

Section IV: Program 2000: Shared Expenses

This section includes detailed information about the FY2019 Operating Budget & Financing Plan for shared expenses. It includes:

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2100 Employee Benefits & Insurance *Town of Lexington, Massachusetts*

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 Town 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 Town or School Department employment. The Town self-insures for this expense.
- **Workers' Compensation:** The medical costs incurred by Town 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 three employees are charged to the General Fund health insurance budget.

2100 Employee Benefits & Insurance *Town of Lexington, Massachusetts*

Budget Recommendations:

The FY2019 recommended All Funds Employee Benefits and Insurance budget is \$35,677,855. This is a \$1,053,775 or 3.04% increase from the FY2018 budget. The recommended budget includes the benefits costs (health, dental, life, Medicare and workers' compensation) for five proposed new benefits-eligible municipal positions, including two projected to start in January 2019, the conversion of a sixth from part-time to full-time to become benefits-eligible, and the expansion of hours for a seventh to become benefits-eligible.

Changes Include:

1. A \$250,000, or 4.34% increase in Contributory Retirement based on a funding schedule included in the January 1, 2017 actuarial valuation of the Lexington Retirement System. This schedule would result in full funding of the system's unfunded liability by 2024, given the current actuarial assumptions.
2. A \$450 or 3.08% increase in Non-Contributory Retirement costs for employees receiving pensions awarded prior to the creation of the Contributory Retirement system.
3. A \$40,933 or 0.73% increase in the Town's contribution for the Medicare Tax based on FY2017 actual costs, projected FY2018 and FY2019 salaries and wages, and historical rates of increase in this item.
4. A \$609,405 or 2.44% increase in health insurance costs (General Fund). The FY2019 budget is based on an increase of 5.5% in health insurance premiums across all plans and the projected addition of ninety (90) 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 both new school and new town positions.
5. A \$22,183 or 2.08% increase in dental insurance costs (General Fund) based on an estimated increase in premium rates of 4.0% for FY2019, and the projected addition of new school and town positions.
6. No increase in life insurance costs based on projected enrollments.
7. Level-funding of unemployment insurance based on a projection of the number of claimants for FY2019.
8. A \$75,244 or 9.32% increase in workers' compensation costs based on FY2017 actual experience, the continuation of \$100,000 to finance the medical costs of former public safety employees who retired due to work-related injuries; and stop-loss insurance for all current and prospective municipal and school positions recommended in the FY2019 budget.

2100 Employee Benefits & Insurance *Town of Lexington, Massachusetts*

Budget Summary:

Funding Sources	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Tax Levy	\$ 28,060,512	\$ 29,794,790	\$ 33,890,469	\$ 34,863,443	\$ 972,975	2.87%
Transfers from Enterprise Funds to General Fund (Indirects)	\$ 533,490	\$ 578,620	\$ 660,175	\$ 680,751	\$ 20,576	3.12%
PEG Access Special Revenue Fund	\$ -	\$ -	\$ -	\$ 4,665	\$ 4,665	-
Total 2100 Employee Benefits	\$ 28,594,002	\$ 30,373,410	\$ 34,550,644	\$ 35,548,859	\$ 998,215	2.89%

Appropriation Summary (General Fund)	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Compensation	\$ 80,275	\$ 79,548	\$ 91,696	\$ 85,357	\$ (6,339)	-6.91%
Expenses	\$ 28,513,727	\$ 30,293,862	\$ 34,458,948	\$ 35,463,502	\$ 1,004,554	2.92%
Total 2100 Employee Benefits	\$ 28,594,002	\$ 30,373,410	\$ 34,550,644	\$ 35,548,859	\$ 998,215	2.89%

Level-Service Requests (General Fund)	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Total 2110 Contributory Retirement	\$ 5,185,638	\$ 5,442,774	\$ 5,755,537	\$ 6,005,537	\$ 250,000	4.34%
Total 2120 Non-Contributory Retirement	\$ 13,837	\$ 14,227	\$ 14,620	\$ 15,070	\$ 450	3.08%
<i>Subtotal - Retirement</i>	<i>\$ 5,199,475</i>	<i>\$ 5,457,001</i>	<i>\$ 5,770,157</i>	<i>\$ 6,020,607</i>	<i>\$ 250,450</i>	<i>4.34%</i>
Total 2130 Medicare	\$ 1,496,653	\$ 1,574,286	\$ 1,749,069	\$ 1,790,002	\$ 40,933	2.34%
Total 2130 Health Insurance	\$ 20,361,079	\$ 21,674,253	\$ 24,932,984	\$ 25,542,389	\$ 609,405	2.44%
Total 2130 Dental Insurance	\$ 876,817	\$ 952,287	\$ 1,066,298	\$ 1,088,481	\$ 22,183	2.08%
Total 2130 Life Insurance	\$ 20,210	\$ 19,380	\$ 25,000	\$ 25,000	\$ -	-
<i>Subtotal - Health/Life Benefits</i>	<i>\$ 22,754,760</i>	<i>\$ 24,220,206</i>	<i>\$ 27,773,351</i>	<i>\$ 28,445,872</i>	<i>\$ 672,521</i>	<i>2.42%</i>
Total 2140 Unemployment	\$ 150,569	\$ 70,551	\$ 200,000	\$ 200,000	\$ -	-
Total 2150 Workers Compensation	\$ 489,199	\$ 625,653	\$ 807,136	\$ 882,380	\$ 75,244	9.32%
<i>Subtotal - Other Employee Benefits</i>	<i>\$ 639,768</i>	<i>\$ 696,204</i>	<i>\$ 1,007,136</i>	<i>\$ 1,082,380</i>	<i>\$ 75,244</i>	<i>7.47%</i>
Total 2100 Employee Benefits	\$ 28,594,002	\$ 30,373,410	\$ 34,550,644	\$ 35,548,859	\$ 998,215	2.89%

