

Minutes
Town of Lexington Appropriation Committee
October 20, 2005

Members Present: A. Levine (Chair), D. Brown (Vice Chair), R. Cole, J. Bartenstein, E. Michelson

Additional Attendees: M. Young, T. Griffiths (School Committee), G. Burnell (CEC), D. McKenna

The meeting was called to order at 7:40 PM by Al Levine in the Legion Room, Cary Hall.

1. Rod C. agreed to take minutes.
2. The minutes of July 21 were discussed and accepted by a vote of 5-0.
3. Notes on Meetings:
 - a) Selectmen's Ad Hoc Financial Policy Committee (FPC) discussion led by Deborah B. The primary topic at the last FPC meeting was capital. First came a discussion of what the term "capital" means. The working definition we have is ok, but leaves questions about things like aggregate purchases, for example large groups of computers which if annualized have a value greater than \$25K and thus are capital, but does not include things like groups of snow blowers. It might be useful to include "can borrow for" in the definition.

The FPC discussed how to set the target value for yearly capital expenditures. One option is to take a set percentage of the total value of the town's capital assets, rather than the current method of taking a set percentage of the general fund. It would be good to take into account required maintenance that is not in itself capital.

The FPC discussed whether borrowing should be allowed for "cash capital".

The AC discussed the shortcomings of the set percentage of general fund vs looking at historic levels of expenses and rate of asset condition (if past expenditures have not been sufficient to maintain the assets, we know future expenditures should be greater than past expenditures). The AC also discussed concerns about the FPC fully finishing in the allotted time, and that perhaps the work should continue.
 - b) Gang of 8. Michael Y. passed out the budget summary handout from the most recent "Gang of 8" meeting.
 - c) Deborah B. handed out a school budget memo from Ann Giombetti from October 14, 2005. The question was asked if the additional \$100K included other costs

associated with things like the increase in benefits when an employee increased his or her hours from less than 20 hours/week to greater than 20 hours/week? It appears the answer is no.

A concern was raised regarding whether or not Superintendent of Schools, Paul Ash, felt he would come up short in April if the schools received only an additional \$620K. This leaves no extra for additional SPED costs or additional fuel costs. Should he change the program now, if he feels that might end up being too small an increase?

Roof repairs estimated to be \$30K were discussed. These will be treated as one would treat potholes and taken care of in the operating budget, not the capital budget. Paul A. is prepared to fund out of current operational budget. George B. noted that the patching needed to be done now.

HVAC emergency repairs. The \$66K cost of the consultant was paid for from funds originally earmarked for the facilities director positions which were empty. This does not include Estabrook or the old Harrington, or Clark which is on its own path. George said the CEC position is that this is not a capital item.

Engineering study for next summer's major roof repairs, \$144K. If we wait until April Town Meeting, there is not enough time to get the work done in the summer when the buildings are empty. There were some discussions regarding how the school system arrived at the figure of \$144K and whether this was a reasonable amount. In part the answer is that the job is complicated enough that past experience has shown it to be useful to have outside help in specifying the details of the job and in monitoring the work.

George B. raised the point that making changes now in effect works around the capital policies adopted last April. Does it make sense to break policy mid-year? Tom G. noted that these problems are becoming critical, and agreed with George's concerns about breaking policy mid-year, however this will allow the work to take place when the kids are out of school, making the job less disruptive. The work is important in the view of the CEC. Deborah B. noted that some parts of the capital request represent new information on things that were already voted for and some items are new to the program. A question was raised about putting off lower priority items in favor of the new items, and George responded that he only knew of one small project that might fit that bill. Tom G. noted that Clarke is coming in under budget and that the savings might pay for the \$144K. He was asked if this was due a reduction in the scope of the Clarke work and he was not sure as this news was only hours old. With respect to the HVAC work, George B. the committee is not prepared to say go ahead on the whole program, but will likely be okay with some parts. In general, CEC supports maintenance.

Dawn M. noted that there have been occurrences where the School Committee has authorized changes between line amounts of greater than \$50K without the

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required public vote. Tom G. agreed. Tom G. handed out a memo on “Budget monitoring, controls, and efficiencies” and noted the section regarding this problem that will require this be taken care of twice a year, perhaps in January and May.

There was then a short question and answer period regarding individual line items that were over budget. Dawn M. questioned why people claim the overruns are largely SPED-driven. The answer is that it depends on which year you are looking at. The 2006 projected overruns have large SPED components, but this is not so true for 2005.

Al L. posed the question to the committee: Will we support \$847K and the capital expenses for the schools? And would we support \$620K if that is what the School Committee comes forward with? There was a mixed view on the first question, and it was felt that if they come forward with a smaller number the schools should cut back the program commensurate with the reduced funding, rather than press on hoping for more money from the spring Town Meeting.

4. Draft report for the Special Town Meeting. Rod C. and Paul H. will work on the appendix, Pam H. and Deborah B. will work on the school items.

There was a discussion of how to distribute the report. It was decided that we would send via email and put a limited number at the library and police station.

5. Agreed we should meet Nov 1.

6. Water rates. John B. gave an overview of the rate structures being discussed: status quo, increase steepness of the blocks, decrease steepness and go from four blocks down to three blocks. It was noted that most high-volume users are business so current rate structure is a stealth tax on business to subsidize homeowners. It was reported that a water/sewer manager was hired.

7. Notes on Selectmen positions on Special Town Meeting articles:

- a) No position yet on most articles
- b) Must pay 2005 unpaid bills
- c) Will not ask for increased funding for 2006 on the municipal side

8. Loren Wood handed out a spreadsheet on water and sewer finances.

The meeting was adjourned at 10:31 p.m.

Respectfully submitted,

Rod Cole

Approved December 15, 2005