

APPROPRIATION COMMITTEE TOWN OF LEXINGTON



REPORT TO THE 2021-1 SPECIAL TOWN MEETING

RELEASED NOVEMBER 1, 2021

APPROPRIATION COMMITTEE MEMBERS

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

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Summary of Warrant Article Recommendations

Abbreviations

EF	Enterprise Fund	CPA	Community Preservation Act
GF	General Fund	DSSF	Debt Service Stabilization Fund
RE	Retained Earnings	IP	A motion to Indefinitely Postpone is expected
RF	Revolving Fund	TDM	Traffic Demand Management

Art- icle	Title	Funds Requested	Funding Source	Committee Recommendation
2	Appropriate for Prior Years' Unpaid Bills	None	N/A	IP
3	Establish, Dissolve and Appropriate To and From Specified Stabilization Funds	\$200,000 \$570,300	GF	Approve (8-0)
4	Amend FY2022 Operating and Enterprise Budgets	<i>See below</i>	<i>See below</i>	Approve (8-0)
5	Appropriate for Police Station Architectural Design and Swing Space Construction	\$870,000	GF	Approve (8-0)
6	Appropriate for Community Preservation Projects	\$75,000 <u>\$235,750</u> \$310,750	CPA	Approve (8-0)
7	Appropriate for Westview Cemetery Building Construction	\$770,000	Tax Levy	Approve (8-0)
8	Climate Action Plan	None	N/A	IP

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 2021 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 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:

- The Town Manager's *Fiscal Year 2022 Recommended Budget & Financing Plan* (the "Brown Book"), dated February 22, 2021, 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).
- *The Level Service and Recommended Budget of the Superintendent of Schools*, as presented January 5, 2021 (hereafter the "LPS Budget Book", which details the budget plan for the Lexington Public Schools.
- Capital Expenditures Committee (CEC) Report to the 2021 Annual Town Meeting, which provides recommendations on appropriation requests for capital projects.
- Community Preservation Committee (CPC) Report to the 2021 Annual Town Meeting, which details requests approved by the CPC and funded using revenue from the CPA surcharge.

The LPS Budget Book is available online at:

<https://sites.google.com/lexingtonma.org/lps-finance-and-operations/fy-22-budget>

All other reports for this Town Meeting will be available online at:

<https://www.lexingtonma.gov/town-meeting/pages/special-town-meeting-2021-1>

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 (an *ex officio* member of our Committee); 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 for Finance and Operations David Coelho; and the Lexington Select Board. 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 reports on the Town's annual budget as adopted by the Select Board, and on subsequent changes and additions to the budget, including an assessment of the budget plan and a projection for future years' revenues and expenses. This report includes the Committee's analysis and recommendations regarding all anticipated appropriations of Town funds, and other municipal matters that may come before Town Meeting. This report is distributed as an electronic document via the Town website. The Committee also makes presentations during Town Meeting, including recommendations on appropriations and other matters for which the Committee's formal position was pending at the time of publication.

The Committee's goal is to publish its report at least one week prior to the start of each town meeting, with the understanding that financial articles could be taken up on the first night of the town meeting.

Committee Membership

Anil A. Ahuja was appointed to the committee shortly before the start of the 2021 Annual Town Meeting. Due to the timing, he could not contribute to our report for the Annual Town Meeting, but he is now part of the team. With one vacant seat, the Committee presently has eight voting members.

Vineeta Kumar was appointed to the committee at the same time, but unfortunately, she was unable to serve due to a conflict with the Town Meeting Member Association's bylaws for its Executive Committee.

Reserve Fund

As of publication, the Committee has not been asked to approve any Reserve Fund transfers during FY2022, and the balance in the Fund remains at \$750,000. As always, any remaining funds will revert to Free Cash at the end of the fiscal year.

Developments Since Adoption of the FY2022 Budget

The Town has begun to support staff working in offices, and to provide in-person services at the Town Office Building. The Committee has chosen to continue meeting virtually via Zoom.

New Growth

The Assistant Town Manager for Finance reports that the Town's "new growth" revenue is now projected to be just under \$5 million, approximately \$2.25 million more than the \$2.75 million originally budgeted for FY2022. This is a direct result of continuing robust development of both commercial and residential real estate. Given the inherent volatility of the real estate sector of the economy, the Town uses a conservative estimate for new growth to limit any potential revenue shortfall in the budget.