Object Code Summary (General Fund)	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Salaries & Wages	\$ 80,275	\$ 79,548	\$ 91,696	\$ 85,357	\$ (6,339)	-6.91%
Overtime	\$ -	\$ -	\$ -	\$ -	\$ -	-
<i>Compensation</i>	<i>\$ 80,275</i>	<i>\$ 79,548</i>	<i>\$ 91,696</i>	<i>\$ 85,357</i>	<i>\$ (6,339)</i>	<i>-6.91%</i>
Contractual Services	\$ 28,513,727	\$ 30,293,862	\$ 34,458,948	\$ 35,463,502	\$ 1,004,554	2.92%
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	-
Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	-
Small Capital	\$ -	\$ -	\$ -	\$ -	\$ -	-
<i>Expenses</i>	<i>\$ 28,513,727</i>	<i>\$ 30,293,862</i>	<i>\$ 34,458,948</i>	<i>\$ 35,463,502</i>	<i>\$ 1,004,554</i>	<i>2.92%</i>
Total 2100 Employee Benefits	\$ 28,594,002	\$ 30,373,410	\$ 34,550,644	\$ 35,548,859	\$ 998,215	2.89%

Budget Summary - Revolving Funds*

Funding Sources	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Directed Funding (Revolving Funds)	\$ 66,072	\$ 76,287	\$ 73,436	\$ 128,996	\$ 55,560	75.66%
Total 2100 Employee Benefits	\$ 66,072	\$ 76,287	\$ 73,436	\$ 128,996	\$ 55,560	75.66%

*Revolving Funds are authorized by Town Meeting via Article 8, and are not appropriated under Article 4.

Level-Service Requests (Revolving Funds)	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Total 2130 Health Insurance	\$ 62,577	\$ 72,219	\$ 69,867	\$ 124,513	\$ 54,646	78.21%
Total 2130 Dental Insurance	\$ 3,495	\$ 4,068	\$ 3,569	\$ 4,483	\$ 914	25.62%
Total 2100 Employee Benefits	\$ 66,072	\$ 76,287	\$ 73,436	\$ 128,996	\$ 55,560	75.66%

Budget Summary - All Funds

Approp. Summary	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Compensation	\$ 80,275	\$ 79,548	\$ 91,696	\$ 85,357	\$ (6,339)	-6.91%
Expenses	\$ 28,579,799	\$ 30,370,149	\$ 34,532,384	\$ 35,592,498	\$ 1,060,114	3.07%
Total 2100 Employee Benefits	\$ 28,660,074	\$ 30,449,697	\$ 34,624,080	\$ 35,677,855	\$ 1,053,775	3.04%

2100 Employee Benefits & Insurance *Town of Lexington, Massachusetts*

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.

While the Town will continue to remain a member of the GIC for FY2019 and FY2020, the Town and the Public Employees Committee (PEC) are in the process of negotiating a successor agreement regarding contributions for health insurance.

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

2100 Employee Benefits & Insurance *Town of Lexington, Massachusetts*

Table 1: Health Insurance Enrollments ⁽¹⁾

				FY2018 Budget	FY2019 Budget
Actual Subscribers				Based on Actual Subscribers, plus Additional Projected Lives shown below	
Subscribers	Nov. 2013 (FY2014)	Nov. 2014 (FY2015)	Nov. 2015 (FY2016)	Nov. 2016 (FY2017)	Nov. 2017 (FY2018)
<u>Town</u>					
Individual	74	81	85	83	81
Family	191	187	176	178	176
subtotal	265	268	261	261	257
<u>School</u>					
Individual	333	337	358	333	336
Family	506	498	478	494	502
subtotal	839	835	836	827	838
<u>Retirees</u>	1,152	1,189	1,222	1,243	1,269
subtotal	2,256	2,292	2,319	2,331	2,364
Additional projected lives for budget purposes					
Position Vacancies					
Individual				13	10
Family				20	17
subtotal				33	27
Estimated Open Enrollment / Qualifying Events ⁽²⁾					
Individual				10	10
Family				30	30
Retirees				50	50
subtotal				90	90
Total	2,256	2,292	2,319	2,454	2,481
New Positions					
School ⁽³⁾				12	26
Municipal ⁽³⁾				2	6
Facilities Dept.				3	0
subtotal				17	33
Estimated Reduction in Subscribers					
School					
Retirees				(34)	(34)
Total	2,256	2,292	2,319	2,437	2,480
(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.					
(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.					
(3) Based on the budgets as recommended by the School Committee and Board of Selectmen 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.					

