

**Minutes  
Lincoln Finance Committee**

**Virtual Meeting Pursuant to Governor Baker's March 12, 2020  
Order Suspending Certain Provisions of the Open Meeting Law**

**October 28, 2020  
7:30 pm**

**Finance Committee (FinComm) Member Attendees:** Andy Payne (Chair); Paul Blanchfield; Gina Halsted; Nancy Marshall; Rich Rosenbaum; Tom Sander

**Others present:** Jennifer Glass (Town Select); Colleen Wilkins (Town Finance Director); Susan Taylor; Kirsteen Patterson (LSRHS Director of Finance)

**Introduction**

The meeting (via Zoom) was called to order at 7:30pm and it was noted the meeting was being held in accordance with Governor Baker's Order Suspending Certain Provisions of the Open Meeting Law and that the meeting was being recorded. Members introduced themselves.

**COVID & Reserve Fund Update**

The Finance Director updated the Committee on the impact of COVID to the Reserve Fund. Approximately \$120,000 in additional expenses were submitted for reimbursement under FEMA/CARES, to be submitted by October 30th. More information will be available at our November 13th meeting.

The state Executive Office for Administration & Finance has also added additional categories for eligible reimbursement: social distancing measures, legal fees for COVID-related unemployment claims, and election expenses beyond what was budgeted.

For potential reserve fund transfers, we have an eligible spouse of a veteran who qualifies for Chapter 115 benefits, where the town reimburses medical costs, estimated by the town's veteran officer to be around \$100,000. We are eligible to submit reimbursement to the state for approximately \$75,000, noting that reimbursement would cross into a later fiscal year. In addition, there are some personnel issues; we've had to rely more on legal counsel and the town may have some exposure.

Finally, the Fire Department ladder truck needs an estimated \$10-15,000 of unexpected repairs for an engine issue.

Nancy asked about the expected timing for transfers, and Colleen confirmed that May is the typical time. Colleen clarified the timing and priority for the various FEMA and COVID reimbursement "rounds". Paul Blanchfield asked if the category expansion for reimbursement included additional funding; Colleen confirms it does not. Andy asked about any visibility into reimbursement beyond December 30th (there is no information available).

**Review Estimated Revenues & Expenses**

The Finance Director reviewed projected revenue and expenses. Revenue estimates include:

- ~\$31m of estimated revenue (based on levy limit)
- ~\$4.3m for approved debt service for the school building process
- ~\$0.9m for local revenues,
- ~\$1.8m of Net State aid (assuming a 3.2% increase, but the state has not yet told us),
- ~\$0.2m other available funds

Paul asked about the funding mechanism for the town office renovation, and Andy clarified that this is typically funded by the Community Preservation Committee.

The total initial revenue estimate is about \$38.6m. Paul asked for clarification of how conservative local revenues and state aid items were.

The committee then reviewed the “funds available analysis” which covers:

- \$7.4m certified free cash, which implies \$1.2m following standing policies
- \$17.9m of “required annual expenditures” (including: pensions, insurance, debt service, OPEB contributions, LSRHS debt+pension, stabilization fund, reserve fund, and other items)
- leaving \$26.8 of estimated funds left for discretionary spending

Andy suggested “bookmarking” the guidance discussion for after liaison updates.

### **Budget Workshop Dates**

Andy Payne reviewed the budget guidance and workshop process. The committee discussed dates for scheduling the first workshop, ideally being mindful of LSRHS budget process. Kirsteen presented that LSRHS will be presenting their budgets on December 7-8, suggesting a date December 9th or later.

### **Liaison Updates**

Andy presented some liaison changes:

- Andy will work with the Lincoln Schools directly
- Deb Wallace will assume the Pierce House, taking over from Gina

Kirsteen Patterson (LSRHS Director of Finance) presented an update:

- Update on COVID testing plan, which cannot be allocated through the COVID relief fund grant. LS is investigating additional fundraising and/or using E&D.
- COVID relief grant (close to \$350,000) is set to be expended by December 30, and LS will be filing for FEMA and MEMA.
  - Had to hire 17 temporary positions for support staff
  - Additional costs for PPE and transportation
- Roughly 90% of FY21 budget encumbered and expended, mainly due to salaries and wages
- Reminder: \$500,000 E&D allotment approved last year
- Significant increase to out of district for special education and transportation
- Uncertainty about state numbers for revenue offsets

Rich provide updates from the capital committee (Capcom):

- The committee is updating process spreadsheets and documents
- Potential police funding requests include:
  - New cruisers (est. \$100,000)
  - Body cameras (est. \$60,000)
  - Public safety radio system (est. \$1.658m). This is essentially the request from the prior year (which was not funded) with options to break the project into several phases

The committee briefly reviewed the issues forcing the public safety radio upgrade, including antiquated equipment and coverage issues. Paul asked for clarification on the phasing numbers, and noted the potential \$100,000 lower cost for “all at once”.

