

# APPROPRIATION COMMITTEE

## TOWN OF LEXINGTON



## REPORT TO THE

# 2019 SPECIAL TOWN MEETING #1

Released November 5, 2019

### APPROPRIATION COMMITTEE MEMBERS

Glenn P. Parker, Chair • Sanjay Padaki, Vice Chair • Alan M. Levine, Secretary  
Carolyn J. Kosnoff (*ex officio*; non-voting) • John Bartenstein • Eric Michelson  
Meg Muckenhoupt • Albert Nichols • Lily Manhua Yan



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# Summary of Warrant Article Recommendations

*Abbreviations*

EF	Enterprise Fund	CPA	Community Preservation Act
GF	General Fund	IP	A motion to Indefinitely Postpone is expected
RE	Retained Earnings	TDM	Traffic Demand Mgmt. Stabilization Fund
RF	Revolving Fund	TMOD	Transportation Mgmt. Overlay District Stabilization Fund
SF	Stabilization Fund		

## 2019 Special Town Meeting #1

Art- icle	Title	Funds Requested	Funding Source	Committee Recommendation
<b>2</b>	Appropriate for Prior Year's Unpaid Bills	None	N/A	<b>IP</b>
<b>3</b>	Appropriate To and From Specified Stabilization Funds	<i>See below</i>	<i>See below</i>	<b>Approve (8-0)</b>
<b>4</b>	Amend FY 2020 Operating, Enterprise, and CPA Budgets	\$ 30,000 <u>\$ 47,500</u> <b>\$ 77,500</b>	<b>GF</b> <b>GF</b>	<b>Approve (8-0)</b>
<b>8</b>	Appropriate Funding for the Route 4/225 Bedford Street-Hartwell Avenue-Wood Street Transportation Improvement Project	\$ 250,000 <u>\$ 1,250,000</u> <b>\$ 1,500,000</b>	<b>TMOD</b> <b>GF Debt</b>	<b>Approve (8-0)</b>
<b>9</b>	LED Streetlight Conversion	<b>\$ 875,858</b>	<b>GF</b>	<b>Approve (8-0)</b>

# Preface

This preface describes the structure and stylistic conventions used in this report. It is followed by an Introduction discussing changes in the Town’s financial status since the previous Annual Town Meeting, along with issues pertinent to the Town’s general financial situation. The main body of this report contains article-by-article discussions and recommendations on those articles that, in our opinion, have substantial financial relevance.

The discussion for each article presents the prevailing view of the Committee, as well as any other considerations or cautions that we feel Town Meeting should be informed of. If one or more Committee members are strongly opposed to the majority position, we summarize the opposing perspective. Each article discussion concludes with the most recent vote of the Committee prior to publication. The vote is summarized by the number of members in favor, followed by the number of members opposed, and lastly (when applicable) the number of members abstaining, e.g. “(6-2-1)” indicates six members in favor, two opposed, and one abstaining. It is not always possible to collect a complete vote for every article from all nine voting members. In such instances, the total number of votes and abstentions published will be less than nine. For convenience, Committee votes are also summarized on the preceding pages.

This report does not replicate information readily available to Town Meeting members elsewhere. Key documents that inform our analysis and provide a more thorough picture of the Town finances are:

- *Fiscal Year 2020 Recommended Budget & Financing Plan* (the “Brown Book”), dated March 25, 2019, fully describes the annual budget of the Town. The Brown Book also summarizes budget laws and bylaws (Appendix B) and includes a glossary of financial terms (Appendix D). <https://www.lexingtonma.gov/budget/pages/fy2020-recommended-budget-and-financing-plan-brown-book>
- *Lexington Public Schools Fiscal Year 2020 – The Level Service and Recommended Budget of the Superintendent and the School Committee* (the “Gray Book”) dated February 5, 2019, which details the budget plans for the Lexington Public School System. <https://lps.lexingtonma.org/Page/11276>
- *Capital Expenditures Committee (CEC) Report to the 2019 Annual Town Meeting*, which provides recommendations on appropriation requests for capital projects.
- *Community Preservation Committee (CPC) Report to the 2019 Annual Town Meeting*, which details requests approved by the CPC and funded using revenue from the CPA surcharge.

