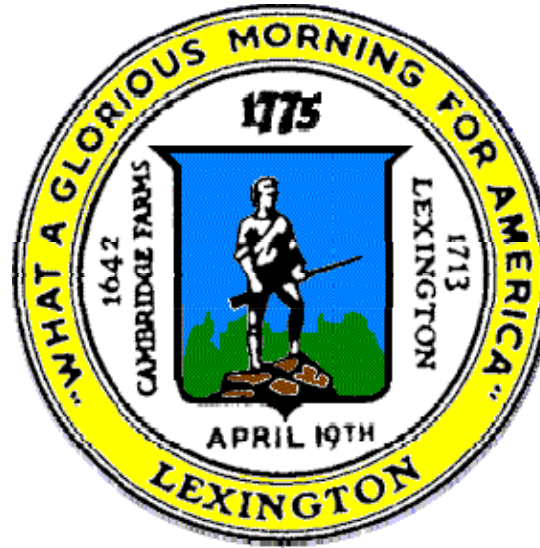


*Town of Lexington*



*FY2018 Preliminary Budget & Financing Plan*

*Financial Summit IV*

*January 12, 2017*

Carl F. Valente, Town Manager  
Rob Addelson, Comptroller  
Carolyn Kosnoff, Assistant Town Manager for Finance  
Jennifer Hewitt, Budget Officer  
And the  
Senior Management Team



*Town of Lexington*  
*FY2018 Preliminary Budget & Financing Plan*

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**Municipal and School  
Departments:  
Operating and Capital  
Budgets**



*Town of Lexington*  
*FY2018 Preliminary Budget & Financing Plan*

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***The Proposed Budgets  
Recommended by the  
Town Manager and  
Superintendent of Schools  
provide for a  
Balanced Town Budget***



# *Town of Lexington*

## *FY2018 Preliminary Budget & Financing Plan*

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### ***Key Budget Recommendations:***

- ***Add \$7.7 million into Capital Projects Stab. Fund***
- ***Appropriate \$595,000 from Capital Stab. Fund for within-levy debt service***
- ***Use \$3,100,000 from Capital Stab. Fund for excluded debt service to provide property tax relief***
- ***Limited Program Improvement Requests***
- ***Hold in Abeyance Some Capital Projects***
- ***Provide Contingency of \$618,000***



# Town of Lexington

## FY2018 Preliminary Budget & Financing Plan

### General Fund Revenues

Increase in Revenues Over Prior Year	\$ Change	% Change
<b>FY2018 Projected</b>	<b>\$10,161,087</b>	<b>5.1%</b>
<b>FY2016 Actual</b>	<b>\$11,425,250</b>	<b>6.2%</b>
<b>FY2015 Actual</b>	<b>\$ 6,365,599</b>	<b>3.6%</b>
<b>FY2014 Actual</b>	<b>\$ 9,671,248</b>	<b>9.3%</b>
<b>FY2013 Actual</b>	<b>\$ 7,273,503</b>	<b>4.8%</b>
<b>FY2012 Actual</b>	<b>\$ 5,547,158</b>	<b>4.6%</b>



# *Town of Lexington*

## *FY2018 Preliminary Budget & Financing Plan*

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### Future New Revenue Sources

- Stormwater Management Fee
- Adjust Cemetery Burial Fee
- Adjust Sale of Compost and Yard Waste Fee
- Recognize Potential Hartwell Solar Revenues



*Town of Lexington*  
*FY2018 Preliminary Budget & Financing Plan*

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**Recommended FY2018  
Operating Budget**



# *Town of Lexington*

## *FY2018 Preliminary Budget & Financing Plan*

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### **Financial/Budget Priorities**

- **Plan for Financing Capital, Both Within the Tax Levy and Excluded Debt**
- **Manage Operating Budget Increases**
- **Continue Funding of Post Employment Benefits Liability**
- **Continue Investments for Pedestrian Safety, per Article 45 Citizen's Article Approved at the 2015 ATM**