2100 Employee Benefits & Insurance *Town of Lexington, Massachusetts*

Table 2: Health Insurance Budget: FY2014 - FY2019

	FY2014 Actual	FY2015 Actual	FY2016 Actual	FY2017 Actual	Budgeted FY2018	Projected FY2019	Percent Increase FY2018 to FY2019
Town ⁽¹⁾	\$ 3,577,673	\$ 3,540,828	\$ 3,601,543	\$ 3,825,356	\$ 4,262,211	\$ 4,385,264	2.89%
School	\$ 9,957,423	\$ 9,932,387	\$10,246,365	\$10,914,892	\$12,870,879	\$13,560,501	5.36%
Retirees	\$ 5,364,397	\$ 5,207,456	\$ 6,420,186	\$ 6,836,915	\$ 7,406,910	\$ 7,499,533	1.25%
Total	\$18,899,493	\$18,680,671	\$20,268,095	\$21,577,163	\$24,540,000	\$25,445,299	3.69%
Mitigation Fund ⁽²⁾	---	---	---	---	\$ 300,000	---	---
Early Retiree Reinsurance Program ⁽³⁾	\$ (336,492)						
Medicare Part B Penalty ⁽⁴⁾	\$ 93,683	\$ 89,886	\$ 92,984	\$ 97,090	\$ 92,984	\$ 97,090	4.42%
Net Budget Amount	\$18,656,684	\$18,770,557	\$20,361,079	\$21,674,253	\$24,932,984	\$25,542,389	2.44%

(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. Negotiations with PEC are currently underway for FY2019.

(3) The Early Retiree Reinsurance Program was a federal grant to employers who provided health insurance to retirees under 65 years old.

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

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2200 Property & Liability Insurance *Town of Lexington, Massachusetts*

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

Budget Overview: Previously captured within the Employee Benefits budget, 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 Assistant Town Manager's salary is charged to this line-item in recognition of the ongoing support provided.

Budget Recommendations:

The FY2019 overall recommendation for Property and Liability Insurance is \$1,019,839, which represents an increase of \$30,946 or 3.13% over the FY2018 appropriation.

1. A \$30,946 or 4.19% net increase in the costs of property and liability insurance based on an estimated increase in premiums of 5%.
2. No funding increase in the budget for uninsured losses. The balance in this continuing balance account as of January 3, 2018, is \$1,032,225.

2200 Property & Liability Insurance *Town of Lexington, Massachusetts*

Budget Summary:

Funding Sources	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Tax Levy	\$ 721,123	\$ 701,360	\$ 957,175	\$ 988,512	\$ 31,337	3.27%
Transfers from Enterprise Funds to General Fund (Indirects)	\$ 38,762	\$ 30,589	\$ 31,718	\$ 31,327	\$ (391)	-1.23%
Total 2200 Property & Liability Ins.	\$ 759,885	\$ 731,949	\$ 988,893	\$ 1,019,839	\$ 30,946	3.13%

Appropriation Summary	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Compensation	\$ 33,683	\$ 40,817	\$ 29,696	\$ 30,889	\$ 1,192	4.01%
Expenses	\$ 726,202	\$ 691,132	\$ 959,197	\$ 988,951	\$ 29,754	3.10%
Total 2200 Property & Liability Ins.	\$ 759,885	\$ 731,949	\$ 988,893	\$ 1,019,839	\$ 30,946	3.13%

Level-Service Requests	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Total 2210 Property & Liability Insurance	\$ 646,401	\$ 715,828	\$ 738,893	\$ 769,839	\$ 30,946	4.19%
Total 2220 Uninsured Losses	\$ 113,484	\$ 16,121	\$ 250,000	\$ 250,000	\$ -	0.00%
Total 2200 Property & Liability Ins.	\$ 759,885	\$ 731,949	\$ 988,893	\$ 1,019,839	\$ 30,946	3.13%

Object Code Summary	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Salaries & Wages	\$ 33,683	\$ 40,817	\$ 29,696	\$ 30,889	\$ 1,192	4.01%
Overtime	\$ -	\$ -	\$ -	\$ -	\$ -	-
<i>Compensation</i>	\$ 33,683	\$ 40,817	\$ 29,696	\$ 30,889	\$ 1,192	4.01%
Contractual Services	\$ 726,202	\$ 691,132	\$ 959,197	\$ 988,951	\$ 29,754	3.10%
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	-
Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	-
Small Capital	\$ -	\$ -	\$ -	\$ -	\$ -	-
<i>Expenses</i>	\$ 726,202	\$ 691,132	\$ 959,197	\$ 988,951	\$ 29,754	3.10%
Total 2200 Property & Liability Ins.	\$ 759,885	\$ 731,949	\$ 988,893	\$ 1,019,839	\$ 30,946	3.13%

2300 Solar Producer Payments

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 to the Town's electric bills. For the rooftop solar panels on Town and School buildings, that energy is credited again the monthly bill, thereby reducing utility costs at the Public Facilities Department. As a means of separately tracking the new arrangement, this budget division has been created to reflect:

- 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 FY2019 overall recommendation for Solar Producer Payments is \$410,000, which represents no increase over the FY2018 appropriation, as approved by the Fall Special Town Meeting.

2300 Solar Producer Payments

Town of Lexington, Massachusetts

Budget Summary:

Funding Sources	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Tax Levy	\$ -	\$ -	\$ (190,000)	\$ (190,000)	\$ -	-
Net-Metering Credits	\$ -	\$ -	\$ 600,000	\$ 600,000	\$ -	-
Total 2300 Solar Producer Payments	\$ -	\$ -	\$ 410,000	\$ 410,000	\$ -	-

Appropriation Summary	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	-
Expenses	\$ -	\$ -	\$ 410,000	\$ 410,000	\$ -	-
Total 2300 Solar Producer Payments	\$ -	\$ -	\$ 410,000	\$ 410,000	\$ -	-

Level-Service Requests	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Total 2300 Solar Producer Payments	\$ -	\$ -	\$ 410,000	\$ 410,000	\$ -	-
Total 2300 Solar Producer Payments	\$ -	\$ -	\$ 410,000	\$ 410,000	\$ -	-

Object Code Summary	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -	-
Overtime	\$ -	\$ -	\$ -	\$ -	\$ -	-
<i>Compensation</i>	\$ -	\$ -	\$ -	\$ -	\$ -	-
Contractual Services	\$ -	\$ -	\$ -	\$ -	\$ -	-
Utilities	\$ -	\$ -	\$ 410,000	\$ 410,000	\$ -	-
Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	-
Small Capital	\$ -	\$ -	\$ -	\$ -	\$ -	-
<i>Expenses</i>	\$ -	\$ -	\$ 410,000	\$ 410,000	\$ -	-
Total 2300 Solar Producer Payments	\$ -	\$ -	\$ 410,000	\$ 410,000	\$ -	-

Summary of Townwide Solar Credits and Expenses

	FY2017 Actual	FY2018 Estimate	FY2019 Projection
Rooftop Solar Bill Credits	\$ 279,665	\$ 291,500	\$ 291,500
Rooftop PILOT*	\$ 30,000	\$ 30,000	\$ 30,000
Rooftop Solar Payments	\$ (162,343)	\$ (165,000)	\$ (165,000)
<i>Net Revenue subtotal</i>	\$ 147,322	\$ 156,500	\$ 156,500
Hartwell Net Metering Credits		\$ 600,000	\$ 600,000
Hartwell PILOT*		\$ 55,400	\$ 55,400
Hartwell Solar payments		\$ (410,000)	\$ (410,000)
<i>Net Revenue subtotal</i>	\$ -	\$ 245,400	\$ 245,400
Overall Net Revenue	\$ 147,322	\$ 401,900	\$ 401,900

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

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2400 Debt Service

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 2018 Annual Town Meeting. Also included in these figures are debt issuance costs and interest on abatements.

Debt service on projects funded from the Compost Revolving Fund is shown in the DPW Budget element 3420; debt service for water and sewer enterprise projects is shown in the DPW Budget under elements 3610 and 3710.

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

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:

Combined gross FY2019 debt service – inclusive of Within-Levy and Exempt debt service – is increasing by \$4,832,074, or 23.86%.

Within-Levy debt service is increasing by \$1,339,318, or 14.01%. The original FY2018 appropriation as adopted at the 2017 Annual Town Meeting was \$7,205,628. A supplemental appropriation of \$2,351,487 was approved at 2017 Special Town Meeting #3 to begin to pay off the \$12.4 million in land purchases for 20 Pelham Rd. and 173 Bedford St., bringing the total appropriation to \$9,557,115.

The FY2019 within-levy debt service (before any use of the Capital Stabilization Fund) is recommended at \$10,896,433, which is inclusive of:

- \$3,050,000 allocated to retire a portion of the bond anticipation notes issued for the land purchases of Pelham Road and Bedford Street.
- Debt service for the design costs for the Westview Cemetery Building, which is intended to be funded by higher cemetery fees approved in 2017, which are deposited into the Cemetery Sale of Lots Fund, and from which an amount sufficient to fund the FY2019 debt service is displayed as a funding (i.e. revenue) source;

2400 Debt Service

- Debt service to reconstruct Harbell St., which will be repaid by the abutters through a street acceptance betterment; and
- Debt service (interest payment only) for the Police Station design, which is a potential candidate for a future debt exclusion vote.

The debt service for the Town's base capital program is \$7,786,945, an increase of \$592,437 or 8.23% from FY2018. The Town's target increase for within-levy debt service is 5% per year; therefore \$573,500 is recommended to be transferred from the Capital Stabilization fund to mitigate the FY2019 debt service. After mitigation, the budget increases by \$343,437, or 5.0%.

FY2018 gross exempt debt service is \$10,692,689, which was mitigated via a \$2,400,000 transfer from the Capital Stabilization Fund. FY2019 gross exempt debt service is \$14,185,445. If no mitigation is applied, this yields an increase of \$3,492,756, or 32.66% compared to FY2018. The increase in debt service is driven primarily by the debt service for excluded projects approved by the voters in May 2016, including the Clarke and Diamond renovations and the installation of 6 elementary modular classrooms, as well as projected debt service for excluded projects approved 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 \$4.5 million of Capital Stabilization Funds be appropriated to offset exempt debt service. This is consistent with the plan updated and presented to the Selectmen in November 2017 and updated based on actual debt service from the February 2018 bond and note issue.

The FY2019 proposed capital projects are described in greater detail in Section XI: Capital Investment in this Recommended Budget and Financing Plan.