## Acknowledgements

The content of this report, except where otherwise noted, was researched, written and edited by Committee members who volunteer their time and expertise, and with the support of Town staff. We have the pleasure and the privilege of working with Town Manager James Malloy; Assistant Town Manager for Finance Carolyn Kosnoff; Budget Officer Jennifer Hewitt; the Capital Expenditures Committee; the Community Preservation Committee; the School Committee; the Permanent Building Committee; the Planning Board; Superintendent of Schools Dr. Julie Hackett; Assistant Superintendent of Finance and Operations David Coelho; and the Board of Selectmen. We thank the municipal and school staff, Town officials, boards and volunteers who have contributed time and expertise to help us prepare this report. Last but not least, we thank Sara Arnold, who records and prepares the minutes for our meetings.

# Introduction

The Appropriation Committee is appointed by the Town Moderator and serves as an advisory group to the elected members of Town Meeting. Members of the Committee must be registered voters, but they need not be elected to Town Meeting. Town bylaws require a recommendation by the Committee prior to any Town Meeting vote with a financial impact on the Town.

This report summarizes the Committee’s deliberations and analyses as well as its recommendations regarding the warrant articles deemed to have financial significance, along with the vote of the Committee for each article. The Committee also gives oral reports and responds to questions during Town Meeting as necessary, or when important information has become available following the publication of a report.

This report is distributed to the members of Town Meeting as a printed document and as an electronic document via the Town website. It was published on November 5, 2019, one week prior to the start of the 2019 Special Town Meeting #1.

## **Committee Membership**

Ellen Basch stepped down from the Committee effective May 30, 2019, and Richard Neumeier completed his term at the end of July 2019 and declined re-appointment. We are grateful for their service.

Committee members Eric Michelson was re-appointed to a 3-year term, and John Bartenstein was re-appointed to complete a 2-year term.

The Committee welcomed its newest member, Meg Muckenhoupt, who was appointed by the Moderator on September 6, 2019. The Committee currently has 8 members with one seat open.

## **Reserve Fund**

No Reserve Fund transfers have been requested to date during FY2020.

## **Developments Since Our Last Annual Town Meeting Report**

The FY2019 budget was closed out in July with only minimal adjustments.

The Town is making progress on several large construction projects including: Lexington Children’s Place (occupied in September 2020), Hastings Elementary School (expected completion in January 2020), Fire Station Headquarters (expected completion summer 2020), Visitors Center (expected completion April 2020).

The Town Manager, with the support of a Financial Guidelines Working Group, which includes representatives of this Committee, has initiated a project to analyze, clarify, and document many of the existing budgeting practices of the Town. Some of this work will be reflected in the upcoming budget summits in preparation for the 2020 Annual Town Meeting.

The Town has begun to incorporate some rough funding scenarios for a future high school project into the long-range financial planning for the Town.

# 2019 Special Town Meeting #1

## Analysis and Recommendations

The warrant for the 2019 Special Town Meeting #1 contains three budget adjustment articles and two capital funding requests. Three other articles are related to zoning that, in our opinion, would not have a significant financial impact on the Town. The Committee provides its analysis of these requests below.

**General Fund**

The Town now has a total of \$1,656,055 in additional funds available for appropriation that were previously unavailable or otherwise restricted at the time the FY2020 budget was adopted in the spring of 2019. The sources of these funds are summarized below.

As set forth in the following table, estimated new growth for FY2020 increased from \$2,500,000 to \$3,500,000. Chapter 70 State Aid increased from \$14,364,684 to \$14,438,034 based on the finalized State budget. All FY2019 snow and ice expenses were settled within the prior year’s budget, so the \$400,000 Snow & Ice set-aside in the FY2020 budget is now available. Also, now available for appropriation is the \$182,705 of revenue left unallocated in the FY2020 budget adopted at the 2019 Annual Town Meeting.