# Town of Lexington

## FY2018 Preliminary Budget & Financing Plan

### FY2018 Budget Summary

	FY2017 Appropriated	FY2018 Recommended Budget	\$ Change	% Change
Lexington Public Schools	\$ 97,293,299	\$ 101,850,333	\$ 4,557,034	4.68%
Minuteman Regional High School	\$ 1,377,449	\$ 1,510,239	\$ 132,790	9.64%
Shared Expenses	\$ 51,710,920	\$ 54,040,896	\$ 2,329,976	4.51%
Municipal Departments	\$ 34,602,493	\$ 35,448,750	\$ 846,257	2.45%
Cash Capital-Tax Levy and Available Funds	\$ 5,619,429	\$ 6,247,099	\$ 627,670	11.17%
Other	\$ 8,826,530	\$ 10,966,122	\$ 2,139,592	24.24%
<b>Total - General Fund Only</b>	<b>\$ 199,430,120</b>	<b>\$ 210,063,438</b>	<b>\$ 10,633,318</b>	<b>5.3%</b>

*LPS Recommended Budget for FY2018 includes benefits for new proposed positions which, if approved, become a Shared Expense*



# Town of Lexington

## FY2018 Recommended Budget & Financing Plan

### Shared Expenses

Shared Expenses	FY2017 Appropriation	FY2018 Recommended Budget	\$ Change	% Change
Contributory Retirement	\$ 5,505,537	\$ 5,755,537	\$ 250,000	4.5%
Non-Contributory Retirement	\$ 13,837	\$ 14,620	\$ 783	5.7%
<b>Employee Benefits</b>	<b>\$ 26,240,825</b>	<b>\$ 27,584,577</b>	<b>\$ 1,343,751</b>	<b>5.1%</b>
Unemployment	\$ 200,000	\$ 200,000	\$ -	0.0%
Workers Compensation	\$ 747,665	\$ 800,760	\$ 53,095	7.1%
Property & Liability Insurance	\$ 676,612	\$ 713,893	\$ 37,281	5.5%
Uninsured Losses	\$ 225,000	\$ 250,000	\$ 25,000	11.1%
Debt Service <sup>1</sup>	\$ 7,199,028	\$ 7,418,523	\$ 219,495	3.0%
Reserve Fund	\$ 900,000	\$ 900,000	\$ -	0.0%
<b>Facilities Department</b>	<b>\$ 10,002,416</b>	<b>\$ 10,402,987</b>	<b>\$ 400,571</b>	<b>4.0%</b>
<b>Total</b>	<b>\$ 51,710,920</b>	<b>\$ 54,040,896</b>	<b>\$ 2,329,976</b>	<b>4.5%</b>



# Town of Lexington

## FY2018 Preliminary Budget & Financing Plan

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### Reserve Recommendations

- **Post-Employ. Benefits Fund \$ 1,829,721**
  - Current Balance \$9.035 million
  
- **Capital Stabilization Fund \$ 7,726,101\***
  - Current Balance : \$23.067 million

\* Recommendation is to appropriate \$3,695,000 from CSF



# *Town of Lexington*

## *FY2018 Preliminary Budget & Financing Plan*

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# Capital Budget



# Town of Lexington

## FY2018 Preliminary Budget & Financing Plan

### CAPITAL BUDGET - ALL FUNDS

	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
<b>General Fund Debt</b>	\$ 4,709,830	\$ 7,424,482	\$ 12,999,656	\$ 7,569,025	\$ 4,472,507	\$ 13,518,647
Water Debt/Cash Capital	\$ 965,500	\$ 1,095,500	\$ 1,166,500	\$ 1,015,500	\$ 220,500	\$ 1,095,000
Sewer Debt/Cash Capital	\$ 1,340,500	\$ 1,445,500	\$ 1,840,500	\$ 2,590,500	\$ 220,500	\$ 1,820,000
Recreation Enterprise Capital	\$ 46,000	\$ 261,750	\$ 240,000	\$ 261,500	\$ 65,000	\$ 55,000
Compost Revolving Fund	\$ 325,000	\$ -	\$ -	\$ 190,000	\$ -	\$ 725,000
<b>Cash Capital/Other Available Funds</b>	\$ 3,697,326	\$ 5,515,202	\$ 5,138,114	\$ 4,827,405	\$ 5,619,429	\$ 6,247,099
State Grant Funding/Other <sup>1</sup>	\$ 1,187,638	\$ 924,164	\$ 1,161,925	\$ 961,105	\$ 8,001,280	\$ 1,140,475
<b>Total</b>	\$ 12,271,794	\$ 16,666,598	\$ 22,546,695	\$ 17,415,034	\$ 18,599,216	\$ 24,601,221
CPA-Town Projects Only	\$ 2,020,851	\$ 12,185,500	\$ 9,705,875	\$ 1,639,611	\$ 824,838	\$ 3,029,680
<b>Potential Excluded Debt Projects - Spring ATM</b>						\$ 1,775,250
<b>Potential Excluded Debt Projects - Fall STM</b>						\$ 77,274,750