The Town treats excess funds from new growth as one-time revenue during the current fiscal year, but in subsequent years they are incorporated into the base tax levy. Assuming that the state Department of Revenue certifies our FY2022 new growth figure prior to the start of the 2021-1 Special Town Meeting, the money will be available for appropriation by Town Meeting.

It is proposed that most of this additional revenue be appropriated for capital projects under Article 5 (Police Station) and Article 7 (Westview Cemetery), with the remaining balance going to the Capital Stabilization Fund under Article 3.

Updates

This report presents the official positions of the Committee as of the date of publication. The Committee will continue to meet as necessary prior to and during Town Meeting and may revise its official positions based on new or updated information. In a typical year, the Committee also reports orally to Town Meeting on each article. The oral report summarizes the Committee's current position, which may have been updated following publication of this report.

Warrant Article Analysis and Recommendations

Article 2 Appropriate for Prior Years' Unpaid Bills

Funds Requested	Funding Source	Committee Recommendation
None	N/A	IP

As of this report’s publication, the Town was not aware of any unpaid bills from prior years.

The Committee supports indefinite postponement.

Article 3 Establish, Dissolve and Appropriate To and From Specified Stabilization Funds

Funds Requested	Funding Source	Committee Recommendation
TDM/PT SF \$200,000	GF	Approve (8-0)
Capital SF \$570,300		

This article requests the appropriation of funds into the Transportation Demand Management/Public Transportation Stabilization Fund (TDM/PT) Stabilization Fund (SF) and the Capital SF.

Transportation Demand Management/Public Transportation SF

From time to time, a developer seeking a zoning change will sign a memorandum of understanding (MoU) with the Town that requires one-time or recurring contributions to the Town to be used in ways that reduce automobile trips by their employees or customers.

In the past, these funds were accumulated in a special revenue fund, and Town Meeting was routinely required to appropriate them into the Transportation Demand Management/Public Transportation Stabilization Fund. At the 2020-3 Special Town Meeting, Town Meeting voted under Article 3 to allow funds received under certain agreements to be deposited directly into the TDM/PT SF without appropriation.

Payments have been received from Takeda Pharmaceuticals (\$124,113), Avalon at Lexington Hills (\$46,286), Watertown Savings Bank (\$8,674), and Lexington Place (\$4,775) for a total of \$183,848. Per the previous vote of Town Meeting, these funds were transferred directly into the TDM/PT SF. The current balance (late October 2021) in the TDM/PT SF is \$891,846, which includes the payments listed here.

In addition, the Town recently received a \$200,000 grant from the Massachusetts Department of Transportation (Mass DOT) to support public transportation. The grant is being applied to the FY2022 Lexpress budget (see Article 4, below). In keeping with the spirit of the grant, this article requests an appropriation of the \$200,000 in tax levy funds freed up from the Lexpress budget into the TDM/PT SF to help fund other town transportation needs.

Capital SF

The Capital SF was established as a repository of funds to supplement debt service payments on future capital projects. Two major capital projects, namely the replacement of the Police Station and the renovation or replacement of Lexington High School, are on the horizon. Construction of the Police Station is likely

to commence within a few years, while the Lexington High School project may begin within five to ten years. Whether the High School is eventually renovated or replaced, the total cost will almost certainly far surpass any prior capital project in the Town. It is desirable to grow the Capital SF in advance of the sharp rises in debt service that will follow immediately after bonds are issued to fund a high school project.

The requested appropriation into the CSF would transfer \$570,300 from the balance of “new growth” revenue, which is property tax revenue in excess of the estimate approved for the FY2022 budget.

A small part of this new growth, about \$57,000, can be traced to the recent PSDUP-based developments that are currently under construction at 186 Bedford St. and on Watertown St. (Waterstone and Bridges). This is only the preliminary new growth amount for these two partially completed projects. The final new growth revenue will be larger once they are completed. Another PSDUP-based development at 1050 Wal-
tham St. is also expected to generate significant new growth in the coming fiscal year(s).

This appropriation into the Capital SF is consistent with a process recently recommended by the Town Manager’s Financial Working Group to earmark a portion of current and future revenue from two components of new growth for the Capital SF: (1) that from properties developed under the framework of the rezoning/PSDUP process; and (2) that from properties developed under the recently approved zoning changes for the Hartwell Innovation Park (C-HIP, see Art. 45 from the 2021 ATM). The purpose of this earmark is to establish a reliable and growing source of recurring revenue from the tax levy to support the Capital SF, which has heretofore been funded exclusively with one-time funding sources.

