

Section IV: Program 2000: Shared Expenses

This section includes detailed information about the FY2023 Operating Budget & Financing Plan for shared expenses. It includes:

- 2100 Employee Benefits IV-3
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- 2300 Solar Producer Payments IV-10
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Mission: To provide and manage a comprehensive benefits program for Town and School employees and retirees.

Budget Overview: Included in the Employee Benefits and Insurance program are costs for the Town's pension assessment, workers' compensation, unemployment insurance, health, dental and life insurance benefits and the Medicare tax.

Employee Benefits is comprised of the following:

- Contributory Retirement Assessment: The assessment of the Lexington Contributory Retirement System levied to the Town to finance a portion of retirement benefits of Town and non-teaching School employees. This assessment is issued pursuant to Massachusetts General Laws (MGL) Chapter 32 and is based on an actuarial valuation of the funding obligations of the Lexington Contributory Retirement System. In addition to this assessment, employee contributions - ranging from 5% to 11% depending on date of hire - provide the majority of pension system funding.
- Non-Contributory Retirement: The cost of benefits for employees who retired prior to the creation of the Lexington Contributory Retirement System.
- Employee/Retiree Benefits: The Town's annual contribution for health, dental and life insurance for active Municipal and School Department employees and retirees, and the Town's 1.45% share of Medicare tax for all employees hired after 1986.
- Unemployment Compensation: The cost of unemployment payments for eligible employees separated from Municipal or School Department employment. The Town self-insures for this expense.
- Workers' Compensation: The medical costs incurred by Municipal and School employees injured on the job, and medical costs of former public safety employees who retired on accidental disability. The Town largely self-insures for this expense, but purchases "stop loss" insurance for extraordinary work-related medical claims. The premiums for that insurance are captured in the Workers' Compensation budget.

Authorized/Appropriated Staffing:

Staff support is provided through the Town Manager's Office, Human Resources and the Finance Department. Portions of the salaries of four employees are charged to the General Fund health insurance budget.

Budget Recommendations:

The FY2023 recommended All Funds Employee Benefits and Insurance budget is \$41,891,886. This is a \$1,997,463 or 5.01% increase from the FY2022 budget. The recommended budget includes the benefits costs (health, dental, life, Medicare and workers' compensation) for all municipal and school staff and retirees as of November 1, 2021.

Changes Include:

1. A \$741,750, or 10.00% increase in Contributory Retirement based on a revised funding schedule based on the January 1, 2021 actuarial valuation of the Lexington Retirement System. Of that amount, \$400,000 is funded from Free Cash, which is the same level of Free Cash funding as in FY2022. The revised schedule would result in full funding of the system's unfunded liability by 2030, given the current actuarial assumptions.
2. A \$450 or 2.76% increase in Non-Contributory Retirement costs for employees receiving pensions awarded prior to the creation of the Contributory Retirement system.
3. A \$72,524 or 3.66% increase in the Town's contribution for the Medicare Tax based on FY2021 actual costs, projected FY2022 and FY2023 salaries and wages, new municipal positions, and historical rates of increase in this item.
4. A \$1,284,346 or 4.54% increase in health insurance costs (General Fund). The FY2023 budget is based on an increase of 5.0% in health insurance premiums across all plans at November 2021 enrollment levels, and the projected addition of eighty (80) subscribers (new enrollees to health coverage, either from new retirees, active employees electing to begin or resume coverage, and active employees switching from individual to family plans). The recommended budget includes benefits for a newly benefited position at the Department of Public Facilities.
5. A \$15,785 or 1.44% increase in dental insurance costs (General Fund) based on the anticipated level-funding of premium rates for FY2023, updated to reflect November 2021 enrollment levels and a newly benefited position at the Department of Public Facilities.
6. No increase in life insurance costs based on projected enrollments.
7. Level-funding of unemployment insurance based on the revised budget of \$200,000, which reflects recent claim activity.
8. A \$(125,000) or (16.67)% decrease in workers' compensation costs to a total of \$625,000. As of June 30, 2021, this continuing appropriation account had a total balance of \$2,455,662. In light of the fund balance, staff recommend a gradual reduction in the appropriation through FY2026, with a goal of maintaining a fund balance of \$2 million.

2100 Employee Benefits & Insurance

Budget Summary - General Fund

Funding Sources	FY2020 Actual	FY2021 Actual	FY2022 Estimate	FY2023 Projected	Dollar Increase	Percent Increase
Tax Levy	\$ 33,802,865	\$ 35,228,913	\$ 38,737,210	\$ 40,533,981	\$ 1,796,771	4.64%
Transfers from Enterprise Funds to General Fund (Indirects)	\$ 708,643	\$ 762,237	\$ 611,775	\$ 805,256	\$ 193,481	31.63%
Free Cash for Updated Pension Schedule	\$ —	\$ —	\$ 400,000	\$ 400,000	\$ —	—%
PEG Access Special Revenue Fund	\$ 4,976	\$ 5,250	\$ 5,575	\$ 5,178	\$ (397)	-7.12%
Total 2100 Employee Benefits	\$ 34,516,484	\$ 35,996,400	\$ 39,754,560	\$ 41,744,415	\$ 1,989,855	5.01%

Appropriation Summary (General Fund)	FY2020 Actual	FY2021 Actual	FY2022 Revised	FY2023 Recommended	Dollar Increase	Percent Increase
Compensation	\$ 80,546	\$ 103,959	\$ 115,083	\$ 121,047	\$ 5,964	5.18%
Expenses	\$ 34,435,938	\$ 35,892,440	\$ 39,639,477	\$ 41,623,368	\$ 1,983,891	5.00%
Total 2100 Employee Benefits	\$ 34,516,484	\$ 35,996,400	\$ 39,754,560	\$ 41,744,415	\$ 1,989,855	5.01%

