

**Minutes
Town of Lexington Appropriation Committee
October 28, 2009**

Place and time: Town Office Building, Room G-15, 7:30 p.m.

Members present: Alan Levine (Chair), Glenn Parker (Vice-Chair), John Bartenstein (Vice Chair and Secretary), Mollie Garberg, Pam Hoffman, Susan McLeish, Eric Michelson, Rob Addelson (ex officio, non-voting)

Also present: John Connery (Connery Associates), Joe Zink (Patriot Partners), Robert Buckley and Ethan Solomon (Riemer & Braunstein), Peter Corbett (Goulston & Storrs), Susan Yanofsky, Dawn McKenna, Joe Pato

The meeting was called to order at 7:40 p.m.

1. Patriot Partners Rezoning Financial Analysis. John Connery of Connery Associates, together with Joe Zink of Patriot Partners, reviewed with the Committee a financial analysis of the Patriot Partners rezoning proposal at Lexington Technology Park that will be addressed under Article 2 at the Special Town Meeting (STM). Mr. Connery projects a 0.13 ratio of incremental costs to anticipated revenue (which, he said, might vary by about 10% either way depending on economic conditions); gross annual taxes at full build out of \$2,500,000, and net annual revenue of \$2,218,000. He also projects \$1,500,000 in one-time building permit fees and \$600,000 to \$1,500,000 in traffic mitigation funding. There was discussion of the methodology used to estimate assessed valuations of the building (\$225 per square foot) and associated parking structures (\$500 per parking space) and other assumptions that underlie the analysis. There was also discussion of commitments that have been made to neighborhood residents relating to traffic calming on Shade Street, building reflectivity, and the mitigation of noise created by unenclosed HVAC equipment on the roof of one of the existing buildings at the site.

2. Cubist Rezoning Financial Analysis. Mr. Connery, together with Robert Buckley of Riemer & Braunstein, presented a similar tax benefit analysis of the rezoning proposal for expansion of the Cubist Pharmaceutical facilities, located at 45, 55 and 65 Hayden Avenue, that will be addressed at the STM under Article 3. Mr. Connery estimates a 0.16 cost to revenue ratio; gross annual taxes of \$590,000; and a net fiscal benefit to the Town of \$500,000 annually. He projects approximately \$300,000 in short-term revenue from construction-related permits and up to \$585,000 in traffic mitigation funding, depending on the number of parking spaces that are created, under an agreement that has been reached with the Board of Selectmen. Mr. Buckley reported that a decision has been made to build a five-story parking structure along with the building expansion. He emphasized that both the Cubist expansion and the Patriot Partners expansion would involve the creation of lab/office space, which generates a relatively high return in tax revenue with a relatively small increase in personnel and resulting traffic compared with other potential uses; and that Lexington is now becoming a “magnet” for life-sciences development that makes the area highly desirable.

3. **Votes on Rezoning Articles.** After discussion, the Committee voted 7-0 to recommend approval of both the Patriot Partners rezoning proposal (Article 2) and the Cubist rezoning proposal (Article 3).

4. **Sister City Event Funding.** Dawn McKenna, representing the Tourism Committee, provided information to the Committee about funding that will be requested under Article 9 for a planned visit of representatives from Antony, France in the spring of 2010. Antony is one of several “sister cities” of the Town of Lexington but the only one with which an active relationship has been maintained in recent years. A delegation of approximately 40 Town residents and public officials, including the Town Manager, visited Antony in September 2009 and the spring visit is intended to reciprocate. The requested funds, totaling \$18,490, would cover meals, transportation and a proposed “stipend” of \$5,000 to support the design of a fountain to match one located at the *Place de Lexington* in Antony that was “rededicated” during the visit in September. After discussion about the advisability of such expenditures during a time of fiscal austerity, the matter was tabled for further discussion and a vote at next week’s meeting.

5. **Munroe School.** Al Levine reported that he and Susan McLeish have, at the request of the Town Manager, participated in the evaluation committee to review the non-price proposal submitted in response to the Town’s RFP for the Munroe School by the Munroe Center for the Arts, but that they have been requested not to make public any confidential information before a public forum on the proposed sale is held on Tuesday, November 3. Further discussion of Article 4 was therefore postponed to next week.

6. **Restaurant and Hotel/Motel Tax Proposals.** The Committee discussed the pending proposals to adopt the “local option” restaurant and hotel/motel add-on taxes recently authorized by the state legislature. The restaurant local option (Article 6) would allow the imposition of a 0.75% surtax on meals, bringing the total meals tax from 6.25% to 7%. The hotel/motel provision (Article 7) would allow the Town to increase the current local option room occupancy tax from 4% to 6%, which would bring the total room tax from 9.7% (5.7% state tax plus 4% local option) to 11.7%. It is estimated that the local option restaurant tax would generate \$350,000 in additional annual revenue (approximately \$146,000 in FY10) and that the increment to the local room tax would generate \$150,000 in additional annual revenue (approximately \$60,000 in FY10). The Committee was informed that the Tourism Committee had voted to oppose both proposals and that the Economic Development Advisory Committee has not yet taken a formal vote but views both proposals unfavorably. After discussion, the Committee voted 6-1 to recommend support of both Articles 6 and 7.

7. **Revenue and Expense Adjustments for FY10.** As a predicate for the proposed appropriations and adjustments of prior appropriations that will be addressed in Articles 10-13, Rob Addelson reviewed with the Committee a spreadsheet summarizing the changes in estimated revenues and expenses for FY10 since the Annual Town Meeting in the spring of 2009. Estimated revenue has increased by approximately \$670,000, due primarily to increased new growth and the state legislature’s authorization last summer of the collection and use of pole and wire taxes beginning in FY10; and

estimated expenditures have been reduced by about \$8,000 (not including a potential appropriation under Article 9 for the Sister City events), due primarily to the termination of the Adult Day Care program. After discussing the proposed adjustments to the FY10 budget, the Committee voted, 7-0, to recommend approval of: Article 10, providing for the appropriation of \$35,000 recently received from The Beal Companies for a Hayden and Spring Street traffic master plan to the Traffic Mitigation Stabilization Fund; and Article 12, providing for the appropriation from the Traffic Mitigation Stabilization Fund \$25,000 for a pedestrian crossing in the vicinity of 1010 Waltham Street. The Committee also voted 7-0 to recommend approval of Article 14, which will adjust the amounts appropriated for MWRA costs included in the water and sewer budgets to reflect the final, actual assessments announced in June 2009. Votes will be taken on Article 11 (appropriation of net incremental revenue of approximately \$675,000 to the Stabilization Fund) and on Article 13 (amendments to the FY10 operating budget) when the final numbers are known. Rob Addelson explained that potential additional incremental revenue of approximately \$210,000 that could be expected in FY10 if the restaurant and hotel/motel local option taxes were adopted at the STM would not be included in revenue estimates for tax-rate setting purposes but would become part of the Free Cash balance as of July 1, 2010.

8. Article Positions for Special Town Meeting. To recap the votes taken on Special Town Meeting Articles during this meeting:

Article 2	Approve 7-0
Article 3	Approve 7-0
Article 6	Approve 6-1
Article 7	Approve 6-1
Article 10	Approve 7-0
Article 12	Approve 7-0
Article 14	Approve 7-0

9. Future Meeting Schedule. The Committee will meet next on Wednesday, November 4. Members are urged to complete article write-ups by Monday, November 2 (Sunday, November 1 if possible).

The meeting was adjourned at 11:00 p.m.

Respectfully submitted,

John Bartenstein

Approved January 19, 2010