<sup>1</sup> For FY2017, includes Mass. Ave. intersection project and Chapter 90 funding



# Town of Lexington

## FY2018 Preliminary Budget & Financing Plan

<b>Total Levy Supported Debt Service</b>		
	<b>Amount</b>	<b>Chg. Prior Yr.</b>
<b>FY2011 Actual</b>	<b>\$ 4,669,173</b>	
<b>FY2012 Actual</b>	<b>\$ 5,002,111</b>	<b>7%</b>
<b>FY2013 Actual</b>	<b>\$ 5,269,343</b>	<b>5%</b>
<b>FY2014 Actual</b>	<b>\$ 5,409,996</b>	<b>3%</b>
<b>FY2015 Actual</b>	<b>\$ 5,811,641</b>	<b>7%</b>
<b>FY2016 Actual</b> <sup>1</sup>	<b>\$ 6,119,970</b>	<b>5.3%</b>
<b>FY2017 est.</b> <sup>2</sup>	<b>\$ 6,489,028</b>	<b>6.0%</b>
<b>FY2018 proj.</b> <sup>3</sup>	<b>\$ 6,813,178</b>	<b>5.0%</b>
<i><sup>1</sup> net of \$620,567 in debt service mitigation</i>		
<i><sup>2</sup> net of \$710,000 in debt service mitigation</i>		
<i><sup>3</sup> net of \$595,000 in debt service mitigation and \$8,340 for projects support by non-tax revenue</i>		



# Town of Lexington

## FY2018 Preliminary Budget & Financing Plan

### Total Proposition 2 1/2 Excluded Debt Service

	<b>Gross Excluded Debt Service</b>	<b>General Fund/Debt Service Tax Relief</b>	<b>Net Excl. Debt Service</b>	<b>% Change</b>
<b>FY2012</b>	<b>\$ 5,751,833</b>	<b>\$ -</b>	<b>\$5,751,833</b>	
<b>FY2013</b>	<b>\$ 6,599,081</b>	<b>\$ 400,000</b>	<b>\$6,199,081</b>	<b>7.8%</b>
<b>FY2014</b>	<b>\$ 8,527,654</b>	<b>\$ 1,600,000</b>	<b>\$6,927,654</b>	<b>11.8%</b>
<b>FY2015</b>	<b>\$ 8,373,222</b>	<b>\$ 950,000</b>	<b>\$7,423,222</b>	<b>7.2%</b>
<b>FY2016</b>	<b>\$ 8,539,697</b>	<b>\$ 215,000</b>	<b>\$8,324,697</b>	<b>12.1%</b>
<b>FY2017</b>	<b>\$ 8,330,185</b>	<b>\$ -</b>	<b>\$8,330,185</b>	<b>0.1%</b>
<b>FY2018</b>	<b>\$ 12,303,692</b>	<b>\$ 3,100,000</b>	<b>\$9,203,692</b>	<b>10.5%</b>



*Town of Lexington*  
*FY2018 Preliminary Budget & Financing Plan*

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**Median Residential Tax Bill Impact  
of Excluded Debt**

*With Capital Stabilization Fund Mitigation*

**2.9%**





# *Town of Lexington*

## *FY2018 Preliminary Budget & Financing Plan*

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### **Significant Capital Projects-General Fund**