Level-Service Requests (General Fund)	FY2020 Actual	FY2021 Actual	FY2022 Revised	FY2023 Recommended	Dollar Increase	Percent Increase
Total 2110 Contributory Retirement	\$ 6,334,436	\$ 6,679,199	\$ 7,417,500	\$ 8,159,250	\$ 741,750	10.00%
Total 2120 Non-Contributory Retirement	\$ 15,487	\$ 15,907	\$ 16,327	\$ 16,777	\$ 450	2.76%
<i>Subtotal - Retirement</i>	<i>\$ 6,349,923</i>	<i>\$ 6,695,106</i>	<i>\$ 7,433,827</i>	<i>\$ 8,176,027</i>	<i>\$ 742,200</i>	<i>9.98%</i>
Total 2130 Medicare	\$ 1,851,593	\$ 1,907,961	\$ 1,982,127	\$ 2,054,651	\$ 72,524	3.66%
Total 2130 Health Insurance	\$ 24,133,417	\$ 25,448,028	\$ 28,270,148	\$ 29,554,494	\$ 1,284,346	4.54%
Total 2130 Dental Insurance	\$ 1,072,635	\$ 985,610	\$ 1,093,458	\$ 1,109,243	\$ 15,785	1.44%
Total 2130 Life Insurance	\$ 21,571	\$ 20,384	\$ 25,000	\$ 25,000	\$ —	—
<i>Subtotal - Health/Life Benefits</i>	<i>\$ 27,079,216</i>	<i>\$ 28,361,983</i>	<i>\$ 31,370,733</i>	<i>\$ 32,743,388</i>	<i>\$ 1,372,655</i>	<i>4.38%</i>
Total 2140 Unemployment	\$ 200,000	\$ 64,311	\$ 200,000	\$ 200,000	\$ —	—%
Total 2150 Workers Compensation*	\$ 887,346	\$ 875,000	\$ 750,000	\$ 625,000	\$ (125,000)	-16.67%
<i>Subtotal - Other Employee Benefits</i>	<i>\$ 1,087,346</i>	<i>\$ 939,311</i>	<i>\$ 950,000</i>	<i>\$ 825,000</i>	<i>\$ (125,000)</i>	<i>-13.16%</i>
Total 2100 Employee Benefits	\$ 34,516,484	\$ 35,996,400	\$ 39,754,560	\$ 41,744,415	\$ 1,989,855	5.01%

Object Code Summary (General Fund)	FY2020 Actual	FY2021 Actual	FY2022 Revised	FY2023 Recommended	Dollar Increase	Percent Increase
Salaries & Wages	\$ 80,546	\$ 103,959	\$ 115,083	\$ 121,047	\$ 5,964	5.18%
Overtime	\$ —	\$ —	\$ —	\$ —	\$ —	—
<i>Personal Services</i>	<i>\$ 80,546</i>	<i>\$ 103,959</i>	<i>\$ 115,083</i>	<i>\$ 121,047</i>	<i>\$ 5,964</i>	<i>5.18%</i>
Contractual Services	\$ 34,435,938	\$ 35,892,440	\$ 39,639,477	\$ 41,623,368	\$ 1,983,891	5.00%
Utilities	\$ —	\$ —	\$ —	\$ —	\$ —	—
Supplies	\$ —	\$ —	\$ —	\$ —	\$ —	—
Small Capital	\$ —	\$ —	\$ —	\$ —	\$ —	—
<i>Expenses</i>	<i>\$ 34,435,938</i>	<i>\$ 35,892,440</i>	<i>\$ 39,639,477</i>	<i>\$ 41,623,368</i>	<i>\$ 1,983,891</i>	<i>5.00%</i>
Total 2100 Employee Benefits	\$ 34,516,484	\$ 35,996,400	\$ 39,754,560	\$ 41,744,415	\$ 1,989,855	5.01%

Budget Summary - Revolving Funds*

Funding Sources	FY2020 Actual	FY2021 Actual	FY2022 Estimate	FY2023 Projected	Dollar Increase	Percent Increase
Directed Funding (Revolving Funds)	\$ 119,250	\$ 133,586	\$ 139,863	\$ 147,471	\$ 7,608	5.44%
Total 2100 Employee Benefits	\$ 119,250	\$ 133,586	\$ 139,863	\$ 147,471	\$ 7,608	5.44%

*Revolving Funds are authorized by Town Meeting via Article 9, and are not appropriated under Article 4.

Level-Service Requests (Revolving Funds)	FY2020 Actual	FY2021 Actual	FY2022 Revised	FY2023 Recommended	Dollar Increase	Percent Increase
Total 2130 Health Insurance	\$ 117,343	\$ 129,199	\$ 135,729	\$ 143,337	\$ 7,608	5.61%
Total 2130 Dental Insurance	\$ 1,908	\$ 4,387	\$ 4,134	\$ 4,134	\$ —	—%
Total 2100 Employee Benefits	\$ 119,250	\$ 133,586	\$ 139,863	\$ 147,471	\$ 7,608	5.44%

Budget Summary - All Funds

Appropriation Summary	FY2020 Actual	FY2021 Actual	FY2022 Revised	FY2023 Recommended	Dollar Increase	Percent Increase
Compensation	\$ 80,546	\$ 103,959	\$ 115,083	\$ 121,047	\$ 5,964	5.18%
Expenses	\$ 34,555,188	\$ 36,026,026	\$ 39,779,340	\$ 41,770,839	\$ 1,991,499	5.01%
Total 2100 Employee Benefits	\$ 34,635,735	\$ 36,129,986	\$ 39,894,423	\$ 41,891,886	\$ 1,997,463	5.01%

2100 Employee Benefits & Insurance

Focus on: Health Benefits – Line Item 2130

While the cost of health insurance continues to be a concern for the Town of Lexington, as is the case with all public and private organizations in this region and across the country, the Town was successful in negotiating with the Employee Health Insurance Coalition to join the State’s Group Insurance Commission (GIC) health insurance program, which has helped to slow the growth of this large cost driver.

The Town has an agreement with the Public Employees Committee (PEC) to remain in the GIC through June 30, 2022, and will begin bargaining for a successor agreement this spring.

The table below displays an approximate distribution of health insurance costs for Municipal and School employees and Retirees.

