

Town of Lexington



FY2021 Preliminary Budget & Financing Plan Fiscal Summit III

January 16, 2020

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Carolyn Kosnoff, Assistant Town Manager for Finance
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Town of Lexington

FY2021 Summit III - Preliminary Budget

The FY2021 budgets proposed by the Town Manager and Superintendent of Schools provide for a Balanced Town Budget.

Revenue Summary	FY2020 Recap	FY2021 Projected	\$ Change	% Change
Tax Levy	\$ 184,821,513	\$ 192,311,761	\$ 7,490,249	4.1%
State Aid	\$ 16,283,199	\$ 16,496,214	\$ 213,015	1.3%
Local Receipts	\$ 14,082,119	\$ 14,280,713	\$ 198,594	1.4%
Available Funds	\$ 14,314,142	\$ 14,952,603	\$ 638,461	4.5%
Other Available Funds: Use of Capital Stabilization Fund	\$ —	\$ 105,000	\$ 105,000	—%
Revenue Offsets	\$ (1,860,652)	\$ (2,144,275)	\$ (283,623)	15.2%
Enterprise Funds (Indirect)	\$ 1,696,348	\$ 1,749,435	\$ 53,087	3.1%
Total General Fund	\$ 229,336,669	\$ 237,751,451	\$ 8,414,783	3.7%

Expenditure Summary	FY2020 Appropriated	FY2021 Recommended Budget	\$ Change	% Change
Lexington Public Schools*	\$ 113,553,757	\$ 118,407,395	\$ 4,853,638	4.3%
Minuteman High School	\$ 2,470,131	\$ 2,992,356	\$ 522,225	21.1%
Shared Expenses	\$ 60,541,457	\$ 62,844,940	\$ 2,303,483	3.8%
Municipal Departments	\$ 40,276,016	\$ 41,588,240	\$ 1,312,224	3.3%
Cash Capital-Tax Levy and Available Funds	\$ 8,137,274	\$ 7,742,984	\$ (394,290)	(4.8)%
Other	\$ 4,358,036	\$ 4,175,536	\$ (182,500)	(4.2)%
Total - General Fund Only	\$ 229,336,671	\$ 237,751,451	\$ 8,414,780	3.7%

*LPS Recommended Budget for FY2021 includes benefits for new proposed positions which, if approved, become a Shared Expense.



Town of Lexington

FY2021 Summit III - Preliminary Budget

Summary of Changes from Summit II to II-A

Original	Revised	Variance	School	Town	Description
\$238,232,111	\$237,432,111	\$ (800,000)	\$ (589,759)	\$ (210,241)	Reduced Free Cash Estimate
		\$ (800,000)	\$ (589,759)	\$ (210,241)	Total Revenue Impact
\$ 2,717,144	\$ 2,992,356	\$ 275,212	\$ (202,886)	\$ (72,326)	Updated Minuteman assessment, per preliminary figures (21%)
\$ 900,000	\$ 750,000	\$ (150,000)	\$ 110,580	\$ 39,420	Reduced Reserve Fund
\$ 500,000	\$ 250,000	\$ (250,000)	\$ 184,300	\$ 65,700	Reduced Set-Aside for Unanticipated Needs
\$ 863,540	\$ —	\$ (863,540)	\$ 636,601	\$ 226,939	Reduced Capital Stabilization Contribution from Tax Levy
\$ 2,136,460	\$ 1,324,801	\$ (811,659)	\$ 598,354	\$ 213,305	Reduced Capital Stabilization Contribution from Free Cash
		\$(1,799,987)	\$1,326,949	\$ 473,038	Total Spending Impact
		\$ 999,987	\$ 737,190	\$ 262,797	Net Impact on Revenue Allocation
			\$4,116,448	\$1,467,458	Original Revenue Allocation
			\$4,853,638	\$1,730,255	Revised Revenue Allocation

\$4,853,637

Goal from Summit II (half of \$1.47M)

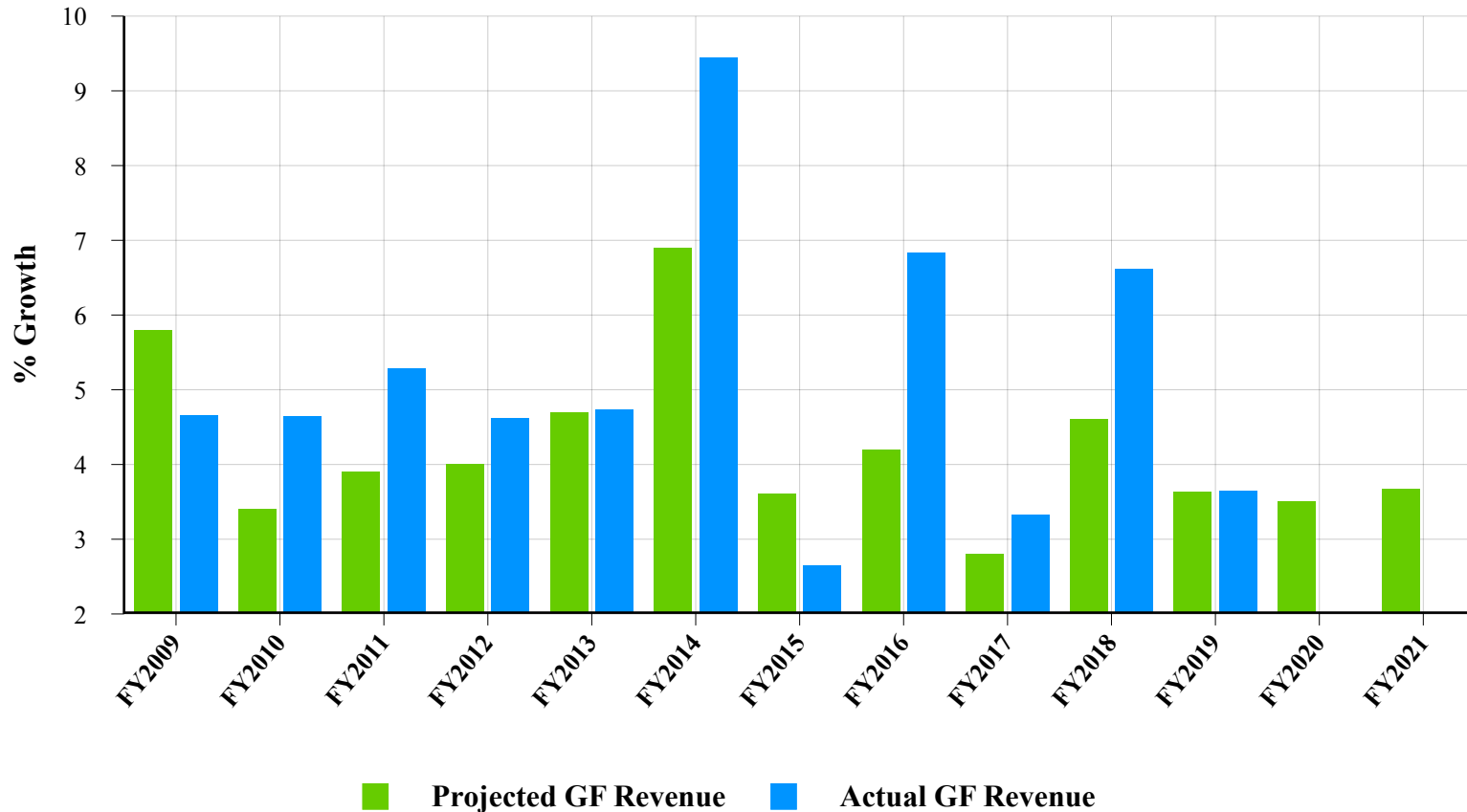
Note - Set-Aside for Unanticipated Needs was originally \$1M, and was reduced to \$500,000 prior to Summit II.



