

**Minutes
Town of Lexington Appropriation Committee
August 9, 2010**

Place and time: Town Office Building, Room G-15, 7:30 p.m.

Members present: Alan Levine (Chair), Glenn Parker (Vice-Chair), John Bartenstein (Vice Chair and Secretary), Mollie Garberg, Susan McLeish, Eric Michelson, Richard Neumeier, Joe Pato, Rob Addelson (ex officio, non-voting)

Also present: Charles Lamb, Capital Expenditures Committee

The meeting was called to order at 7:30 p.m.

1. **Welcome Dick Neumeier.** The Committee welcomed its newest member, Dick Neumeier, who was recently appointed for a three-year term, commencing July 1, 2010, to fill one of two vacancies on the committee.

2. **Building Rental Revolving Fund.** Rob Addelson made a brief presentation on the proposal of the Public Facilities Department to increase the spending limit for the FY2010 Building Rental Revolving Fund from the \$275,000 limit approved at the 2009 Annual Town Meeting by \$32,000 to \$307,000, and circulated a supporting handout. Limits set at Town Meeting may be increased by the combined action of the Board of Selectmen and the Appropriation Committee. Rob explained that the additional funds requested were needed to cover unexpectedly high overtime costs for maintenance and upkeep resulting from the rental of school buildings and other facilities in June; that the fund's receipts for the year, \$349,821, were more than adequate to cover the requested spending; that the fund began the fiscal year with a carryover balance of about \$40,000; and that with the requested spending increase there should be a carryover balance of about \$82,000 at the end of FY2010. The committee voted unanimously (8-0) to support the requested increase.

3. **Election of Officers.** The committee voted unanimously to elect the following officers for FY2011: Glenn Parker, Chair; John Bartenstein, Vice-Chair and Secretary; and Joe Pato, Vice-Chair.

4. **Proposed Street Light Replacement.** Rob Addelson made a presentation on a proposal recently advanced by the DPW and the Town's Lighting Options Committee to undertake the replacement of the bulbs and related fixtures in virtually all of the Town's street lights with energy efficient bulbs and better-shielded fixtures. There is some urgency because NSTAR has imposed a December 1, 2010 deadline for completion of the entire project as a condition of participating in a rebate program that would fund \$237,724 of the project's anticipated cost of approximately \$930,500. It is projected that the replacement would reduce the Town's annual electricity costs for streetlights from the existing level of \$286,000 to \$96,200, a savings of approximately \$190,000 per year. With the NSTAR rebate, the payback period would be about 3.6 years.

Rob explained that the Town has an additional incentive to undertake this exchange program promptly. For some years now, NSTAR has undercounted the number of streetlights that are subject to charge. The number was reduced some years ago when the Town turned off a number of streetlights as a cost-saving measure, and when those streetlights were later turned back on, NSTAR failed to capture all of them in its billing system. The Town has made NSTAR aware of this issue, but until now NSTAR has not corrected its billing. NSTAR has told the Town that if it undertakes the bulb replacement project, it will defer billing for the full complement of streetlights until the project is complete. Presumably, if the Town decides not to do the replacement project at this time, NSTAR will immediately start to bill for the full complement going forward, although it is not expected to seek retroactive reimbursement. The annual cost of electricity for the full complement of streetlights at current rates is approximately \$350,000, and the Town as a matter of prudence has budgeted this amount for FY2011.

If a decision is made to go forward with this proposal, a major challenge will be the financing of the purchase and installation of the new bulbs and fixtures, particularly in the absence of a capital expenditure authorization approved by Town Meeting. The Town staff is currently exploring a “third party lease-purchase” arrangement, under which a third party financing company such as GE Capital would pay the up-front costs of the project and the Town would then make monthly lease payments out of the savings to its existing streetlight budget. Rob said that Town Counsel had advised that the Selectmen could approve such an arrangement without authorization by Town Meeting. One option would then be to seek Town Meeting approval at the next annual town meeting for a bond issuance whose proceeds would be used to buy out the lease, thus reducing the financing costs going forward.

The committee was generally supportive of the project and its stated goal of lowering costs and increasing efficiency, but raised a number of questions and concerns that might be wise to address before deciding whether to go forward. Among those concerns were whether, regardless of the financing method and projected savings to be achieved, this might be considered a major capital expenditure that would require action in advance by Town Meeting; whether NSTAR might be willing to extend the deadline for completion of the project to allow the Town to pursue a more deliberative process; and whether it was wise to swap all streetlight bulbs at once as opposed to phasing them in so that they will not all reach their end of life at the same time.

The decision whether to proceed with this project or not will likely be made by the Board of Selectmen at its next meeting in late August. Action by this committee is not required but Rob will pass on its views and concerns and try to get back with answers to the questions raised. Rob confirmed that a “test run” of the proposed replacement bulbs will be undertaken before any commitment is made to proceed with the project to make sure that the new bulbs will meet with community acceptance.

5. **Miscellaneous.** Minutes of the meetings held on February 8, February 17, June 7 and June 30, 2010 were approved.

August 9, 2010

A “summit” meeting with the Community Preservation Committee to discuss CPA policy has been tentatively scheduled for Wednesday, September 29 but Susan McLeish reported that the Board of Selectmen may want to accelerate it.

Joe Pato and Al Levine reported on the status of their review of health benefit subscription and cost issues and a recent meeting with Carl Valente and Denise Casey. Some progress has been made but there is a good deal more to be done and work on this issue will likely continue up until the next annual town meeting.

Al Levine reported on a meeting of the Permanent Building Committee that he attended on June 27. A presentation was made by the architects hired to study the building needs of the police and fire departments, which are considerable. The PBC will be making a report on these issues to the Board of Selectmen in September. Alan commented that the Town will face an enormous challenge in prioritizing and funding the large number of capital needs that have been identified, including not only the police and fire stations but also the high school, several elementary schools, and a new senior center, all of which would require debt exclusions. This will require a great deal of discussion and will be a long process.

The meeting concluded with a brief discussion of agenda items for the next meeting, which is scheduled for Monday, August 23.

The meeting was adjourned at 9:40 p.m.

A list of documents and other exhibits used at the meeting is attached.

Respectfully submitted,

John Bartenstein

Approved August 26, 2010

**Exhibits
Appropriation Committee Meeting of
August 9, 2010**

1. Agenda circulated by Alan Levine, Chair, on August 3, 2010
2. Lexington Board of Selectmen, Agenda Item Summary, “Amend FY10 Public Facilities Building Rental Revolving Fund,” dated August 2, 2010
3. Email from Rob Addelson to Charles Lamb and Alan Levine re “Proposed Replacement of Streetlight Bulbs with More Energy Efficient Bulbs,” dated July 30, 2010
4. Lexington Board of Selectmen, Agenda Item Summary, “Energy Efficient Street Light Proposal,” dated August 2, 2010, with attached analysis of “Estimated Savings and Payback Resulting from Conversion of Streetlights to Alternative Lamps,” dated 7/30/2010