	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	Budgeted FY2022	Projected FY2023	Increase FY2022 to FY2023
Town ⁽¹⁾	\$ 3,445,544	\$ 3,636,336	\$ 3,903,453	\$ 4,242,098	\$ 4,874,424	\$ 5,059,791	3.80%
School	\$ 11,232,098	\$ 12,141,910	\$ 13,170,788	\$ 13,965,697	\$ 15,502,288	\$ 16,244,427	4.79%
Retirees	\$ 6,790,042	\$ 6,725,482	\$ 6,980,911	\$ 7,165,298	\$ 7,815,172	\$ 8,175,329	4.61%
Total	\$ 21,467,685	\$ 22,503,728	\$ 24,055,153	\$ 25,373,093	\$ 28,191,883	\$ 29,479,547	4.57%
Mitigation Fund ⁽²⁾	\$ 300,000	---	---	---	---	---	---
Medicare Part B Penalty ⁽³⁾	\$ 88,628	\$ 82,241	\$ 78,264	\$ 74,935	\$ 78,264	\$ 74,935	(4.25)%
Net Budget Amount	\$ 21,856,313	\$ 22,585,970	\$ 24,133,417	\$ 25,448,028	\$ 28,270,147	\$ 29,554,481	4.54%

(1) Portion of salaries attributable to health insurance administration is inclusive in these figures.

(2) Payment made to the Public Employee Committee (PEC) HRA Mitigation Fund to offset increasing co-pays and deductibles.

(3) Medicare Part B Penalty is the penalty the Town must pay due to deferred migration of retirees from active plans to Medicare supplement plans.

2100 Employee Benefits & Insurance

The table below shows the number of employees and retirees enrolled in the Town's health insurance program.

Table 2: Health Insurance Enrollments ⁽¹⁾

				FY2022 Budget	FY2023 Budget
Actual Subscribers				Based on Actual Subscribers, plus Additional Projected Lives shown below	
Subscribers	Nov. 2017 (FY2018)	Nov. 2018 (FY2019)	Nov. 2019 (FY2020)	Nov. 2020 (FY2021)	Nov. 2021 (FY2022)
Municipal					
Individual	81	96	107	98	110
Family	176	164	168	171	172
subtotal	257	260	275	269	282
School					
Individual	336	356	350	358	376
Family	502	536	561	555	536
subtotal	838	892	911	913	912
Retirees					
	1,269	1,289	1,307	1,302	1,338
subtotal	2,364	2,441	2,493	2,484	2,532
Additional projected lives for budget purposes					
Position Vacancies					
Municipal				18	9
School				13	26
subtotal				31	35
Estimated Open Enrollment / Qualifying Events ⁽²⁾					
Individual				9	9
Family				27	27
Retirees				44	44
subtotal				80	80
total	2,364	2,441	2,493	2,595	2,647
New Positions					
School ⁽³⁾				0	0
Municipal ⁽³⁾				2	0
Facilities Dept.				0	1
subtotal				2	1
Estimated Reduction in Subscribers					
Retirees				(34)	(34)
total	2,364	2,441	2,493	2,563	2,614
<p>(1) The subscriber counts above do not include COBRA subscribers, but include employees whose salaries and benefits are funded either fully or partially from non-General Fund sources.</p> <p>(2) The projection shown under open enrollment / qualifying events is based on an assumption of current employees losing coverage on their spouse's plans, and changes in marital status or dependent status.</p> <p>(3) Based on the budgets as recommended by the School Committee and Select Board and assumes that each full-time equivalent will subscribe to Town's insurance. The cost is estimated at a composite rate based on school and municipal personnel enrollment.</p>					

Mission: To provide and manage a comprehensive property and liability management program for all property and equipment in the Town.

Budget Overview: The property and liability management program consists of the following elements:

- Property and Liability Insurance: The cost of premiums for policies that: (1) protect the Town against property loss and damage; (2) insure the Town's vehicles; and (3) cover the Town against liability claims.
- Uninsured Losses: A continuing balance account for uninsured property losses, settlements and deductibles contained in various insurance policies.

Authorized/Appropriated Staffing:

A portion of the Deputy Town Manager's salary is charged to this line-item in recognition of the ongoing support provided.

Budget Recommendations:

The FY2023 overall recommendation for Property and Liability Insurance is \$1,095,000, which is a level-funded from the FY2022 appropriation.

1. Property and liability insurance is increasing by \$50,000 or 5.92%. In FY2022, the appropriation was level-funded due to savings realized from a new procurement. Premium increases of approximately 5% were used to project the FY2023 funding level.
2. A \$(50,000) decrease in the budget for uninsured losses. The balance in this continuing balance account as of June 30, 2021, is \$1,563,470. In light of the fund balance, staff recommend a gradual reduction in the appropriation, with a goal of maintaining a fund balance of \$1 million.

2200 Property & Liability Insurance

Budget Summary

Funding Sources	FY2020 Actual	FY2021 Actual	FY2022 Estimate	FY2023 Projected	Dollar Increase	Percent Increase
Tax Levy	\$1,022,643	\$1,008,200	\$ 1,069,961	\$ 1,064,863	\$ (5,098)	(0.48)%
Transfers from Enterprise Funds to General Fund (Indirects)	\$ 32,113	\$ 33,096	\$ 25,039	\$ 30,137	\$ 5,098	20.36 %
Total 2200 Property & Liability Insurance	\$1,054,756	\$1,041,296	\$ 1,095,000	\$ 1,095,000	\$ —	— %

Appropriation Summary	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Compensation	\$ 35,090	\$ 37,035	\$ 36,338	\$ 37,806	\$ 1,468	4.04 %
Expenses	\$1,019,666	\$1,004,261	\$ 1,058,662	\$ 1,057,194	\$ (1,468)	(0.14)%
Total 2200 Property & Liability Insurance	\$1,054,756	\$1,041,296	\$ 1,095,000	\$ 1,095,000	\$ —	— %

Level-Service Requests	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Total 2210 Property & Liability Insurance	\$ 804,756	\$ 791,296	\$ 845,000	\$ 895,000	\$ 50,000	5.92 %
Total 2220 Uninsured Losses	\$ 250,000	\$ 250,000	\$ 250,000	\$ 200,000	\$ (50,000)	(20.00)
Total 2200 Property & Liability Insurance	\$1,054,756	\$1,041,296	\$ 1,095,000	\$ 1,095,000	\$ —	— %

