

Minutes
Town of Lexington Appropriation Committee
March 29, 2006

Members Present: A. Levine (Chair), D. Brown (Vice Chair), J. Bartenstein, R. Eurich, P. Hamburger, P. Hoffman, D. Kanter, E. Michelson, R. Addelson (Assistant Town Manager for Finance; non-voting)

The meeting was called to order at 6:40 PM by Al Levine in Town Office Bldg. Rm. 111.

1. E. Michelson volunteered to take minutes.
2. Deborah Brown presented a draft memo titled "Appropriation Committee Memo to Budget Collaboration Group 3/29/06". This three page memo is a summary of an analysis that estimates the "gap" between expected revenues and the projected expenses required to 1) sustain level services in FY 2007 and 2008 and 2) maintain reserves at \$5,570,000 through the close of FY 2008. In this memo it is stated that this information is being presented to the Budget Collaboration Group in order to determine if we have consensus on these goals and, if so, to discuss options for achieving these goals. The memo then goes on to describe two scenarios, an annual override scenario and a "one override for two budget years" scenario, as well as some mitigating strategies to consider.

The committee unanimously approved the memo for presentation to the upcoming summit and supported its use for discussion purposes.

3. The Budget Collaboration Group will meet tonight immediately following Town Meeting. R. Addelson said the agenda will center on the School Committee's proposal to eliminate the request to include Question 4 (special education [SPED] contingency) on the override, and to instead present a 4-step plan to be implemented to address any SPED overages.
 - Step 1: Existing School Department Budget – apply surplus balances in other school budget accounts
 - Step 2: Appropriation Committee Reserve Fund – raise the AC reserve fund by \$100,000 to \$400,000 (funded mostly from the \$55,000 reduction of the Minuteman Voc estimate and by not appropriating \$40,000 for the Art. 32a strategic school plan) and then draw from that.
 - Step 3: Use of FY2007 Free Cash – Use up to \$200,000 (requires Town Meeting action)
 - Step 4: Use of Stabilization Fund (requires Town Meeting action).

Discussion included comments that this approach is more favorable than a system where the school budget is artificially inflated as a way to create a contingency fund. Covering SPED overages through this proposed mechanism would preserve mainstream educational and maintenance funding, and budgeting would remain a

best attempt to estimate costs. There was a discussion about whether the larger Reserve Fund now would have the increased funding specifically earmarked for SPED purposes. Also discussed were the implications on the use of the Reserve Fund if not all parts of the override passed. R. Addelson stated that this is a transitional solution meant only for FY2007, and that the issue of SPED contingency funding would be revisited for the FY2008 budget. A straw poll of the committee found it 8-0 in favor of the School Committee's proposal.

4. Article Updates:

- a) Article 17 - DB and AL to work on the municipal writeup
- b) Article 18 – EM to talk to Karen Simmons
- c) Article 19, 20, 21, 22 – Voted to approve 8-0
- d) Article 29, 30, 31, 32 – Voted to approve 8-0

Recessed – 7:28

Reconvened – 9:50 – Selectmen's Meeting Room with the Board of Selectmen, School Committee and Capital Expenditures Committee

1. School Committee's SPED Contingency Proposal presented by Carl Valente and then discussed.

JB asked would the \$200,000 Free Cash be appropriated at a STM or at the ATM – answer: ATM.

DK asked was the \$100,000 additional Reserve Fund money to be earmarked for SPED – answer: The decision was left up to the AC. It was then asked that the ongoing School Department execution reports be forwarded to the AC.

RE asked where "surplus" school department budgets may emerge – answer: energy and/or Sal Diff.

PH asked if it would be more appropriate to use a supplemental appropriation instead of a reserve fund transfer. He also asked if SPED Reserve Fund transfers would be asked for mid year or at the last moment.

AC voted 8-0 to support the SPED Contingency Proposal.

2. DB made a presentation of her memo. The purpose of the memo was to induce a discussion of the revenue/expense gap and demonstrate the 2-year planning option and options that existed to affect that gap. No action was taken on the memo.
3. Next Summit - Monday 8 pm.
4. Article Update – Article 32A will be indefinitely postponed; the Capital Expenditures Committee recommends approval of \$400,000 for Article 32H.

The meeting was adjourned at 10:50 PM.

Eric Michelson

Approved June 26, 2006