Town of Lexington

FY2021 Summit III - Preliminary Budget

General Fund Revenue Projections





Town of Lexington

FY2021 Summit III - Preliminary Budget

Proposed New Revenue Sources

- Short-Term Rentals - Effective July 1, 2019, the local option hotel/motel excise was extended to short-term rentals (e.g., Airbnb). The state collects the excise on behalf of localities, and have not differentiated the short-term receipts from traditional hotel/motels to-date. So far, FY2021 receipts are slightly below FY2020, so that is not a valid point of comparison either.
- Community Surcharge - The same law provides for an optional Community Surcharge of up to 3%, of which 35% is reserved for Affordable Housing, with the remainder deposited into the General Fund. The warrant will include an article to establish a short-term rental bylaw, and impose the Community Surcharge, with the proceeds being used for _____.
- Departmental Fee Review - Staff continue to actively compare current fee levels with those of similar communities to ensure adequacy and consistency. Funding impacts will be incorporated into future budget projections.



Town of Lexington

FY2021 Summit III - Preliminary Budget

Proposed Future Revenue Sources

Future Revenue Considerations - While not included in the FY2021 Budget, staff continue to examine options for creating a **Stormwater Enterprise Fund**. The Town is now expending over \$2,000,000 annually as part of the capital and operating budgets to improve and maintain drainage townwide, to comply with its National Pollution Discharge Elimination system (NPDES) permit, and manage the stormwater regulations in addition to over 2.0 FTE of Engineering staff time.

The Town is under a new NPDES Stormwater Management permit which has placed new requirements on the Town. The capital and operating budget impacts will increase as the NPDES permit continues. In anticipation of this mandated program, municipalities nationwide, including some in Massachusetts, have instituted a Stormwater Management Fee in an enterprise fund to offset capital and operating costs of managing stormwater emanating from private properties.

Later this year, staff will be presenting financing/fee options for consideration by the Board of Selectmen regarding this federal program.



Town of Lexington

FY2021 Summit III - Preliminary Budget

FY2021 Department Budget Summary

Municipal Budgets	FY2020 Appropriated	FY2021 Recommended Budget	\$ Change	% Change
Public Works	\$ 10,482,790	\$ 10,805,637	\$ 322,847	3.1%
Police	\$ 7,567,030	\$ 8,038,558	\$ 471,528	6.2%
Fire	\$ 7,056,772	\$ 7,500,257	\$ 443,485	6.3%
Library	\$ 2,848,949	\$ 2,959,426	\$ 110,477	3.9%
Human Services	\$ 1,458,936	\$ 1,515,679	\$ 56,743	3.9%
Land Use Departments	\$ 2,579,144	\$ 2,624,761	\$ 45,617	1.8%
Selectmen	\$ 1,274,896	\$ 1,294,876	\$ 19,980	1.6%
Town Manager	\$ 997,819	\$ 1,090,700	\$ 92,881	9.3%
Salary Adjustment Account	\$ 936,981	\$ 408,732	\$ (528,249)	(56.4)%
Town Committees	\$ 62,411	\$ 64,100	\$ 1,689	2.7%
Finance	\$ 1,844,028	\$ 1,902,345	\$ 58,317	3.2%
Town Clerk	\$ 514,620	\$ 590,452	\$ 75,832	14.7%
Information Technology	\$ 2,651,640	\$ 2,792,717	\$ 141,077	5.3%
Total	\$ 40,276,016	\$ 41,588,240	\$ 1,312,224	3.3%



Town of Lexington

FY2021 Summit III - Preliminary Budget

Selectmen's Goals/Priorities

- **Construction Funds for the Police Station Facility:** Town staff continues to move this project forward on design and a construction recommendation is planned for the Fall 2020 Special Town Meeting.
- **Pedestrian, Bicycle and Vehicle Safety on Town Roads:** Overall, \$3,839,022 is recommended for the construction of new Sidewalks; existing Sidewalk Improvements; Townwide Signalization Improvements and Street Improvements.
- **Cemetery Building Construction:** The capital budget includes \$3,290,000 for the construction of a new building to house the cemetery offices and equipment.
- **Community Mental Health Programs:** The Town is continuing to work on a cooperative program between the Municipal and School Departments related to the joint mental health initiative including an ongoing contract with the William James Interface Mental Health Referral Services, which is shared between the Municipal and School Department budgets.



Town of Lexington

FY2021 Summit III - Preliminary Budget

Selectmen's Goals/Priorities (Continued)

- **Improving Transportation:** The budget includes a program improvement recommendation for \$17,910 to increase the hours of the Transportation Manager from 0.8 to 1.0 FTE, and a second program improvement for \$50,000 for transportation pilot programs with the MBTA or to investigate other options to improve transportation delivery services.
- **Sustainability:** The budget operationalizes the funding for a full-time Sustainability Director to provide leadership in the areas of sustainability including working with the Department of Public Facilities on Town energy programs, reviewing fleet operations for a more efficient fleet and working with commercial and residential property owners.
- **Facilities Master Plan:** The capital budget includes \$100,000 for developing a Municipal Facilities Master Plan for municipal buildings and infrastructure to be combined with the School Facilities Master Plan to better inform policy makers on future projects, total costs and potential debt costs.



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FY2021 Shared Expenses

	FY2020 Appropriated	FY2021 Recommended Budget	\$ Change	% Change
Contributory Retirement	\$ 6,405,537	\$ 6,685,537	\$ 280,000	4.37 %
Non-Contributory Retirement	\$ 15,276	\$ 15,666	\$ 390	2.55 %
Employee Benefits	\$ 29,004,664	\$ 30,144,586	\$ 1,139,922	3.93 %
Unemployment	\$ 200,000	\$ 200,000	\$ —	— %
Workers Compensation	\$ 887,346	\$ 875,000	\$ (12,346)	(1.39)%
Property & Liability Insurance	\$ 882,304	\$ 845,000	\$ (37,304)	(4.23)%
Uninsured Losses	\$ 250,000	\$ 250,000	\$ —	— %
Solar Producer Payments	\$ 410,000	\$ 410,000	\$ —	— %
Within-Levy Debt Service*	\$ 9,853,984	\$ 10,678,762	\$ 824,778	8.37 %
Reserve Fund	\$ 900,000	\$ 750,000	\$ (150,000)	(16.67)%
Facilities Department	\$ 11,732,346	\$ 11,990,390	\$ 258,044	2.20 %
Total	\$ 60,541,457	\$ 62,844,940	\$ 2,303,483	3.80 %

*This is gross within-levy debt service, excluding any use of the Capital Projects Stabilization Fund and other reserve accounts.



