

Minutes
Lincoln Finance Committee
Town Offices 2nd Floor Meeting Room

March 4, 2020
7:30 pm

Present: Andy Payne (Chair), Jim Hutchinson (vice-Chair), Tom Sander, and Gina Halsted. Elisa Sartori called in via telephone.

Also in attendance: Kim Bodnar (School Building Committee Vice-Chair), Buck Creel (LPS Administrator for Business & Finance), Tim Christenfeld (School Building Committee), Jennifer Glass (Selectman), Dr. Becky McFall (Superintendent of Schools), Tara Mitchell (Lincoln School Committee Chair), Colleen Wilkins (Town of Lincoln Finance Director), Audrey Kalmus (CapCom Chair), Rich Rosenbaum, and Owen Beenhouwer.

The meeting was called to order at 7:37 pm.

Mr. Payne noted that the March 25 FinCom meeting has been moved to March 24.

Budget Hearing: Mr. Payne opened the meeting with a presentation on the budget hearing (videotaped).

Preferred Budget requests (School Building Project):

Kim Bodnar (Vice Chair of SBC) presented the preferred capital additional requests for the school building project, tiered by urgency. She reviewed the history of how SBC got here: at a Jan. 26 SBC meeting SBC approved value engineering savings for project to stay within the \$93.9m budget and while some of the VE projects (single pour rather than double pour, getting all new cabinets, not paying to discard modular units at end of project) were fine, most of the others they felt cut too close to the bone and threatened some of the core reasons why people supported the \$93.9M project. Some additional bids have come in but none of them are lower than existing bids. Through a private donation from the Harriet Todd estate, SBC has narrowed the gap to roughly \$2.0m but SBC decided they wanted to come back to town residents to see if they wanted to pay to put these back in. They indicated it was hard to prioritize among these non-trade savings, but tried to prioritize things essential to a healthy school building (thermal control, acoustic, natural light), essential furniture fixtures and equipment (like telephones, core switches and other needed communication for school, and replacing the oldest furniture in school) or projects impossible to do later. Bodnar explained that FF&E got cut because there was nowhere else to cut. Mr. Hutchinson asked about the higher prioritization of the auditorium divider vs. the auditorium rigging: Mr. Creel and Ms. Bodnar explained that the divider is 56 years old and parts are not readily available and sometimes need to be custom machined, and since it requires a new hanging system tied into the building it is very hard to do later and would disturb the finished auditorium look. There were further comments that the divider could help with acoustics might decrease life-time costs of the divider. They noted that the auditorium

rigging is not as old and less difficult to replace later (more plug and play). Ms. Bodnar also noted that they prioritized items lower where a decision could potentially be made later this year (trees, sidewalks, playgrounds). Mr. Sander asked if they considered not including the playground and applying to CPC for funding and if unsuccessful then seeking donations. Ms. Mitchell noted that they thought it was too much of a risk not to have a playground on day 1 of the new school, even though it might be funded by CPC. Ms. Bodnar noted that there will be further conversation about this at the March 17 SBC meeting but they do not foresee major changes.

Mr. Payne noted that it may be useful for Special Town Meeting (STM) on March 28 for residents to know “forever items” (i.e., changes that could only be later at much higher cost) and what changes will reduce lifetime costs. Ms. Kalmus noted that while residents may still object to going over the initial \$93.9m budget, this is a relatively small percentage compared to many capital projects that can go over budget by as much 30%. And Ms. Kalmus notes that it would be helpful if SBC can assure residents they we will not be coming back for additional funding for the school building project. While Consigli had assured SBC that they thought the remaining contingencies were adequate, Mr. Hutchinson recommended that SBC ask Consigli how often the construction contingency and the project manager contingency has been insufficient in other building projects. FinCom also discussed when the building project will have a Guaranteed Maximum Price (GMP): SBC noted that this should be settled after their March 17 SBC meeting. If town residents approve additional funds at STM, that GMP will have to be amended.

Mr. Hutchinson moved that these additional school capital line items should be put to the town residents for a vote at Special Town Meeting with items in Tiers 1 and 2, if approved, coming from free cash and items in Tier 3, if approved, coming from the stabilization fund. He noted that this vote was not implying any FinCom endorsement at this time of these projects. And town residents would be informed that FinCom would plan to recommend that any amounts of free cash (below the \$1.5m threshold), not approved for additional school building project capital items would be put into the digital public safety project. Ms. Halsted seconded. Roll call vote: Ms. Sartori nay, Mr. Payne aye, Mr. Sander aye, Ms. Halsted aye, Mr. Hutchinson aye. Motion passed 4-1.

Mr. Hutchinson discussed wanting FinCom to prioritize Tier 1 over radio digital project. Mr. Payne said he was not yet at this point. Mr. Hutchinson was concerned about deferred capital expenditures coming down the road, how much future maintenance could be reduced by doing these projects now. Mr. Sander noted that FinCom cannot choose never to fund the public safety radio project. An argument that these expenditures are good for kids’ education or that decisions have to be made now is an argument for the town residents to support it and vote on it now but not an argument for why FinCom as a committee should support this project. FinCom needs to see what would be saved by doing this now and this hasn’t been established. Mr. Creel reluctantly noted that schools rarely come back for follow-up projects so maybe there are not capital savings by deferring these projects. Hutchinson discussed the school bond proceeds; they don’t belong to school but it does make it easier for FinCom to cover the radio project in FY22 if these school capital line items are approved. No vote was taken on this but it will be revisited on March 24.

There was discussion, without a vote, about whether FinCom, even if they don't endorse the project, could provide a "nutritional label", for example, that spending these funds from stabilization and free cash do not jeopardize our credit rating or raise our taxes. Superintendent McFall indicated that they might also indicate the amounts of school bond interest income in FY20 and FY21. Mr. Payne noted that FinCom should not tell residents what their values should be, but could note what the town can afford or what is financially prudent.

The strategy of how these items are presented to residents and voted on is left to SBC and the School Committee (whether by line item or grouped in certain ways). Mr. Payne noted that it is unfortunate that residents will be asked to vote on these items before they have heard the financial presentation regarding the town. SBC would prepare two presentations, one for FinCom on March 24 highlighting financial benefits of doing these projects now. This presentation would likely be very different from the presentation at STM which would focus on the value of these projects to the education in Lincoln, and some of the core values of the school building project. Mr. Payne noted they might also want to address: a) How we got here? 2) What is a compelling case for expanding this capital budget? (Is it pennywise and pound-foolish not to do this "while the car is being fixed up on the lift"?) and 3) What is our risk profile going forward?

Ms. Glass noted that there is a March 18 community workshop planned for residents if FinCom wants to attend and see residents' reactions to these additional capital projects.

No liaison updates.

Approving minutes of February 25, 2020: Mr. Sander made a motion to approve Feb 25, 2020 minutes as redlined and including a change that Jim Hutchinson's comment about the use of the stabilization fund not jeopardizing the town's credit rating came after discussions with Colleen Wilkins. Mr. Hutchinson seconded. Roll call: Mr. Payne aye, Mr. Sander aye, Ms. Halsted aye, Mr. Hutchinson aye. [Ms. Sartori was no longer connected to the meeting by phone at the time of this vote.]

Mr. Hutchinson moved that the meeting adjourn. Mr. Payne seconded. Roll call: Mr. Hutchinson aye, Mr. Payne aye, Mr. Sander aye, Ms. Halsted aye.

The meeting adjourned at 9:40 pm.

Submitted by: Tom Sander

Approved: