

DRAFT Minutes
Lincoln Finance Committee
Town Offices 2nd Floor Meeting Room
October 9, 2018
7:30 pm

Present: Jeff Birchby, Gina Halsted, Jim Hutchinson (Chair), Nancy Marshall, Andrew Payne (vice-Chair), Tom Sander, and Elisa Sartori

Also in attendance: Colleen Wilkins, Town Finance Director

Mr. Hutchinson called the meeting to order at 7:30pm.

Mrs. Halstead gave an update on the school building project, including the recently received project estimates. The School Building Committee (SBC) is going through a "value engineering" exercise. The committee is currently working with 3 pages of line items from the design firm for trade-offs (mostly cuts, some additions). The objective is to have final decisions and a \$93.9m budget target by Oct 17.

Mr. Payne asked about possible deferrable items, generally, vs items that may be best to be done now. Ms. Sartori expressed concern about moving things into the operations budget, and Mr. Hutchinson asked about identifying items that have a rated life of less than 30yrs.

Mr. Sander asked about the process/opportunity to "think outside the box" for large items. Mrs. Halstead said those discussions are happening, for example, green energy is looking at tradeoffs for PV, etc. Mr. Hutchinson also highlighted the discussion about potentially avoiding the upfront cost of the panels and doing a "power purchase agreement" with a third party that can fully enjoy the tax benefits that pertain only when a tax paying entity owns the panels.

Mr. Hutchinson also emphasized these are also topics for the upcoming multi-board meeting on Oct 18.

The committee had further discussion on various items on the 'value engineering' list the SBC is considering. Mr. Hutchinson noted that many options were considered this summer without much regard to cost (beyond marginal square foot impact), and noted that the square footage per student is still relatively high and we (as a town) probably won't be able to "shy away" from some of the bigger ticket cost reductions.

The committee then discussed modular/temporary school options, and several members noted that without clarity there, we have to assume a higher budget range. There was some discussion of any possible options of busing students to Hanscom AFB to use the existing modules in place, and the possibility of using the Hartwell buildings (which would have to be brought up to code, with associated costs).

The committee then discussed topics for the upcoming multi-board meeting, including possible

alternate sources of funding and what parts of the project the SBC might identify for those funding sources.

The committee then briefly discussed parameters for structuring the primary financing (bonding). Mr. Payne agreed to prepare a presentation for the next committee meeting sharing the “learnings”, constraints and issues from ongoing work with town staff (Colleen Wilkins, Tim Higgins, Buck Creel, and others).

State of The Town

The committee then discussed the upcoming state of the town meeting on Oct 20, where the committee was asked to present for 5 minutes. Mr. Hutchinson agreed to prepare a draft set of slides for the committee to consider at the next meeting.

At 8:10pm, Mrs. Halstead departed the meeting (to attend a prior personal commitment).

Budget Guidance

Mrs. Wilkins then led a presentation on "the model", the spreadsheet used to estimate revenues, fixed obligations, and discretionary monies. Topics included: a discussion on revenues and residential new construction (or relative lack of), the expected timing (fiscal year) of the Oriole landing Project, certified free cash, and other building permit revenue.

The committee then discussed fixed costs, including 1.3% of the prior year (policy) for the reserve fund, existing contracts, LSRHS debt, pensions and insurance, voc-tech (projection of students, transportation costs), debt service, and OPEB. Mrs. Sartori reported she was in contact with the school to get projections for voc-tech enrollment.

The committee discussed potential multi-year tradeoffs of stabilization set aside, one-time permit fees, and OPEB.

The committee then discussed at length potential budget guidance, including the possibility of issuing guidance less than the typical 2.5%, and the possibility (or lack of) any “preferred budgets”. The committee discussed budget pressures presuming a successful school appropriation vote in December and the timing of the budgeting process with respect to that vote.

Mr. Birchby noted that the approach of growing department budgets in “lockstep” a fixed % each year may leave the overall budget not getting systematically “rebalanced”.

Mr. Sander moved the committee issue budget guidance at 2.5%, while informing town departments the committee is not considering preferred budgets. The motion was seconded by Mrs. Marshall, discussed, and passed by unanimous vote. Mr. Hutchinson agreed to write the “guidance letter”, with review by Mrs. Wilkins.

Mr. Payne agreed to poll availability and schedule the committee's workshop dates.

Executive Session

Mr. Hutchinson then read a disclaimer (citing exemption 6 for executive sessions) in anticipation a discussion of the DeCordova property.

Mrs. Marshall moved the committee go into executive session, seconded by Mr. Sander. By unanimous roll call vote of all present (Hutchinson, Marshall, Sartori, Birchby, Payne, Sander), the committee entered executive session at 9:26pm (with Mrs. Wilkins present).

The committee exited executive session at approximately 10pm.

The committee then discussed the Sept 25 meeting minutes, with Mrs. Marshall suggesting several changes. Mr. Hutchinson moved to accept the minutes as amended, seconded by Ms. Sartori. Approved unanimously, with Mr. Sander and Mr. Birchby abstaining.

Mrs. Marshall moved to adjourn, seconded by Ms. Sartori. Approved unanimously.

Adjourned at 10:08pm

Submitted by: Andrew Payne

Approved: