Budget Collaboration/Financial Summit 3
January 18, 2007

A joint meeting of the Board of Selectmen, School Committee and Finance Committees was held on Thursday, January 18, 2007, at 7:30 p.m. in Cary Hall Auditorium. Present: Chairman Krieger, Mr. Kelley, Mr. Pagett, Mr. Cohen, Mr. Manz; Mr. Valente, Town Manager, Ms. Pease, Executive Clerk; Mr. Ash, Superintendent; Ms. Dunn, Assistant Superintendent; all members of the School Committee; all members of the Appropriation Committee; all members of the Capital Expenditures Committee with the exception of Mr. Lamb.

1. FY2008 Operating Budget

Mr. Valente reviewed the revenue and expense increases projected for FY2008. The total revenues are projected to be $122,836,566 (a 2.4% change from FY2007 or $2,907,910). The recommended budget for FY2008 is projected at $128,338,661, which includes Education - $71,027,605, Municipal - $26,187,036, Shared Expenses - $28,554,020, Capital - $1,330,000, and Other/Stabilization Fund - $1,040,000. The projected deficit is $5,502,095 (Education - $4,877,172 and Municipal - $624,924).

Mr. Valente is recommending $1 million be put in the Stabilization Fund for FY2008. He requested discussion and consensus on the recommended amounts. Because of the gap, some felt the $1 million may be needed for reducing the gap.

2. FY2008 Capital

Mr. Valente is recommending $1,330,000 be put in Cash Capital for FY2008. He requested discussion and consensus on the recommended amounts. Members of Capital Expenditures Committee felt that Cash Capital was under funded. The Selectmen's Ad Hoc Financial Policy Committee recommended increasing Cash Capital and also recommended funding capital projects. Mr. Valente is trying not to have a spike; he also pointed out that some projects would be funded through the Community Preservation Act. It was suggested that the Capital Expenditures Committee should look at whether the Town should borrow beyond current debt.

There is a proposal being reviewed by the Capital Expenditures Committee to convert the Clarke School to gas and hopefully save energy and to accomplish this by September 2008.

3. Allocation of FY2008 Revenue between Municipal Departments and School Department

Mr. Valente reviewed the proposed FY2008 revenue split and asked for a consensus decision. He is recommending a split of 28.1% for Municipal and 71.9% for Schools. The allocation of revenues was calculated as follows: Total FY2008 General Fund revenues less FY2008 shared expenses, FY2007 School budget as approved by the November STM, FY2007 general government budget as approved by the November STM, FY2008 proposed budget for cash capital ($1,330,000), FY2008 proposed budget for reserves/other town-wide articles ($1,040,000). The balance ($2,372,902) will be allocated to the General Government and Education components based on the FY2007 budget.

4. Budget Schedule

Outstanding issues include: state aid (projected no change), health insurance (feel it is solid number but waiting for 6-months worth of data), Minuteman Voc-Tech assessment (preliminary numbers show an increase from $1 million to $1,236,000 because of an increase in Lexington students and an overall decrease in students attending the school and the cost being spread over the member communities), financing of DPW Facility (debt service is included in budget but will come out if override approved), town-wide facility department (continuing discussions with School Committee), status of School Administration move, consensus on Stabilization Fund and Cash Capital.

The budget includes a 12% increase in Health Insurance. Waiting for additional information on health insurance that is expected to arrive in early March. Health care costs are currently tracked monthly. The staff did a complete analysis of health care costs per employee and for a new school employee $12,400 will be added to the budget and for a municipal employee $13,200 will be added.

The School Committee has voted to release the White House sometime in 2008. They believe they will need Harrington for some time. In the short term they expect to spend $45,000 to move into Harrington. Long-term modernization of the entire Harrington School is estimated at $9 million. It was pointed out that Harrington could qualify for CPA funds. Mr. Kelley believes there should be a discussion about the best use for Harrington; possibly a Senior Center.

Discussed the process and timing for the FY2008 Budget. The School Committee is meeting with the Capital Expenditures Committee on February 8. The Town Manager and School Superintendent need to sit down to refine the budget. Because of the possible need for an override, it is important to get all budget items completed by the end of February. The Appropriations Committee needs 4 weeks to analyze the budget.

The Capital Expenditures Committee will try to be available to come to the Selectmen's meeting on February 12.

It is important to schedule a Summit meeting for mid-February to discuss gap closing. One will be scheduled for March 1, 2007.

On January 22 the DPW Advisory Group will make a presentation to the Selectmen showing the changes that have been made to the plan. On February 12 there will be a final presentation.

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Upon motion duly made and seconded, it was voted to adjourn at 9:55 p.m.

A true record; Attest:

Lynne A. Pease
Executive Clerk