

# Lexington Debt Exclusion Vote December 4<sup>th</sup>, 2017

## 额外债务全镇表决

[YouTube 视频中文语音 \(YouTube Video with Chinese narration\)](#)

**Helen Yang**  
**Lexington Appropriation Committee**

莱克星顿拨款委员会

November 11, 2017

# Disclaimer

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The goal of this presentation is to share factual information already in the public domain in a relatively concise and digestible format.

**The author/presenter is NOT involved with any campaign, but welcomes any campaign to share this presentation as background information for the convenience of the voters.**

The author/presenter makes a best effort to refrain from expressing any opinions. In case there are any views and opinions, they are those of the author/presenter only, and do not represent the views and opinions of the Lexington Appropriation Committee.



- **Debt Exclusion 2017 and its tax impact**
- **Past Debt Exclusions (额外债务) and Overrides (超额涨税)**
- **Case study: Lexington Children's Place**
- **Budget process and the Appropriation Committee**

# **Section 1:**

## **Debt Exclusion Vote 2017 and Its Taxpayer Impact**

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# What is Debt Exclusion?



- **Massachusetts Proposition 2½**
  - **Restriction #1: Total annual tax collected can't exceed 2.5% of total value of all property in town**  
**The current property tax rate (FY 17) in Lexington is 1.449%, thus it is not a concern.**
  - **Restriction #2: Tax revenue can't increase year over year by more than 2.5%, except for new growth**
- **What if it is not enough?**
  - **Budget cuts (削减经费)**
  - **Operating override (超额涨税, 永久性的)**
  - **Debt exclusion (额外债务, 具体项目)**
- **Lexington has done both**
  - **Most recent override (2007)**
  - **Most recent debt exclusion (2016, Clarke & Diamond expansions)**

