\$ 1,541,999	3.9%	24.40	6.0%	\$ 1,640,459	3.9%
Reading	8.50	2.1%	\$ 616,838	1.6%	10.20	2.5%	\$ 741,363	1.8%
Elementary	56.00	13.7%	\$ 4,004,496	10.1%	65.26	16.0%	\$ 4,415,319	10.6%
Fine Arts	1.30	0.3%	\$ 120,124	0.3%	1.30	0.3%	\$ 133,543	0.3%
Art	10.10	2.5%	\$ 715,875	1.8%	9.49	2.3%	\$ 730,882	1.8%
Music	8.90	2.2%	\$ 713,312	1.8%	10.00	2.4%	\$ 772,502	1.9%
Theater Arts	-	-	-	-	-	-	-	-
Kindergarten	10.50	2.6%	\$ 706,097	1.8%	10.50	2.6%	\$ 695,090	1.7%
Math	24.55	6.0%	\$ 1,713,164	4.3%	25.60	6.3%	\$ 1,789,224	4.3%
Physical Education	7.60	1.9%	\$ 571,187	1.4%	7.55	1.8%	\$ 551,200	1.3%
Science	26.45	6.5%	\$ 1,819,065	4.6%	24.20	5.9%	\$ 1,760,788	4.2%
Health Education	2.00	0.5%	\$ 112,628	0.3%	2.20	0.5%	\$ 132,424	0.3%
Technology Education	0.85	0.2%	\$ 54,367	0.1%	0.80	0.2%	\$ 64,821	0.2%
Social Studies	24.35	6.0%	\$ 1,670,168	4.2%	25.60	6.3%	\$ 1,758,631	4.2%
Foreign Language	16.80	4.1%	\$ 1,193,537	3.0%	17.45	4.3%	\$ 1,211,141	2.9%
Subtotal	221.65	54.4%	\$ 15,552,857	39.2%	234.55	57.5%	\$ 16,397,384	39.4%
Special Instruction								
English Language Learners	5.61	1.4%	\$ 222,363	0.6%	3.95	1.0%	\$ 184,441	0.4%
Pre-Kindergarten	13.09	3.2%	\$ 566,539	1.4%	14.26	3.5%	\$ 633,397	1.5%
Special Education	73.57	18.0%	\$ 7,871,508	19.8%	63.82	15.6%	\$ 8,408,462	20.2%
Subtotal	92.27	22.6%	\$ 8,660,410	21.8%	82.03	20.1%	\$ 9,226,299	22.2%
Student & Instructional Services								
Athletics	0.90	0.2%	\$ 230,775	0.6%	1.00	0.2%	\$ 249,801	0.6%
Student Activities	0.20	0.0%	\$ 24,193	0.1%	0.25	0.1%	\$ 38,128	0.1%
Guidance	11.60	2.8%	\$ 801,089	2.0%	10.60	2.6%	\$ 756,047	1.8%
Psychological Services	2.73	0.7%	\$ 218,891	0.6%	3.73	0.9%	\$ 276,722	0.7%
Health Services	7.20	1.8%	\$ 473,692	1.2%	7.50	1.8%	\$ 506,058	1.2%
Library	2.92	0.7%	\$ 189,022	0.5%	3.03	0.7%	\$ 199,977	0.5%
Technology & AV	9.28	2.3%	\$ 873,379	2.2%	9.50	2.3%	\$ 1,017,131	2.4%
Curriculum Development	1.00	0.2%	\$ 103,172	0.3%	0.80	0.2%	\$ 89,550	0.2%
Staff Development	1.00	0.2%	\$ 217,034	0.5%	0.80	0.2%	\$ 201,912	0.5%
Substitutes	-	0.0%	\$ 320,000	0.8%	-	0.0%	\$ 370,000	0.9%
Transportation (Reg. Ed.)	-	0.0%	\$ 148,630	0.4%	-	0.0%	\$ 71,610	0.2%
Subtotal	36.83	9.0%	\$ 3,599,877	9.1%	37.21	9.1%	\$ 3,776,935	9.1%