2400 Debt Service

Budget Summary:

Funding Sources (All Funds)	FY2016 Actual	FY2017 Actual	FY2018 Estimated	FY2019 Projected	Dollar Increase	Percent Increase
Tax Levy	\$ 14,659,667	\$ 14,657,886	\$ 17,514,184	\$ 19,948,890	\$ 2,434,706	13.90%
Fund Transfers				\$ -	\$ -	
Capital Stabilization Fund - Within Levy Debt	\$ 620,567	\$ 710,000	\$ 324,500	\$ 573,500	\$ 249,000	76.73%
Capital Stabilization Fund - Exempt Debt	\$ -	\$ -	\$ 2,400,000	\$ 4,500,000	\$ 2,100,000	87.50%
Cemetery Sale of Lots Fund	\$ -	\$ -	\$ 7,200	\$ 55,090	\$ 47,890	665.14%
Betterments Fund	\$ -	\$ -	\$ 3,920	\$ 4,398	\$ 478	12.19%
Total 2400 Debt Service	\$ 15,280,234	\$ 15,367,886	\$ 20,249,804	\$ 25,081,878	\$ 4,832,074	23.86%

Appropriation Summary (All Funds)	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	-
Expenses	\$ 15,280,234	\$ 15,367,886	\$ 20,249,804	\$ 25,081,878	\$ 4,832,074	23.86%
Total 2400 Debt Service	\$ 15,280,234	\$ 15,367,886	\$ 20,249,804	\$ 25,081,878	\$ 4,832,074	23.86%

Gross Within Levy Debt Service	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Total 2410 Within-Levy Principal ¹	\$ 5,169,842	\$ 5,904,330	\$ 7,992,247	\$ 9,087,364	\$ 1,095,117	13.70%
Total 2420 Within Levy Interest	\$ 921,553	\$ 1,039,068	\$ 1,172,415	\$ 1,363,369	\$ 190,954	16.29%
Total 2430 Temporary Borrowing	\$ 649,142	\$ 94,304	\$ 392,453	\$ 445,699	\$ 53,247	13.57%
Total 2400 Gross Within-Levy Debt Service	\$ 6,740,537	\$ 7,037,701	\$ 9,557,115	\$ 10,896,433	\$ 1,339,318	14.01%

Net Within Levy Debt Service	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Total 2410 Within-Levy Principal ¹	\$ 5,169,842	\$ 5,904,330	\$ 7,992,247	\$ 9,087,364	\$ 1,095,117	13.70%
Total 2420 Within Levy Interest	\$ 921,553	\$ 1,039,068	\$ 1,172,415	\$ 1,363,369	\$ 190,954	16.29%
Total 2430 Temporary Borrowing	\$ 649,142	\$ 94,304	\$ 392,453	\$ 445,699	\$ 53,247	13.57%
Funding Set-aside to Retire Note for Land Purchases			\$ (2,351,487)	\$ (3,050,000)	\$ (698,513)	29.71%
Funding from Cemetery Sale of Lots/Betterments			\$ (11,120)	\$ (59,488)	\$ (48,368)	434.96%
Total 2400 Net Within-Levy Debt Service	\$ 6,740,537	\$ 7,037,701	\$ 7,194,508	\$ 7,786,945	\$ 592,437	8.23%
Use of Capital Stabilization Fund to hold debt service increases (net of projects funded with new revenue and the retirement of notes for land purchases) to 5% annually	\$ (620,567)	\$ (710,000)	\$ (324,500)	\$ (573,500)	\$ (249,000)	76.73%
Total 2400 Mitigated Within-Levy Debt Service	\$ 6,119,970	\$ 6,327,701	\$ 6,870,008	\$ 7,213,445	\$ 343,437	5.00%

Exempt Debt Service	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Total 2400 Exempt Debt Service	\$ 8,539,697	\$ 8,330,185	\$ 10,692,689	\$ 14,185,445	\$ 3,492,756	32.66%
Use of Capital Stabilization Fund to mitigate impact of excluded debt service on property tax bills	\$ -	\$ -	\$ (2,400,000)	\$ (4,500,000)	\$ (2,100,000)	87.50%
Net 2400 Exempt Debt Service	\$ 8,539,697	\$ 8,330,185	\$ 8,292,689	\$ 9,685,445	\$ 1,392,756	16.79%

Total 2400 Gross Debt Service - All Funds	\$ 15,280,234	\$ 15,367,886	\$ 20,249,804	\$ 25,081,878	\$ 4,832,074	23.86%
Total 2400 Net Debt Service - All Funds	\$ 14,659,667	\$ 14,657,886	\$ 15,162,697	\$ 16,898,890	\$ 1,736,193	11.45%

Object Code Summary (All Funds)	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -	-
Overtime	\$ -	\$ -	\$ -	\$ -	\$ -	-
Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	-
Contractual Services	\$ 15,280,234	\$ 15,367,886	\$ 20,249,804	\$ 25,081,878	\$ 9,713,991	63.21%
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	-
Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	-
Small Capital	\$ -	\$ -	\$ -	\$ -	\$ -	-
Expenses	\$ 15,280,234	\$ 15,367,886	\$ 20,249,804	\$ 25,081,878	\$ 9,713,991	66.06%
Total 2400 Debt Service	\$ 15,280,234	\$ 15,367,886	\$ 20,249,804	\$ 25,081,878	\$ 4,832,074	23.86%

¹ FY2018 and FY2019 include an additional \$2,531,487 and \$3,050,000, respectively, to retire notes for 173 Bedford St. and 20 Pelham Rd. land purchases.

