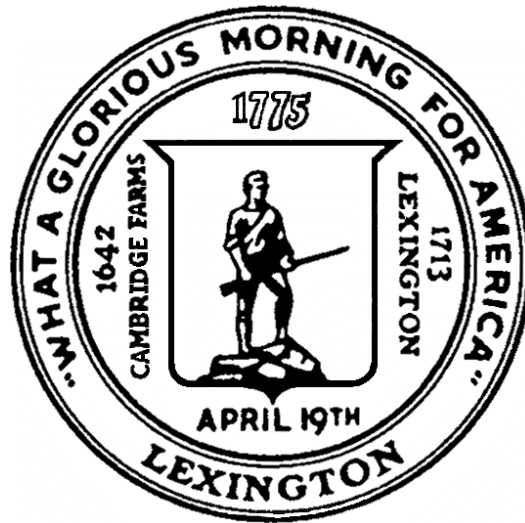


CAPITAL EXPENDITURES COMMITTEE

TOWN OF LEXINGTON



REPORT TO THE 2010 SPECIAL TOWN MEETING (STM) November 15, 2010

Released November 9, 2010

Submitted by:

Charles Lamb, Chairman
Ted Edson, Vice-Chairman
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Warrant Article Analyses and Recommendations

ARTICLE 2a: AMEND FY2011 GENERAL FUND OPERATING BUDGET	Funds Requested	Funding Source	Committee Recommendation
	\$218,951 (Capital Related)	Cash Balances from Completed Capital Projects	Approve (5–0)

“To see if the Town will vote to make supplementary appropriations, to be used in conjunction with money appropriated under Articles 4 and 5 of the warrant for the 2010 Annual Town Meeting, to be used during the current fiscal year, or make any other adjustments to the current fiscal year budgets and appropriations that may be necessary; to determine whether the money shall be provided by the tax levy, by transfer from available funds, or by any combination of these methods; or act in any other manner in relation thereto.” [Town of Lexington Warrant to the 2010 STM, November 15, 2010]

While this Committee would not normally report on amendments to the operating budget, we are doing so in this instance as a significant portion (22%) of the proposed total \$985,200 funding is from cash balances remaining from the following, completed, capital projects.

Annual or Special Town Meeting Article	Purpose	Original Appropriation (all sources) (\$)	Available Balance (\$)	Percentage	Note
16d of 2010 ATM	School Improvement Projects	378,000	35,301	9.34%	
16g of 2010 ATM	School Grounds Improvement Projects	175,000	14,035	8.02%	
19f of 2009 ATM	Relocate Old Harrington Playground Structures	40,000	555	1.39%	
19g of 2009 ATM	Bowman Play Area Improvement	80,000	29,495	36.87%	1
19h of 2009 ATM	LHS Elevator Piston Replacement	40,000	15,035	37.59%	2
19m of 2009 ATM	School Accessibility Improvements	50,000	22,385	44.77%	3
4 of May 6, 2009 STM	Relocate/Add Sprinkler Heads	85,000	22,912	26.96%	4
18b of 2008 ATM	Pre-K-12 Master Plan (including detailed LHS plan)	155,000	1,112	0.72%	
19a of 2008 ATM	Remodeling, Reconstructing and Extraordinary Repairs - LPS Systemwide	1,920,000	63,427	3.30%	
19b of 2008 ATM	Safe Parent Pick Up and Parking (Bridge School)	65,000	1,134	1.74%	
19f of 2008 ATM	Fire Headquarters Renovation & Re-design	40,000	4,927	12.32%	5
32a of 2006 ATM	Planning and remodeling, reconstructing and making extra-ordinary repairs to school buildings and for the purchase of additional equipment	1,716,000	8,123	0.47%	
32a of 2005 ATM	Building Envelope	150,000	510	0.34%	
TOTALS		4,894,000	218,951	4.47%	

These Notes provide information on the >10% underruns.

¹ Worked with Town Engineering so bid for asphalt replacement was combined with another Town project, achieving a lower bid—plus at that time, prices on oil-related products were depressed.

² While the piston was single wall and needed to be replaced, bids were competitive and there was no need to use the contingency.

³ The estimate included \$10,000 per doorway, but with receipt of 3 proposals, the work was done for about \$5,500 per doorway.

⁴ A design and construction contingency had been included, but when the design was completed, less additional sprinkler coverage was needed and, with the bids being competitive, that contingency was not needed.

⁵ Contract was negotiated at 90% of authorization to retain funds for potential additional scope, but no additional scope was required.

Because of the substantial amount of the balances from prior capital projects involved here, we would usually request those balances be used as funding toward other capital projects—either if needed as a supplement or for new capital projects; however, in the light of the extraordinary situation concerning the PCB mitigation at the Estabrook School, this Committee unanimously endorses both the current course of actions in that matter and the use of these balances toward the funding of those effectively-capital actions.

CAPITAL EXPENDITURES COMMITTEE REPORT TO 2010 STM

For the record, the other proposed funding source is an appropriation of \$766,249 of surplus FY2011 Revenue:

At the time the FY2011 budget was approved by the 2010 Annual Town Meeting, it was anticipated there would be \$1.5 million of new-growth revenue in FY2011—which is now the current fiscal year. A part of the FY2011 projected revenue was set aside as a hedge against a reduction in State Aid and to fund toward a snow/ice deficit. A re-visit to the FY2011 revenue and designed expenses—which includes, as major changes, \$920,000 additional conventional new-growth revenue, recognizing approximately \$508,000 less in State Aid and approximately \$505,000 less in investment income, and release of the snow/ice deficit set-aside (in the absence of such a deficit) and of \$45,000 by not having further to fund the senior tax work-off program for this fiscal year (as sufficient balances remain available from prior-year appropriations for that program)—indicates \$629,688 is available as surplus FY2011 revenue based on just those factors.