Colleen provided an update on the recent water bond sale: \$2.5m at a sub 1% interest rate, which reaffirmed the town’s AAA rating, with varying terms (maximum of 10yrs). The committee discussed the interest rate for the

water borrowing compared to the school bonds. Colleen noted that our bond advisor does track opportunities for refinancing.

Gina Halsted gave an update on the Pierce House:

- The fund balance is approximately \$155,000
- Weddings are major source of revenue which has been declining due to the pandemic
- At average spending, they have about 11.5 months of runway (compared to originally projected 8 month runway)

### **Budget Guidance**

Andy reviewed guidance the committee has given in the two prior years, including a review of the guidance letters for those years. He explained how we've historically given guidance to LSRHS to give a little "extra" so that we don't inadvertently become the limiting budget with Sudbury. The extra has gone into our stabilization fund.

The committee discussed how much of the excess has returned to stabilization historically; Colleen noted that for FY21 it was \$160,000.

Andy reviewed prior year's committee stance toward "preferred" budgets, where a department asks for more than guidance. The committee discussed possibly an additional category of extra with COVID expenses, and noted that COVID expenses may induce cuts. Andy noted most departments do a budget within the 2.5% guidance, and the school typically has a few in the \$10,000 - 70,000 range. We also had to deal with civil engineering stormwater expenses, extra expenses for town nursing, overtime, and large capital items.

Paul noted total funds available prior year growth was about 2.0%, 2.1% and 2.2% -- this year we are estimated at 2.4%, do we have more "wiggle room"? He noted that 2.5% has worked well in the past, but perhaps we soften the language for preferred items in two categories for preferred items and COVID items.

Nancy noted the uptick in special education and transportation at LSRHS, so they may have an extra \$1m of funding (for the entire district) and if they are eligible for "extraordinary relief". Andy noted that Lincoln's share of LSRHS expenses runs about 12%.

Andy suggested anchoring the guidance at 2.5%, which lets departments try to maintain level services. He noted the pandemic uncertainty, and as we've been learning things, they're generally not in our favor. The committee discussed considering COVID expense before other preferred items, and how to capture that in the current language. Rich also noted that it forces the department to think about COVID explicitly, and we hope that COVID tapers off. Andy suggested a framing of "bring us COVID expenses that would cause you have to cut services"

Nancy noted the guidance of two years ago with the school bonding, and emphasized the burden of the bonding is still being felt; maybe the committee should be stringent on "aspirational" stuff and may not have the funding for that stuff this year.

Paul made a draft suggestion for the committee's guidance language. The committee discussed saying explicitly that departments should seek federal or state funding and wondered if the reimbursement status is even "knowable" at this point. The committee continued discussion of specific wording of a potential guidance motion.

Colleen noted that the committee may want to be clear on the status of COVID expenses for future fiscal years, and if extra COVID funding ends up part or not part of the base budget going forward. The committee discussed different ways to capture that in the guidance language.

**MOTION.** Paul moved the committee's guidance be: "Recommend guidance of a 2.5% budget increase to the Town's Budgeting Agencies. If there is a need to go above 2.5% for pandemic-related items so as to avoid cutting

service levels or there are significantly compelling preferred items, then this could be considered by the Committee. Note: preferred or pandemic-related items will not be expected to be part of the base budget for subsequent budget years.”

The motion was seconded by Rich and the committee deliberated the motion.

**AMENDMENT.** Paul moved to amend the motion to read “Recommend guidance of a 2.5% budget increase to the Town's Budgeting Agencies. If there is a need to go above 2.5% for pandemic-related items so as to avoid cutting service levels or there are significantly compelling preferred items, then this could be considered by the Committee. Note: preferred **and** pandemic-related items will not be expected to be part of the base budget for subsequent budget years.” [change emphasized]

Nancy seconded. The amendment passed unanimously by roll call vote.

The amended motion passed unanimously by roll call vote.

The committee then discussed when some of the estimated items in the model spreadsheet might become more specific, and the budget workshop process.

### **Review and Approve Past Minutes**

The Committee reviewed the minutes from the September 28th, 2020 meeting. Andy presented one suggested edit in advance of the meeting: to strike Jim Hutchinson as formal liaison for OPEB.

Tom made a motion to approve the minutes as presented. The motion was seconded by Nancy. The motion to approve passed unanimously by roll call vote.

### **Other Business**

Andy invited comments from the public. Eric Poch, chair of the Sudbury finance committee introduced himself.

The committee discussed the November 12th State of the Town and Andy updated the committee: the finance committee gets a 15 minute slot on November 17th. The committee discussed scheduling for December and January.

### **Closing**

There being no other business, Nancy made a motion to adjourn the meeting. The motion was seconded by Paul. There was no discussion and the motion passed unanimously by roll call vote. The meeting was adjourned at 9:31 pm.

Respectfully submitted,

Andrew Payne

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*A video recording of meeting available at:*

[https://www.youtube.com/watch?v=4Y\\_yS1MuHyg&ab\\_channel=payneorg](https://www.youtube.com/watch?v=4Y_yS1MuHyg&ab_channel=payneorg)