# Debt Exclusion 2017

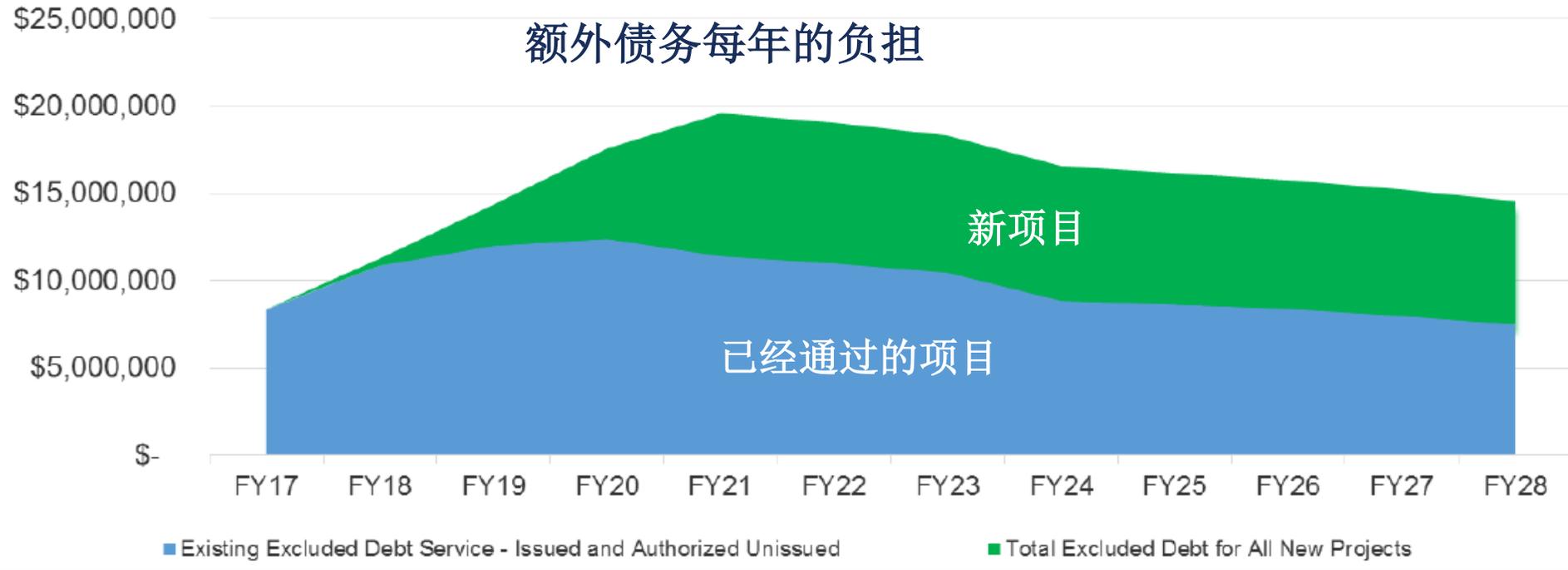


Project	Amount (Rounded to Million)	Note
New Hastings	\$49 Million	Total project cost is \$65 Million. MSBA will reimburse \$16M
Lexington Children's Place (LCP)	\$15 Million	Land acquisition cost of \$8M for 20 Pelham Rd is not included.
Fire Station with Swing Space	\$22 Million	
<b>Total</b>	<b>\$86 Million</b>	
Property Purchases: 20 Pelham (LCP) & 173 Bedford Street (Fire Station Swing Space)	\$12.5 Million	Removed from Debt Exclusion, absorbed into operating budget

# Taxpayer Impact (Part 1) - Before Mitigation (减负之前)



Excluded Debt Service: Authorized and Projected



	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Existing Excluded Debt Service - Authorized Issued	\$ 8,330,185	\$ 10,858,883	\$ 11,981,750	\$ 12,376,649	\$ 11,397,476	\$ 11,007,548	\$ 10,467,857	\$ 8,852,166	\$ 8,616,806	\$ 8,379,296	\$ 7,988,562	\$ 7,463,194
Fire Station/Swing Space	-	\$ -	\$ 748,195	\$ 1,643,728	\$ 1,613,221	\$ 1,582,714	\$ 1,552,207	\$ 1,521,700	\$ 1,491,194	\$ 1,460,687	\$ 1,430,180	\$ 1,399,673
Hastings	-	\$ -	\$ 476,212	\$ 2,160,580	\$ 3,572,415	\$ 3,506,123	\$ 3,439,831	\$ 3,373,539	\$ 3,307,247	\$ 3,240,955	\$ 3,174,663	\$ 3,108,371
Lexington Children's Place	-	\$ -	\$ 540,597	\$ 1,087,043	\$ 1,067,204	\$ 1,047,365	\$ 1,027,525	\$ 1,007,686	\$ 987,847	\$ 968,008	\$ 948,169	\$ 928,330
Police Station/Swing Space <sup>(1)</sup>	-	\$ -	\$ -	\$ 88,000	\$ 1,879,529	\$ 1,845,327	\$ 1,811,125	\$ 1,776,922	\$ 1,742,720	\$ 1,708,517	\$ 1,674,315	\$ 1,640,113
Other <sup>(2)</sup>	-	\$ 374,562	\$ 597,944	\$ 218,162	\$ 17,489	\$ 16,975	\$ 16,460	\$ 15,946	\$ 15,432	\$ 14,917	\$ 14,403	\$ 13,888
Total Excluded Debt for New Projects	-	\$ 374,562	\$ 2,362,948	\$ 5,197,513	\$ 8,149,858	\$ 7,998,503	\$ 7,847,148	\$ 7,695,794	\$ 7,544,439	\$ 7,393,084	\$ 7,241,730	\$ 7,090,375
<b>Total Excluded Debt Service All Projects</b>	<b>\$ 8,330,185</b>	<b>\$ 11,233,445</b>	<b>\$ 14,344,698</b>	<b>\$ 17,574,162</b>	<b>\$ 19,547,334</b>	<b>\$ 19,006,051</b>	<b>\$ 18,315,006</b>	<b>\$ 16,547,960</b>	<b>\$ 16,161,245</b>	<b>\$ 15,772,381</b>	<b>\$ 15,230,291</b>	<b>\$ 14,553,569</b>

(1) Police Station is not presented for Fall 2017 STM. Design costs are expected to be presented at 2018 Annual Town Meeting and construction costs at 2019 Annual Town Meeting.

(2) Other includes debt issuance costs and estimated cost of updating space at Harrington school currently occupied by Lexington Children's Place.