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 FY2019 recommendation for the Reserve Fund is \$900,000, which represents no increase over the FY2018 appropriation.

Notes: The FY2016 and FY2017 budgets for the Reserve Fund were \$900,000 in each year.

In FY2016, a total of \$176,800 was transferred for supplemental funding for –

- the Cary Memorial Building Project for the remediation of unforeseen hazardous materials (\$150,000), and
- supplemental funding for park improvements – hard court resurfacing (\$26,800).

In FY2017, a total of \$198,115 was transferred for –

- due diligence prior to the purchase of Pelham Road (\$17,115),
- removal of an oil tank and materials clean-up at Pelham Road (\$75,000),
- payments to the solar vendor for two months of operation at Hartwell Avenue, as the result of a change in the way solar credits were received (\$50,000), and
- payroll at the Department of Public Facilities due to a budget development formula error (\$56,000).

For historical details regarding the amounts transferred and to which departments, please see the table in Appendix C, "Summary of Reserve Fund Transfers".

2500 Reserve Fund

Budget Summary:

Funding Sources	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Tax Levy	\$ -	\$ -	\$ 900,000	\$ 900,000	\$ -	-
Enterprise Funds (Indirects)	\$ -	\$ -	\$ -	\$ -	\$ -	-
Directed Funding (Revolving Funds)	\$ -	\$ -	\$ -	\$ -	\$ -	-
Total 2500 Reserve Fund	\$ -	\$ -	\$ 900,000	\$ 900,000	\$ -	-

Appropriation Summary	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Compensation	\$ -	\$ -	\$ -	\$ -	\$ -	-
Expenses	\$ -	\$ -	\$ 900,000	\$ 900,000	\$ -	-
Total 2500 Reserve Fund	\$ -	\$ -	\$ 900,000	\$ 900,000	\$ -	-

Level-Service Requests	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Total 2500 Reserve Fund	\$ -	\$ -	\$ 900,000	\$ 900,000	\$ -	-
Total 2500 Reserve Fund	\$ -	\$ -	\$ 900,000	\$ 900,000	\$ -	-

Object Code Summary	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -	-
Overtime	\$ -	\$ -	\$ -	\$ -	\$ -	-
<i>Compensation</i>	\$ -	\$ -	\$ -	\$ -	\$ -	-
Contractual Services	\$ -	\$ -	\$ 900,000	\$ 900,000	\$ -	-
Utilities	\$ -	\$ -	\$ -	\$ -	\$ -	-
Supplies	\$ -	\$ -	\$ -	\$ -	\$ -	-
Small Capital	\$ -	\$ -	\$ -	\$ -	\$ -	-
<i>Expenses</i>	\$ -	\$ -	\$ 900,000	\$ 900,000	\$ -	-
Total 2500 Reserve Fund	\$ -	\$ -	\$ 900,000	\$ 900,000	\$ -	-

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2600 Public Facilities

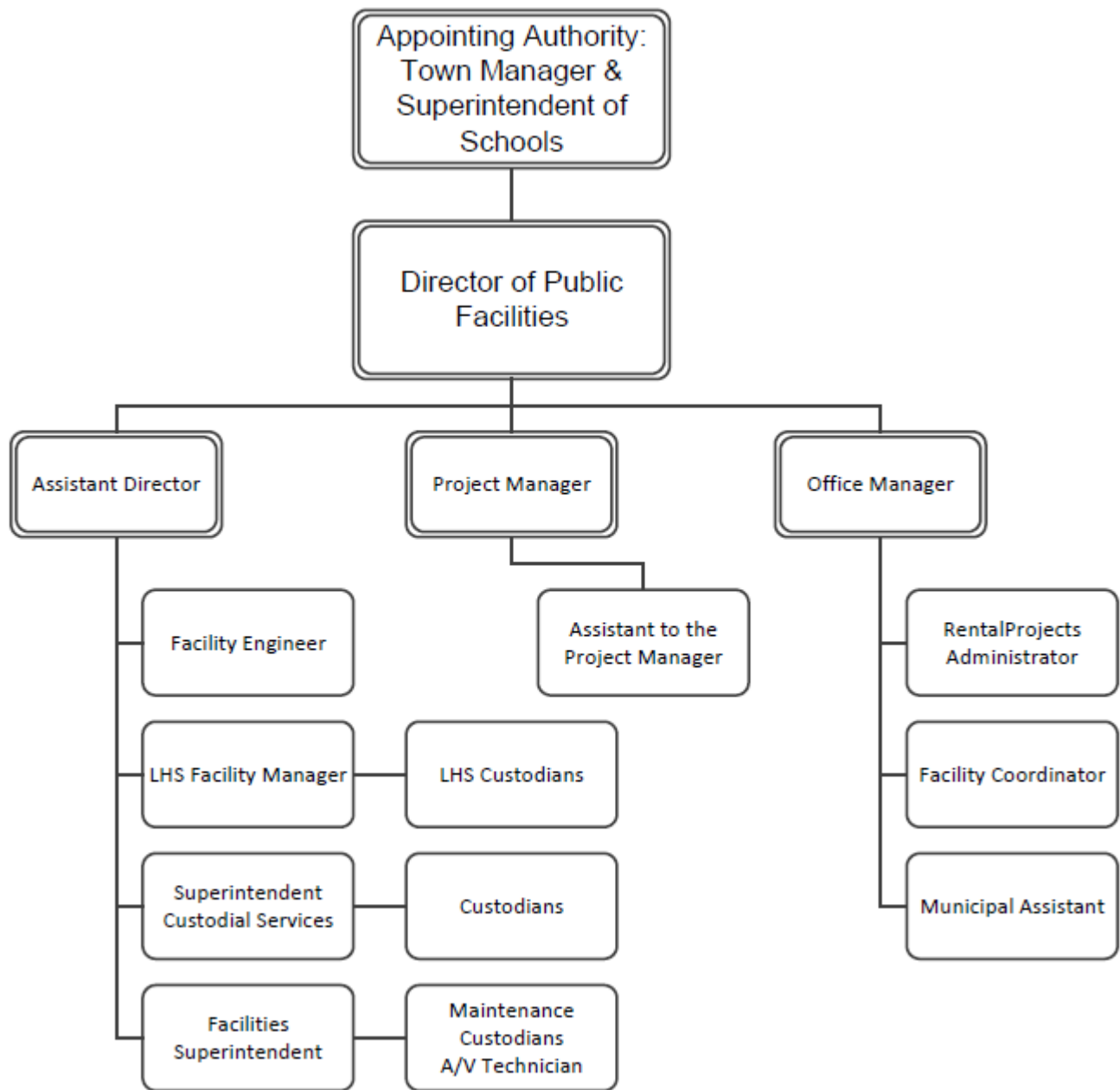
Mission: The mission of the Department of Public Facilities is to manage the efficient operation and maintenance of Town buildings, preserve the facility and equipment assets of the Town, and plan and implement capital improvements. This mission is accomplished by establishing appropriate services in 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 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. Implement other priority projects.

2600 Public Facilities



2600 Public Facilities

Authorized/Appropriated Staffing

	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Request
School Facilities 2610				
Maintenance Staff	11	11	11	11
Custodian ¹	48	49	52	52
Subtotal FTE	59	60	63	63
Municipal Facilities 2620				
Custodian	10	10	10	10
Subtotal FTE	10	10	10	10
Shared Facilities 2630				
Administrative Asst - Facility Coordinator	1	1	1	1
Administrative Asst - Clerical/Rental Administrator	1	1	1	1
Office Manager	1	1	1	1
Municipal Assistant - Part time	0.5	0.5	0.5	0.5
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
Subtotal FTE²	11.5	11.5	11.5	11.5
Total FTE	80.5	81.5	84.5	84.5

Notes:

¹ FY2017 includes 1 additional staff at LHS resulting from two prefab buildings. FY2018 includes 3 additional staff for the Lexington Children's Place at the Central Administration Building, and Diamond and Clarke Middle School additions and renovations.

² FTE count does not include full-time Assistant Project Manager charged to construction projects.

2600 Public Facilities

Budget Recommendations:

The FY2019 recommended All Funds Department of Public Facilities budget inclusive of the General Fund operating budget and the Building Rental Revolving Fund is \$11,264,567. The recommended budget is a \$126,296, or 1.13% increase from the FY2018 budget.

The Department of Public Facilities FY2019 recommended General Fund operating budget – inclusive of the Education Facilities, Municipal Facilities and Shared Facilities divisions – is \$10,733,728, which is a \$140,742, or 1.33% increase from the FY2018 General Fund budget.

The General Fund operating budget for Compensation is \$5,473,728, and reflects a \$121,191 or 2.26% increase, which provides sufficient funding for anticipated individual, SEIU and AFSCME contract increases that currently extend through June 30, 2018. It also reflects the shift of funding from a separate PEG Access Revolving Fund to an appropriated special revenue fund, as approved at the 2017 Annual Town Meeting, to fund staff that provide technical support to governmental programming.

The General Fund operating budget for Expenses is \$5,260,442 and reflects a \$19,551, or 0.37% increase, primarily as a result of funding a Program Improvement Request for \$25,000 to contract with an Owner’s Agent to identify opportunities to incorporate solar on additional buildings. Overall Utility costs are decreasing by \$94,234 or 3.0%, which includes a reduction of \$67,205 or 8.69% in natural gas, and a decrease of \$38,729 or 1.76% in electricity. Both rates are based on assumptions of possible utility supply contracts. Electric costs reflect an offset of \$126,550 from rooftop solar production.