Program/Budget Category	FY2011 Budget				FY2012 Proposed Budget			
	FTE's	FTE %	Budget \$	Budget %	FTE's	FTE %	Budget \$	Budget %
Operations								
Buildings & Grounds	5.00	1.2%	\$ 686,676	1.7%	5.00	1.2%	\$ 695,161	1.7%
Custodial Services	14.00	3.4%	\$ 1,006,376	2.5%	14.00	3.4%	\$ 1,040,635	2.5%
Utilities	-	0.0%	\$ 1,409,851	3.6%	-	0.0%	\$ 1,536,031	3.7%
Subtotal	19.00	4.7%	\$ 3,102,903	7.8%	19.00	4.7%	\$ 3,271,826	7.9%
Leadership & Administration								
Building Administration	29.77	7.3%	\$ 1,909,717	4.8%	29.02	7.1%	\$ 1,903,767	4.6%
Central Administration	8.10	2.0%	\$ 752,446	1.9%	6.40	1.6%	\$ 741,112	1.8%
Legal Services	-	0.0%	\$ 105,000	0.3%	-	0.0%	\$ 105,000	0.3%
School Committee	-	0.0%	\$ 19,600	0.0%	-	0.0%	\$ 19,600	0.0%
Subtotal	37.87	9.3%	\$ 2,786,763	7.0%	35.42	9.6%	\$ 2,769,479	6.7%
Allowances & Benefits								
Contractual Allowances	-	0.0%	\$ 208,593	0.5%	-	0.0%	\$ 208,593	0.5%
Fringe Benefits	-	0.0%	\$ 5,791,167	14.6%	-	0.0%	\$ 5,925,266	14.3%
Subtotal	-	0.0%	\$ 5,999,760	15.1%	-	0.0%	\$ 6,133,859	14.8%
Grand Total	407.62	100.0%	\$ 39,702,570	100.0%	408.21	100.0%	\$ 41,575,783	100.0%

Expense Analysis

To identify significant budget increases contained in the FY2012 budget, we employed thresholds of both 5% and \$5,000. Our review identified 63 line items that have either increased by at least these amounts or are greater than \$5,000 after having received no funding in FY2011. The line items listed below represent the largest such increases, ranging from a high of \$579,452 for Private Special Education Placement Tuitions to a low of \$51,224 for High School Music Teacher Salaries.

Line Item	FY2011 Budget	FY2012 Budget	Increase	Percent Increase
Special Education - Private Tuitions	\$1,500,096	\$2,079,548	\$579,452	54.5%
Fringe Benefits - Retiree Health Insurance	\$1,533,162	\$1,639,726	\$106,564	12.6%
Special Education – MA Tuitions	\$249,836	\$344,460	\$94,624	53.7%
Special Education - Transportation	\$711,400	\$807,000	\$95,600	13.4%
Middle School Psychologist	\$0	\$94,388	\$94,388	NA
Winn Brook Elementary Teacher Salaries	\$1,079,733	\$1,162,240	\$82,507	7.6%
Wellington Elementary Teacher Salaries	\$1,013,557	\$1,089,240	\$75,683	7.5%
Butler Elementary Teachers Salaries	\$933,992	\$1,001,642	\$67,650	7.2%
Wellington Utilities - Natural Gas *	\$0	\$59,213	\$59,213	NA
High School English Teacher Salaries	\$705,690	\$763,801	\$58,111	8.2%
Athletics High School Coaching Stipends	\$93,947	\$148,169	\$54,222	57.7%
High School Music Teacher Salaries	\$142,050	\$193,274	\$51,224	36.1%

* New costs due to new building using gas instead of electricity.

Proposed Cuts and Adds

Although all three of the original FY2012 budgets provided increases in funding over the FY2011 level, they were significantly different, with the Level Services Budget approximately \$2 million higher than the Available Funds Budget, and the Mission Critical Budget nearly \$3 million higher. In order to accommodate the projected available funds, the School Department reduced services in a number of programs. Among the more significant cuts were the elimination of art and music from the elementary schools, 5th and 6th grade foreign languages from the middle school, and 4th and 5th year foreign languages and social studies electives from the high school. In addition, reductions were made in reading specialist support at the elementary and middle schools and in high school science lab experience and instructional time.