Source: Town of Lexington

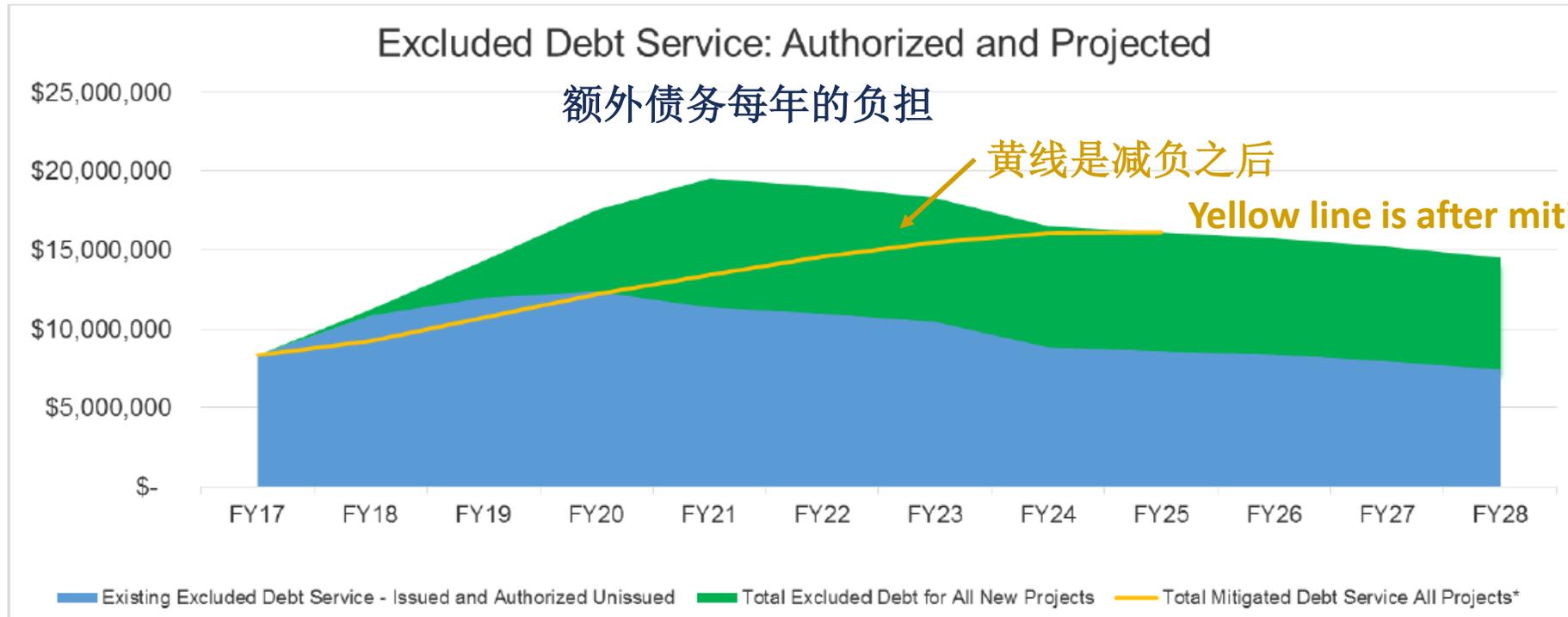


- **Money saved for future capital expenditures**
  - Spring 2017 TM allocated ~\$7.7M to the Capital Stabilization Fund
  - Current balance ~\$30 million
- **Will be used to shave off tax spikes due to capital projects**
  - Current balance will be depleted by 2024
  - May have new money going into the fund

From Appropriation Committee report to the Town Meeting, 2017 Spring:

**Overall revenue growth**, resulting from a combination of the annual allowed 2.5% increase in the tax levy, estimated new growth, state aid, and local receipts, **continues to be healthy**, with **projected FY2018 revenues increasing over FY2017** revenues, on a net basis after adjustments, **by about 5%** (compared with growth of 6.9% from FY2015-FY2016 and 6.7% from FY2016-FY2017).

# Taxpayer Impact (Part 2) – After Mitigation (减负之后)



	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28
Existing Excluded Debt Service - Authorized Issued	\$ 8,330,185	\$ 10,858,883	\$ 11,981,750	\$ 12,376,649	\$ 11,397,476	\$ 11,007,548	\$ 10,467,857	\$ 8,852,166	\$ 8,616,806	\$ 8,379,296	\$ 7,988,562	\$ 7,463,194
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Debt Service Mitigation from Capital Stab. Fund	\$ -	\$ (2,000,000)	\$ (3,600,000)	\$ (5,400,000)	\$ (6,100,000)	\$ (4,400,000)	\$ (2,800,000)	\$ (500,000)	\$ -	\$ -	\$ -	\$ -
<b>Total Mitigated Debt Service All Projects*</b>	<b>\$ 8,330,185</b>	<b>\$ 9,233,445</b>	<b>\$ 10,744,698</b>	<b>\$ 12,174,162</b>	<b>\$ 13,447,334</b>	<b>\$ 14,606,051</b>	<b>\$ 15,515,006</b>	<b>\$ 16,047,960</b>	<b>\$ 16,161,245</b>	<b>\$ 15,772,381</b>	<b>\$ 15,230,291</b>	<b>\$ 14,553,569</b>