Town of Lexington

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Revenues Set-Aside for Designated Expenses - FY2021

	Tax Levy	Free Cash	Other	Total
1 Set-Aside for Unanticipated Current Fiscal Year Needs		\$ 200,000		\$ 200,000
2 Other Post-Employment Benefits (OPEB)	\$ 750,000	\$ 1,179,721		\$ 1,929,721
3 Unallocated		\$ 250,000		\$ 250,000
4 Cash Capital		\$ 4,200,000		\$ 4,200,000
5 Appropriate into Capital Stabilization Fund		\$ 1,576,899		\$ 1,576,899
6 Appropriate from Capital Stabilization Fund			\$ 105,000	\$ 105,000
7 Transition Free Cash out of Operating Budget		\$ 700,000		\$ 700,000
8 Street Improvement Program	\$ 2,634,022			\$ 2,634,022
9 Municipal Building Envelope and Systems	\$ 208,962			\$ 208,962
10 Support of Community Center Program	\$ 218,916			\$ 218,916
11 Subtotal	\$ 3,811,900	\$ 8,106,620	\$ 105,000	\$ 12,023,520
12 Revenue to Support Operating Budget	—	\$ 2,209,561		\$ 2,209,561
13 Retire Note for Land Purchases - Debt Service	—	\$ 2,403,450		\$ 2,403,450
14 Grand Total	\$ 3,811,900	\$ 12,719,631	\$ 105,000	\$ 16,636,531



Town of Lexington

FY2021 Summit III - Preliminary Budget

Continuing Policy Issues

- **Appropriate into the Capital Stabilization Fund (CSF)** - Whether to support the appropriation of \$1,536,759 into the CSF to replenish the fund for future school construction projects.
- **Appropriate from the Capital Stabilization Fund for Within-Levy Debt Service** - Whether to continue to use funds from the Capital Stabilization Fund to offset within levy debt service. For FY2021 \$105,000 is recommended for this purpose; in FY2020, \$0 was used.
- **Appropriate from the Capital Stabilization Fund for Excluded Debt Service** - Whether to appropriate \$3,500,000 from the Capital Stabilization Fund to mitigate excluded debt service.
- **Appropriate into the Other Post-Employment Benefits (OPEB)** - Whether to support the appropriation of \$1,935,486 into the OPEB Trust Fund (\$1,179,721 - Free Cash, \$750,000 - Health Insurance Claims Trust Fund and \$5,765 enterprise funds).



Town of Lexington

FY2021 Summit III - Preliminary Budget

Continuing Policy Issues (Continued)

- **Unallocated Revenues for Contingencies** - This recommended budget includes \$250,000 in unallocated revenues to fund programs, balance the budget if state aid is less than projected, health insurance is more than projected, etc.
- **Reducing/Eliminating the Use of Free Cash to balance the General Fund Operating Budget** - The FY2021 budget includes a reduction of \$700,000, with \$2.2 million being used to balance the budget. The proposed use of the \$700,000 is to increase the use of free cash for capital expenditures and reduce the reliance on debt issuances for capital items.
- **Reducing the Use of Debt Service for Capital Expenditures** - For capital expenditures with a shorter expected useful life and corresponding to the bullet above, the FY2021 budget proposes to use free cash for all but four General Fund projects, which are longer-term in nature. This is a significant achievement, the benefits of which will be felt during budget development for years to come.



Town of Lexington

FY2021 Summit III - Preliminary Budget

Appropriate Into Reserve Funds

Post-Employment Benefits Fund		\$1,935,486
– Current Balance	\$18.16 million	
– Updated Liability thru 2047	\$150 million	
– Investment Strategy	60% Equity/ 40% Fixed Income	
Capital Stabilization Fund		\$1,576,899
– Current Balance	\$24.80 million	
– Investment Strategy	Treasury Equivalents	



Town of Lexington
FY2021 Summit III - Preliminary Budget

General Fund Debt Service
&
Capital Stabilization Fund



Town of Lexington

FY2021 Summit III - Preliminary Budget

Total Levy-Supported Debt Service

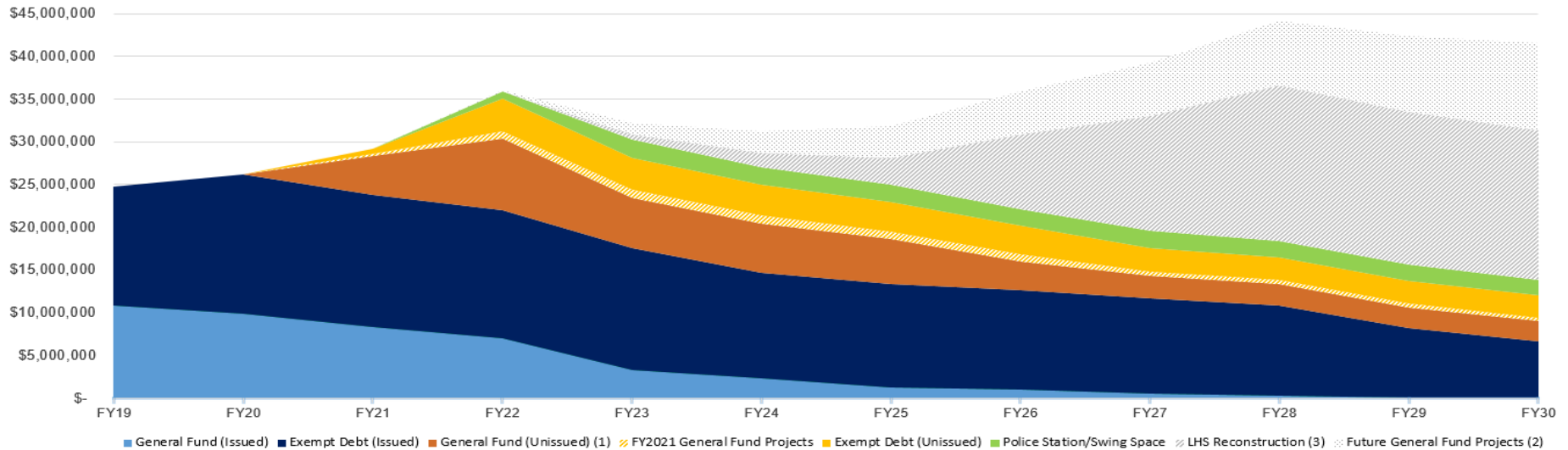
FY Actuals	Gross Debt Service	Non-tax revenue support	Land Purchase Paydown	Mitigation	Net Debt Service	Change
FY2013 Actual	\$5,624,308				\$5,624,308	21.4%
FY2014 Actual	\$5,416,793				\$5,416,793	(3.7)%
FY2015 Actual	\$6,524,620			\$919,000	\$5,605,620	3.5%
FY2016 Actual	\$6,740,537			\$620,567	\$6,119,970	9.2%
FY2017 Actual	\$7,037,701			\$710,000	\$6,327,701	3.4%
FY2018 Actual	\$9,388,135	\$42,200	\$2,351,430	\$324,500	\$6,670,005	5.4%
FY2019 Actual	\$10,851,703	\$59,488	\$3,050,000	\$573,500	\$7,168,715	7.5%
FY2020 Estimated	\$9,853,984	\$80,380	\$2,234,614	\$—	\$7,538,990	5.2%
FY2021 Projected	\$10,678,762	\$254,261	\$2,403,450	\$105,000	\$7,916,051	5.0%