With the availability of new revenues and cost savings, the Department has been able to restore a significant portion of these cuts, as well as add additional resources based on current priorities for FY2012. In total, the budget now includes some \$1.506 million in new spending, \$1.162 million of this to restore previously cut line items (out of the

original \$2.017 million in cuts) and \$344,000 to support new spending priorities. The table below details the original available funds cuts and the subsequent restorations and additions contained in the proposed budget.

Program / Line Item	Available Funds Budget Cuts and Restorations					
	Original Budget Cuts		Items Restored or Added		Remaining Cuts	
	FTEs	\$	FTEs	\$	FTEs	\$
Line Items Cut from Level Service Budget						
Foreign Language Programs						
Middle School – Teachers	2.00	\$90,000	1.80	\$81,000	0.20	\$9,000
Middle School – Supplies		\$1,500		\$0		\$1,500
High School – Teachers	3.40	\$153,000	3.00	\$135,000	0.40	\$18,000
High School - Supplies; Textbooks		\$4,000		\$0		\$4,000
Social Studies Program						
Middle School – Teachers	0.75	\$33,750	0.50	\$22,500	0.25	\$11,250
High School – Teachers	3.60	\$162,000	3.00	\$135,000	0.60	\$27,000
Music Programs						
Elementary Schools – Teachers	2.82	\$126,900	2.82	\$126,900	0.00	\$0
Elementary Schools - Equipment; Supplies		\$5,750		\$4,142		\$1,608
Middle School – Teachers	0.40	\$18,000	0.40	\$18,000	0.00	\$0
Middle School - Equipment ; Details		\$7,080		\$5,100		\$1,980
High School - Equip.; Supplies; Travel; Details		\$33,350		\$0		\$33,350
Art Programs						
Elementary Schools – Teachers	2.49	\$112,050	2.49	\$112,050	0.00	\$0
Elementary Schools – Supplies		\$10,450		\$7,527		\$2,923
Middle School – Teachers	0.40	\$18,000	0.40	\$18,000	0.00	\$0
Middle School – Equipment		\$4,680		\$3,371		\$1,309
High School – Equipment		\$2,770		\$0		\$2,770
Reading Program						
Elementary Schools – Teachers	1.00	\$45,000	1.00	\$45,000	0.00	\$0
Middle School – Teachers	1.20	\$54,000	1.20	\$54,000	0.00	\$0
Transportation (Regular Education)						
Regular School Bus Transportation		\$90,000		\$0		\$90,000
Athletics						
High School – Coaching Stipends		\$88,395		\$0		\$88,395
Athletic Director Dues/Conferences		\$1,100		\$0		\$1,100
Physical Education Program						
Elementary Schools – Teachers	1.85	\$83,250	1.85	\$83,250	0.00	\$0
All Schools – Supplies		\$2,550		\$950		\$1,600
Library Services						
High School – Librarian	1.00	\$45,000	1.00	\$45,000		\$0
Theater Arts						
Middle School – Supplies		\$250		\$0		\$250
High School - Equipment Repair		\$6,200		\$0		\$6,200
Science Program						
Middle School – Teachers	0.75	\$33,750	0.50	\$22,500	0.25	\$11,250
High School – Teachers	3.00	\$135,000	2.00	\$90,000	1.00	\$45,000
Guidance						