The balance of \$136,561 is a portion of the \$846,561 of additional surplus FY2011 revenue based on what is now being recognized as the new growth, allocated to FY2011, based on the construction of office and laboratory space by Shire Human Genetic Therapies, Inc., and Patriot Partners Lexington, LLC, under the Tax Increment Financing (TIF) for the Lexington Technology Park. (The Town’s introduction of this TIF-related new growth has been coordinated with the Massachusetts Department of Revenue.) Also, by doing this appropriation at this time, before the tax rate is set for this fiscal year, this additional FY2011 revenue is available to meet this FY2011 need. *(The \$710,000 balance of that TIF-related additional FY2011 surplus revenue that is now being recognized is proposed to be appropriated to the General Stabilization Fund under Article 4.)*

ARTICLE 3: APPROPRIATE TO SPECIFIED STABILIZATION FUNDS	Funds Requested	Funding Source	Committee Recommendation
	\$216,300 (\$166,300 for the Traffic Mitigation Stabilization Fund & \$50,000 for the Traffic Demand Management Stabilization Fund)	Traffic Mitigation & Transportation Demand Management Special Revenue Accounts	Approve (5-0)

“To see if the Town will vote to appropriate a sum of money to the Traffic Mitigation Stabilization Fund and the Transportation Demand Management Stabilization Fund; determine whether the money shall be provided by the tax levy, by transfer from available funds, or by any combination of these methods; or act in any other manner in relation thereto.” [Town of Lexington Warrant to the 2010 STM, November 15, 2010]

These funds were received as one of the payments due to the Town pursuant to the November 2, 2009, Memorandum of Understanding (MOU) with Cubist Pharmaceuticals, Inc., in conjunction with the zoning amendment for the property at 45, 55, & 65 Hayden Avenue (“55 Hayden Avenue”). Specifically, under Section III of that MOU, it’s the “first payment for the creation of capacity for all or any portion of the first 127 spaces in the Parking Structure or the capacity therefore”. This Article proposes to transfer those funds from the revenue accounts by this appropriation to the respective stabilization funds. This is the process contemplated at the time those stabilization funds were established so those received monies could subsequently be appropriated from those stabilization funds by a 2/3rd vote of Town Meeting for relevant projects.

CAPITAL EXPENDITURES COMMITTEE REPORT TO 2010 STM

ARTICLE 4: APPROPRIATE TO [General] STABILIZATION FUND	Funds Requested	Funding Source	Committee Recommendation
	\$710,000	Balance of Now- Recognized TIF- Related Additional New- Growth Revenue	Approve (5–0)

“To see if the Town will vote to appropriate a sum of money to the previously created [General] Stabilization Fund in accordance with Section 5B of Chapter 40 of the Massachusetts General Laws; determine whether the money shall be provided by the tax levy, by transfer from available funds, or by any combination of these methods; or act in any other manner in relation thereto.” [Town of Lexington Warrant to the 2010 STM, November 15, 2010]

(See the Article 2 analysis regarding the source of this TIF-related additional new-growth revenue.)

This balance of the additional FY2011 TIF-related new-growth revenue now being recognized is proposed under this Article to be appropriated as an addition to our General Stabilization Fund—whose current balance is \$7,544,712. As noted under Article 2, by appropriating at this time, before the tax rate is set for this fiscal year, these funds are then available for appropriation, in this case by a 2/3rd vote, at the 2011 Annual Town Meeting for use as early as the current fiscal year. (If any of such additional new-growth revenue for FY2011 were not appropriated before setting of this year’s tax rate, that amount would not be available for appropriation until after the close and certification of the FY2011 free cash and, thus not for use until later than that in FY2012, at the earliest.) As for the ultimate use of the General Stabilization Fund, we note there has been the general agreement that the General Stabilization Fund should be used to offset revenue sortfalls—particularly in a time of revenue downturn.

ARTICLE 5: APPROPRIATE SUPPLEMENTAL FUNDS FOR CPA PROJECTS	Funds Requested	Funding Source	Committee Recommendation
	\$73,000	Community Preservation Fund	Approve (5–0)

“To see if the Town will vote, pursuant to the recommendations of the Community Preservation Committee, to appropriate additional funds from the Community Preservation Fund to supplement the appropriation voted under Article 6 of the May 6, 2009 Special Town Meeting (Busa Farm) and Article 9 of the 2010 Annual Town Meeting (Cotton Farm); or act in any other manner in relation thereto.” [Town of Lexington Warrant to the 2010 STM, November 15, 2010]

Some of the ancillary expenses for those two land acquisitions (e.g., legal and site assessment) have exceeded, or are projected to exceed, their allocations within the total amounts previously appropriated. Supplemental funding is required so as to allow other planned activities (e.g., further survey, and master & land-management planning) to be completed at the scope originally contemplated. It is anticipated that \$24,000 of the total request will be moved as a supplement to the Busa Farm Article; the \$49,000 balance for the Cotton Farm Article. Although there are funds available in the Community Preservation Committee’s Administrative Budget, their use for a project-specific need, as is the case here, is not deemed appropriate under the statutory purpose of the Administrative Budget. (As always, funds unexpended in each year’s Administrative Budget revert back to the Community Preservation Fund as do any unused balances at the completion of specific projects.)