

Minutes
Town of Lexington Appropriation Committee
February 3, 2011

Place and time: Cary Hall, Ellen Stone Room, 7:30 p.m.

Members Present: Glenn Parker, Chair; Joe Pato, Vice Chair; John Bartenstein, Vice Chair and Secretary; Robert Cohen; Alan Levine; Susan McLeish; Eric Michelson; Richard Neumeier; Rob Addelson (non-voting, ex officio)

The meeting was called to order at 7:42 p.m.

1. **Recording Secretary.** Discussed responsibilities of Recording Secretary to include taking, circulating, editing and finalizing minutes. Other duties listed in a draft prepared by Chair Glenn Parker will be discussed further because of budget constraints. Documents used at meetings will be submitted with a final copy of minutes to Micah Niemy to be kept on site at the Town.

2. **Minutes.** Minutes of the November 10, 2010 and December 6, 2010 meetings were approved by a vote of 7-0-1.

3. **Liaison Reports.**

- *Board of Selectmen.* (Susan McLeish). On Monday evening there was a discussion of the snow budget. The DPW reported that we have received 61 ½ inches so far and spent \$907,000 against a total budget of \$987,000. This compares with fifteen-year averages of 52 inches of snow and expenditures of \$998,000 annually. Costs for snow removal during the day average \$5,000 per hour (\$4,000 for contractors and \$1,000 for town staff), and increase in the evenings and on weekends to \$5,500 due to staff overtime. The budget discussion included proposals to upgrade the reverse 911 system and to hire an additional assistant fire chief who would be responsible for emergency services. There are additional requirements that create the need for an additional staff member and these services generate a considerable amount of revenue for the Town. Also discussed were the budget for Minuteman Tech, which is coming in a little lower than expected; a proposal to increase the spending limit for the DPW's Compost Operations Revolving Fund to fund an anaerobic composting feasibility study; a recommended study of certain public buildings for ADA compliance; and a plan to have proponents, rather than the CPC, present CPA projects at the Annual Town Meeting.
- *Board of Assessors* (Joe Pato). Patrick Mehr was present at the invitation of the Board last Friday to discuss the two citizen articles he has placed on the warrant relating to zoning for commercial and residential areas. One of the articles seeks more aggressive recognition of new growth when commercial parcels are up-zoned. Mr. Neumeier questioned the propriety and wisdom of Town Meeting weighing in on the assessment process, which is governed by State Law.

- *Tax Deferral and Exemption Study Committee* (John Bartenstein). There is an article on the warrant to change the income threshold for seniors seeking property tax deferrals. At a recent meeting, the TDESC voted to propose an increase from \$51,000 to \$60,000.
- *Community Preservation Committee* (Glenn Parker). Glenn attended the CPC's recent public hearing on its updated needs assessment document. One issue addressed was the possibility of using CPA funds to acquire historic sites.
- *School Committee* (Al Levine). Al attended the School Committee's public hearing on the School Department's FY2012 budget held last Saturday. Few people attended and the meeting was fairly short. The superintendent proposed several changes to help balance the FY2012 budget, including the consolidation of certain positions in areas he has concluded are overstaffed. There has been no official School Committee vote yet regarding the cuts nor has there been a status update as to whether they will come in on budget. There has been discussion of performing a study to help determine whether the proposed staff cuts would be detrimental as well as what would occur should enrollment increase.

4. **Staff Reports.** Rob Addelson reported to the Committee on the highlights of the Warrant for the 2011 Annual Town Meeting, which he had recently circulated.

- *Article 4 (FY2012 Operating Budget)*. The Summary of Revenues and Expenditures contained on page 4 of the Warrant contains a change from the White Book. There has been a recommendation for a decrease in expenditures for benefits and insurance by \$548,000 because the Superintendent of Schools will be proposing to use a portion of the second year of federal stimulus funds to underwrite a portion of the FY2012 health insurance for teachers. Details are set forth in footnote 1 on page 26 of the Warrant. The issue, including possible strategies for filling the budget gap this use of one-time funds will create in future years, will be addressed at the Budget Summit next Thursday.
- *Article 7 (Revolving Funds)*. There is a proposal to create a new revolving fund to handle income from neighboring municipalities and expenditures relating to a regional cache for emergency equipment to be located at the Hartwell Avenue DPW facility.
- *Article 14 (Street Acceptance)*. This is in regards to improvements for Frances Road proposed to be funded through a betterment assessment. The Town borrows funds to bring the road up to standards required for acceptance as a Town street, then recovers the costs through charges on tax bills of the affected residents for a period not to exceed 20 years at an interest rate of 5%.
- *Article 17 (CPA Surcharge)*. This is a citizen's article seeking to reduce the CPA surcharge from 3% to 1%.