The balance in the Capital SF on September 30, 2021, was \$21,096,702. This balance reflects transfers approved at the 2021 ATM.

It should be noted that this fund is already being used to mitigate the impact of debt service on existing exempt capital projects and selected non-exempt capital projects. Therefore, not all of the present balance will be available to offset costs of the police station and high school projects.

The Committee recommends approval by a vote of (8-0).

Article 4
Amend FY2022 Operating and Enterprise Budgets

Funds Requested	Funding Source	Committee Recommendation
<i>See below</i>	<i>See below</i>	Approve (8-0)

At last spring’s Annual Town Meeting, operating and enterprise fund budgets were presented and approved based on the *FY2022 Recommended Budget and Financing Plan* published on February 22, 2021. This article proposes several modest adjustments to those budgets in view of developments which have occurred since that time. Line numbers in the tables for this section refer to budget categories in the *Plan*. Proposed changes to the FY2022 Community Preservation Fund budget are addressed in Article 6.

Operating Budget

Town staff is proposing both increases and decreases in the FY2022 operating budget, resulting in a net reduction of \$180,870. The details of, and reasons for, the changes are set forth below.

Line		From	To	Change
2140	Unemployment	\$ 300,000	\$ 200,000	\$ (100,000)

The Town’s unemployment costs experienced year-to-date have been lower than anticipated, largely because there have been minimal COVID-related claims and payments. Town staff thus proposes to reduce

the unemployment line item by one-third, to \$200,000, which should be sufficient to cover costs through the end of the fiscal year.

Line		From	To	Change
4100	Law Enforcement Personal Services	\$ 7,209,908	\$ 7,118,998	\$ (90,910)

With the transition underway to install Pay-by-Phone meters in the Depot Square parking lot, there is a reduced need for parking lot attendants; this allows a modest reduction in the law enforcement budget.

Line		From	To	Change
4200	Fire Personal Services	\$ 7,047,201	\$ 7,247,201	\$ 200,000

Due to a number of unanticipated personnel-related expenses incurred by the Fire Department in FY2021, including a contract settlement which had an impact on overtime pay, approximately \$190,000 in end-of-year adjustments were required in July of 2021 to supplement the FY2021 budget. Because this higher than anticipated trend of expenses is expected to continue into FY2022, it is proposed to increase the FY2022 budget by a similar amount.

Line		From	To	Change
5100	Library Personal Services	\$ 2,475,402	\$ 2,525,607	\$ 50,205
8600	Innovation & Technology Personal Services	\$ 955,997	\$ 932,679	\$ (50,205)

Following the onset of the pandemic, the Town Library has significantly increased its on-line operations. Because the Town’s Webmaster, whose costs have historically been in the Information Technology budget, now spends most of his time on Library matters, it is proposed to transfer this expense from the Innovation & Technology Personal Services budget to the Library Personal Services Budget. This is a housekeeping matter that will result in no net change to the Town’s overall budget.

Line		From	To	Change
6000	Human Services Expenses	\$ 786,991	\$ 586,991	\$ (200,000)

Due to the receipt of unanticipated grant funding from MassDOT, the expense budget for Lexpress, a contracted-for service, can be reduced by \$200,000. Note that Article 3 proposes that the \$200,000 in tax levy funds thereby freed up be appropriated to the TDM/PT Stabilization Fund to help fund other town transportation needs.

Line		From	To	Change
8210-8220	Town Manager Personal Services	\$ 922,639	\$ 932,679	\$ 10,040

The Town Manager has identified the need for a professional management analyst to assist with the review and analysis of a number of Town initiatives and other developments which have added substantially to the responsibilities of his office over the last several years. These responsibilities include: financial analysis of the use and disposition of the substantial federal funds the Town expects to receive under the American Rescue Plan Act of 2021 (ARPA); preparation of periodic reports required under recently adopted affordable housing “linkage” articles; monitoring compliance with various Town Meeting resolutions to consider matters of sustainability, inclusion and other matters in the Town’s day-to-day operations; and other budgetary and financial issues which would benefit from professional analysis.

A plan to include such a position in the original FY2022 budget was deferred due to continued concern about potential unanticipated costs resulting from the Covid-19 pandemic. However, with those concerns allayed, the needs for analysis now more urgent, and the availability of still unallocated municipal funds as well as ARPA funding to help defray the cost, the time is opportune to create and fund this position. The

Town has had, and will continue to have, the benefit of a short-term management intern under its existing management training program.