Object Code Summary	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Salaries & Wages	\$ 35,090	\$ 37,035	\$ 36,338	\$ 37,806	\$ 1,468	4.04 %
Overtime	\$ —	\$ —	\$ —	\$ —	\$ —	—
<i>Compensation</i>	<i>\$ 35,090</i>	<i>\$ 37,035</i>	<i>\$ 36,338</i>	<i>\$ 37,806</i>	<i>\$ 1,468</i>	<i>4.04 %</i>
Contractual Services	\$1,019,666	\$1,004,261	\$ 1,058,662	\$ 1,057,194	\$ (1,468)	(0.14)%
Utilities	\$ —	\$ —	\$ —	\$ —	\$ —	—
Supplies	\$ —	\$ —	\$ —	\$ —	\$ —	—
Small Capital	\$ —	\$ —	\$ —	\$ —	\$ —	—
<i>Expenses</i>	<i>\$1,019,666</i>	<i>\$1,004,261</i>	<i>\$ 1,058,662</i>	<i>\$ 1,057,194</i>	<i>\$ (1,468)</i>	<i>(0.14)%</i>
Total 2200 Property & Liability Insurance	\$1,054,756	\$1,041,296	\$ 1,095,000	\$ 1,095,000	\$ —	— %

2300 Solar Producer Payments

Program: Shared Expenses
Town of Lexington, MA

Mission: To provide obligated payments for the installation and operating costs of the solar array at the Hartwell Avenue Compost Facility.

Budget Overview: For the solar arrays installed at the Hartwell Avenue Compost Facility, Eversource elected to reimburse the Town for the solar power generated via monthly payments, rather than issue a credit on the Town's electric bills. For the rooftop solar panels on Town and School buildings, that energy is credited in the monthly bill, thereby reducing utility costs at the Department of Public Facilities. As a means of separately tracking the Hartwell Avenue arrangement, this budget division reflects:

- Net Metering Credits: The revenues received from Eversource in return for solar power generated at Hartwell Avenue. Any excess revenues are deposited into the General Fund.
- Solar Producer Payments: The annual amount paid to Syncarpha, the current owner of the solar panels, for the cost of construction and operating costs.

Authorized/Appropriated Staffing:

No direct staff is charged to this line-item. Staff support is provided through the Public Facilities, Town Manager and Finance departments.

Budget Recommendations:

The FY2023 overall recommendation for Solar Producer Payments is \$390,000, which is level-funded from the FY2022 appropriation.

2300 Solar Producer Payments

Budget Summary

Funding Sources	FY2020 Actual	FY2021 Actual	FY2022 Estimate	FY2023 Projected	Dollar Increase	Percent Increase
Tax Levy	\$ (306,475)	\$ (306,604)	\$ (280,000)	\$ (280,000)	\$ —	— %
Net-Metering Credits	\$ 691,986	\$ 674,298	\$ 670,000	\$ 670,000	\$ —	— %
Total 2300 Solar Producer Payments	\$ 385,512	\$ 367,694	\$ 390,000	\$ 390,000	\$ —	— %

Appropriation Summary	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Compensation	\$ —	\$ —	\$ —	\$ —	\$ —	— %
Expenses	\$ 385,512	\$ 367,694	\$ 390,000	\$ 390,000	\$ —	— %
Total 2300 Solar Producer Payments	\$ 385,512	\$ 367,694	\$ 390,000	\$ 390,000	\$ —	— %

Level-Service Requests	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Total 2300 Solar Producer Payments	\$ 385,512	\$ 367,694	\$ 390,000	\$ 390,000	\$ —	— %
Total 2300 Solar Producer Payments	\$ 385,512	\$ 367,694	\$ 390,000	\$ 390,000	\$ —	— %

Object Code Summary	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Salaries & Wages	\$ —	\$ —	\$ —	\$ —	\$ —	— %
Overtime	\$ —	\$ —	\$ —	\$ —	\$ —	— %
<i>Compensation</i>	\$ —	\$ —	\$ —	\$ —	\$ —	— %
Contractual Services	\$ —	\$ —	\$ —	\$ —	\$ —	— %
Utilities	\$ 385,512	\$ 367,694	\$ 390,000	\$ 390,000	\$ —	— %
Supplies	\$ —	\$ —	\$ —	\$ —	\$ —	— %
Small Capital	\$ —	\$ —	\$ —	\$ —	\$ —	— %
<i>Expenses</i>	\$ 385,512	\$ 367,694	\$ 390,000	\$ 390,000	\$ —	— %
Total 2300 Solar Producer Payments	\$ 385,512	\$ 367,694	\$ 390,000	\$ 390,000	\$ —	— %

Summary of Townwide Solar Credits and Expenses

	FY2017 Actual	FY2018 Actual**	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Estimate	FY2023 Projection
Rooftop Solar Bill Credits	\$ 279,665	\$ 303,696	\$ 333,329	\$ 326,421	\$ 308,738	\$ 291,500	\$ 291,500
Rooftop PILOT*	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Rooftop Solar Payments	\$ (162,343)	\$ (157,038)	\$ (159,033)	\$ (173,254)	\$ (164,249)	\$ (165,000)	\$ (165,000)
Net Revenue subtotal	\$ 147,322	\$ 176,658	\$ 204,296	\$ 183,167	\$ 174,489	\$ 156,500	\$ 156,500
Hartwell Solar Revenue		\$ 647,232	\$ 720,493	\$ 691,986	\$ 674,298	\$ 670,000	\$ 670,000
Hartwell PILOT*		\$ 55,400	\$ 55,400	\$ 55,400	\$ 55,400	\$ 55,400	\$ 55,400
Hartwell Annual Lease		\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
Hartwell Solar Payments		\$ (355,257)	\$ (351,839)	\$ (385,512)	\$ (367,694)	\$ (390,000)	\$ (390,000)
Net Revenue subtotal	\$ —	\$ 348,375	\$ 425,054	\$ 362,875	\$ 363,004	\$ 336,400	\$ 336,400
Total Net Revenue	\$ 147,322	\$ 525,033	\$ 629,350	\$ 546,042	\$ 537,493	\$ 492,900	\$ 492,900

*Per MA DOR, solar PILOTs (Payments in Lieu of Taxes) are deposited as Personal Property taxes rather than under a PILOT category of revenue.

**FY2018 costs/revenue for Hartwell are not representative of a full year of operations.

Mission: To manage the issuance of Town debt in a manner which protects assets that are required to deliver town services and yet limits large increases or decreases in annual debt service.