Town of Lexington

FY2021 Summit III - Preliminary Budget

Total Projected Debt Service: Within Levy & Exempt



Authorized Funded Debt:	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
General Fund (Issued)	\$ 10,851,703	\$ 9,853,984	\$ 8,359,931	\$ 7,003,008	\$ 3,258,568	\$ 2,356,158	\$ 1,317,858	\$ 985,682	\$ 537,262	\$ 279,030
Exempt Debt (Issued)	\$ 13,860,000	\$ 16,328,254	\$ 15,467,625	\$ 14,962,686	\$ 14,282,985	\$ 12,348,532	\$ 12,009,661	\$ 11,658,641	\$ 11,159,895	\$ 10,531,767
Authorized Unfunded Debt:										
General Fund (Unissued) (1)	—	—	\$ 4,520,810	\$ 8,463,468	\$ 5,885,604	\$ 5,697,622	\$ 5,254,639	\$ 3,300,989	\$ 2,589,500	\$ 2,506,942
Exempt Debt (Unissued)	—	—	\$ 684,885	\$ 3,823,601	\$ 3,711,651	\$ 3,599,702	\$ 3,487,752	\$ 3,339,802	\$ 2,829,292	\$ 2,734,783
Unauthorized Projects:										
FY2021 General Fund Projects	—	—	\$ 201,471	\$ 838,747	\$ 991,818	\$ 951,883	\$ 912,299	\$ 867,707	\$ 477,362	\$ 469,322
Future General Fund Projects (2)	—	—	—	\$ 140,710	\$ 1,308,603	\$ 2,499,714	\$ 3,715,202	\$ 4,956,288	\$ 6,224,250	\$ 7,520,433
Police Station/Swing Space	—	—	—	\$ 766,857	\$ 2,108,858	\$ 2,070,515	\$ 2,032,172	\$ 1,993,829	\$ 1,955,486	\$ 1,917,143
Total Projected GF Debt Service	\$ 24,711,704	\$ 26,182,238	\$ 29,234,721	\$ 35,999,078	\$ 31,548,087	\$ 29,524,126	\$ 28,729,584	\$ 27,102,938	\$ 25,773,048	\$ 25,959,419

(1) Includes principal paydown of Bond Anticipation Notes for 173 Bedford Street and 20 Pelham Road land purchases

(2) Future General Fund projects assume a 5% increase in debt funded capital projects in each subsequent budget year and an 8-year average maturity

(3) Theoretical debt service on a Lexington High School reconstruction project assuming feasibility study authorization at 2021 Annual Town Meeting



Town of Lexington

FY2021 Summit III - Preliminary Budget

Paydown of Land Purchases

Fiscal Year	Total Purchase Authorization	BAN Paydown	Remaining Balance
FY2017	\$ 12,443,000	\$ —	\$ 12,443,000
FY2018		\$ 2,351,487	\$ 10,091,513
FY2019		\$ 3,050,000	\$ 7,041,513
FY2020		\$ 2,234,614	\$ 4,806,899
FY2021		\$ 2,403,450	\$ 2,403,449
FY2022		\$ 2,320,274	\$ 83,175

Represents the purchase of 171/173 Bedford St., used for the temporary Fire and Police stations, and Pelham Road, used for the Lexington Children's Place.



Town of Lexington

FY2021 Summit III - Preliminary Budget

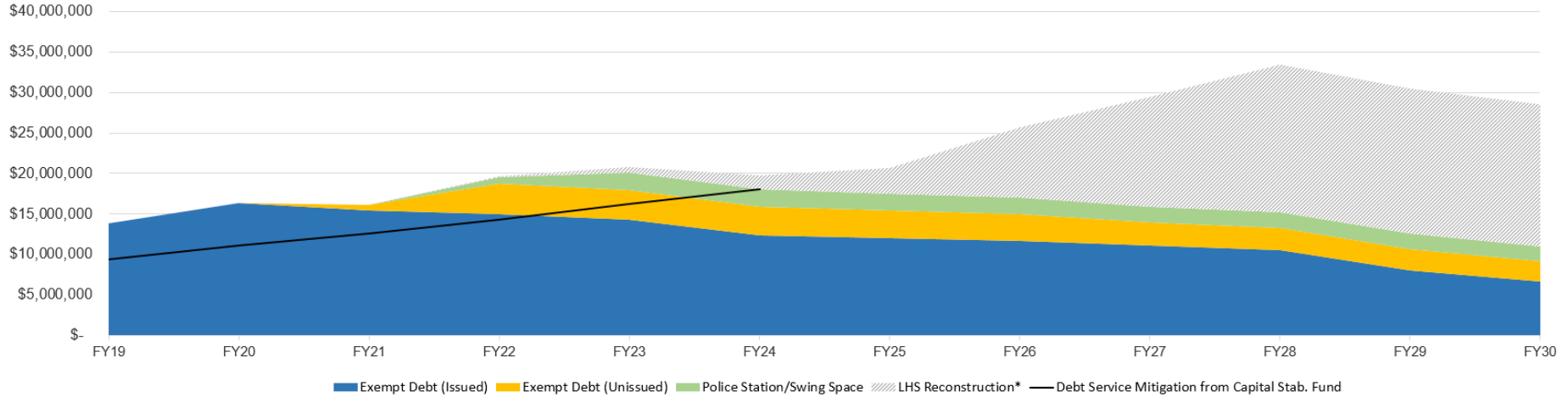
Total Proposition 2½ Excluded Debt Service

	Gross Excluded Debt Service	General Fund/ Debt Service Tax Relief	Net Excluded Debt Service	% Change
FY2012 Actual	\$ 5,751,833	—	\$ 5,751,833	
FY2013 Actual	\$ 6,599,081	\$ 400,000	\$ 6,199,081	7.8%
FY2014 Actual	\$ 8,527,654	\$ 1,600,000	\$ 6,927,654	11.8%
FY2015 Actual	\$ 8,373,222	\$ 950,000	\$ 7,423,222	7.2%
FY2016 Actual	\$ 8,539,697	\$ 215,000	\$ 8,324,697	12.1%
FY2017 Actual	\$ 8,330,185	—	\$ 8,330,185	0.1%
FY2018 Actual	\$ 10,692,689	\$ 2,400,000	\$ 8,292,689	(0.5)%
FY2019 Actual	\$ 13,860,000	\$ 4,500,000	\$ 9,360,000	12.9%
FY2020 Tax Recap	\$ 16,328,254	\$ 5,200,000	\$ 11,128,254	18.9%
FY2021 Projected	\$ 16,152,510	\$ 3,500,000	\$ 12,652,510	13.7%