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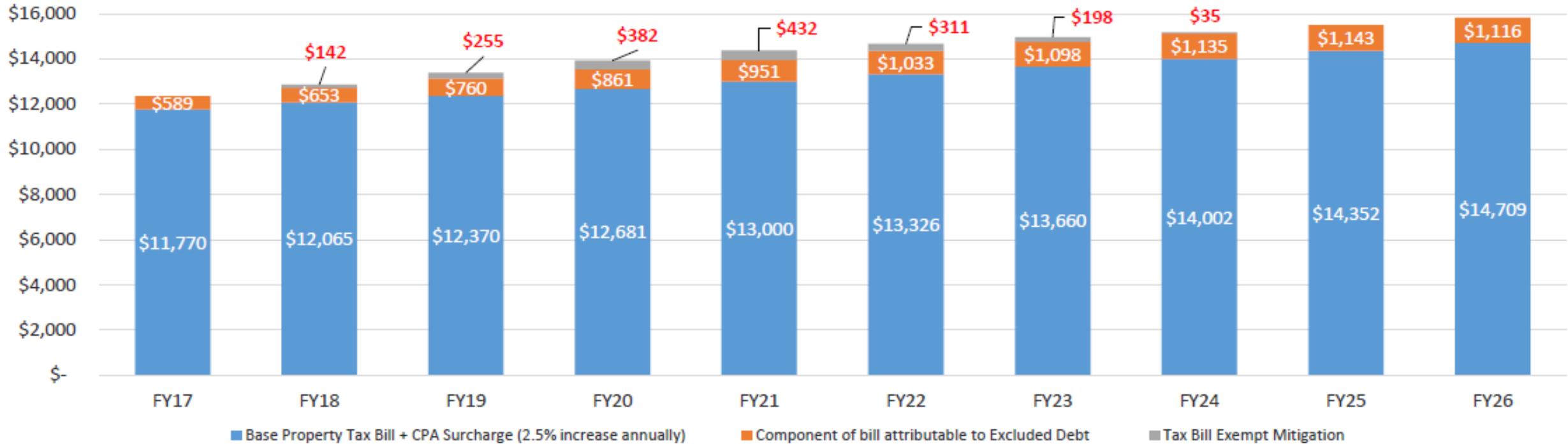
\* Principal and interest payments for Bedford St. and Pelham Rd. land purchases are not reflected in the model; assuming remaining principal of \$10,091,513 will be absorbed in the operating budget, paid from Capital Stabilization Fund or financed with a long-term bond, depending on the Town's financial position and economic circumstances over the next 5 years.

