

Budget Collaboration/Summit 4
February 9, 2006

A joint meeting of the Board of Selectmen, School Committee and Finance Committees was held on Thursday, February 9, 2006, at 6:30 p.m. in Estabrook Hall. Chairman Krieger, Mr. Kelley, Mr. Pagett, Mr. Cohen; and Mr. Manz; Mr. Valente, Town Manager; and Ms. Pease, Executive Clerk were present.

The Chairs of the School Committee, Appropriations Committee and Capital Expenditures Committee called their members to order.

FY2007 Budget – Open Issues

Mr. Valente reviewed the projected available revenue of \$5,792,746 million. He asked if everyone was comfortable with using \$2 million from free cash and whether the state aid number he recommended is too conservative and if it should be adjusted. The House Ways and Means Committee state aid number will not be available until after the April school vacation. Consensus was to leave the numbers as recommended until we have more concrete information.

The group discussed reserves and wanted to know what to expect in the future for reserves. Mr. Valente presented a Reserves Analysis table for the period FY2005 to FY2007.

There was a discussion of the rising costs related to health care and special ed and that there may be a need for an override on a yearly basis. Ms. Guttag is concerned about attracting good candidates for teaching if the Town, on a yearly basis, has to put together an at-risk list.

Suggestion was made to reduce the free cash use from \$2 million to \$1.5 million. A majority of the Selectmen do not want to dig any deeper into services and programs and are comfortable with the Town Manager's recommendation to use \$2 million from Free Cash.

Mr. Pagett is not comfortable and said the goal should be to live within constraints of a balanced budget. The Town has never used free cash when considering an override; we are setting a dangerous precedent.

The Capital Expenditures Committee is not comfortable with using \$2 million from free cash. The Appropriation Committee position is 6-2 in favor of using \$2 million from free cash. The School Committee voted 4 in support and 1 probably in support.

The group requested preparation of a FY2008 proforma to estimate the anticipated gap.

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Allocation of “New” FY2007 Revenue

Mr. Valente explained the recommended incremental revenue split (\$5,792,746 revenues minus \$3,664,716 in shared expenses equals \$2,128,030 to split between municipal and education. The Town Manager recommends the money split be \$1,535,878 (72%) for education and \$593,152 (28%) for municipal, which is based on the FY2006 revenue split.

Mr. Pagett recommended a different split that would take into account the additional appropriation already made to the schools in the fall Special Town Meeting. This would establish a split of 70% education, 30% municipal. School Committee was concerned that this split would penalize the students and also pits municipal against education. The consensus of the group was to accept the methodology recommended by the Town Manager to allocate incremental revenues.

FY2007 Capital/Cash

Mr. Lamb, Chair of the Capital Expenditures Committee, is concerned about the Cash Capital projections for FY2007, which by his analysis underfunds Cash Capital by approximately \$940,000. The CEC feels, however, that the Police and Lincoln Park capital items totaling approximately \$1 million should be borrowed.

There were questions regarding how Lexington’s debt to tax levy rates compares to other AAA rated communities. Mr. Valente responded that Lexington compares favorably and we are not doing things differently from other similarly situated communities.

Budget Schedule

Reviewed the Budget timeline from tonight until the start of FY2007.

March 1 is the latest the budget can be given to the Appropriations Committee.

Upon motion duly made and seconded, it was voted to adjourn at 8:15 p.m.

A true record; Attest:

Lynne A. Pease
Executive Clerk