Town of Lexington FY2021 Summit III - Preliminary Budget

Projected Debt Service: Exempt Debt



Authorized Exempt Debt:	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Exempt Debt (Issued)	\$ 13,860,000	\$ 16,328,254	\$ 15,467,625	\$ 14,962,686	\$ 14,282,985	\$ 12,348,532	\$ 12,009,661	\$ 11,658,641	\$ 11,159,895	\$ 10,531,767	\$ 8,079,297	\$ 6,632,421
Exempt Debt (Unissued)	\$ —	\$ —	\$ 684,885	\$ 3,823,601	\$ 3,711,651	\$ 3,599,702	\$ 3,487,752	\$ 3,339,802	\$ 2,829,292	\$ 2,734,783	\$ 2,640,273	\$ 2,545,763
Unauthorized Exempt Projects:												
Police Station/Swing Space	—	—	\$ —	\$ 766,857	\$ 2,108,858	\$ 2,070,515	\$ 2,032,172	\$ 1,993,829	\$ 1,955,486	\$ 1,917,143	\$ 1,878,801	\$ 1,840,458
Total Projected Exempt Debt Service	\$ 13,860,000	\$ 16,328,254	\$ 16,152,510	\$ 19,553,145	\$ 20,103,494	\$ 18,018,749	\$ 17,529,585	\$ 16,992,272	\$ 15,944,674	\$ 15,183,693		
Debt Service Mitigation from Capital Stab. Fund	\$ 4,500,000	\$ 5,200,000	\$ 3,500,000	\$ 5,200,000	\$ 3,900,000	—	—	—	—	—	—	—
Total Mitigated Debt Service All Projects	9,360,000	11,128,254	\$ 12,652,510	\$ 14,353,145	\$ 16,203,494	\$ 18,018,749	\$ 17,529,585	\$ 16,992,272	\$ 15,944,674	\$ 15,183,693	\$ —	\$ —

* Theoretical debt service on a Lexington High School reconstruction project assuming feasibility study authorization at 2021 Annual Town Meeting



Town of Lexington

FY2021 Summit III - Preliminary Budget

Capital Stabilization Fund

	Appropriations and Interest into the Capital Stabilization Fund	Anticipated Use of Capital Stabilization Fund for Within Levy Debt	Anticipated Use of Capital Stabilization Fund for Excluded Debt	Ending Balance
FY2013	\$1,601,835	\$—	\$—	\$1,601,835
FY2014	\$3,988,868	\$—	\$(1,600,000)	\$3,990,703
FY2015	\$5,926,762	\$(919,000)	\$(950,000)	\$8,048,465
FY2016	\$9,513,048	\$(215,000)	\$(620,567)	\$16,725,946
FY2017	\$7,187,263	\$—	\$(710,000)	\$23,203,209
FY2018	\$8,119,224	\$(324,500)	\$(2,400,000)	\$28,597,933
FY2019	\$4,203,279	\$(573,500)	\$(4,500,000)	\$27,727,712
FY2020 (1)	\$2,269,456	\$—	\$(5,200,000)	\$24,797,168
FY2021 (est.)	\$1,576,899	\$(105,000)	\$(3,500,000)	\$22,769,067
FY2022 (est.)	\$1,500,000	\$(3,347,000)	\$(5,200,000)	\$15,722,067
FY2023 (est.)	\$3,000,000	\$(2,587,000)	\$(3,900,000)	\$12,235,067
FY2024 (est.)	\$4,500,000	\$(2,220,000)	\$—	\$14,515,067
FY2025 (est.)	\$6,000,000	\$(1,464,000)	\$—	\$19,051,067
FY2026 (est.)	\$7,500,000	\$—	\$—	\$26,551,067
FY2027 (est.)	\$—	\$—	\$—	\$26,551,067
FY2028 (est.)	\$—	\$—	\$—	\$26,551,067
(1) As appropriated at 2019 Annual Town Meeting and Fall 2019 Special Town Meeting				



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FY2021 Summit III - Preliminary Budget

FY2021 Residential Tax Bill Impact of Excluded Debt

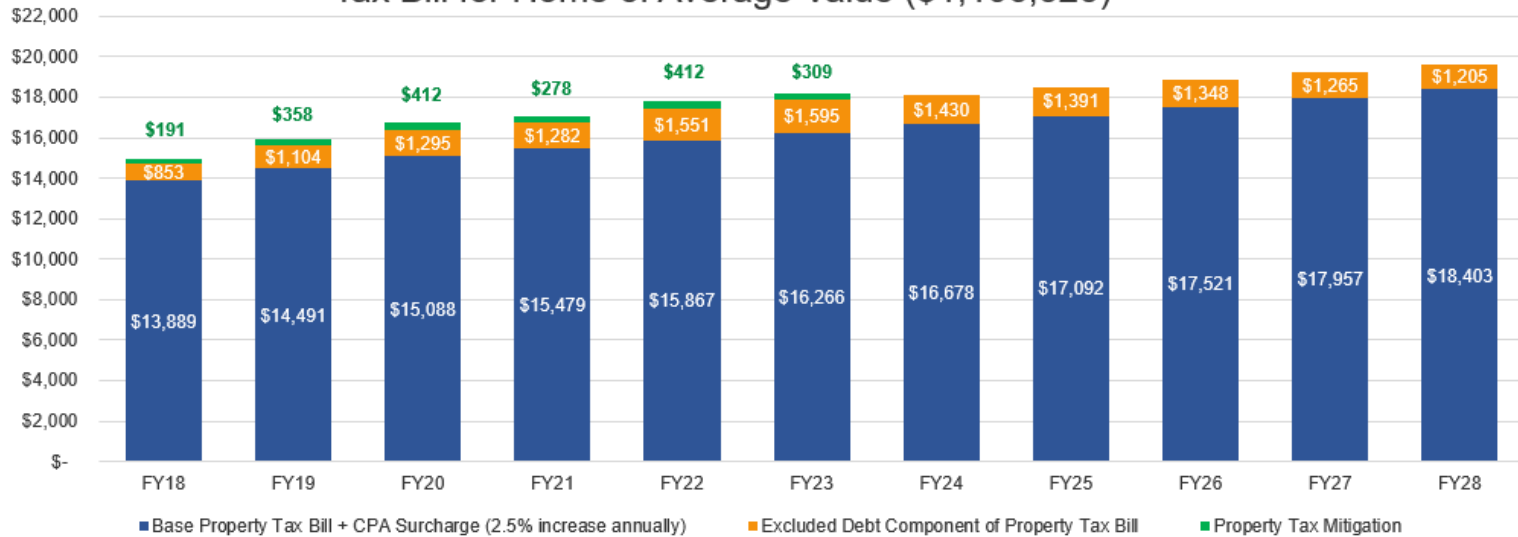
Target With Capital Stabilization Fund Mitigation

3.2% - 3.7%



Town of Lexington FY2021 Summit III - Preliminary Budget

Tax Bill for Home of Average Value (\$1,106,525)



	Actual*			Projected**							
	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
A) Base Property Tax Bill + CPA Surcharge (2.5% increase annually)	\$ 13,889	\$ 14,491	\$ 15,088	\$ 15,479	\$ 15,867	\$ 16,266	\$ 16,678	\$ 17,092	\$ 17,521	\$ 17,957	\$ 18,403
B) Component of Property Tax Bill Attributable to Excluded Debt	\$ 853	\$ 1,104	\$ 1,295	\$ 1,282	\$ 1,551	\$ 1,595	\$ 1,430	\$ 1,391	\$ 1,348	\$ 1,265	\$ 1,205
C) Total Tax Bill for Home of Average Value	\$ 14,742	\$ 15,595	\$ 16,383	\$ 16,760	\$ 17,418	\$ 17,860	\$ 18,108	\$ 18,483	\$ 18,870	\$ 19,222	\$ 19,608
D) Less: Property Tax Mitigation from CSF	191	358	412	278	412	309	(0)	(0)	(0)	(0)	(0)
E) Tax Bill After Property Tax Mitigation	\$14,551	\$15,237	\$15,971	\$16,482	\$17,005	\$17,551	\$18,108	\$18,483	\$18,870	\$19,222	\$19,608
F) \$ Change from Prior Year (Total Property Tax Bill)	\$ 683	\$ 686	\$ 734	\$ 512	\$ 523	\$ 546	\$ 557	\$ 375	\$ 386	\$ 352	\$ 386
G) % Change from Prior Year (Total Property Tax Bill)	4.9%	4.7%	4.8%	3.2%	3.2%	3.2%	3.2%	2.1%	2.1%	1.9%	2.0%

* FY2018, FY2019 and FY2020 actuals are calculated with actual tax rates and average home values.