Source: Town of Lexington

# Taxpayer Impact (Part 3) – With Mitigation



## Tax Bill for Home of Median Value (\$831,000) - All Projects



Source: Town of Lexington

# Tax Payer Impact (Part 4) - Impact of Debt Exclusion 2017



## Tax Bill for Home of Median Value (\$831,000)

	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
Base Property Tax Bill + CPA Surcharge (2.5% increase annually)	\$ 12,066	\$ 12,369	\$ 12,681	\$ 12,999	\$ 13,326	\$ 13,660	\$ 14,000	\$ 14,348	\$ 14,706
Component of bill attributable to Excluded Debt- Including Dec 4 Projects	\$ 825	\$ 968	\$ 1,218	\$ 1,245	\$ 1,209	\$ 1,163	\$ 1,040	\$ 1,015	\$ 990
<b>Total Tax Bill</b>	<b>\$ 12,890</b>	<b>\$ 13,338</b>	<b>\$ 13,898</b>	<b>\$ 14,244</b>	<b>\$ 14,535</b>	<b>\$ 14,823</b>	<b>\$ 15,040</b>	<b>\$ 15,364</b>	<b>\$ 15,696</b>
Less Mitigation	\$ (170)	\$ (212)	\$ (368)	\$ (304)	\$ (191)	\$ (71)	\$ -	\$ -	\$ -
<b>Tax Bill After Mitigation- Including Dec 4 Projects</b>	<b>\$ 12,721</b>	<b>\$ 13,126</b>	<b>\$ 13,530</b>	<b>\$ 13,940</b>	<b>\$ 14,344</b>	<b>\$ 14,752</b>	<b>\$ 15,040</b>	<b>\$ 15,364</b>	<b>\$ 15,696</b>
\$ Change	\$ 362	\$ 405	\$ 405	\$ 410	\$ 404	\$ 408	\$ 288	\$ 324	\$ 332
% Change	2.9%	3.2%	3.1%	3.0%	2.9%	2.8%	2.0%	2.2%	2.2%
Fire Station/Swing Space	\$ -	\$ 41	\$ 81	\$ 86	\$ 94	\$ 103	\$ 108	\$ 106	\$ 103
Hastings	\$ -	\$ 26	\$ 107	\$ 191	\$ 209	\$ 229	\$ 239	\$ 234	\$ 229
Lexington Children's Place	\$ -	\$ 30	\$ 54	\$ 57	\$ 62	\$ 68	\$ 71	\$ 70	\$ 68
<b>Tax Bill After Mitigation- w/o Dec 4 Projects</b>	<b>\$ 12,721</b>	<b>\$ 13,028</b>	<b>\$ 13,289</b>	<b>\$ 13,606</b>	<b>\$ 13,978</b>	<b>\$ 14,352</b>	<b>\$ 14,622</b>	<b>\$ 14,954</b>	<b>\$ 15,295</b>
\$ Change	\$ 362	\$ 307	\$ 261	\$ 317	\$ 373	\$ 374	\$ 270	\$ 332	\$ 341
% Change	2.9%	2.4%	2.0%	2.4%	2.7%	2.7%	1.9%	2.3%	2.3%



This is what you'd pay for each project if your assessed value is \$831,000  
 你为每一个项目支付的钱，根据房子价值\$831,000

Source: Town of Lexington

Note: This model doesn't include the anticipated police station project. The numbers are provided by the Town as of press time.

# What Is Included In the Model?



- **Included in the model:**
  - This set of three projects (Hastings, LCP and fire station)
  - Police Station (estimated to be \$26M) unless otherwise noted
- **Not included**
  - High School and 7<sup>th</sup> Elementary School
  - No reliable numbers and uncertain timeline to model with
- **High School Construction Projects**
  - Newton N. High, opened 2010, \$200M for capacity of 1738 students
  - Winchester High, opened 2017, \$130M for capacity of 1200 students
  - Lexington High, current enrollment: 2200 students

# Timeline for Debt Exclusion Vote



- **STM approved all three projects**
  - Special Town Meeting, October 16<sup>th</sup>, 2017
  - Contingent on Debt Exclusion Vote
- **Debt exclusion – separate vote for each project**
  - If the debt exclusion vote fails for a project, this project will not move forward
- **Debt Exclusion vote on December 4<sup>th</sup>**
  - It is your town, so get out to vote!

## **Section 2: Past Debt Exclusions and Overrides**

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# Past Overrides and Debt Exclusions (1989-2017) (Part 1)



## Results of past 16 Prop. 2 ½ Operating overrides and Debt Exclusions in Lexington (FY1989-2017)

FY	Approved or Rejected	Operating override or Debt exclusion	Amount For	# YES votes	# NO votes	YES %	(Highest to lowest) NO %
1999	Rejected	Debt exclusion	\$68,200,000 School building projects	4,529	5,456	45%	55%
2004	Rejected	Operating override	\$4,957,000	5,634	6,019	48%	52%
2007	Rejected	Operating override	\$3,166,166	5,144	5,370	49%	51%
1996	Approved	Operating override	\$1,500,000	4,539	4,338	51%	49%
2008	Approved	Debt exclusion	\$27,500,000 Public Services Building	6,013	5,684	51%	49%
2007	Approved	Operating override	\$1,858,435	5,492	5,013	52%	48%
1989	Approved	Debt exclusion	\$11,000,000 Pine Meadows Golf Course	5,643	5,007	53%	47%
1991	Approved	Operating override	\$1,097,829	6,584	5,721	54%	46%

Votes can be very close!