Budget Overview: Debt service includes General Fund principal and interest payments for levy-supported (non-exempt) debt, both authorized by Town Meeting, as well as for capital projects being proposed to the 2022 Annual Town Meeting.

Debt service on projects funded from the Compost Revolving Fund is shown in the DPW Budget element 3420; and debt service for Water and Sewer Enterprise projects is shown in the DPW Budget under elements 3610 and 3710, respectively.

Debt Service voted to be exempt from Proposition 2½, while not appropriated by Town Meeting, is presented for informational purposes.

Authorized/Appropriated Staffing:

There is no direct staff charged to this line-item. Staff support for managing debt service is provided through the Town Manager and Finance departments.

Budget Recommendations:

Total gross within-levy and Exempt debt service (before mitigation) is decreasing by \$(3,623,221), or (13.35)% compared to FY2022. Within-Levy debt service of \$7,541,580 is decreasing by \$(2,855,532), or (27.46)% primarily due to the bond anticipation notes issued for the land purchases on Pelham Road and Bedford Street being retired in FY2022.

The Town's target increase for net within-levy debt service is 5% per year; any amount over that is recommended to be mitigated with a transfer from the Capital Stabilization Fund. For FY2023, net within-levy debt is decreasing (6.22)% from FY2022 budgeted amounts; therefore, a transfer from the Capital Stabilization fund is not needed to mitigate within-levy debt service in FY2023. Within levy debt service is expected to trend downward over the next few years as management has committed to funding ongoing capital programs with cash capital and has benefited from low interest rates over the last few years. Transfers may be needed in future years to mitigate within levy debt service related to the Hartwell Avenue street improvements, or other significant capital projects that may arise.

FY2022 gross exempt debt service as reported on the FY2022 Tax Rate Recap \$16,747,991, which was mitigated via a \$2,800,000 transfer from the Capital Stabilization Fund. FY2023 gross exempt debt service is projected at \$15,980,302, a decrease of \$(767,689), or (4.58)% compared to FY2022 gross exempt debt service. FY2023 exempt debt service continues to be driven by the excluded debt projects approved by the voters in December 2017 – the Fire Station Replacement, Hastings Elementary School Replacement and the new Lexington Children's Place (LCP) building. To mitigate the impact of this increase on Lexington taxpayers, it is proposed that \$800,000 of Capital Stabilization Funds be appropriated to offset exempt debt service in FY2023.

It is notable that the authorized debt for the capital projects noted above was mostly issued as of June 30, 2020, and exempt debt service for these projects peaked in FY2021. The Police Station reconstruction is proposed for the 2022 Annual Town Meeting and a debt exclusion vote is expected to follow in June 2022. If approved, gross exempt debt service will increase over the next 2-3 years. Despite this increase, significant draw-downs from the Capital Stabilization Fund are not expected for this project as the Police Station debt will be partly offset by older exempt debt that will be retired over the same period.

2400 Debt Service

The FY2023 proposed capital projects are described in greater detail in Section XI: Capital Investment in this Recommended Budget and Financing Plan.

Budget Summary

Funding Sources (All Funds)	FY2020 Actual	FY2021 Actual	FY2022 Estimate	FY2023 Projected	Dollar Increase	Percent Increase
Tax Levy	\$20,604,752	\$22,675,688	\$ 24,293,170	\$ 22,705,757	\$ (1,587,413)	(6.53)%
Fund Transfers						
Capital Stab. Fund - Exempt Debt	\$ 5,200,000	\$ 4,600,000	\$ 2,800,000	\$ 800,000	\$ (2,000,000)	(71.43)%
Cemetery Sale of Lots Fund	\$ 64,380	\$ 40,480	\$ 51,933	\$ 16,125	\$ (35,808)	(68.95)%
Betterments Fund	\$ 16,000	\$ 6,200	\$ —	\$ —	\$ —	— %
Visitors Center Stabilization Fund	\$ —	\$ 200,000	\$ —	\$ —	\$ —	— %
Total Debt Service	\$25,885,132	\$27,522,368	\$ 27,145,103	\$ 23,521,882	\$ (3,623,221)	(13.35)%

Appropriation Summary (All Funds)	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Compensation	\$ —	\$ —	\$ —	\$ —	\$ —	— %
Expenses	\$25,885,132	\$27,522,368	\$ 27,145,103	\$ 23,521,882	\$ (3,623,221)	(13.35)%
Total Debt Service	\$25,885,132	\$27,522,368	\$ 27,145,103	\$ 23,521,882	\$ (3,623,221)	(13.35)%

Gross Within Levy Debt Service	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Total 2410 Within-Levy Long-Term Principal*	\$ 5,968,224	\$ 6,292,000	\$ 5,626,400	\$ 5,274,000	\$ (352,400)	(6.26)%
Total 2420 Within-Levy Long-Term Interest	\$ 1,010,976	\$ 1,101,675	\$ 956,198	\$ 1,217,534	\$ 261,336	27.33 %
Total 2430 Within-Levy Short-Term Principal	\$ 2,275,366	\$ 2,712,350	\$ 3,373,865	\$ 885,600	\$ (2,488,265)	(73.75)%
Total 2430 Within-Levy Short-Term Interest	\$ 302,312	\$ 131,513	\$ 440,649	\$ 164,446	\$ (276,203)	(62.68)%
Total Gross Within-Levy Debt Service	\$ 9,556,878	\$10,237,538	\$ 10,397,112	\$ 7,541,580	\$ (2,855,532)	(27.46)%

Net Within Levy Debt Service	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Total 2410 Within-Levy Long-Term Principal	\$ 5,968,224	\$ 6,292,000	\$ 5,626,400	\$ 5,274,000	\$ (352,400)	(6.26)%
Total 2420 Within-Levy Long-Term Interest	\$ 1,010,976	\$ 1,101,675	\$ 956,198	\$ 1,217,534	\$ 261,336	27.33 %
Total 2430 Within-Levy Short-Term Borrowing	\$ 2,577,678	\$ 2,843,863	\$ 3,814,514	\$ 1,050,046	\$ (2,764,468)	(72.47)%
Funding Set-aside to Retire Note for Land Purchases	\$ (2,234,614)	\$ (2,403,450)	\$ (2,320,274)	\$ —	\$ 2,320,274	(100.00)%
Funding from Cemetery Sale of Lots/ Betterments/Visitors Center	\$ (80,380)	\$ (246,680)	\$ (51,933)	\$ (16,125)	\$ 35,808	(68.95)%
Total Net Within-Levy Debt Service	\$ 7,241,885	\$ 7,587,408	\$ 8,024,905	\$ 7,525,455	\$ (499,450)	(6.22)%