**FY2021-2028 projections reflect 2.5% increases in the tax levy and projected excluded debt. Projections do not incorporate new growth, assume a constant ratio of residential to CIP values and assumes the average home value is static at \$1,106,525.



Town of Lexington

FY2021 Summit III - Preliminary Budget

FY2021 Capital Budget



Town of Lexington

FY2021 Summit III - Preliminary Budget

Recommended Capital Budget - FY2021

Capital Requests Summary					
	Free Cash/ Tax Levy	Other Funding Sources	Debt	Total	Other**
General Fund	\$ 7,742,984	\$ —	\$ 7,222,179	\$ 14,965,163	\$ —
Excluded Debt Projects	\$ —	\$ —	\$ 28,757,151	\$ 28,757,151	\$ —
Other Funding & Chapter 90	\$ —	\$ 16,504	\$ —	\$ 16,504	\$ 1,072,681
Water Enterprise	\$ —	\$ 330,000	\$ 2,000,000	\$ 2,330,000	\$ —
Sewer Enterprise	\$ —	\$ 100,000	\$ 1,301,200	\$ 1,401,200	\$ —
Recreation Enterprise	\$ —	\$ 180,000	\$ —	\$ 180,000	\$ —
Compost Revolving Fund	\$ —	\$ —	\$ 275,000	\$ 275,000	\$ —
Community Preservation Act*	\$ —	\$ 2,556,592	\$ —	\$ 2,556,592	\$ —
Total (all Funds)	\$ 7,742,984	\$ 3,183,096	\$ 39,555,530	\$ 50,481,610	\$ 1,072,681

*Includes both Town and non-Town CPA funded projects.

**Other represents Chapter 90 Aid for street improvements. This item does not require a Town Meeting appropriation.



Town of Lexington

FY2021 Summit III - Preliminary Budget

Significant Capital Projects - General Fund

- **Westview Cemetery Building** - The capital budget includes \$3,290,000 for the construction of a new building to house the cemetery offices and equipment. A crematory is not included in the construction funding at this time, but the building is designed to allow for an addition in the future.
- **Police Station Reconstruction** - The capital budget includes \$28,757,151 to reconstruct the Police Station at its current site. This project is recommended to be excluded from Proposition 2½ and a debt exclusion referendum is expected in FY2021.
- **Water/Sewer Enterprise Programs** - This budget includes \$2,200,000 for funding water main replacement and \$1,401,200 for sewer mains and pump stations. Beginning in FY2021, the funding of these items will begin to transition to being funded from user charges instead of debt financing.



Town of Lexington

FY2021 Summit III - Preliminary Budget

Capital Budget: All Funds - Appropriated

	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021
General Fund Debt ¹	\$ 7,569,025	\$ 6,672,507	\$ 8,094,626	\$ 11,485,300	\$ 15,659,088	\$ 3,932,179
Exempt Debt	9,466,000	\$ 63,697,200	\$ 69,095,718	\$ 32,681,164	\$ —	\$ 28,757,151
Water Debt/Cash Capital	\$ 1,015,500	\$ 220,500	\$ 1,095,000	\$ 1,105,000	\$ 5,445,000	\$ 2,330,000
Sewer Debt/Cash Capital	\$ 2,590,500	\$ 1,945,500	\$ 1,820,000	\$ 1,800,000	\$ 4,870,000	\$ 1,401,200
Recreation Enterprise Capital	\$ 261,500	\$ 65,000	\$ 55,000	\$ 60,000	\$ 125,000	\$ 180,000
Compost Revolving Fund	\$ 190,000	\$ —	\$ 725,000	\$ —	\$ —	\$ 275,000
Cash Capital/Other Available Funds	\$ 4,827,405	\$ 5,474,789	\$ 6,421,619	\$ 6,943,938	\$ 8,137,274	\$ 7,759,488
Westview Cemetery Building	\$ —	\$ —	\$ 270,000	\$ —	\$ —	\$ 3,290,000
Street Betterments	\$ —	\$ —	\$ 147,000	\$ —	\$ —	\$ —
CPA-Town Projects Only	\$ 1,639,611	\$ 667,000	\$ 3,767,030	\$ 5,704,000	\$ 2,838,667	\$ 2,003,495
Total	\$ 27,559,540	\$ 78,742,496	\$ 91,490,993	\$ 59,779,402	\$ 37,075,029	\$ 49,928,513
CPA- Other Projects	\$ —	\$ —	\$ 136,462	\$ 200,000	\$ 169,700	\$ 553,097
State Grant Funding ²	\$ 961,105	\$ 7,523,165	\$ 971,016	\$ 969,936	\$ 973,796	\$ 1,072,681

¹ Excludes Police Station Design (prospective exempt debt) which is included in the exempt debt category and the Westview Cemetery Building which will be partly funded by cemetery revenue.

² Chapter 90 funding; FY2017 includes Mass. Ave. intersection project



Town of Lexington

FY2021 Summit III - Preliminary Budget

Total Cash Capital Funding

	Free Cash	Tax Levy/ Other	Total
FY2010	\$ 850,000	\$ 695,719	\$ 1,545,719
FY2011	\$ 1,270,000	\$ 713,112	\$ 1,983,112
FY2012	\$ 1,370,000	\$ 1,012,174	\$ 2,382,174
FY2013	\$ 1,467,315	\$ 1,849,011	\$ 3,316,326
FY2014*	\$ 4,474,222	\$ 4,446,526	\$ 8,920,748
FY2015	\$ 1,975,000	\$ 3,983,117	\$ 5,958,117
FY2016	\$ 2,190,082	\$ 2,452,905	\$ 4,642,987
FY2017	\$ 2,760,625	\$ 2,842,143	\$ 5,602,768
FY2018	\$ 3,350,000	\$ 2,737,640	\$ 6,087,640
FY2019	\$ 4,050,245	\$ 2,893,693	\$ 6,943,938
FY2020	\$ 4,200,000	\$ 3,937,274	\$ 8,137,274
FY2021	\$ 4,900,000	\$ 2,859,488	\$ 7,759,488
FY2020-21 \$Change	\$ 700,000	\$ (1,077,786)	\$ (377,786)
FY2020-21 %Change	16.7%	(27.4)%	(4.6)%

* includes Free Cash used toward Community Center Purchase.