The ultimate annual salary range targeted for the proposed new analyst position, which is expected to be ongoing and therefore can be viewed as a program improvement request, is in the range of \$60,000–90,000, net of benefits. The funding now sought under Article 4 is substantially less than that because it is only for the remaining half of FY2022 and it is expected that much of the cost, at least in the short run, will be covered by ARPA funds: 75% in FY2022; 50% in FY2023; and 25% in FY2024.

Water/Wastewater Enterprise Funds

Two categories of adjustments are proposed for the water and wastewater enterprise funds:

Line		From	To	Change
3610	Water Department Personal Services	\$ 903,535	\$ 865,454	\$ (38,081)
3710	Wastewater Department Personal Services	\$ 401,775	\$ 389,779	\$ (11,996)

Because there was an inadvertent duplication of certain expenses resulting from the recent public works union contract settlement, the water and wastewater budgets may be reduced as indicated above.

Line		From	To	Change
3620	MWRA Water Assessment	\$ 8,782,170	\$ 8,743,912	\$ (38,258)
3720	MWRA Wastewater Assessment	\$ 8,232,301	8,177,213	\$ (55,088)

The amounts appropriated under Article 5 of the 2021 Annual Town Meeting for Water and Wastewater Enterprise Fund expenses were based on preliminary FY2022 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 FY2022 water and wastewater rates approved by the Selectmen earlier this fall. Amending the original appropriations is a simple housekeeping task.

The Committee recommends approval by a vote of (8-0).

Article 5
Appropriate for Police Station Architectural Design and Swing
Space Construction

Funds Requested	Funding Source	Committee Recommendation
\$870,000	GF	Approve (8-0)

This article requests the appropriation of \$870,000 using newly available tax levy funds resulting from the recognition of new growth revenue to fund: (1) \$254,315 in additional architectural design work for a new police station; and (2) \$614,100 in construction funds to convert 173 Bedford St. to a temporary police station.

Under Article 14 of the 2018 Annual Town Meeting, \$1,862,622 was appropriated for design and engineering costs for a proposed new Police Station at the current Massachusetts Avenue site. The existing police station, which opened in 1956, lacks many basic amenities of a modern police facility. At the time of that vote, it was envisioned that a request would be made for the appropriation of construction funds late in 2019 or in 2020. However, in view of the nationwide discussion of police and policing which followed the death of George Floyd in Minneapolis in May of 2020, the Select Board decided to pause the project and

to initiate a community conversation on policing and the needs of the proposed Police Station. With that process now completed, the Select Board is ready to proceed with the project, incorporating recommendations resulting from the outreach into the design of the new station.

At the Select Board’s request, the architect provided two new design alternatives. Option A incorporated limited changes to the existing design without enlarging the building. Option B included more extensive modifications from the existing design, including a larger building, in response to suggestions from the community conversations. The Select Board recently voted to support Option B, with an estimated construction cost of \$32.8 million, which is approximately 10 percent more than the cost for Option A.

A supplemental appropriation of \$254,315 is now sought to cover additional architectural fees due to:

1. The Select Board’s request for two new Schematic Design alternatives
2. A decision to integrate solar panels into the design
3. The need for post-construction restoration of Fletcher Park
4. Additional design changes based on community feedback.

The remaining \$614,100 of the appropriation would fund the construction costs to convert 173 Bedford Street from its prior use as a temporary Fire Station to a temporary Police Station. All changes would be to the building’s interior, including securing the main entrance and adding a secure booking and interview space, an evidence evaluation lab and storage facility, a dispatch center, and a communications equipment area.

A detailed breakdown of all funds requested follows:

Police Station—Design and Construction Documents	
Additional architect fees	\$254,315
Swing Space Renovation – 173 Bedford St	
Construction/Renovation	\$375,000
Antennas/Radio communication equipment	\$123,000
Relocate the 911 Dispatch Center	\$50,000
Architect fees	\$41,100
Relocation costs	\$25,000
Total	\$868,415

The requested amount is rounded up to \$870,000. It is anticipated that a request for the appropriation of construction funds for the new Police Station will be made at the 2022 Annual Town Meeting, presumably contingent on a debt exclusion referendum to be held later in the spring. If the funding is approved, construction of the new Police Station could begin as early as the fall of 2022.

The Committee recommends approval by a vote of (8-0).

