

January 16, 2008

Minutes
Town of Lexington Appropriation Committee
January 16, 2008

Place and time: Town Office Building, Selectmen's Meeting Room, 7:30 PM, followed by meeting in Room 111

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

The first part of this meeting was held in conjunction with "Summit III", i.e., with the Board of Selectmen, School Committee and Capital Expenditures Committee. The Selectmen's minutes for this part of the meeting are incorporated herein by reference.

At the summit, the A.C. Chair called the A.C. meeting to order at 7:36 PM.

After presentations on the budget and much discussion, the question arose as to how to use \$461K of Free Cash that is the only portion of Free Cash whose use was left open by the Town Manager. The Board of Selectmen proposed putting the entire amount toward the operating budget in order to reduce the gap, and asked what the position of the A.C. is on this issue. After a brief discussion the A.C. moved out of the general meeting room in order to caucus for further discussion of the proposal. Two alternatives were of particular interest, i.e., (1) putting the amount toward the operating budget, and (2) putting the amount toward SPED reserves. The Committee decided that it wants to look into a number of aspects of the budget in greater detail before taking a position on the use of this \$461K.

The A.C. returned to the Selectmen's Meeting Room and the Chair reported that we would defer making a decision. The Chair asked the Board of Selectmen if they would be open to use of funds from the main Stabilization Fund if, during FY 2009, there are SPED overruns that are larger than can be handled through the Reserve Fund and the SPED Stabilization Fund. The Board Chair and one member answered in the affirmative (but the Board did not vote or take an official position on this question).

The next summit was scheduled for January 28, 2008, at 7:30 PM.

After the Summit ended around 10:00 PM, the A.C. moved to Room 111. Also present in Room 111 were David Kanter, member Capital Expenditures Committee (CEC), and Patrick Mehr.

Rob Addelson requested a transfer of \$40,000 from the Reserve Fund to be used for line 521 HR Legal Services to fund labor counsel expenses incurred by the end of January. The expenses are associated with the dismissal of a police officer and an arbitration matter. Rob indicated that he would be coming back to the Committee for additional Reserve Fund transfers as the fiscal year progresses as there are 3 matters ongoing – the

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lawsuit regarding the dismissal of the officer, arbitration regarding a labor contract with the police union (should be resolved by the end of the fiscal year) and there is another contract where the Town may go to arbitration. The Committee voted unanimously (8-0) to approve the transfer.

Deborah Brown handed out the latest draft of a letter to be sent to the Community Preservation Committee (CPC) with regard to the Appropriation Committee thoughts regarding the use of CPA money and indicated that it had been updated to reflect the conversation that was held at our meeting last week. She also indicated that the CEC had reviewed and approved the letter. Several minor edits were suggested and Eric Michelson made a motion to approve the letter. The AC voted unanimously to approve the letter (8-0) and Deborah Brown agreed to send the letter to the CPC via email and to cc the Selectmen and the CEC.

Alan Levine reminded the Committee that we need a vice chair and that we need another member. Members were encouraged to submit ideas of potential new members to Alan.

The Committee discussed the use of \$461,000 of free cash in the 2009 fiscal year budget per the earlier discussion at the Summit. It was suggested that at our next meeting, on January 22, we should include representation from other groups including the Selectmen, the School Committee and the CEC in order to be able to explore a wide range of associated issues. A discussion ensued with respect to factors requiring consideration, including the views of the Town Manager and why the \$461,000 was not considered for use in the operating budget when the budget was presented, a conversation with respect to the Town's portfolio of reserves and risks, what Free Cash levels are reasonable to expect in the next few years, understanding of how the SPED budget was built up, its impact on the SPED reserve, and the level of the SPED budget compared to previous years. The Chair was requested to invite School representatives so that SPED budgeting could be discussed in detail at the January 22 meeting.

Patrick Mehr then spoke and asked whether the Appropriation Committee should be giving advice as to where reductions in Town spending could be made. As an example, he cited the health insurance budget, which is projected to increase by 10% for FY 2009. He suggested that the Town could easily save 10% in this area but that the "powers that be don't seem to be interested." In particular, he indicated that when Town employees turn 65, they are eligible for Medicare but they get Town of Lexington insurance. He also spoke of a recent example where a Lexington teacher left to go to Concord-Carlisle, which offers lower benefits but a higher base salary, and questioned why Lexington should not do the same. He urged the Committee to consider these issues further.

The meeting was adjourned at 11:10 PM.

Respectfully submitted,
Alan Levine and Susan McLeish

Approved January 31, 2008