

Minutes
Town of Lexington Appropriation Committee
January 3, 2008

Place and time: Town Office Building, Room 111, 7:30 p.m.

Members present: Alan Levine (Chair), John Bartenstein (Secretary), Deborah Brown, Richard Eurich, Pam Hoffman, Eric Michelson, Susan McLeish, Rob Addelson (ex officio, non-voting)

Also present: Tom Griffiths (School Committee)

1. **Member resignation.** Rod Cole has informed the committee that he has resigned in order to pursue a campaign for the School Committee.
2. **Minutes.** Meeting minutes for 3/19/07, 3/28/07 and 4/25/07 were reviewed and approved. Meeting minutes for 4/30/07 and 10/08/07 were submitted and the committee is in the process of reviewing them.
3. **School Issue – FY09 Budget.** Pam distributed copies of the FY2009 Superintendent of Schools' Recommended Level Service Budget (the "blue book"). The committee asked some preliminary budget questions:
 - a) Will facilities expenses be found in the school budget? Rob answered stating that both school and municipal budgets will continue to carry facilities expenses for this town meeting's budget as has been done in the past. A joint facilities budget will be created prior to the beginning of FY09.
 - b) Will out-of-district SPED be budgeted in the school budget? – Tom reports that the School Committee supports a plan similar to that proposed by Alan Levine, that is, to create a separate education line item for out-of-district SPED.
 - c) How will the revenue split be made, and how will the creation of an out-of-district SPED line item affect that split? - Rob reports that this has not yet been discussed.
 - d) What recommendations do the Town Manager and Finance Department have on SPED reserves? - Rob reports that this has not yet been discussed.
 - e) Now that the Central Office has moved to Old Harrington, will there be an increase in the Central Office staff? Tom reports that curriculum and print shop staff, which had been located outside of the Central Office, have now

been relocated to Old Harrington, freeing up space in school buildings. He is not aware of any additions to the CO administrative staff.

- f) The School Committee will hold a public hearing on the Superintendent's budget on 1/15/08.

- 4. **School Issue – Quarterly reporting** A discussion was initiated on the TMMA e-mail list in regards to whether the School Committee has adequately responded to the non-binding referendum passed at the 2007 Town Meeting calling for the School Committee to provide quarterly budget reports. We engaged in a discussion with Tom about the viability, advantages and shortcomings of incorporating “FTE’s by line item” and an “expended ytd vs budgeted ytd by line item” in their quarterly reports. Rob, when asked to comment on what the municipal side did to present and use quarterly reports information, gave 3 points: 1) have rigor in budget building; 2) have internal processes which give good control and proper posting of spending; 3) have the institutional knowledge to understand the monthly spending patterns.
- 5. **Town Investment Exposure to the Sub-prime Lending Crisis.** Alan and Rob reported that they were contacted by a Town Meeting member (Steve Kropper) who asked about this subject. Rob explained that the Town is prevented by law from investing its operating money and reserves in risky investments such as these. The Pension Board, of which he is a member, is not subject to the same legal restrictions but it has reviewed its portfolio and confirmed that it has no direct exposure (other than the effect on the market generally) resulting from the sub-prime crisis. Of course, some of its investments may be indirectly affected by this crisis. This year's pension fund performance is expected to be on par with past years.
- 6. **Post-employment Health Insurance Liability.** Alan raised some questions about the estimated \$100 million liability and the estimated \$7 million annual contributions needed to fully fund that liability. He stated that some of the \$7 million is a matter of keeping up with inflation and, thus, that the \$7 million figure overstates the real problem. Further discussions on this that quantify the various effects will be necessary to make the big picture clearer.
- 7. **Staff Report – Rob Addelson.**
 - a) The presentation of the Town Manager's recommended budget to the Board of Selectmen is scheduled for 1/14/08.
 - b) The snow budget is 50% spent.
 - c) The Fire Department has some vehicle repair issues, which may need a reserve fund transfer.
 - d) The Cable TV revolving fund expenditure threshold may need to be increased by \$400,000 over the amount approved at the last Annual Town Meeting. This one-time increase is needed to pay for the build out of the Klein Hall studio. This change can be made by a vote of the Board of

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Selectmen and the Appropriation Committee. Adequate monies are available in the fund to cover this one-time expenditure.

e) A new treasurer/tax collector has been hired.

8. Community Preservation Committee. Deborah will forward a copy of a letter which the Historical Commission sent to the CPC. That letter questioned the use of CPA money for what they characterize as "routine capital expenditures on aspects of maintenance and repair of town property". Deborah would like to counter that view with a letter from this committee which stresses the value of using CPA money to fund these projects. Other CPC info: 1) It was questioned whether CEC will be reviewing non-capital CPC requests; 2) CPA match is anticipated to be at 68%.

9. Next Meetings. 1/9 8 pm; 1/16 – Summit; 1/22; 1/31; 2/6; 2/13 –Summit; 2/21; 2/27

The meeting was adjourned shortly after 9:40 p.m.

Respectfully submitted,

Eric Michelson

Approved January 31, 2008