Article 6
Appropriate for Community Preservation Projects

Funds Requested	Funding Source	Committee Recommendation
\$75,000		
<u>\$235,750</u>	CPA	Approve (8-0)
\$310,750		

At the 2021 Annual Town Meeting a total of \$2,684,550 was appropriated under the Community Preservation Act (CPA), primarily for debt service on previously approved land acquisitions and the renovation of

the Cary Memorial Building. Largely due to the pandemic, a relatively small number of new projects were put forward last spring, leaving a substantial balance of unexpended CPA funds. This fall, the Community Preservation Committee (CPC) is proposing two modest supplemental appropriations and one change in scope related to the funding of projects approved in earlier years. Delaying these requests until next year's Annual Town Meeting would potentially increase these projects' costs while leaving the Old Res bathhouse unusable for an entire recreation season.

6(a) Park and Playground Improvements Sutherland Park

An appropriation of \$75,000 is requested to install an additional play structure for children ages 5-12 in Sutherland Park, a 20-acre park at the end of Sutherland Road. A four-acre section of the park managed by the Recreation and Community Programs Department features a Little League field, a basketball court, swings, and a playground with equipment for children ages 2-5.

At the 2020 Annual Town Meeting, \$95,000 was appropriated to rehabilitate the playground's existing equipment. After the new play structure was purchased with those funds, members of the community informed Town staff and the Select Board that the new equipment wasn't suitable for children over 5. The CPC has approved a request by the Department of Recreation and Community Programs and the Recreation Committee to fund the purchase of an additional structure suitable for older children. This issue is coming before this Special Town Meeting instead of the next annual town meeting so that the new structure for older children can be installed more quickly. This will help to ensure that both structures will come up for replacement at roughly the same time—minimizing disruption for playground reconstruction in the future.

If funds are not allocated at this Special Town Meeting, the Recreation Committee will include this project in its five-year capital planning for a future year, delaying the installation of the equipment and causing the two structures to be out of phase for future replacement. There will be more disruption, expenses, and unhappy children if the playground needs to be closed twice to replace equipment.

The proponents expect to engage the neighborhood in planning for the new structure this winter and install the new structure in spring 2022. The expected life cycle for these play structures is 15 years.

6(b) Parker Meadow Accessible Trail Construction Supplemental Funds

This is a request for \$235,750 to supplement a previous appropriation for construction of the Parker Meadow Accessible Trail. This trail will provide barrier-free access to Parker Meadow, a 17-acre property located near Lexington Center with direct access to the Minuteman Bikeway, via a passive recreational trail system for members of the public with physical, vision and auditory limitations. This is a collaborative project involving private citizens, land stewards, the Conservation Commission, the Recreation Committee, and the Commission on Disability.

The funds now requested would be in addition to \$585,526 previously appropriated for this project in FY2015 (\$34,500, design and engineering) and FY2021 (construction, \$551,026). If the supplemental funding is approved, the total funding for this trail will be \$786,776.

When the trail construction was put out to bid this year, the lowest bid exceeded the construction appropriation by more than \$205,000. The proponents attribute the increase to increased demand for construction projects and higher costs of construction materials such as lumber for the boardwalk. Construction costs are expected to continue to increase, so further delays could make this project even more expensive.

Article 6(c) Old Reservoir Bathhouse Construction

This item does not request the appropriation of any new funds. It is on the warrant because the CPC needs Town Meeting approval for a change in construction plans for the Old Reservoir Bathhouse.

Town Meeting appropriated \$620,000 at the 2019 Annual Town Meeting to repair the Old Reservoir Bathhouse, including funding for plumbing repairs, installation of new fixtures and a new roof, and ADA improvements throughout the bathhouse and site. As with the Parker Meadow Accessible Trail, bids for this

work came in substantially above the appropriation. Instead of seeking supplemental funding, the Department of Recreation and Community Programs has concluded that installing a new, pre-cast concrete building would be more cost-effective than renovating the existing bathhouse. This modification would bring the project within the previously appropriated budget, so no new funds are needed.

The Committee recommends approval by a vote of (8-0).

Article 7

Appropriate for Westview Cemetery Building Construction

Funds Requested	Funding Source	Committee Recommendation
\$770,000	Tax Levy	Approve (8-0)

This article requests a supplemental appropriation for the construction of a new office and equipment maintenance building on the Westview Cemetery grounds, including the costs of demolition, architectural, and engineering services, original equipment, furnishings, landscaping, paving and other site and traffic improvements incidental or related to such construction. Westview Cemetery is the Town's active cemetery with an average of two hundred burials per year.