Town of Lexington

FY2021 Summit III - Preliminary Budget

Next Steps

- Summit III to Review Preliminary Recommended Budget – **January 16th**
- Municipal and School Staff to Respond to questions on Operating and Capital Budget
- Summit IV – Final Budget Deliberations (if needed) – **February 6th**
- Approve Final Recommended Operating and Capital Budget – **February 10th**
- Transmit BOS recommended budget to financial committees/town meeting members – **February 21st**
- **Earliest Date for Town Meeting to Consider Financial Articles – March 23rd (first night of Town Meeting)**



Town of Lexington

FY2021 Summit III - Preliminary Budget

Appendix

5-Year Revenue and Spending Projections



Town of Lexington

FY2021 Summit III - Preliminary Budget

Summary of Revenue Projections - FY2021-25

Revenue Summary <i>(\$s in 000s)</i>	FY2018	FY2019	FY2020	FY2021	FY2020-21 Change		FY2022	FY2023	FY2024	FY2025
	Actual	Actual	Revised	Projection	\$	%	Projection	Projection	Projection	Projection
1 Property Tax Levy	\$ 169,332	\$ 176,841	\$ 184,822	\$ 192,312	\$ 7,490	4.1%	\$ 199,870	\$ 207,616	\$ 215,557	\$ 223,696
2 State Aid	\$ 15,737	\$ 16,013	\$ 16,283	\$ 16,496	\$ 213	1.3%	\$ 16,711	\$ 16,930	\$ 17,149	\$ 17,370
3 Local Receipts	\$ 16,739	\$ 16,969	\$ 14,082	\$ 14,281	\$ 199	1.4%	\$ 14,498	\$ 14,694	\$ 14,930	\$ 15,174
4 Available Funds	\$ 15,159	\$ 15,059	\$ 14,314	\$ 15,058	\$ 743	5.2%	\$ 12,493	\$ 11,007	\$ 11,021	\$ 10,285
5 Revenue Offsets	\$ (2,027)	\$ (2,074)	\$ (1,861)	\$ (2,144)	\$ (284)	15.2%	\$ (2,179)	\$ (2,215)	\$ (2,252)	\$ (2,441)
6 Other Revenues	\$ 1,674	\$ 1,647	\$ 1,696	\$ 1,749	\$ 53	3.1%	\$ 1,802	\$ 1,856	\$ 1,912	\$ 1,969
7 Total Revenues	\$ 216,614	\$ 224,456	\$ 229,337	\$ 237,751	\$ 8,415	3.7%	\$ 243,194	\$ 249,888	\$ 258,316	\$ 266,052

Revenue Notes

- 1 Reflects statutory allowable growth of 2.5% and assumed new growth of \$2.75 million annually.
- 2 Assumes FY2020 Chapter 70 aid increasing at \$25 per pupil Minimum Aid in FY2021-25.
- 3 Assumes modest growth in local receipts based on evaluation of historical averages.
- 4 Free Cash estimate of \$12,719,631 available for FY2021 (estimated 7/1/19 certification) and \$9,000,000 for FY2022-2025. Annual contributions of \$141,000 from TDM Stabilization Fund to support Lexpress and the Alewife Shuttle, \$385,000 from Parking Fund to support Traffic Bureau and snow removal; and \$50,000 from Cemetery Fund to support Cemetery Division. In FY2021-2023, \$750,000 annually from balance of Health Claims Trust Fund to be used to fund health insurance, resulting in an equal amount in the tax levy becoming available to fund contributions to OPEB Trust per BOS policy. Includes in FY2021-FY2025 use of Capital Projects Stabilization Fund to offset within-levy debt service, as detailed in Line 14.
- 5 \$750K for overlay (property tax abatement and exemptions) in FY2021-25. \$400K set-aside for snow & ice deficit annually; Also includes Cherry Sheet Assessments increasing at 3.5% annually and Cherry Sheet Offsets (State Aid to Public Libraries).
- 6 Assumes FY2021 Water, Sewer and Recreation Indirects increasing by 3% annually.



Town of Lexington

FY2021 Summit III - Preliminary Budget

Summary of Spending Projections - FY2021-25 School and Municipal Expenses

Expenditure Summary	A	B	C	D	E		F	G	H	I
(\$s in 000s)	FY2018	FY2019	FY2020	FY2021	FY2020-21 Change		FY2022	FY2023	FY2024	FY2025
Education	Actual	Actual	Revised	Projection	\$	%	Projection	Projection	Projection	Projection
8 LPS Wages	\$ 85,176	\$ 90,272	\$ 95,442	\$ 98,932	\$ 3,490	3.7%	\$ 104,135	\$ 107,421	\$ 109,762	\$ 113,808
9 LPS Expenses	\$ 17,076	\$ 16,280	\$ 18,112	\$ 19,425	\$ 1,314	7.3%	\$ 21,528	\$ 23,080	\$ 25,724	\$ 27,570
10 Minuteman	\$ 1,670	\$ 2,126	\$ 2,470	\$ 2,992	\$ 522	21.1%	\$ 3,292	\$ 3,621	\$ 3,983	\$ 4,381
Municipal										
11 Municipal Wages	\$ 30,493	\$ 30,964	\$ 32,511	\$ 33,551	\$ 1,039	3.2%	\$ 34,999	\$ 35,990	\$ 36,980	\$ 37,862
12 Municipal Expenses	\$ 15,959	\$ 17,252	\$ 19,706	\$ 20,247	\$ 541	2.7%	\$ 20,931	\$ 21,675	\$ 22,487	\$ 23,378

Expenditure Notes

- 8 Illustrates a level-services budget and does not include program improvements. Includes a 2.5% increase on base budget for step increases and (\$750,000) for annual staff turnover savings. Assumes anticipated funding for unsettled contracts in FY2021-25. Includes additional staffing due to projected enrollment increases in FY2021-25 based on preliminary FY2020 Enrollment projections from Oct. 1 data. Recurring additional staff-related costs are inclusive of benefits, workers comp., and Medicare.
- 9 Program budget per pupil rates are adjusted by 2.2% Consumer Price Index (CPI) in FY2021 and 2.40% in FY2022-25; applied against preliminary projected enrollment levels. All other lines adjusted by 2.2% in FY2021 and 2.4% in FY2022-25. Special Education Out-of-District Tuition and Transportation lines are projected based on program trends. Approximately 81-85% of total expense line increases are driven by these budget lines (FY2021-25).
- 10 FY2021 budget represents "worst case" and will be finalized by Minuteman School Board on Jan. 30th. FY2022-25 projections increase by 10%.
- 11 Projections based on step increases for current staff, settled collective bargaining contracts, and anticipated contract settlements for out-years.
- 12 Level-service budget using CPI of 7% for electricity, 5.5% for natural gas, 20% for IT software expenses as the Town transitions to the Cloud, and 1.8% for all other expenses.



