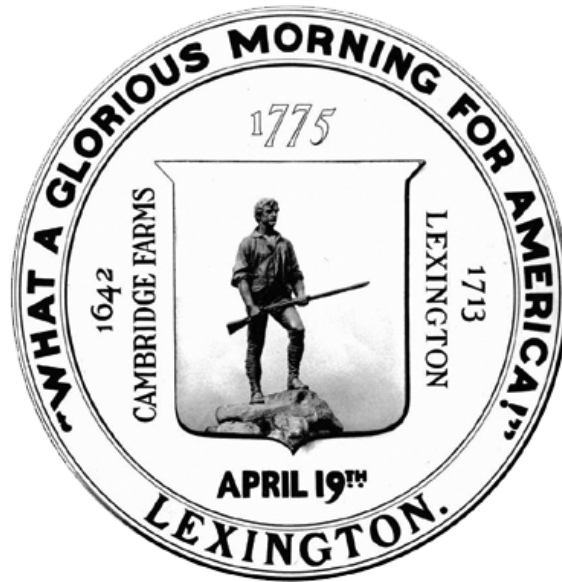


APPROPRIATION COMMITTEE  
TOWN OF LEXINGTON



REPORT TO THE  
2022-3 SPECIAL TOWN MEETING  
ADDENDUM

RELEASED November 1, 2022

APPROPRIATION COMMITTEE MEMBERS

Glenn P. Parker, Chair • Sanjay Padaki, Vice Chair • Alan Levine, Secretary  
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Eric Michelson • Sean Osborne • Lily Manhua Yan



# Addendum

This Addendum updates the Committee's *Report to the 2022-3 Special Town Meeting* dated October 25, 2022. It reflects newly received information regarding increases in the revenue available for appropriation in FY2023 that led to changes in two motions at the 2022-3 Special Town Meeting. This Addendum also corrects a few minor errors and omissions in the original report.

The Committee has not changed its recommendations for any article at the 2022-3 Special Town Meeting.

## Updates to the Introduction

In the *Introduction* of the October 25 report, new growth revenue was misstated as \$6,117,138. At the time of publication, new growth was estimated at \$6,283,137, a difference of \$165,999. Note that the new growth figure is still being finalized. It is considered to be an estimate until approved by the Department of Revenue, which is expected to occur in early December 2022.

The report also misstated the original FY2023 new growth estimate as \$2,807,138. This estimate was actually \$2,750,000. Our report incorrectly attributed the difference of \$57,138 to new growth in the current year, but this was instead the amount of ongoing revenue dedicated to the Capital Stabilization Fund (CSF) resulting from prior years' new growth.

Since publication of the October 25 report, new growth revenue has been revised upward by another \$699,393, to \$6,925,392. This change resulted from the construction of an addition at Takeda Pharmaceuticals, and to a scheduled 5% decrease in Takeda's TIF exemption this year which applies to all property on the Takeda campus. As a result, the appropriation for the CSF under Article 3 has been revised.

In the *Introduction* under the sub-heading *Developments Since Adoption of the FY2023 Budget* (p. 1), the second and third paragraphs should now read as follows.

New growth revenue for the Town is now estimated to be \$6,925,392, which exceeds the estimate in the original FY2023 budget of \$2,750,000 by \$4,175,462. This roughly \$4.2 million in new growth can be broken down into four components. First, about \$1.7 million results from increases in the assessed value of new developments governed by Preliminary Site Development and Use Plans (PSDUPs) that were approved by Town Meeting, in addition to new developments within the commercial zone at Hartwell Avenue. Second, \$1.0 million comes as personal property tax revenue from Takeda Pharmaceuticals ("Takeda"), which has opted to discontinue use of the manufacturing exemption for personal property at its Lexington facilities. Third, \$0.7 million resulted from Takeda's recent addition to a building on its Lexington campus, as well as a scheduled 5% reduction in the TIF exemption that Takeda inherited from Shire Human Genetic Therapies. The remaining \$0.7 million comes from increases in the final assessed valuations of other commercial and residential properties.

In anticipation of the forthcoming Lexington High School construction project, the Town has adopted a policy to direct new growth revenue from PSDUP developments and the Hartwell Avenue commercial zone into the Capital Stabilization Fund (the "CSF"). Pursuant to that policy, the appropriation for the Capital Stabilization Fund (CSF) under Article 3 will include the first component of \$1.7 million that is attributable to those sources. In addition, although the \$0.7 million from the third component described above is not covered by the PSDUP/Hartwell Avenue policy, it will be included in the request for the CSF under Article 3. This \$0.7 million from Takeda will be treated as one-time revenue for the CSF and will not be carried forward into future set-asides for the CSF.

The total requested appropriation would transfer \$2.4 million from the tax levy into the CSF. This would be in addition to the appropriation already made to the CSF at the Annual Town Meeting of \$3.1 million, mostly from free cash, bringing the total FY2023 contribution to \$5.5 million. The opportunity to make such an extraordinary contribution to the CSF during this fiscal year will give a substantial boost to that fund, which has a current balance of approximately \$30 million.

## Updates to Article 3

The summary table in the header for Article 3 (p. 3) should read as follows.

Article 3 Establish, Amend, Dissolve and Appropriate To and From Specified Stabilization Funds		
Funds Requested	Funding Source	Committee Recommendation
<b>\$494.05</b>	<b>DSSF</b>	
<b>\$100,000</b>	<b>Mitigation Payments</b>	
<b>\$250,000</b>	<b>Mitigation Payments</b>	
<b>\$107,554</b>	<b>Mitigation Payments</b>	<b>Approve (8-0)</b>
<b>\$4,479.48</b>	<b>Comm. Impact Fees</b>	
<b>\$2,375,392</b>	<b>Tax Levy</b>	

The last paragraph under Article 3 (p. 4) should read as follows.

Finally, the article requests the appropriation of \$2,375,392 from the tax levy into the Capital Stabilization Fund (CSF). As noted above in the Introduction, the funding is a combination of two components:

- Approximately \$1.7 million of new growth revenue resulting from increases in the assessed value of new developments governed by Preliminary Site Development and Use Plans (PSDUPs) that were approved by Town Meeting, in addition to new developments within the commercial zone at Hartwell Avenue
- Approximately \$0.7 million of new growth revenue from construction on the Takeda campus, combined with new growth recognized as a result of the scheduled 5% reduction in Takeda's TIF exemption.

The Town has adopted a policy to direct current and future revenue from the first component into the CSF in anticipation of the forthcoming construction project of Lexington High School. The second component will be treated as a one-time revenue source for the CSF.

## Updates to Article 4

The October 25 report showed the budget line number for the Reserve Fund as 2500, but it should be 2510 (p. 5).

Line		From	To	Change
2510	Reserve Fund	\$ 750,000	\$ 1,250,000	\$ 500,000

The motion under Article 4 will include a request to increase the spending limit of the DPW Compost Operations Revolving Fund from \$867,000 to \$923,100 to reflect an increase in the estimated revenue and associated expenses of that operation. This item was inadvertently omitted in our original report.

Line		From	To	Change
3420	DPW Compost Operations	\$ 867,000	\$ 923,100	\$ 56,100

The last table under Article 4 (p. 6) for the MWRA Wastewater Assessment contained a typo in the "To" column. The corrected table follows.

Line		From	To	Change
3720	MWRA Wastewater Assessment	\$ 8,499,573	\$ 8,432,792	\$ (66,781)