Elementary Schools – Counselors	1.50	\$67,500	1.50	\$67,500	0.00	\$0
Elementary Schools – Supplies		\$150		\$150		\$0
Kindergarten Program						
Elementary Schools – Teacher	1.00	\$45,000	1.00	\$45,000	0.00	\$0
Elementary Schools - Books; Supplies		\$6,500		\$0		\$6,500
Health Services						
Elementary Schools – Nurses	0.40	\$25,899	0.40	\$18,000	0.00	\$7,899
English Language Learners						
Middle School – Tutor	0.75	\$16,875	0.00	\$0	0.75	\$16,875
Special Education						
All Schools - Teacher Aides	9.00	\$202,500	0.00	\$0	9.00	\$202,500
Fringe Benefits						
Employee Health Insurance		\$162,252		\$0		\$162,252
Utilities						
Elementary School – Electricity Costs		\$69,272		\$0		\$69,272
English Program						
Middle School – Teachers	0.25	\$11,250	0.25	\$11,250	0.00	\$0
Middle School - Textbooks; Supplies		\$5,450		\$0		\$5,450
High School – Textbooks; Supplies		\$2,300		\$0		\$2,300
Building Administration						
Elementary Schools - Lunch Aide	0.33	\$2,808	0.00	\$0	0.33	\$2,808
Elementary Schools - Clerical Support	0.50	\$11,250	0.00	\$0	0.50	\$11,250
Math Program						
Middle School – Teacher	0.25	\$11,250	0.25	\$11,250	0.00	\$0
Elementary School Programs						
Butler Supplies		\$2,475		\$0		\$2,475
Wellington Supplies		\$6,850		\$0		\$6,850
Fine Arts						
Supplies		\$80		\$0		\$80
Fine Arts Dues/Conferences		(\$476)		\$0		(\$476)
Software		\$790		\$0		\$790
Subtotal - Restored Budget Items	38.64	\$2,017,750	25.86	\$1,162,440	12.78	\$855,310
New Line Items Added to Budget						
Elementary Schools						
Classroom Teachers	---	---	2.00	\$90,000	---	---
Reading Teachers	---	---	0.50	\$22,500	---	---
Middle School						
English Teachers	---	---	0.75	\$33,750	---	---
Math Teachers	---	---	1.75	\$78,750	---	---
Reading Teacher	---	---	0.80	\$36,000	---	---
District Wide						
Technology	---	---	---	\$83,058	---	---
Subtotal - Additional Items	---	---	5.30	\$344,058	---	---

These restorations and additions do not include some \$855,000 of the cuts from the original Level Services Budget. In order to restore additional services, this Committee would encourage the School Department to look for further savings in certain line items that were retained in the original Available Funds Budget. The most prominent of these are salary increases. The new budget includes some \$725,000 for step and lane

increases (consistent with the old collective bargaining agreements), as well as \$169,000 in allowances for additional increases that might be negotiated in this year's collective bargaining negotiations or granted as merit raises. In addition, the budget includes \$163,000 in coaching stipends (up from \$94,000 in FY2011) and \$65,000 in professional membership dues and conference attendance fees.

The Warrant Committee recognizes that approximately \$851,000 of the salary increases and allowances are subject to collective bargaining; however wage freezes have been negotiated in other educational institutions, allowing more funds to be devoted to services critical to maintaining classroom instruction.

Long Term Issues

Despite the additional revenues that have become available for FY2012, there remains a significant gap between Belmont's revenue growth, which is now expected to be 3.4% in FY2012, and the 4.7% increase contained in the School Department's proposed budget. This gap continues a trend that has developed during the last several years and is likely to continue to impact education financing in the foreseeable future. Given current revenue forecasts, this rate of budget growth is unlikely to be sustainable in future years without overrides.

There are two principal cost drivers underlying the increases in the School Department's budgets – personnel costs, including both salaries and fringe benefits, and Special Education costs. In addition, an exacerbating factor this year is the loss of some \$525,000 in federal stimulus money (the ARRA IDEA Grant), although this loss will be largely offset by an expected \$400,000 increase in circuit breaker funding from the State.

Personnel Costs - Salaries: Because public education is a labor-intensive undertaking, personnel costs, consisting of salaries, other direct compensation, and fringe benefits, are the largest single budget component. In the FY2011 budget, salary costs alone accounted for 62.8% of the General Fund school budget; in the FY2012 budget approximately 62.0%.

Because they are such a large budgetary component, increases in salary levels have a substantial impact on overall budget growth. This is particularly true of those employees in Bargaining Unit A, who represent approximately 70% of total School Department personnel and include teachers, guidance counselors, and other professional staff. Under existing "step and lane" arrangements, these employees receive annual step increases averaging 4.2% for the first 14 years of their employment and lane increases averaging from 1.7% to 5.6%, for either earning a Masters or Doctorate degree or reaching certain benchmarks for graduate school credit hours. In addition, long-term employees can receive longevity increases upon reaching 15, 20, and 25 years of service. These measures are built into collective bargaining

agreements and result in annual increases which are not always reflective of general economic conditions.