Source: Lexvote.org

# Past Overrides and Debt Exclusions (1989-2017) (Part 2)



<u>FY</u>	<u>Approved or Rejected</u>	<u>Operating override or Debt exclusion</u>	<u>Amount For</u>		<u># YES votes</u>	<u># NO votes</u>	<u>YES %</u>	<u>(Highest to lowest) NO %</u>
2008	Approved	Operating override	\$4,636,987		6,391	5,400	54%	46%
2003	Approved	Debt exclusion	\$42,550,000	Schools, roads, Lincoln Park	4,426	3,561	55%	45%
2005	Approved	Operating override	\$4,224,340		7,343	5,492	57%	43%
<b>2016</b> <b>5/3/16</b>	<b>Approved</b>	<b>Debt exclusion</b>	<b>\$71,000,000</b>	<b>Middle schools expansion</b>	<b>3,333</b>	<b>2,134</b>	<b>61%</b>	<b>39%</b>
1993	Approved	Operating override	\$2,718,092		6,247	3,654	63%	37%
2001	Approved	Operating override	\$3,440,829		5,402	3,058	64%	36%
2000	Approved	Debt exclusion	\$52,235,000	School building projects	6,327	3,191	66%	34%
2012	Approved	Debt exclusion	\$51,800,000	Bridge, Bowman, Estabrook schools	4,140	1,570	73%	27%



Source: Lexvote.org

## Section 3: The Lexington Children's Place (LCP)

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Unlike an elementary school or a fire station that people intuitively understand what it is, many asked about the LCP program, hence it may be worthwhile to share some basic facts about the program.

# Overview of Lexington Children's Place



- **Mandatory preschool program for children w/special needs**
  - Age group: 2.9 years to 5 years
  - Mixed with regularly developing children (with tuition)
- **Current capacity is 157 slots**
  - Morning and afternoon count as two slots
  - Spans across Harrington and Central Admin Building (Old Harrington)
- **Enrollment** (as of end of school year 2016-2017): **81 students (121 slots)**
  - 41 attend morning or afternoon (1 slot)
  - 40 student attend full day (2 slots)

# Proposed New Lexington Children's Place



- **Location: 20 Pelham Rd**
  - Newly purchased for \$8M
  - Potential municipal use for LexCC expansion
  - Formerly Armenian Sisters Academy
  - 60-year old building
- **Proposed new LCP**
  - New construction for \$15 Million
  - 187 slots, 7 classrooms and 18,850 square feet
- **Appropriation Committee voted 7-0-2**
  - 7 supporting, 0 opposing, 2 choosing to abstain





# New LCP Location





# Perspective View from Entrance



# Budget Process and The Appropriation Committee

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# Budget Process For Fiscal Year 2019 (July 1, 2018 – June 30, 2019)



Fall, 2017

Jan - Mar, 2018

Mar-Apr, 2018

July 1st, 2018



## Budget Summits 预算峰会

- Board of Selectmen 选民委员会 and Town Manager 镇经理
- School Committee 学区委员会 and Superintendent 学监
- Appropriation Committee 拨款委员会
- Capital Expenditures Committee 基础建设拨款委员会

Finance Committees discuss all finance related articles and draft reports for Town Meeting