History

At the 2015 Annual Town Meeting, \$35,000 was appropriated to hire an architect to assess the current building, and to determine if the existing building can be renovated and expanded, or if a new building is needed. The assessment was performed by TBA Architects Inc., and at the 2017 Annual Town Meeting, \$270,000 was appropriated to develop designs for the renovation of the existing building or for construction of a new building. At the 2018 Annual Town Meeting an article to appropriate construction funds was indefinitely postponed in order to consider citizen requests for the inclusion of a crematory facility as part of the new building. The Ad-hoc Crematory Study Committee (CSC) was appointed by the Board of Selectmen in fall 2018. The committee made a recommendation, subsequently accepted by the Board of Selectmen, that required the design of the new Westview Cemetery building to be able to accommodate the addition of a crematory at a future date. At the 2020 Annual Town Meeting, \$3,290,000 was appropriated for construction of the building with the new design.

Current status

Town staff vetted the design of the building with the Permanent Building Committee and subsequently issued a bid package in June 2021. Five bids were received, and all are substantially above the appropriated funding. The Covid-19 pandemic has impacted supply chains and also worker availability resulting in higher costs of construction. Based on these bids, a supplemental appropriation of \$770,000 is requested bringing the total budget for this project to \$4,060,000. If the appropriation is approved, a new bid package will be issued in early 2022.

Financing Plan

The Westview Cemetery building is expected to cost approximately \$4.06 million with a 20-year bond duration for any debt. The current request for supplemental appropriation of \$770,000 will be cash financed from the projected surplus new growth, as indicated in the introduction. The originally budgeted construction cost of \$3,290,000 will be debt-financed with a level-payment amortization schedule at an assumed interest rate of 4%. The debt service would be funded in part using fee revenue from the General Fund and the Sale of Cemetery Lots Fund. The latter had a fund balance of \$681,236 at the end of FY2021 and receives ongoing revenue from sales of cemetery lots and burials. This funding model anticipates the need for supplements from the tax levy to cover debt service from FY2028 through FY2043. The total tax levy

supplement needed to cover the debt service is projected to be approximately 25% of the total project cost, or \$1.5 million over the life of the debt.

Cemetery Operating Revenues and Expenses

When a grave is sold, 45% of the revenue is directed to the Sale of Cemetery Lots Fund, and the other 55% is transferred to the Cemetery Perpetual Care Trust account which is managed by the Trustees of the Public Trust. When a burial is performed, the fee revenue is directed to the General Fund. This General Fund revenue supports cemetery operations, including staff costs and operating expenses. In addition, interest earned from the Cemetery Perpetual Care Trust Fund is transferred to the General Fund annually to support cemetery operations.

These two funding sources do not fully cover the Town’s cemetery operations, so the tax levy makes up the difference. Municipalities are directed by law to provide cemeteries and burial services, so it is not unusual that the tax levy would partially fund cemetery operations. The history of tax levy support to the cemetery operations from FY2015 to FY2021 is shown below.

	FY2021 Actual	FY2020 Actual	FY2019 Actual	FY2018 Actual	FY2017 Actual	FY2016 Actual	FY2015 Actual
Cemetery Fee Revenue (General Fund)	\$164,198	\$182,405	\$198,293	\$162,270	\$123,190	\$125,588	\$133,079
Interest Income from Cemetery Annual Care*	\$72,925	\$90,038	\$50,000	\$48,500	\$105,000	\$105,000	\$105,000
Total Cemetery Revenue	\$237,123	\$272,443	\$248,293	\$210,770	\$228,190	\$230,588	\$238,079
Cemetery Operations Salaries & Wages	\$283,644	\$248,335	\$230,705	\$238,714	\$248,370	\$241,225	\$221,437
Cemetery Operating Expenses	\$60,018	\$43,538	\$67,008	\$64,201	\$61,800	\$75,114	\$48,868
Total Cemetery Expenses	\$343,662	\$291,873	\$297,713	\$302,914	\$310,170	\$316,339	\$270,305
Tax Levy Support of Cemetery Operations	\$(106,539)	\$(19,430)	\$(49,240)	\$(92,144)	\$(81,980)	\$(85,751)	\$(32,226)

*Interest Income values prior to FY2020, are budgeted amounts and not actuals

The Committee recommends approval by a vote of (8-0).

<p>Article 8 Climate Action Plan</p>
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Funds Requested	Funding Source	Committee Recommendation
None	N/A	IP

No action is proposed under this article.

The Committee supports indefinite postponement.