Exempt Debt Service	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Total Exempt Debt Service	\$16,328,254	\$17,284,830	\$ 16,747,991	\$ 15,980,302	\$ (767,689)	(4.58)%
Use of Capital Stabilization Fund to mitigate impact of excluded debt service on property tax bills	\$ (5,200,000)	\$ (4,600,000)	\$ (2,800,000)	\$ (800,000)	\$ 2,000,000	(71.43)%
Net Exempt Debt Service	\$11,128,254	\$12,684,830	\$ 13,947,991	\$ 15,180,302	\$ 1,232,311	8.84 %
Total Gross Debt Service - All Funds	\$25,885,132	\$27,522,368	\$ 27,145,103	\$ 23,521,882	\$ (3,623,221)	(13.35)%
Total Net Debt Service - All Funds	\$18,370,139	\$20,272,238	\$ 21,972,896	\$ 22,705,757	\$ 732,861	3.34 %

2500 Reserve Fund

Mission: To provide for extraordinary and unforeseen expenses.

Budget Overview: The Reserve Fund is under the jurisdiction of the Appropriation Committee.

Authorized/Appropriated Staffing:

There is no direct staff charged to this line-item. Staff support is provided through the Town Manager and Finance departments.

Budget Recommendations:

The FY2023 recommendation for the Reserve Fund is \$750,000, which is level-funded from the FY2022 appropriation.

Notes: The FY2020 and FY2021 budgets for the Reserve Fund were \$900,000 and \$750,000, respectively.

- In FY2020, \$100,000 was transferred to the Fire Department to offset increases in spending due to the Town's response to the COVID-19 pandemic.
- In FY2021, \$15,000 was transferred to the Conservation Division to allow them to respond to a Letter of Map Revision from the Town of Belmont.

2500 Reserve Fund

Budget Summary

Funding Sources	FY2020 Actual	FY2021 Actual	FY2022 Estimate	FY2023 Projected	Dollar Increase	Percent Increase
Tax Levy	\$ —	\$ —	\$ 750,000	\$ 750,000	\$ —	— %
Total 2500 Reserve Fund	\$ —	\$ —	\$ 750,000	\$ 750,000	\$ —	— %

Appropriation Summary	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Compensation	\$ —	\$ —	\$ —	\$ —	\$ —	— %
Expenses	\$ —	\$ —	\$ 750,000	\$ 750,000	\$ —	— %
Total 2500 Reserve Fund	\$ —	\$ —	\$ 750,000	\$ 750,000	\$ —	— %

Level-Service Requests	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Total 2500 Reserve Fund	\$ —	\$ —	\$ 750,000	\$ 750,000	\$ —	— %
Total 2500 Reserve Fund	\$ —	\$ —	\$ 750,000	\$ 750,000	\$ —	— %

Object Code Summary	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Salaries & Wages	\$ —	\$ —	\$ —	\$ —	\$ —	— %
Overtime	\$ —	\$ —	\$ —	\$ —	\$ —	— %
<i>Compensation</i>	\$ —	\$ —	\$ —	\$ —	\$ —	— %
Contractual Services	\$ —	\$ —	\$ 750,000	\$ 750,000	\$ —	— %
Utilities	\$ —	\$ —	\$ —	\$ —	\$ —	— %
Supplies	\$ —	\$ —	\$ —	\$ —	\$ —	— %
Small Capital	\$ —	\$ —	\$ —	\$ —	\$ —	— %
<i>Expenses</i>	\$ —	\$ —	\$ 750,000	\$ 750,000	\$ —	— %
Total 2500 Reserve Fund	\$ —	\$ —	\$ 750,000	\$ 750,000	\$ —	— %

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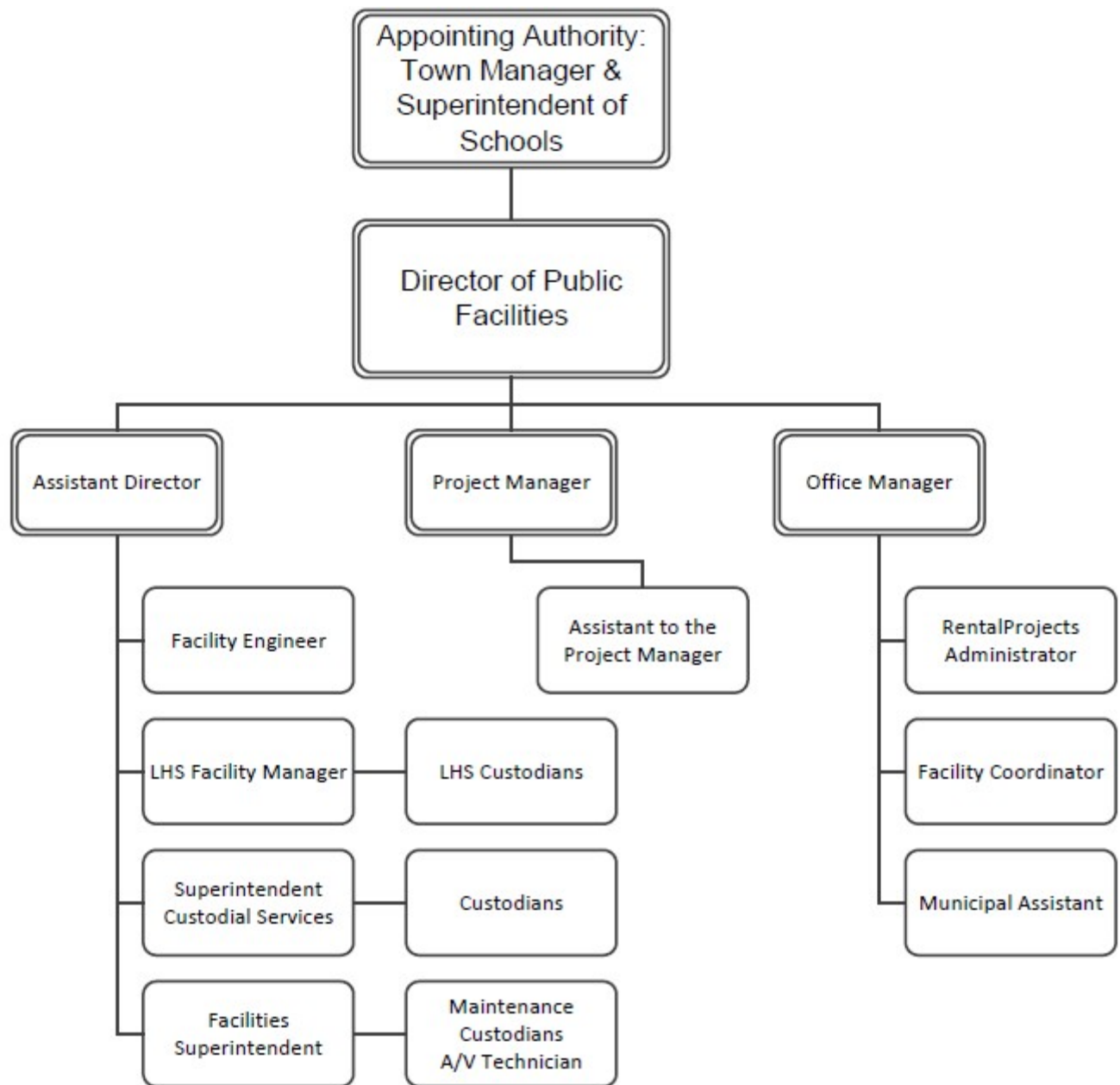