Town of Lexington

FY2021 Summit III - Preliminary Budget

Summary of Spending Projections - FY2021-25 Shared Expenses

Expenditures, Cont.	A	B	C	D	E		F	G	H	I
(\$s in 000s)	FY2018	FY2019	FY2020	FY2021	FY2020-21 Change		FY2022	FY2023	FY2024	FY2025
Shared Expenses	Actual	Actual	Revised	Projection	\$	%	Projection	Projection	Projection	Projection
13 Debt Service	\$ 6,712	\$ 7,228	\$ 7,619	\$ 8,170	\$ 551	7.2%	\$ 8,312	\$ 8,727	\$ 9,164	\$ 9,622
14 Mitigated Within Levy Debt Service	\$ 325	\$ 574	\$ —	\$ 105	\$ 105	—%	\$ —	\$ —	\$ —	\$ —
15 Land Purchase Note Retirement	\$ 2,351	\$ 3,050	\$ 2,235	\$ 2,403	\$ 169	7.6%	\$ 2,320	\$ —	\$ —	\$ —
16 OPEB	\$ 1,830	\$ 1,830	\$ 1,880	\$ 1,930	\$ 50	2.7%	\$ 1,980	\$ 2,030	\$ 2,080	\$ 2,130
17 Retirement	\$ 5,713	\$ 5,955	\$ 6,421	\$ 6,701	\$ 280	4.4%	\$ 7,122	\$ 7,472	\$ 6,473	\$ 1,680
18 Benefits	\$ 24,651	\$ 25,404	\$ 29,005	\$ 30,194	\$ 1,190	4.1%	\$ 31,691	\$ 33,263	\$ 34,912	\$ 36,644
18a Medicare	\$ 1,677	\$ 1,759	\$ 1,911	\$ 1,995	\$ 84	4.4%	\$ 2,095	\$ 2,200	\$ 2,310	\$ 2,425
18b Health Insurance	\$ 21,950	\$ 22,586	\$ 25,952	\$ 27,034	\$ 1,082	4.2%	\$ 28,386	\$ 29,805	\$ 31,295	\$ 32,860
18c Dental	\$ 1,003	\$ 1,038	\$ 1,117	\$ 1,140	\$ 23	2.1%	\$ 1,186	\$ 1,233	\$ 1,283	\$ 1,334
18d Life	\$ 21	\$ 20	\$ 25	\$ 25	\$ —	—%	\$ 25	\$ 25	\$ 25	\$ 25

Expenditure Notes

- 13 Within levy debt service is projected to grow by 5% annually. Amounts above that will be mitigated by use of the Capital Stabilization Fund.
- 14 Within levy debt service mitigated by use of the Capital Stabilization Fund. Placeholder amounts. Will be updated in advance of 10/30.
- 15 Use of Free Cash to pay down short-term notes issued to pay for the land purchases at 173 Bedford St. and Pelham Rd.
- 16 Continued funding of OPEB - increasing by \$50,000 per year
- 17 Contributory Retirement assessment (based on 2024 amortization of unfunded liability and 7.50% interest rate assumption) plus Non-Contributory payments
- 18a 5% increase in Medicare, reflecting an increase in the number of eligible employees and increases in wages.
- 18b FY2021, growing at 5% annually.
- 18c FY2021, growing at 5% annually.
- 18d Level Funding



Town of Lexington

FY2021 Summit III - Preliminary Budget

FY2021-25 Shared Expenses, continued

Expenditures, Cont.	A	B	C	D	E		F	G	H	I
(\$s in 000s)	FY2018	FY2019	FY2020	FY2021	FY2020-21 Change		FY2022	FY2023	FY2024	FY2025
Shared Expenses	Actual	Actual	Revised	Projection	\$	%	Projection	Projection	Projection	Projection
19 Reserve Fund	\$ —	\$ —	\$ 900	\$ 750	\$ (150)	(16.)%	\$ 750	\$ 750	\$ 750	\$ 750
20 Workers' Comp.	\$ 613	\$ 554	\$ 887	\$ 875	\$ (12)	(1.4)%	\$ 901	\$ 928	\$ 956	\$ 985
21 Unemployment	\$ 182	\$ 138	\$ 200	\$ 200	\$ —	— %	\$ 200	\$ 200	\$ 200	\$ 200
22 Property & Lib. Ins.	\$ 713	\$ 733	\$ 882	\$ 845	\$ (37)	(4.2)%	\$ 887	\$ 932	\$ 978	\$ 1,027
23 Uninsured Losses	\$ 107	\$ 112	\$ 250	\$ 250	\$ —	— %	\$ 250	\$ 250	\$ 250	\$ 250
24 Solar Production	\$ 355	\$ 352	\$ 410	\$ 410	\$ —	— %	\$ 410	\$ 410	\$ 410	\$ 410
25 Capital	\$ 6,422	\$ 7,549	\$ 8,137	\$ 7,743	\$ (394)	(4.8)%	\$ 8,466	\$ 9,189	\$ 9,913	\$ 9,938
26 Other	\$ 311	\$ 70	\$ —	\$ 200	\$ 200	— %	\$ 215	\$ 215	\$ 215	\$ 215
27 Approp. to Capital Stab. Fund	\$ 7,690	\$ 3,560	\$ 2,269	\$ 1,577	\$ (693)	(30.5)%	\$ 1,500	\$ 3,000	\$ 4,500	\$ 6,000
28 Unallocated Revenue				\$ 250	\$ 250	— %	\$ 250	\$ 250	\$ 250	\$ 250
29 Total Expenditures	\$ 208,347	\$ 214,002	\$ 229,337	\$ 237,751	\$ 8,415	3.7 %	\$ 250,138	\$ 259,403	\$ 269,988	\$ 277,099

19 Level Funding

20 FY2020 base growing at 3% annually. As a continuing balance account, full appropriation is effectively spent each year; "actual" values reflect current year spending. Balance as of 6/30/19 = \$1.5M.

21 Level Funding

22 Reflects additional expenses for new buildings (LCP, Fire Station, Hastings), with 5% growth in out-years

23 Level Funding. As a continuing balance account, full appropriation is effectively spent each year; "actual" values reflect current year spending. Balance as of 6/30/19 = \$1.06M.

24 Payments to Syncarpha for construction costs of Hartwell Ave. solar arrays.

25 Includes \$4.9M for cash capital in FY2021; \$5.6M in FY2022, \$6.3M in FY2023 and \$7.0M in FY2024-25 from transition of Free Cash for operating budget. FY2021 also includes \$2.6M for Street Improvement and \$209K for Municipal Building Envelope, portions of which grow at 2.5% through FY2025.

26 Reflects various warrant articles such as Senior Tax Work-Off and \$200K in unanticipated needs in FY2021-25.

27 Reflects past and projected transfers to continue funding the Capital Stabilization Fund to cover the high school project.

28 Proposed allocation set-aside for yet to be determined priorities.



Town of Lexington

FY2021 Summit III - Preliminary Budget

Summary of Revenue/Expenditure Projections - FY2021-25

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
	Actual	Actual	Revised	Projection	Projection	Projection	Projection	Projection

Revenue Summary (\$s in,000s)

Total Revenues	\$ 216,614	\$ 224,456	\$ 229,337	\$ 237,751	\$ 243,194	\$ 249,888	\$ 258,316	\$ 266,052
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Expense Summary (\$s in,000s)

Total Expenses	\$ 208,347	\$ 214,002	\$ 229,337	\$ 237,751	\$ 250,138	\$ 259,403	\$ 269,988	\$ 277,099
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Available Balance	\$ 8,267	\$ 10,454	\$ —	\$ —	\$ (6,944)	\$ (9,515)	\$ (11,672)	\$ (11,047)
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