

**Minutes
Lincoln Finance Committee**

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

**January 18, 2022
7:30 pm**

Finance Committee (FinCom) Member Attendees: Andrew Payne (Chair); Paul Blanchfield (Vice-Chair); Gina Halsted; Fuat Koro; Nancy Marshall; Rich Rosenbaum; Ellen Meyer Shorb.

Also in attendance: Lincoln Town Administrator Tim Higgins, Assistant Town Administrator Dan Pereira, Lincoln Town Finance Director Colleen Wilkins, Lincoln COA/HS Director Abigail Butt, Superintendent Principal of LSRHS Bella Wong, Finance Director for LSRHS Kirsteen Patterson, Lincoln Police Chief Kevin Kennedy, Lincoln Public Schools Superintendent Becky McFall, LPS Finance Director Mary Ellen Normen, LPS School Committee Chair Tara Mitchell and Member Susan Taylor, Green Energy Committee members Sue Klem, Paul Shorb (Chair) and Roy Harvey, Lincoln CapCom Chair Audrey Kalmus, Lincoln Select Board Member Jennifer Glass and Lynne Smith.

Introduction

The meeting was called to order at 7:31pm by Chair Andy Payne.

Mr. Payne requested that all cost centers in attendance speak only about what has changed since the first Budget Workshop on December 2.

COVID & ARPA update

Ms. Wilkins presented, nothing has changed, all CARES Funds have been completely expended (\$600k). All FEMA reimbursable funds are being pursued. Lincoln Schools are drawing down their ESSER Funds, the first round has been completely expended and the next two rounds are being expended or being held in reserve for future expenses.

Mr. Higgins reviewed the current activities of the Town's ARPA Working Group. Lincoln has been allocated up to \$2,063,411. The Working Group is charged to develop a spending plan and study the regulations as to appropriate uses. Lincoln-centric criteria were established and then the DOT issued the final ruling to shift the process to a less rigid array of criteria and an expanded eligibility opportunity. All projects applied for by Lincoln departments and boards to date are eligible, and the accounting processes are now far less involved in tracking and documenting the appropriations. The Working Group supported all of the proposals as well-considered and worthwhile, and \$1.9M is being preliminarily recommended to be spent.

There will be a public forum on February 2 and with that feedback, the final recommendations will be voted on by the Working Group and then presented to the Select Board to deliberate and decide.

There are a total of 12 projects that were requested and received a preliminary recommendation for approval by the Working Group. The Working Group is mindful of projects requiring future funding and the impact they could have on the Town. Mr. Higgins presented the listing of requests from Conservation, the Water Department, Lincoln Public Schools, the Council on Aging and Human Services, and Lincoln-Sudbury. Many of the requests would otherwise be brought to the Town for funding, inclusive of:

- \$1.3M in necessary investment in the town's water infrastructure
- Restoration of town parks and trails for the Conservation Committee,
- For the COA/HS, emergency housing grants and mental health clinics and increased social worker time,
- Diversity/Equity/Inclusion work by the Town and Lincoln Public Schools,
- Ventilation system improvement at LSRHS, and,
- Retention/Incentive pay for food service employees at LPS

Lincoln-Sudbury Regional High School Budget Update

Bella Wong said there are no changes, and the LSRHS Public Hearing for their budget is Tuesday, January 25. The School Committee vote will be on February 8. LSRHS will present to Sudbury on February 7. Sudbury is reviewing all Capital and ARPA requests on February 15. Mr. Payne said that the Financial Report deadline for Lincoln will be February 4.

Kirsteen Patterson sent the FY23 "Hutchinson Model" to Mr. Payne and with regard to anticipation of any significant shift between the two towns in their apportioned funding. Ms. Patterson did highlight the shift based on enrollment, where Lincoln had an increase of 30 students and Sudbury netted down the same amount in FY22. While small, it will have an impact for Lincoln insofar as its minimum required contribution calculation, but the amount of the shift would still be within guidance.