- *Article 20 (Specified Stabilization Funds).* This article includes a request to create a new specialized stabilization fund in which to place the funds that Avalon Bay agreed to pay if school enrollment resulting from its development exceeded certain thresholds. \$418,000 of a potential maximum of \$700,000 has been paid to date, and no funds have yet been expended. Placing these funds in a specialized stabilization fund would allow Town Meeting to appropriate them as needed.
- *Article 21 (Appropriate to Stabilization Fund).* Although there are no current plans to make any appropriations to the Stabilization Fund, such an appropriation could be part of a longer discussion about the use of unallocated free cash. The amount of as-yet unallocated free cash in the Town Manager's proposed budget now stands at \$697,000. This item was originally \$955,000 but it was agreed that \$250,000 would be made available to support the school in their budget request. The remainder will hedge against a possible 5% cut in state aid. If the full \$697,000 is not needed for this purpose, some or all of it might be appropriated to the Stabilization Fund.

Rob discussed briefly potential sources of funds that could be used to help address what is likely to be a significant snow and ice deficit in FY2011. These include \$300,000 in FY2012 revenue that has been set aside to offset snow and ice costs as is customary; \$200,000 of free cash that has been set aside to fund unanticipated shortfalls in FY2011; and the reserve fund which now stands at \$550,000 again after replenishment at the November 2010 Special Town Meeting. Rob explained that the \$300,000 revenue offset in the FY2011 budget was ultimately not needed, since the deficit was retired by other means, and it became part of the surplus revenue that was appropriated to the Stabilization Fund at the Special Town Meeting in the fall of 2011.

Rob reported that the Governor's budget proposal, if adopted, would significantly increase the SPED circuit breaker, which provides reimbursement of special education costs in excess of a certain threshold. Historically, reimbursement has been 75% of the excess costs but last year it dropped to about 40%. The Governor's proposal of \$80m in funding would bring the rate back up to about 70% for FY2012, which would mean about \$700,000 in additional funds to the town.

Rob informed the Committee that the Town is about to go to market to issue bonds in the amount of \$4.7 million to fund various capital projects. There was a discussion of the uncertainty of current rates and the recent volatility of the municipal bond markets. Also, a bond anticipation note (BAN) will be issued at a little less than \$3.1m for part of the costs of the acquisition of the Cotton Farm property. This will come due in early July and be retired in full, with an appropriation from CPA, instead of being converted to long-term debt. The amount may be reduced if the anticipated state grant of \$500,000 for the Cotton Farm purchase is received in time.

Rob reported that bids for the Town Office building renovation project came in lower than anticipated, and therefore no supplemental funding will be needed for furniture. The streetlight replacement project has been completed in a timely fashion, and NSTAR has agreed that the Town has met the conditions required to receive the promised rebate of \$238,000. Non-functioning streetlights should be reported to Rob Addelson or directly to Bill Hadley at the DPW.

5. **Earmarks.** Rob Addelson provided some background information about the recent report in the *Boston Globe* that Lexington had been one of the local communities designated to receive federal “earmark” funds in the since-defeated Congressional spending bill. In the past, the police department had had some success in obtaining federal funding through Congressman Markey's office for security system improvements at the High School and at the Clarke Middle School. The police department was contacted this year by the Congressman’s office to see if there were any needs, and they applied for funding for a security system at the Diamond Middle School -- \$125,000 was requested and \$250,000 was offered. Earmarks, like other grant funds, do not require appropriation by Town Meeting, although they are disclosed in the Town’s Annual Report. The Committee requested that it be informed in the future about any significant grants or other “off-budget” revenues, even if they are not subject to appropriation.

6. **Second Quarter Exceptions Report.** Rob Addelson said the unemployment insurance account is a spending area concern. Expenditures in that account are over budget mainly due to a large number of teachers who have left because they have not attained required professional certifications but are entitled to unemployment insurance. Town staff is watching the account and any shortfall may be addressed at the Annual Town Meeting.

There is some good news as well. Through December 31st, there was healthy activity in regards to building permits. This activity contributes to the end-of-year fund balance and free cash and is a predictor of projects that will ultimately lead to more revenue and growth for the town. Hotel and motel collections were running at 78% of estimates, well ahead of projections, and meal tax receipts were at 50%, right on target.

7. **Article Assignments.** Assignments were discussed for warrant article write-ups and Glenn Parker will circulate a document for reference in this regard.

The meeting was adjourned at 9:57 p.m.

A list of documents and other exhibits used at the meeting is attached.

Respectfully submitted,

Andrea Yopez
Recording Secretary

Approved February 9, 2011

February 3, 2011

**Exhibits
Appropriation Committee Meeting
February 3, 2011**

1. Agenda posted by Glenn Parker, Chair
2. Draft Outline, "Duties of Recording Secretary," dated February 3, 2011, distributed by Glenn Parker
3. Town of Lexington Warrant to the 2011 Annual Town Meeting, dated March 7, 2011
4. 2nd Quarter Budget Exceptions Report, dated January 25, 2011, prepared by Rob Addelson, Assistant Town Manager for Finance, and Micah Niemy, Budget Officer