If we adjust for variations in FTE counts, these provisions will produce a 3.3% increase in salary costs for Unit A employees in the FY2012 budget, exclusive of the impact of any lane increases or agreed-upon cost of living increase. (That this increase is less than the average step raise cited above is because 21% of these employees have already attained step 14.) In the last collective bargaining agreement, with a term of 2007-2010, these employees received 3.5% annual cost-of-living adjustments; when added to step rate increases, these adjustments resulted in total annual increases of approximately 7.8%.

The cumulative effect of these salary increases is potential budget growth that will be unsustainable in the long term. Addressing these issues is a difficult task, but one that is critical to correcting the likely imbalance between future costs and revenues.

Special Education Costs: Costs for the Special Education program also constitute a significant percentage of the overall School Department General Fund budget -- 19.8% in the FY2011 budget, and increasing to 20.2% next year. Moreover, costs for this program have been increasing significantly for a number of years; in particular, costs associated with out-of-district placements have been growing at an average rate of 10.9% from FY2004 through FY2011. Overall program growth for next year is estimated at 6.8%.

Interestingly, these long-term cost increases have occurred during a period when student enrollment in the Special Education program has decreased, from 480 in FY2004 to 398 in FY2011 (with a peak of 535 in FY2007). As discussed further below, School Department officials point to increases in the severity of student disabilities and need for services, in State-mandated program requirements, and in the costs for individual service components as the primary program cost drivers.

Three program components account for most of the FY2012 increase in Special Education program costs.

- **Salary Costs:** Employee salaries represented 38% of the FY2011 budget. The dynamics that drive these costs higher each year have already been discussed. Within the Special Education program, these costs are projected to increase in FY2012 by between 3.2% and 3.7%.
- **Out-of-District Tuitions:** The largest component the Special Education program budget are the tuition costs associated with out-of-district placements, accounting for approximately 45% of FY2011 program costs. As noted earlier, this component, together with transportation and contracted services, has been a major driver of

As noted earlier, School Department officials have attributed these cost increases not to higher placement numbers, but, at least in part, to increases in the severity of their disabilities and need for services. This statement appears to be supported by the data reported annually to the state Department of Elementary and Secondary Education regarding student educational environments and disability types.

Although this Committee does not have historical placement counts, total students reported to the state as being in those educational environment categories consistent with out-of-district placement (Substantially Separate, Public Day, Private Day, and Private Residential) have decreased by 9, or 8.2% during the past five years. At the same time, the data suggest that disability severity has tended to increase during this period. For example, the numbers of students having specific learning disabilities, which are unlikely to require out-of-district placement, have decreased by 133, or 60%, since FY2007; conversely, students diagnosed with autism have increased during the same period by 20, or 67%.

- **Transportation:** The third significant contributor to the increased Special Education budget is transportation. Closely related to out-of-district placements, this item accounted for approximately 9% of the total program budget in FY2011, and is expected to grow 13.4% next year.

Although transportation costs have been a component of the 10.9% annual increase since 2004, they have exhibited considerable fluctuation in recent years. In FY2010, actual costs totaled \$747,000, which was \$147,000 higher than had been budgeted; however, in the current fiscal year they are expected to decrease to \$700,000. Since the School Department is not predicting increased out-of-district placements in the coming year, the basis for the \$107,000 increase included in the FY2012 budget is unclear.

Maintenance: An additional factor that is likely contributing to higher School Department costs is deferred maintenance. Putting off maintenance to preserve operating programs tends to increase costs and results in additional pressure in subsequent years' budgets. The Capital Budget Committee was recently asked to fund \$133,000 of air duct cleaning, which should be part of a regular maintenance program. Consolidation of building services for the town and schools should help address this issue.

Observations and Recommendations

Cost Growth Rates: Salaries, benefits, and special education represent large parts of the budget, in terms of both absolute amounts and percentages. Continued growth at

current rates for employee salaries (2.5% average for all department employees, without cost-of-living or merit increases) and non-salary Special Education costs (14.3%) could produce 3.5% annual growth in the School Department's future budgets even if all other budget components, including workforce size, fringe benefits, and all other non-personnel costs, were held constant.