Spring Town Meeting 镇议会春季大会  
Vote on all articles including budget articles

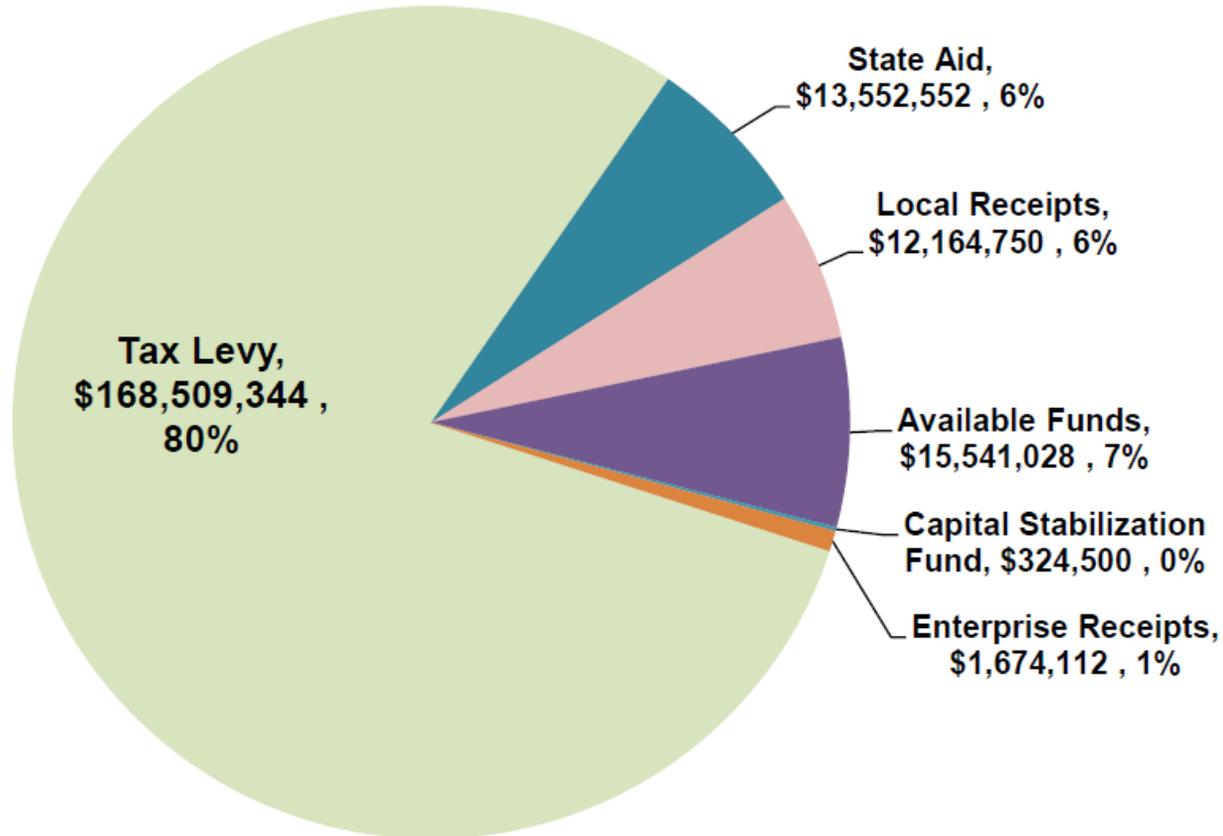
Fiscal year starts 财政年开始

Finance Committees 财政委员会

# Fiscal Year 2018 Revenue (July 1, 2017 – June 30, 2018)



## FY2018 Projected General Fund Operating Revenues Total: \$211,766,286 (Excluding Revenue Offsets)

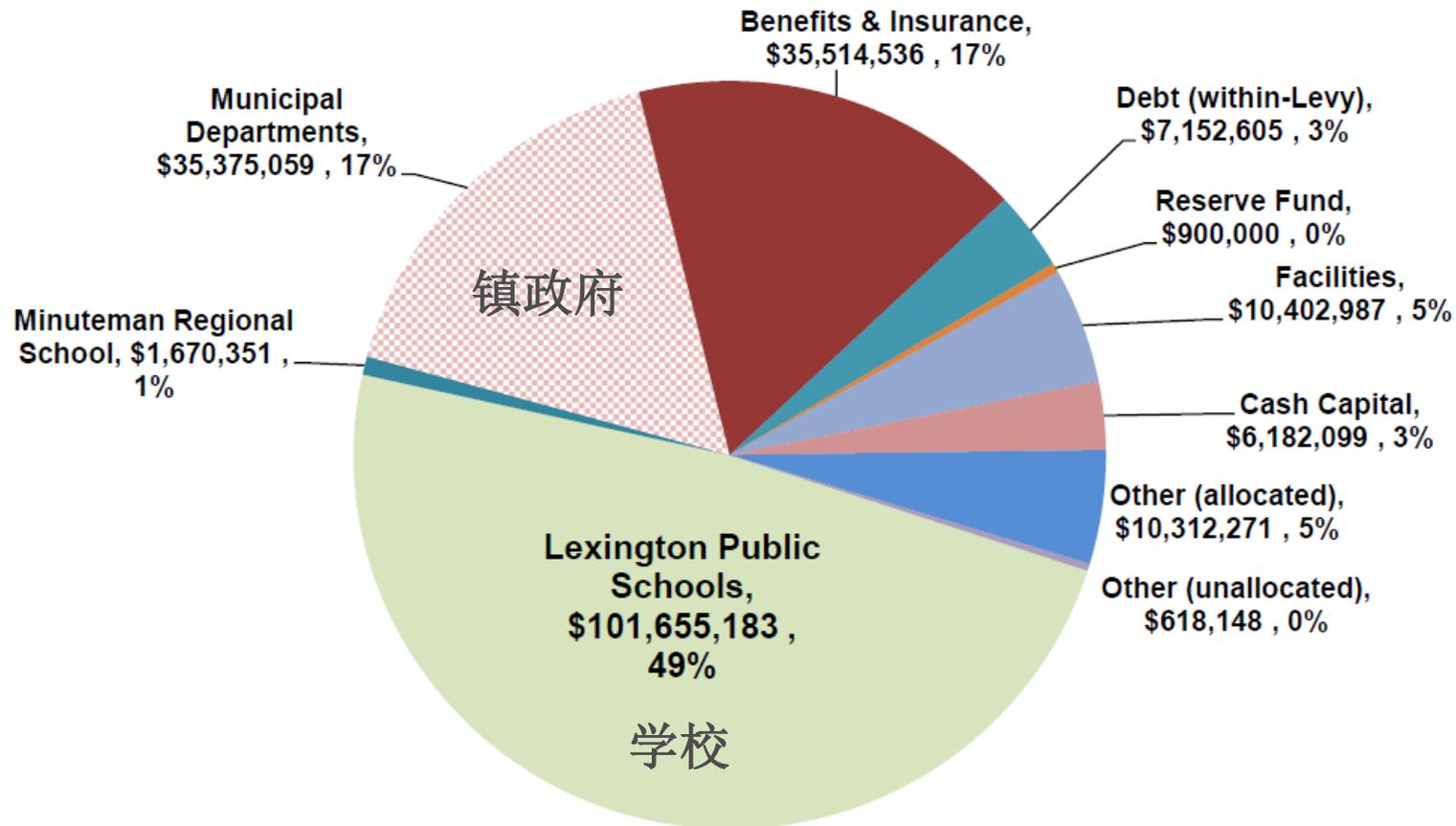


From the Appropriation Committee report for the 2017 Spring town meeting

# FY 2018 Expenditures (July 1, 2017 – June 30, 2018)



## FY2018 Projected General Fund Expenditures Total: \$209,783,239



From the Appropriation Committee report for the 2017 Spring town meeting

# Town Meeting 镇议会



Appropriation Committee  
拨款委员会

Town Moderator  
镇议会主持人

Board of Selectmen & Town Manager  
选民委员会和镇经理

Town Meeting Members  
镇议员

Balcony for citizens, w/microphone  
楼上有镇民的座位和麦克风

Source: WickedLocal.com





- **9-person committee**
  - John Bartenstein, Chair
  - Alan Levine, Vice Chair/Secretary
  - Ellen Basch, Eric Michelson, Richard Neumeier, Sanjay Padaki, Andrei Radulescu-Banu, Lily Manhua Yan, Jian Helen Yang
  - Carolyn Kosnoff, Assistant Town Manager of Finance (ex-officio, non-voting)
- **Appointed by town moderator Deborah Brown**
- **Advise Town Meeting on financial articles**
  - For each financial article, discuss, vote and produce a report

# Appropriation Committee Reports



## APPROPRIATION COMMITTEE TOWN OF LEXINGTON



### REPORT TO THE OCTOBER 2017 SPECIAL TOWN MEETINGS 2017-2 AND 2017-3

Released October 10, 2017

