

Minutes
Lincoln Finance Committee
Second Budget Workshop
Wednesday, January 24, 2018
7:30 pm, Donaldson Room, Town Offices

Present: Jim Hutchinson, Andy Payne, Jeff Birchby, Peyton Marshall, Tom Sander, Eric Harris, Gina Halsted

Also present: Tim Higgins, Town Administrator, Colleen Wilkins, Finance Director, Jennifer Glass, Selectperson, Bella Wong, Superintendent/Principal Lincoln Sudbury Regional School District, Sherry Kersey, Director of Finance & Operations Lincoln Sudbury Regional School District, Gerald Quirk, Vice-Chair Lincoln Sudbury Regional District School Committee, Nancy Marshall, Lincoln Sudbury Regional District School Committee, Patty Mostue, Lincoln Sudbury Regional District School Committee, Radha Gargeya, Lincoln Sudbury Regional District School Committee, Audrey Kalmus, Chair, Capital Planning Committee, Al Schmertzler, Lincoln School Committee

Both the Lincoln Sudbury Regional School District (LSRHS) and the Capital Committee made presentations for the second budget workshop.

The meeting was called to order at 7:33pm

Dr. Bella Wong presented the budget for the high school, which meets the Committee's guidelines and reflects a level program. Dr. Wong briefly reviewed the factors affecting the budget assumptions.

The FY19 budget includes the newly negotiated agreements for teacher compensation, a .58FTE net increase to staff for Science, Math & Instructional Technology, as well as increases in health insurance, non-MTRS pension funding, OPEB and transportation costs. The budget also includes a partial restoration of funding for instructional capital, which was cut dramatically in FY18.

Dr. Wong reviewed the median class sizes for each academic area in the school. She noted that English and History class sizes are beginning to approach an appropriate level, while Science & Math classes continue to be large. The proposed budget includes adding one class section each to Science, Math and Instructional Technology, while reducing a partial position in Wellness, resulting in a net increase of .58FTE.

The preferred budget is \$32,184,970, which is a 4.62% increase over FY18 and \$329,228 above Sudbury guidelines. To address a portion of the gap, Dr. Wong proposed using \$250,000 from the Excess & Deficiency (E&D) Fund, which has been certified at \$950,000. The Sudbury Board of Selectmen had already approved this request. Dr. Wong provided recommendations for several other adjustments to address the remaining gap of \$79,228.

Dr. Wong then shared that Chapter 70 money had been posted that day and was \$31,000 more than budgeted. She recommended reducing the amount taken from E&D to \$219,000 because of that adjustment.

A discussion followed on the history of the E&D Fund, how it became so robust and the policies surrounding its use. Peyton Marshall suggested that the L/S School Committee establish a policy on minimum funding and putting excess funds in the stabilization fund.

The current estimate for Lincoln's assessment for the high school is \$3,700,931, about \$130K less than the Lincoln guideline. The committee agreed to recommend that any funds remaining after the final assessment would go into the Stabilization Fund.

The committee discussed actions required to authorize L/S to use the E&D Funds. After a motion duly made and seconded, the Committee voted unanimously to authorize L/S to use the E&D Funds and to recommend to the Selects not take the decision to Town Meeting.

Dr. Wong shared that beginning in FY20, L/S will take Out of District students when they come to the high school, not when they turn 14. Currently, students become part of the L/S budget at the age of 14, when they might be in the 7th or 8th grade. Jim Hutchinson suggested putting this topic on the agenda for the joint meeting with the Sudbury Finance Committee.

Next was the update from the Capital Committee. Audrey Kalmus, Chair, reviewed the capital requests that changed since the First Budget Workshop and those that qualified for CPA funds. She provided detail on the capital requests that have been approved by the CapCom as well as two items proposed for capital exclusion:

\$260K for three Library Air conditioning systems

\$210K for renovations to the 1st floor of the police station.

The Committee discussed several of the capital requests. Mr. Marshall asked why the IT email migration is considered a capital expense. Ms. Kalmus explained that it is like a server replacement. The discussion continued about the need to understand the annual subscription costs that will be included in the operating budget.

Discussion moved to the Library air conditioning systems, including questions about more sustainable solutions.

Tim Higgins provided background and detail on the proposed renovations to the Police Station.

Ms. Kalmus provided a summary of cash and maintenance capital requests which results in a preferred budget of \$1,134,850, including the two items proposed for capital exclusion.

Ms. Kalmus reviewed the history of capital requests and exclusions from FY15 – FY19. The committee discussed the tax impacts of the capital exclusions.

Ms. Kalmus and Mr. Higgins shared a recent development from the Fire Department. It was just discovered that one of the fire engines will require a full refurbishment and has been taken out of service. Refurbishment of this engine had been anticipated, but is required sooner than planned. The refurbishment is estimated to cost \$175K. CapCom will schedule an additional meeting to discuss a request for a preferred budget item of \$175K.

The committee discussed options for funding the request, including the possibility of a reserve fund transfer, including it on the menu of other capital exclusions or deferring one of the other capital requests. The Committee agreed to try to recommend capital exclusions at approximately the same level this year and next.

It was agreed that another budget workshop will be scheduled after CapCom has met.

Next, the Committee reviewed the Senior Tax Exemption programs offered by Lincoln. The Senior Tax Work-Off Program is currently funded to support 30 participants. The Committee discussed increasing the appropriation to support more participants. After a motion duly made and seconded, the committee unanimously agreed that, “If asked by the BOS, the Committee will support expanding the program by 10 participants and increasing the warrant article by \$15,000.”

Next, the committee discussed changes to the financial model and strategies to maintain the level of contribution to the Stabilization Fund. Colleen Wilkins and Mr. Higgins reviewed changes to Pensions and Insurance, as well as a required adjustment to Free Cash.

Mr. Higgins shared details of a Citizen’s Petition, which, if passed at Town Meeting, would result in an expense of \$112K. Mr. Hutchinson proposed that if the petition was approved at Town Meeting, it could be funded from the Reserve Fund.

Mr. Marshall noted that this is the fourth year that there is a preferred budget from the Town Departments and articulated the tradeoffs that have been made through these decisions. He recommended that the committee communicate the tradeoffs when presenting the budget at Town Meeting. Discussion continued on the types of items that are identified for preferred budget requests, the fact that the town has not had an override in 10 years and the impact of rising insurance costs on the equation.

Ms. Wilkins reported that “Table 1” is ready to be shared, which will help in the writing of the Financial Report.

Andy Payne volunteered to draft strawman responses to the Fincom questions generated at the two recent School Building Committee Community Workshops.

Committee members provided brief Liaison reports.

After a motion duly made and seconded, the Committee voted 5 in favor and one abstention, to take the Town Preferred Budget forward as presented.

After a motion duly made and seconded, the Committee approved the minutes of the meeting held on January 16.

The meeting adjourned at approximately 10:20pm.

Submitted by: Gina Halsted