Mission: The mission of the Department of Public Facilities is to manage the efficient operation and maintenance of Town buildings, preserve the facility and equipment assets of the Town, and plan and implement capital improvements. This mission is accomplished by establishing appropriate services in support of building users, fostering continuous improvement in delivery of services, and by establishing a five-year capital plan in collaboration with the Permanent Building Committee and other Town committees.

Budget Overview: The Department of Public Facilities (DPF) is responsible for the coordination and care of all Town-owned buildings inclusive of those under the control of the Town Manager, Library Trustees and School Committee. The primary areas of service include custodial care and cleaning, building maintenance and repair (including preventative maintenance), utilities, and landscaping and grounds (school buildings only). The DPF administrative staff develops and implements the maintenance programs that provide services for the Town buildings. In addition, the DPF Capital Budget and the Building Rental Revolving Fund are managed by DPF staff.

Departmental Initiatives:

1. Continue renovations, additions and new construction at schools in support of increasing enrollments.
2. Support implementation of Town Public Safety projects.
3. Review results of Master Plan survey and incorporate into future capital plans.
4. Implement other priority projects.



2600 Public Facilities

Authorized/Appropriated Staffing

School Facilities 2610	FY2020 Budget	FY2021 Budget	FY2022 Budget	FY2023 Request
Maintenance Staff*	11	12	12	12
Custodian	54	54	54	54
Subtotal FTE	65	66	66	66

Municipal Facilities 2620	FY2020 Budget	FY2021 Budget	FY2022 Budget	FY2023 Request
Custodian**	10	12	12	12
Subtotal FTE	10	12	12	12

Shared Facilities 2630	FY2020 Budget	FY2021 Budget	FY2022 Budget	FY2023 Request
Director of Public Facilities	1	1	1	1
Assistant Director of Public Facilities	1	1	1	1
Superintendent of Custodial Services	1	1	1	1
Project Manager	1	1	1	1
Facility Superintendent	1	1	1	1
Facility Engineer	1	1	1	1
Event Manager	1	1	1	1
LHS Facility Manager	1	1	1	1
Office Manager	1	1	1	1
Admin. Asst. - Facility Coordinator	1	1	1	1
Admin. Asst. - Clerical/Rental Administrator	1	1	1	1
Municipal Assistant - Part time***	0.5	0.5	0.5	1
Subtotal FTE	11.5	11.5	11.5	12.0

Total FTE	86.5	89.5	89.5	90
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Notes:

* FY2021 includes 1.0 additional maintenance staff person to address an increasing work load due to expanding the town's building footprint over the past decade.

** FY2021 includes 2.0 additional staff for municipal custodians to absorb the contracted custodial expenses for the Town Office Building, Public Services Building, Cary Memorial Library and original Visitors Center with in-house staff, and expand coverage to include the Town Pool, Center Playground bathrooms and the new Visitors Center.

*** In FY2023, a program improvement requests revising the Municipal Assistant's responsibilities to reflect management of the 20-year capital plan database, and increasing the FTE from 0.5 to 1.0.

Budget Recommendations:

The FY2023 recommended All Funds Department of Public Facilities budget inclusive of the General Fund operating budget and the Building Rental Revolving Fund is \$13,254,533. The recommended budget is a \$531,774, or 4.18% increase from the FY2022 budget.

The Department of Public Facilities FY2023 recommended General Fund operating budget, inclusive of the Education Facilities, Municipal Facilities and Shared Facilities divisions, is \$12,669,307, which is a \$515,942, or 4.25% increase from the FY2022 General Fund budget.

The General Fund operating budget for Compensation is \$6,461,256, and reflects a \$282,542 or 4.57% increase, which provides contractually obligated and projected step increases and cost of living increases for the SEIU and AFSCME contracts that expired June 30, 2021. It also reflects a program improvement to enhance the role of the Management Assistant to manage the 20-year capital database, increasing the FTE from 0.5 to 1.0.

The General Fund operating budget for Expenses is \$6,208,051 and reflects a \$233,400, or 3.91% increase. This reflects an overall increase in the cost of cleaning materials and other supplies, as well as the cost of replacing two department vehicles with electric plug-ins.

For FY2023, Utilities are essentially level-funded. A project to add extensive solar panels to seven school buildings is currently underway, followed by the addition of batteries. The timing of both project phases is uncertain, as is the ultimate impact on electric bills. Staff recognize that there will be cost-savings once each phase is implemented, but the extent of the savings is unclear due to numerous unknown factors. There should be greater clarity during development of the FY2024 budget.