#### APPROPRIATION COMMITTEE MEMBERS

John Bartenstein, Chair • Alan Levine Vice Chair/Secretary  
Carolyn Kosnoff (ex-officio; non-voting) • Ellen Basch • Eric Michelson • Richard Neumeier  
Sanjay Padaki • Andrei Radulescu-Banu • Lily Manhua Yan • Jian Helen Yang

From Appropriation Committee report to the Town Meeting, 2017 Spring:

### A Look forward

**In many ways, the last eight to ten years have represented a “golden era” for Lexington’s finances.** In a period of **very low inflation**, ... the Town has fared even better.

During the period from 1990-2007, achieving the Town’s budget goals required operating overrides approximately once every three to five years. **Since 2007**, we have been able to balance our budget without a single operating override. Indeed, **we have been able to put aside substantial reserves** for the future, ...

**However, good times rarely last forever.** As the economy reaches full recovery, and interest rates rise, we may enter a period of higher inflation.

# The Decision Is Yours on December 4th



?

**New Hastings School (\$49 Million)**

?

**Lexington Children's Place (\$15 Million)**

?

**New Fire Station (\$22 Million)**

## Additional resources:

- [Yes4Lex.org](http://Yes4Lex.org)
- [LexVote.org](http://LexVote.org)
- [MyLocalTaxes.com](http://MyLocalTaxes.com)

Note: Readers/viewers are highly recommended to check out all above to get a fuller picture of all facts and perspectives.



# Thank you!

[www.CALexMA.org](http://www.CALexMA.org)