Salary Structure Changes: In an earlier section, we urged the Department to try to negotiate a wage freeze to relieve budgetary pressure in FY2012. In order to contain cost increases over the long term, the Committee believes the Department needs to address the underlying employee salary structure, including step and lane increases, that produces these increases even during economic downturns, when the cost of living is relatively stable and the ability of Belmont taxpayers to support the schools is more limited. We support the School Committee's current initiative to revisit the salary structures contained in its collective bargaining agreements.

To illustrate the impact of the current salary schemes, if the number of steps for Unit A employees were seven, rather than the current fourteen, the resulting salary increases due next year would be approximately \$310,000, instead of the current estimate of \$644,000. Reducing the size of individual step increases from the current 4.2% could have a similarly beneficial impact on the budget. We recognize that these are very difficult issues to address in collective bargaining negotiations, but future growth in tax revenues is not likely to support these increases, and the alternatives of frequent lay offs and reduced educational programs are clearly not preferable options.

Staffing Strategies: The new School Department budget calls for total staffing of 408, down from the 417 contained in the Level Services Budget. At the same time, a review of the Department's specific program restorations indicates the addition of five new teaching positions. While this is a relatively small number, the restorations do change the staffing mix to include more Unit A employees, who receive what is currently the most generous compensation package. In strategizing how best to meet the educational needs of Belmont's student, we would encourage the Department to consider alternate service delivery models.

Special Education LABBB Program: Belmont has an established a collaborative program with nearby towns (the LABBB program) in order to provide services more efficiently to students who require out-of-district placements. The theory here is that, because LABBB program components are under the control of the participating School District Superintendents, program costs such as employee salaries can be better controlled.

In practice, it is unclear whether this cost-containment objective is being achieved. A review of per-student out-of-district tuition costs during FY2010, as well as current estimates for FY2011, does not suggest that LABBB costs are lower on any consistent basis. In FY2010, such placements did cost \$33,539 on average, compared to \$35,420

for private tuitions and \$71,110 for MA tuitions. However, during the current year, average LABBB placement costs are projected to be the highest: \$54,189 vs. \$32,611 for private tuitions and \$27,760 for MA tuitions. Based on this admittedly small sample, all three types of tuition costs seem to vary widely from year to year, and the cost-control benefits of LABBB are questionable. The Committee recommends that a more detailed evaluation of the relative costs and the benefits of this program be conducted.

Quarterly Reports: The School Department has not been producing year-to-date reports of actual against projected expenditures at regular intervals during the fiscal year. In order to provide better monitoring of the school budget and avoid surprises later in the fiscal year, the Committee requests that the Department provide quarterly reports of actual versus projected expenditures by line item or other appropriate grouping of items, and that it include revolving account and grant expenditures in these reports.

Revolving Accounts: The Schools are funded in part through revolving accounts where fees, tuitions, gate receipts, and other amounts paid on account of specific programs are placed to be used to fund those programs. The School Department has not historically accounted for the use of these funds over the course of the year but instead has applied the revolving accounts against past expenditures. In order to present a clearer picture of where the School budget stands during the fiscal year, and to show more clearly that the revolving account funds are being spent on the supported programs, the Committee recommends that the School Department account for revolving account outlays as programmatic expenditures over the course of the fiscal year.

Fees: The School Department has recently increased fees to shift costs from the school budget to the students' families. In FY2011, the School Department increased fees for athletics and student activities, among other things. High school sports now require a per student per season fee of \$450 for the first season, \$300 for the second, and \$150 for the third, while middle school basketball charges \$280. There is a middle school activities fee of \$150 and a high school activity fee of \$100. In FY2012, fees will increase for pre-Kindergarten (by 10%) and non-mandated busing (from \$520 to \$575 per student and the removal of a family cap). There is a serious question whether this source of revenue can be pushed further without unduly limiting access to programs.

Special Education: Special Education is now accounted for as one program (Program 22). In order to better track the cost driver items, the Committee recommends that tuitions, transportation and contracted services be treated as a separate program.