Source	Budgeted at ATM	Revised	Available for Appropriation
New Growth	\$ 2,500,000	\$ 3,500,000	\$ 1,000,000
State Chapter 70	\$ 14,364,684	\$ 14,438,034	\$ 73,350
FY2019 Snow & Ice set-aside	\$ 400,000	-	\$ 400,000
FY2020 Unallocated	\$ 182,705	-	\$ 182,705
<b>TOTAL</b>			<b>\$ 1,656,055</b>

As of press-time, the Town’s Free Cash from FY2019 has not been certified by the State Dept. of Revenue. If this Free Cash is certified prior to the Special Town Meeting, it could also be incorporated into the funding of one or more articles during this Special Town Meeting.

**Article 2019-1.2**  
**Appropriate for Prior Year’s Unpaid Bills**

Funds Requested	Funding Source	Committee Recommendation
<b>None</b>	<b>N/A</b>	<b>IP</b>

As of press-time Town staff has not identified any unpaid bills from FY2019. If any unpaid bills are identified by the Special Town Meeting, the Committee will make recommendations on their disposition.

**The Committee supports indefinite postponement of this article.**

**Article 2019-1.3**  
**Appropriate To and From Specified Stabilization Funds**

Funds to Deposit	Source	Stabilization Fund	Committee Recommendation
\$ 280,000	Mitigation Payments	Traffic Mitigation SF	Approve (8-0)
\$ 332,249.33	Mitigation Payments	Transport. Demand Mgmt. SF	Approve (8-0)
\$ 702,697	General Fund	Capital SF	Approve (8-0)

**Specified Stabilization Funds**

The State statute authorizing towns to create and maintain a stabilization fund (G.L. c. 40, § 5B) was amended in 2003 to permit the creation of stabilization funds for specified purposes. Multiple funds may be created for different purposes. Each fund is maintained in a separate and independent account, and interest earned remains with the fund. The monies in a specified stabilization fund may be appropriated for the stated purposes but not for other purposes. Lexington’s first specified stabilization funds were established at the 2007 Annual Town Meeting.

Town Meeting may create a specified stabilization fund, alter a fund’s specified purpose, or make an appropriation *from* a fund by a two-thirds majority vote. Appropriations *into* specified stabilization funds are approved by a simple majority. Appropriations into a fund do not authorize expenditures but restrict future uses of the funds to purposes defined by the fund.

This article requests the appropriation of funds into three of the Town’s specified stabilization funds whose funding and purposes are summarized below:

- The *Traffic Mitigation SF* is funded by commitments from developers to mitigate the impacts of rezoning. It supports, in whole or in part, projects to improve the Town’s transportation infrastructure, such as street intersections, traffic signals, etc. The balance in the Fund, as of the end of FY2019, was \$357,800.
- The *Transportation Demand Management SF* is funded by commitments from developers. Initially created to support Lexpress, the fund’s purpose has since been broadened to support “the planning and operations of transportation services to serve the needs of town residents and businesses.” It now funds the Lexpress bus service and the Town’s contribution to the REV Shuttle. The balance in this Fund, as of the end of FY2019, was \$182,762.
- The *Capital SF* holds funds that Town Meeting has set aside for future capital projects of the Town. The balance in this Fund, as of the end of FY2019, was \$27,727,713.

**Requested Transfers**

Since the Annual Town Meeting, the Town has received a mitigation payment of \$560,690 from King Street Properties related to additional development at 75 Hayden Ave. This article requests that these funds be split across two specified stabilization funds. The *Traffic Mitigation SF* will receive \$280,000, and the *Transportation Demand Management SF* will receive \$280,690. The latter fund will receive an additional \$51,559.33 in mitigation payments received from several other commercial property owners per memoranda of understanding negotiated in association with earlier real estate developments.

If the appropriation requests made in Article 2019.1-4 and 2019.1-9 are all approved, they will account for \$953,358 of the \$1,656,055 in available funds described at the start of this section. This article proposes to appropriate the remaining \$702,697 to the *Capital SF*.