The FY2019 Facilities Department recommended Building Rental Revolving Fund budget is \$530,839, an increase of \$7,762 or 1.48%, which is primarily attributable to prospective increases in wages for staff overtime 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	
Owner's Agent Solar Design and Contracting	\$ 25,000	\$ -	\$ 25,000	\$ 25,000	\$ -	\$ 25,000	\$ -

2600 Public Facilities

Town of Lexington, Massachusetts

Budget Summary:

Funding Sources	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Projected	Dollar Increase	Percent Increase
Tax Levy	\$ 9,820,000	\$ 10,119,930	\$ 10,592,986	\$ 10,716,027	\$ 123,042	1.16%
PEG Special Revenue Fund	\$ -	\$ -	\$ -	\$ 17,701	\$ 17,701	-
Total 2600 (General Fund)	\$ 9,820,000	\$ 10,119,930	\$ 10,592,986	\$ 10,733,728	\$ 140,742	1.33%

Appropriation Summary	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Compensation	\$ 4,766,617	\$ 5,165,574	\$ 5,352,095	\$ 5,473,286	\$ 121,191	2.26%
Expenses	\$ 5,053,382	\$ 4,954,356	\$ 5,240,891	\$ 5,260,442	\$ 19,551	0.37%
Total 2600 (General Fund)	\$ 9,820,000	\$ 10,119,930	\$ 10,592,986	\$ 10,733,728	\$ 140,742	1.33%

Program Summary	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
2610 - Education Facilities	\$ 6,871,048	\$ 7,124,734	\$ 7,506,208	\$ 7,554,081	\$ 47,874	0.64%
2620 - Municipal Facilities	\$ 1,814,958	\$ 1,910,702	\$ 1,961,081	\$ 2,018,415	\$ 57,334	2.92%
2630 - Shared Facilities	\$ 1,133,993	\$ 1,084,494	\$ 1,125,697	\$ 1,161,232	\$ 35,535	3.16%
Total 2600 (General Fund)	\$ 9,820,000	\$ 10,119,930	\$ 10,592,986	\$ 10,733,728	\$ 140,742	1.33%

Object Code Summary	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Salaries & Wages	\$ 4,438,409	\$ 4,813,165	\$ 5,077,866	\$ 5,188,547	\$ 110,681	2.18%
Overtime	\$ 328,208	\$ 352,410	\$ 274,229	\$ 284,739	\$ 10,510	3.83%
Personal Services	\$ 4,766,617	\$ 5,165,574	\$ 5,352,095	\$ 5,473,286	\$ 121,191	2.26%
Contractual Services	\$ 1,327,079	\$ 1,256,280	\$ 1,246,060	\$ 1,336,500	\$ 90,440	7.26%
Utilities	\$ 2,781,094	\$ 2,834,801	\$ 3,137,176	\$ 3,042,942	\$ (94,234)	-3.00%
Supplies	\$ 734,639	\$ 733,974	\$ 721,155	\$ 743,000	\$ 21,845	3.03%
Small Capital	\$ 210,570	\$ 129,301	\$ 136,500	\$ 138,000	\$ 1,500	1.10%
Expenses	\$ 5,053,382	\$ 4,954,356	\$ 5,240,891	\$ 5,260,442	\$ 19,551	0.37%
Total 2600 (General Fund)	\$ 9,820,000	\$ 10,119,930	\$ 10,592,986	\$ 10,733,728	\$ 140,742	1.33%

Budget Summary - Non-General Funds

Funding Sources	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Building Rental Revolving Fund	\$ 479,541	\$ 550,334	\$ 550,000	\$ 550,000	\$ -	-
PEG Revolving Fund*	\$ 20,502	\$ 20,396	\$ 22,208	\$ -	\$ (22,208)	-100%
Total 2600 (Non-General Funds)	\$ 500,043	\$ 570,730	\$ 572,208	\$ 550,000	\$ (22,208)	-3.88%

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

Appropriations Summary	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Building Rental Revolving Fund	\$ 472,443	\$ 456,073	\$ 523,077	\$ 530,839	\$ 7,762	1.48%
Personal Services	\$ 263,713	\$ 250,844	\$ 306,746	\$ 316,374	\$ 9,628	3.14%
Expenses	\$ 194,391	\$ 191,439	\$ 198,000	\$ 198,000	\$ -	-
Benefits	\$ 14,339	\$ 13,790	\$ 18,331	\$ 16,466	\$ (1,865)	-10.18%
PEG Revolving Fund	\$ 20,502	\$ 20,396	\$ 22,208	\$ -	\$ (22,208)	-100%
Personal Services	\$ 15,594	\$ 16,146	\$ 16,347	\$ -	\$ (16,347)	-100%
Benefits	\$ 4,908	\$ 4,250	\$ 5,861	\$ -	\$ (5,861)	-100%
Total 2600 (Non-General Funds)	\$ 492,945	\$ 476,469	\$ 545,285	\$ 530,839	\$ (14,446)	-2.65%

Budget Summary - All Funds

Appropriation Summary	FY2016 Actual	FY2017 Actual	FY2018 Appropriation	FY2019 Recommended	Dollar Increase	Percent Increase
Compensation	\$ 5,045,924	\$ 5,432,564	\$ 5,675,187	\$ 5,789,659	\$ 114,472	2.02%
Expenses	\$ 5,247,773	\$ 5,145,795	\$ 5,438,891	\$ 5,458,442	\$ 19,551	0.36%
Benefits	\$ 19,248	\$ 18,040	\$ 24,192	\$ 16,466	\$ (7,727)	-31.94%
Total 2600 (All Funds)	\$ 10,312,945	\$ 10,596,399	\$ 11,138,271	\$ 11,264,567	\$ 126,296	1.13%