

Minutes
Town of Lexington Appropriation Committee
February 22, 2007

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

Members present: Al Levine (Chair), Deborah Brown (Vice-Chair), John Bartenstein (Secretary), David Kanter, Mike Kennealy, Eric Michelson, Rob Addelson (ex officio, non-voting)

Also present: Charles Lamb (Capital Expenditures Committee); Tom Diaz and Tom Griffiths (School Committee)

The meeting was called to order at 7:40 PM.

1. **Minutes.** Minutes of the meeting held on September 28, 2006 were approved with minor changes.

2. **Reports from Staff and Members.** Rob Addelson reported that the staff is in the process of preparing the brown budget book but is waiting for the final school numbers. Distribution of the brown book is expected on or about March 16. Town meeting is scheduled to begin on Monday, March 26. It will begin with zoning articles, and the financial articles probably will not be taken up before the second week of April.

3. **Capital Articles.** A current list of the capital projects expected to be presented to Town Meeting was distributed. Charles Lamb, Chairman of the Capital Expenditures Committee (CEC), reviewed the list and provided an update on the CEC's position on each article. Highlights of his presentation were:

- The CEC supports the Community Preservation Act projects (Article 26) with the exception of: (1) \$70,000 for an architectural study of Cary Hall, which it would defer to the fall; (2) \$300,000 for the Douglas House project, which it would make contingent on an agreement to pay a PILOT that would be sufficient to repay that amount within about five years; and (3) \$53,500 for the Muzzey Condominium architectural study, which it would cut to \$11,900 to reflect the percentage of units (20%) for which the Town is responsible.
- The CEC also supports the Recreation capital projects (Article 29) and most of the municipal capital projects (Article 31), except that it would: (1) delay the Lake Street storm drain reconstruction project until the fall so that a more up-to-date cost estimate can be prepared; (2) request more detail on the ADA projects; and (3) ask that the Munroe Art Center fire alarm request be deferred and considered as a CPA project.

- The CEC is now in favor of fully funding the municipal Geographical Information System (GIS) project. The current request for \$195,000 will cover the first year of a multi-year effort.
- The school capital requests are still under discussion. The school department has prioritized its capital requests, and the CEC upon review has created an independent prioritized list. The CEC is supporting all items which they have designated priority 1 or 2. Under these criteria, the CEC would recommend only partial funding of the amount requested under 34(a) and 34(b) to meet new requirements for classrooms (\$50,000 each); and under 34(1) to reconfigure the Estabrook bus area (\$50,000). The total amount of all projects still exceeds the amount included in the schools' original capital plan.

There was extensive discussion about the pro's and con's of borrowing amounts beyond those anticipated in the school's original capital plan, and reflected in the Town Manager's original draft budget, in order to undertake potential energy-saving projects that might – but cannot be guaranteed to – generate relatively immediate savings in operating costs. Charles Lamb said that the CEC originally took the position that any such supplemental projects should be the subject of a debt exclusion override. Most recently, however, it voted 4:1 to support these projects with supplemental within-levy debt, contingent on: (1) Rob Addelson concluding that the projects are financeable, (2) a reasonable assurance that the projects will pay for themselves through operating savings, and (3) a commitment by the school department to track the savings generated (based on savings in energy unit costs since the costs of energy will fluctuate), to dedicate such savings to repayment of the debt, and to cover any shortfall out of the existing budget so that energy savings will not “evaporate” into other programs.

Rob Addelson pointed out that once debt is incurred, it becomes a binding obligation, and if the anticipated savings do not materialize, this can put a squeeze on future operating budgets, particularly in times of declining revenue. Messrs. Griffiths and Diaz said that the School Committee was currently willing to proceed on the basis proposed by the CEC with some of the smaller energy-saving projects that can be assured of generating a prompt payoff. However, they are less enthusiastic about taking on such risks for some of the larger projects which tend to have longer payout periods, and some of which are necessary just to make heating systems properly functional and cannot be expected to save energy or reduce operating costs at all. The School Committee is waiting for a report from the school administration on anticipated cost-savings from the projects in question and whether it is willing to go forward with any of them on the basis proposed by the CEC.

3. **School Budget.** Tom Diaz and Tom Griffiths provided a brief report on the status of the school budgeting process. Highlights of this report were:

- Last spring, after the FY07 budget was completed, the school department created a tracking tool for out-of-district special education (SPED) placements

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that has proven to be very useful and should provide a higher confidence level for forecasting these expense for the FY08 budget

- The description of the SPED circuit breaker process provided by Mary Ellen Dunn at our previous meeting was not quite right. At one time, there was a fifth true-up payment as she described, but now there are only four quarterly payments which are based exclusively on the costs from the preceding fiscal year. This means that the projected revenue from the Circuit Breaker might have to be revised downwards. The good news, however, is that because Circuit Breaker reimbursement is available for both in-district and out-of-district expenses incurred, Ms. Dunn believes it may be possible to increase our Circuit Breaker reimbursement with better training of staff and more complete reporting of our in-district special education expenses.
- A few days after the upcoming summit meeting, the School Committee will vote its bottom line budget, and will then begin discussions about what to put on an at-risk list. This list should be finished by the end of March. The override structure will be debated at the School Committee meeting on March 15.

The meeting adjourned at 9:55 p.m.

Respectfully submitted,

John Bartenstein
Eric Michelson

Approved March 8, 2007