**The Committee recommends approval of this request (8-0).**



**Article 2019-1.4**  
**Amend FY 2020 Operating, Enterprise, and CPA Budgets**

Funds Requested	Funding Source	Committee Recommendation
\$ 30,000	GF	<b>Approve (8-0)</b>
\$ 47,500	GF	
<b>\$ 77,500</b>		

Town staff have proposed the following adjustments to the current FY2020 Operating and Enterprise Fund budgets. Line numbers in the tables for this section refer to budget categories in the *FY2020 Recommended Budget and Financing Plan*.

**Operating Budget**

Line		From	To	Change	
2210	Property & Liability Insurance	\$ 882,304	\$ 912,304	\$ 30,000	

An appropriation of \$30,000 is requested for Line 2210 Property & Liability Insurance to extend the Town’s insurance coverage.

Line		From	To	Change	
8200	Town Manager Personal Services	\$ 691,484	\$ 738,984	\$ 47,500	Sustainability Director (pro-rated for ½ year)

An appropriation of \$47,500 is requested for Line 8200 Town Managers Personal Services to fund a Sustainability Director. This amount would fund the position for a half-year, permitting it to be filled in January 2020. This amount does not include the cost of employee benefits because the current FY2020 budget already has sufficient funds to cover it. The Director, who would report to the Assistant Town Manager, would develop and administer programs, policies and initiatives to advance Lexington’s sustainability objectives, including the Sustainable Action Plan adopted by the Board of Selectmen. More specifically, the Director would be responsible for coordinating and implementing sustainability, adaptation, mitigation, resilience, and energy-saving programs within Lexington’s municipal, residential and commercial sectors. The Director would also pursue appropriate grants to fund sustainability projects and work with Town staff and other partners on financial analysis of such projects.

**Water/Wastewater Enterprise Funds**

Line		From	To	Change
3620	MWRA Water Assessment	\$ 7,414,724	\$ 7,413,364	\$ (1,360)
3720	MWRA Wastewater Assessment	\$ 7,923,398	\$ 7,851,947	\$ (71,451)

The amounts appropriated under Article 12 of the 2019 Annual Town Meeting for Water and Wastewater Enterprise Fund expenses were based on preliminary FY2020 assessments issued by the MWRA in February. The revisions here reflect the final assessments approved by the MWRA board this past June. These revised assessments, which slightly lower the costs of each fund, were used in the calculation of the water and wastewater rates approved by the Selectmen this fall. Amending the original appropriations is a simple housekeeping task.

**The Committee recommends approval of this request (8-0).**

**Article 2019-1.8**  
**Appropriate Funding for the Route 4/225 Bedford Street-Hartwell Avenue-Wood Street Transportation Improvement Project**

Funds Requested	Funding Source	Committee Recommendation
\$ 250,000	<b>TMOD Stabilization Fund</b>	
<u>\$ 1,250,000</u>	<b>GF Debt</b>	<b>Approve (8-0)</b>
<b>\$ 1,500,000</b>		

This article requests an appropriation of \$1,500,000 for a 25% design study to reconfigure the roads and traffic patterns in and around one of the Town’s major commercial/industrial zones at Hartwell Avenue and Hanscom Air Force Base.

**Background**

The transportation improvements envisioned by this article are of vital concern to commercial and residential property owners in the Hartwell Avenue, Bedford Street, and Wood Street area. In addition to large employers such as Hanscom Air Force Base, Hanscom Field and Lincoln Labs, several smaller businesses are located on Hartwell Avenue. Bedford Street and Wood Street provide primary access to established residential neighborhoods. Increasing automobile traffic in this area has resulted in congestion, dangerous pedestrian crossings, accidents, and an overall reduction in quality of life. Building expansions already planned at both Hanscom and Lincoln Labs will produce more vehicular traffic. The Town is weighing further re-zoning along Hartwell Avenue to encourage renewed commercial development, but a failure to address the growing congestion would only dampen future development.