- **Center Streetscape** **\$2,870,000**
- **Road Improvements/Construction** **\$2,542,927**
- **Sidewalk Improvements** **\$ 800,000**
- **Townwide Roofing** **\$1,784,160**
- **LHS Air Conditioning** **\$ 600,000**
- **LHS Security** **\$ 627,320**
- **School Technology** **\$1,331,900**
- **Westview Cemetery Bldg. Design** **\$ 270,000**



# Town of Lexington

## FY2018 Preliminary Budget & Financing Plan

PROPOSED PROJECTS TO BE HELD IN ABEYANCE						
PROJECT	AMOUNT FINANCED	PROJECTED DEBT SERVICE				
		FY2018	FY2019	FY2020	FY2021	FY2022
Sidewalk Improvement	\$ 800,000	\$ 16,000	\$ 192,000	\$ 185,600	\$ 179,200	\$ 172,800
Bikeway Bridge Renovations	\$ 368,000	\$ 7,360	\$ 88,320	\$ 85,376	\$ 82,432	\$ 79,488
LHS Air Conditioning - Teacher Planning Offices and Library	\$ 600,000	\$ 12,000	\$ 84,000	\$ 81,600	\$ 79,200	\$ 76,800
LHS Security Evaluation and Upgrade <sup>1</sup>	\$ 627,320	\$ 12,546	\$ 87,825	\$ 85,316	\$ 82,806	\$ 80,297
LHS Guidance Space Mining	\$ 230,200	\$ 4,604	\$ 32,228	\$ 31,307	\$ 30,386	\$ 29,466
<b>Total</b>	<b>\$ 2,625,520</b>	<b>\$ 52,510</b>	<b>\$ 484,373</b>	<b>\$ 469,199</b>	<b>\$ 454,025</b>	<b>\$ 438,851</b>

<sup>1</sup> Only that portion of the project related to the upgrade of existing and installation of new cameras would be deferred.



# *Town of Lexington*

## *FY2018 Preliminary Budget & Financing Plan*

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### **Significant Capital Projects-Consider for Excluded Debt (Spring & Fall)**

- |                                      |            |
|--------------------------------------|------------|
| • Fire Station - Design              | \$ 450,000 |
| • Fire Station Swing Space Design    | \$ 50,000  |
| • Hastings School Continuing Design  | \$ 504,900 |
| • Lex. Children's Place Design       | \$ 771,250 |
| <hr/>                                |            |
| • Fire Station Construction          | TBD        |
| • Fire Swing Space Construction      | TBD        |
| • Hastings School Construction       | TBD        |
| • Lex. Children's Place Construction | TBD        |



# *Town of Lexington*

## *FY2018 Preliminary Budget & Financing Plan*

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### **Continuing Policy Issues**

- **Planning for Large Capital Projects**
- **Continued Use of Capital Stabilization Fund**
- **Appropriation to Capital Stabilization Fund**
- **Continued OPEB Funding**
- **Provide Reserve for Contingencies**
- **Consider New Potential Revenue Sources**



## *Town of Lexington*

### *FY2018 Preliminary Budget & Financing Plan*

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## **Budget History-Selectmen's Priorities**

- **2005-2010:** Building Operating Reserves
- **2010-2015:** Invest/Address Deferred Maintenance in Existing Buildings and Roads
- **2014-2016:** Community Center: Purchase and Programming
- **2015-2020:** Planning and Implementation for Significant Capital Projects due to School Enrollment Growth and Public Safety Needs



# *Town of Lexington*

## *FY2018 Preliminary Budget & Financing Plan*

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### **Next Steps**

#### **Staff to:**

- Respond to questions on Operating and Capital Budget
- Develop Capital Projects Financing Model for Selectmen/Summit
- Assist the Board with Policy Issues
- Transmit budget to financial committees/town meeting members-**February 24**

#### **School Committee to:**

- Vote final recommended Operating and Capital projects budget – **Feb. 7**

#### **Selectmen to:**

- Recommend to Town Meeting Operating and Capital Budget and Financing Plan
- Approve Final Recommended Operating and Cap. Budget – **Feb. 13**