The FY2023 Facilities Department recommended Building Rental Revolving Fund budget is \$585,226, an increase of \$15,832 or 2.78%, which is attributable to increases in wages, staff overtime and benefits charged to this account.

Program Improvement Requests:

Description	Request			Recommended			Not Recommended
	Salaries and Expenses	Benefits (reflected in Shared Expenses)	Total Requested	Salaries and Expenses	Benefits (reflected in Shared Expenses)	Total	
Update Admin Role and Make Full-time	\$ 27,000	\$ 16,796	\$ 43,796	\$ 27,000	\$ 16,796	\$ 43,796	\$ —
Additional Maintenance Responsibilities	\$ 30,700	\$ —	\$ 30,700	\$ —	\$ —	\$ —	\$ 30,700
Maintenance of Empty Facilities	\$ 25,000	\$ —	\$ 25,000	\$ —	\$ —	\$ —	\$ 25,000

Budget Summary - General Fund

Funding Sources	FY2020 Actual	FY2021 Actual	FY2022 Estimate	FY2023 Projected	Dollar Increase	Percent Increase
Tax Levy	\$11,075,948	\$11,120,623	\$ 12,132,153	\$ 12,647,022	\$ 514,869	4.24 %
PEG Special Revenue Fund	\$ 19,466	\$ 20,310	\$ 21,212	\$ 22,285	\$ 1,073	5.06 %
Total 2600 - Gen'l Fund	\$11,095,414	\$11,140,933	\$ 12,153,365	\$ 12,669,307	\$ 515,942	4.25 %

Appropriation Summary	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Compensation	\$ 5,672,548	\$ 5,588,376	\$ 6,178,714	\$ 6,461,256	\$ 282,542	4.57 %
Expenses	\$ 5,422,866	\$ 5,552,557	\$ 5,974,651	\$ 6,208,051	\$ 233,400	3.91 %
Total 2600 - Gen'l Fund	\$11,095,414	\$11,140,933	\$ 12,153,365	\$ 12,669,307	\$ 515,942	4.25 %

Program Summary	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
2610 - Education Facilities	\$ 7,938,774	\$ 7,904,917	\$ 8,534,697	\$ 8,820,062	\$ 285,365	3.34 %
2620 - Municipal Facilities	\$ 1,987,953	\$ 2,024,527	\$ 2,388,449	\$ 2,457,224	\$ 68,775	2.88 %
2630 - Shared Facilities	\$ 1,168,687	\$ 1,211,489	\$ 1,230,219	\$ 1,392,021	\$ 161,802	13.15 %
Total 2600 - Gen'l Fund	\$11,095,414	\$11,140,933	\$ 12,153,365	\$ 12,669,307	\$ 515,942	4.25 %

Object Code Summary	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Salaries & Wages	\$ 5,378,169	\$ 5,372,219	\$ 5,845,430	\$ 6,115,199	\$ 269,769	4.62 %
Overtime	\$ 294,379	\$ 216,157	\$ 333,284	\$ 346,057	\$ 12,773	3.83 %
<i>Personal Services</i>	<i>\$ 5,672,548</i>	<i>\$ 5,588,376</i>	<i>\$ 6,178,714</i>	<i>\$ 6,461,256</i>	<i>\$ 282,542</i>	<i>4.57 %</i>
Contractual Services	\$ 1,509,275	\$ 1,501,518	\$ 1,527,440	\$ 1,568,250	\$ 40,810	2.67 %
Utilities	\$ 3,122,259	\$ 3,115,925	\$ 3,503,751	\$ 3,520,601	\$ 16,850	0.48 %
Supplies	\$ 654,429	\$ 809,520	\$ 800,860	\$ 868,700	\$ 67,840	8.47 %
Small Capital	\$ 136,904	\$ 125,594	\$ 142,600	\$ 250,500	\$ 107,900	75.67 %
<i>Expenses</i>	<i>\$ 5,422,866</i>	<i>\$ 5,552,557</i>	<i>\$ 5,974,651</i>	<i>\$ 6,208,051</i>	<i>\$ 233,400</i>	<i>3.91 %</i>
Total 2600 - Gen'l Fund	\$11,095,414	\$11,140,933	\$ 12,153,365	\$ 12,669,307	\$ 515,942	4.25 %

Budget Summary - Non-General Funds

Funding Sources	FY2020 Actual	FY2021 Actual	FY2022 Estimate	FY2023 Projected	Dollar Increase	Percent Increase
Building Rental Revolving Fund	\$ 484,523	\$ 32,591	\$ 570,000	\$ 586,000	\$ 16,000	2.81 %
Total 2600 - Non-Gen'l Fund	\$ 484,523	\$ 32,591	\$ 570,000	\$ 586,000	\$ 16,000	2.81 %

*PEG revenues are tied to spending. For overall revenue, see Select Board budget presentation.

Appropriations Summary	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Building Rental Revolving Fund	\$ 445,126	\$ 8,458	\$ 569,394	\$ 585,226	\$ 15,832	2.78 %
Personal Services	\$ 225,049	\$ 2,333	\$ 353,294	\$ 368,054	\$ 14,760	4.18 %
Expenses	\$ 205,350	\$ 6,125	\$ 198,000	\$ 198,000	\$ —	— %
Benefits	\$ 14,728	\$ —	\$ 18,100	\$ 19,172	\$ 1,072	5.92 %
Total 2600 - Non-Gen'l Fund	\$ 445,126	\$ 8,458	\$ 569,394	\$ 585,226	\$ 15,832	2.78 %

Budget Summary - All Funds

Appropriation Summary	FY2020 Actual	FY2021 Actual	FY2022 Appropriation	FY2023 Recommended	Dollar Increase	Percent Increase
Compensation	\$ 5,897,596	\$ 5,590,709	\$ 6,532,008	\$ 6,829,310	\$ 297,302	4.55 %
Expenses	\$ 5,628,216	\$ 5,558,682	\$ 6,172,651	\$ 6,406,051	\$ 233,400	3.78 %
Benefits	\$ 14,728	\$ —	\$ 18,100	\$ 19,172	\$ 1,072	5.92 %
Total 2600 (All Funds)	\$11,540,540	\$11,149,391	\$ 12,722,759	\$ 13,254,533	\$ 531,774	4.18 %