This project has been under consideration for several decades. As far back as 1988–1992, the State’s Transportation Improvement Program mentioned it as one of the projects that could be eligible for federal funding. Despite several subsequent studies<sup>1</sup>, this project has not progressed beyond placeholder status in the Boston Region Metropolitan Planning Organization’s (MPO) Long Range Transportation Plan (LRTP).

The MPO indicated in 2015 that it “expects to program \$2.85 billion in federal highway funds during the next 25 years for transportation infrastructure projects and programs”<sup>2</sup>. The LRTP organizes projects into five-year time bands. In the current LRTP, this project is slotted into the 2030–2034 time band, with an anticipated project cost of \$49 million. A revised LRTP is expected to be adopted in May 2020, at which time projects may be shifted into earlier and later time bands, depending in part on how they have advanced in the local process.

**Funding process**

The process for approving and constructing transportation projects of this scale is long and complex, involving government at the federal, state, and local levels. The first step in this process requires a municipality to demonstrate interest by completing a 25% design study. This establishes the feasibility of the project, a clear outline of the project scope including relevant alternatives, and the willingness of the municipality to proceed.

After this, the remainder of the design must be funded to 100% in a timely manner. If the project proceeds beyond the 25% design phase, additional funds (currently estimated at \$1.58 million) will be required to complete the 100% design. Due to the impact on Hanscom Airforce Base, a portion of the funding to take

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<sup>1</sup> *Hartwell Avenue Traffic Mitigation Plan (Bedford Street Concept Plan)* by Town of Lexington; *MassDOT Road Safety Audit: Bedford St and Hartwell Avenue, November 2011*; *CTPS Intersections Study*

<sup>2</sup> *Destination 2040—A Long-Range Transportation Plan for the Boston Region*, <https://www.ctps.org/lrtp>

the design from 25% to 100% may qualify for federal or state aid. Following review and approval of a completed design by MassDOT, the project would become eligible for federal grants to fund construction during its designated time band.

This project will lose its place in the 2030–2034 time band if a 25% design is not completed by 2024. On May 16, 2019, the Town Manager along with other representatives met with the MPO and requested that this project be moved up to the 2025–2029 time band. At a minimum, this would require appropriation of the 25% design funds prior to the adoption of the revised LRTP in May 2020. Note that even if these funds are appropriated, there is no guarantee that the MPO will move the project to an earlier time band.

### **Elements of the 25% design**

The proposed 25% design phase is an enhanced feasibility study that would be undertaken over roughly 18 months. It consists of a Functional Design Report that includes an analysis of existing conditions, traffic engineering study, safety analysis, signal warrants, required easements, operational analysis, proposed design (including alternatives analysis) for vehicular, bicycle and pedestrian mobility, traffic management, preliminary design plans (including dimensions and cross sections), traffic signal plans and traffic management plans. The study would include alternative forecasts of traffic volumes that will depend in part on expansion plans of existing institutions and possible additional increases associated with potential changes in zoning. The 25% design will also include a public hearing, as well as workshops and other opportunities for public input from affected residents and businesses.

The current planned scope of the project includes minor improvements to Wood Street, four travel lanes in most of the project corridor with three travel lanes in the southern portion of Hartwell, a sidewalk or multimodal path and bike lanes on both sides of the roadways, raised center medians, and safe pedestrian accommodations and crossings. It also includes possible reconstruction of two major intersections: Bedford Street and Hartwell Avenue, and the highway interchange at Bedford Street and I-95/Rt.128.

### **Financing**

The first \$250,000 of funding for this request would come from the *Transportation Management Overlay District (TMOD) Stabilization Fund*, which is funded by commitments from commercial real estate developers to support transportation infrastructure improvements, particularly in the Hartwell Avenue area. The balance of the Fund, after the 2018 Special Town Meeting #1 in November 2018, was \$338,076.

This request qualifies for debt-based funding over a maximum of five years. Staff has indicated that the Town would issue \$1,250,000 in short-term debt to be repaid annually from the tax levy over a period of up to five years.

