

January 19, 2005

**Minutes
Town of Lexington Appropriation Committee
January 19, 2005**

Place and Time: Library Media Room, Lexington High School, 6:30 p.m.

Members Present: Deborah Brown (Vice-Chair), Paul Hamburger, Eric Michelson, Richard Eurich, John Bartenstein, David Kanter, Ron Pawliczek, Rod Cole

This meeting of the Appropriation Committee was held in conjunction with Budget Collaboration Meeting II. The attached minutes of the Budget Collaboration Meeting, prepared and attested by the Clerk of the Board of Selectmen, are hereby adopted as the minutes of the Appropriation Committee.

Respectfully submitted,

John Bartenstein

Approved July 7, 2005

January 19, 2005

Budget Collaboration Meeting
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A Budget Collaboration Meeting was held on Wednesday, January 19, 2005, at 6:30 p.m. in the Library Media Room at Lexington High School. Members of the Board of Selectmen, School Committee, Appropriation Committee and Capital Expenditures Committee were present.

Mrs. McKenna called the meeting of the Board of Selectmen to order.

Mr. Griffiths called the meeting of the School Committee to order.

Ms. Brown called the meeting of the Appropriation Committee to order.

Mr. Lamb called the meeting of the Capital Expenditures Committee to order.

Ms. Vine began the meeting by discussing the Moody's meeting that took place on January 14, 2005. Ms. Vine told the group that Moody's strongly recommends the Town review its policies regarding the Stabilization Fund, the use of Free Cash and Pension Holiday. Ms. Vine hopes to receive results of the meeting this week.

Review of Municipal & School Budget Development

Mrs. McKenna stated that the Board of Selectmen has reviewed almost all the municipal departments budgets. The Board is still addressing where critical needs are.

Mr. Griffith, School Committee, said level services would not accommodate enrollment increases in the schools. Mr. Griffith also said the School Committee had voted to adopt the Superintendent's level staffing budget for FY06. The level-staffing budget includes \$820,000 for growth.

NESWC Settlement

Mr. Ryan, Acting Comptroller, told the Boards that the Town's contract with the Andover plant expires in September 2005. At the conclusion of the contract the Town will receive approximately \$500,000 reimbursement. The funds will be an FY06 receipt; they are not reflected in the proforma presented to the Boards tonight.

The Boards need to determine the best use for these funds.

Ms. Brown, Appropriation Committee, reminded the group that the NESWC Settlement is a non-recurring receipt and it has been the policy of the Town not to use non-recurring receipts to pay for reoccurring expenses. Ms. Brown suggested adding the \$500,000 to the Stabilization Fund, this would free up tax levy dollars to reduce the current budget gap.

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Mr. Pagett agrees that the funds should be added to the Stabilization Fund.

Mr. Griffith suggested a zero contribution to the stabilization fund in FY06. He feels that considering the current circumstances the Boards shouldn't be looking long-term when making financial decisions; they should be addressing current needs. Currently the School Department Budget is in need of an increase.

Stabilization Fund

Mrs. McKenna began this discussion by saying that making no contribution to the Stabilization Fund would be a red flag to Moody's that the Town was not following their recommendations.

Free Cash

Mr. Ryan said projections for local receipts are more favorable for FY06 than in previous years. He will be investigating what is causing that surplus.

Mr. Hamburger said that approximately \$400,000 of Free Cash could be used and a significant amount of funds would still remain in Free Cash.

Mr. Griffith said he sees three options, take cuts to reduce the deficit, use some Free Cash, or have an override this year.

Reductions in Services

Mrs. McKenna asked Ms. Vine and Mr. Hurley, Interim Superintendent, to identify the impact of a reduction in services and the possibility of making these reductions.

Mr. Hurley stated that the School Committee has an obligation to meet the needs of the School Department. Currently the budget does not meet growth challenges, especially at the high school.

Once again Mrs. McKenna asked that both the school and municipal sides address every possibility of reducing costs.

FY 2006 Override

Mr. Hamburger, Appropriation Committee, said that citizen sentiment is that an override is not a good idea. He also commented that to have an override as successful as the last, the organization of the next override would had to have begun already.

Mr. Pagett suggested that serious community discussions regarding annual overrides be conducted.

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Growth

The Board briefly discussed growth estimates. All Boards are comfortable with the projections.

Overlay Accounts

The Boards need to determine how much of an appropriation should be made to cover abatements on property tax bills. Assessments need to be improved so that the data needed to deny abatements is available.

Health Benefits

Ms. Vine informed the Boards that a 10% increase is being budgeted for FY06 Health Benefits. She will be meeting with a consultant on Thursday and is waiting for the report from the Health Benefit Review Committee.

Before ending the meeting the Boards briefly discussed Cash Capital Policy, School Department Capital Requests, municipal departments doing an analysis of fees and the school doing an analysis of user fees and how the two sides should share the deficit in the budget.

The group ended the meeting at 9:00p.m.

The Appropriation Committee adjourned. The Capital Expenditures Committee, the School Committee and the Board of Selectmen remained in session to continue individual board meetings.

A true record, Attest:

Lori Manning
Clerk