### **Committee Discussion**

The Committee recognizes the urgent need for transportation improvements in the Hartwell area. The 25% design study would constitute a critical first step in a long and complicated process involving the residential and business communities along with local, state and federal governments. The Committee struggled with the unusual timing of this request, and the prioritization of a significant capital request that was not on the established roadmap. Discussions with staff clarified the longstanding history and provided some justification for the timing.

A project relying on significant federal funding over a roughly ten-year horizon carries inherent risks. The funding could be delayed, or curtailed, or fail to materialize altogether. Developing a design that satisfies the needs and constraints of so many stakeholders is challenging, and compromise is a necessary aspect of such projects. There is a potential risk that the community could be asked to make difficult sacrifices, and every stakeholder will have to adapt in some way to the consensus design. If the final design cannot muster strong support, the result could delay the project while the underlying problems that motivate this project only intensify.

Nevertheless, there is an obvious risk in ignoring this opportunity. If one supports the need to encourage greater commercial development in the designated areas of Lexington, then it is clear that the Town must

address the Hartwell area traffic conditions in a serious manner. Access to federal funding at this level is only available via the MPO and its LRTP process. Thus, the Committee believes this request is a prudent investment in the future of the Hartwell area with a solid potential for benefits in the future.

It is our understanding that the work to be done using the requested funding will initially focus on analyzing existing conditions and the development of one or more possible design concepts. Those concepts will then be communicated to officials, residents, and business owners in order to assess the degree of support in the community. A minority of the Committee is concerned that design work could be allowed to proceed to the 25% stage using design concepts that lack broad community support. Nonetheless, we support the initiative because of the importance of the development of design concepts for the Hartwell Avenue area.

The Committee notes that the Hartwell Avenue commercial rezoning work, which is still in the planning stage, will be significantly impacted by this project. The 25% design study would produce some very useful input into the rezoning plan, and it might be prudent to avoid finalizing the Hartwell rezoning plan until the 25% design study can be incorporated into it.

**The Committee recommends approval of this request (8-0).**

<p><b>Article 2019-1.9</b>  <b>LED Streetlight Conversion</b></p>
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Funds Requested	Funding Source	Committee Recommendation
<b>\$ 875,858</b>	<b>GF</b>	<b>Approve (8-0)</b>

This request would fund the replacement of almost 3,200 of the Town’s existing induction streetlights with LED lights. (Note that streetlights in the Center and Battle Green areas would not be replaced at this time, but rather when the Center Streetscape project and Battle Green improvements are implemented. Additionally, smaller and/or decorative lights used to illuminate areas other than streets are not included in this project.)

The appropriation is for the full estimated cost of \$875,858, but the Town expects to receive a rebate of \$96,813 from Eversource (the Town’s electricity supplier) and to receive a grant of \$194,764 from the Metropolitan Area Planning Council (MAPC) upon completion, reducing the Town’s net cost to \$584,282. The MAPC grant requires that the project be completed by May 31, 2020, which necessitates an appropriation at this Special Town Meeting. Waiting until the 2020 Annual Town Meeting would not allow adequate time to obtain quotes from state-approved contractors, award a contract, and complete the required work before the deadline.

Most of the current induction streetlights were installed in 2010, paid for in part by a grant from Eversource. At the time, LED technology was not yet suitable for this application. Although the induction lights yielded substantial savings in electricity, they have proved to be unreliable in the cold New England climate. They currently require about \$130,000 annually in contracted maintenance services and bulb replacement, as well as the time of town employees to respond to malfunctions.

The Town’s lighting consultant estimates that the new LED streetlights would provide savings of over \$54,000 (roughly 45%) in electricity costs and \$53,000 in annual maintenance, a reduction of about 41%. The LED lights are expected to have a lifetime of over 20 years and the warranty would be 20 years. In the first year alone, the Town’s net cost of \$584,282 would be offset by \$107,843 in annual savings, and future savings would exceed the initial cost in less than six years, with an annual return of 18% over 20 years. In addition, the LED bulbs offer a warmer (3000K or less) light, similar to typical incandescent light bulbs used in homes.

**The Committee recommends approval of this request (8-0).**