Ms. Wong commented on the Excess and Deficiency (E&D) certification for FY2021, LSRHS's free cash equivalent; they have submitted their information to the State. Given LSRHS will be requesting use of E&D following certification, both towns will have a window of time to consider whether to bring the request to the voters or have the decision rest at the Board of Select level. Mr. Payne advised the FinCom that the practice in Lincoln has been for the FinCom to provide counsel to the Select Board when such a request is made by LSRHS.

Lincoln Public School Update

Becky McFall reported no major changes. A few minor refinements are incorporated into the latest budget document.

Mary Ellen Normen commented on the updates, which included slight shifts in personnel, supplies and equipment and Out-of-District Tuition. No change in the total request or in circuit breaker funds. All Hanscom obligations are fully funded and there are no pressures on the Lincoln budget or reserves at Hanscom.

Ms. McFall spoke to the ARPA proposals that LPS has submitted to the Working Group. Pending successful funding for the ARPA projects, there was a communications and engagement specialist in the LPS preferred budget which will be input in place of the ARPA funded Annual Faculty Residency into the FY23 budget. The Lincoln School Committee budget vote will be January 27.

Mr. Payne asked LPS where they were with regard to COVID expenses for FY22, given an additional \$200k was committed to reserves for COVID contingency. Ms. Normen said that the District is remaining within its budget. \$33k has been submitted to the Town for CARES/ARPA/FEMA/MEMA reimbursement. An additional \$5k for supply replenishment to support: test-and-stay, additional smaller-sized masks, and some clear masks for students. The magnitude that was anticipated in COVID financial need has not materialized. The Governor is issuing masks and tests and the anticipation is the cost to administer will remain within the budget. At-home rapid tests through the Town procurement, supported by ARPA funds, will also be administered. LPS is taking steps to consider the next chapter in testing and its impact and level opt-in by stakeholders - pool testing, rapid testing, etc. Managing to test the most students possible each week is the goal, and therein there could be an additional cost.

Andy expressed his gratitude to the Administration for keeping students in school throughout the pandemic.

Capital Planning Committee Update

Audrey Kalmus updated the committee. She reviewed FinCom's guidance of \$760k for FY23 Capital requests. She briefly reviewed what was presented in December. The revisions for today's meeting were inclusive of a \$20k reduction for the DPW compactor. The new pod roofs were reduced from over \$200k to \$60k; given the consideration and vote for building a community center is likely, a short-term solution was secured for the roofs.

The CapCom approved \$746k, and recommended for a preferred budget another \$380k, inclusive of the removal of the modular classrooms for LPS (\$350k) and two trash compactors at the transfer station, one new and one replacement for the DPW at \$30k. The CapCom advised the DPW should purchase the compactors outright versus leasing them, a savings of \$4k per compactor.

The removal of the temporary classroom moduls will occur at the conclusion of the construction. Selling the mods would pay for the restoration of the field. The proceeds would be returned to the town and the timing is sensitive in order to replenish the fields for spring 2023 use. The restoration would be funded from the general fund, given the proceeds would be returned to the town, so there is hope an appropriation can take place at this March's Town Meeting, regardless of if/when the moduls are actually sold. The request is a placeholder, given there is optimism that the moduls will be sold; negotiations are ongoing.

If the moduls are sold in FY22, the funds would be available for appropriation for the FY24 budget. The Committee asked questions for clarification and was satisfied with the proposal, with the caveat that any material changes would necessitate a meeting between the School Building Committee and FinCom prior to Town Meeting, to ensure that things could be tweaked in time. Ms. McFall expressed optimism that updates should be forthcoming, prior to Town Meeting. CapCom has also asked for proper documentation for a formal request by LPS in the event that negotiations to sell are unsuccessful.

Ms. Kalmus also mentioned two other noteworthy items: Pierce House has requested to replace the rugs. CapCom has recommended a phased plan, 50% for FY23 and 50% for FY24. Also, the Unmarked Car 2 for the LPD will be a hybrid car.

Ms. Kalmus then reviewed upcoming Capital Expenses over the next ten years in excess of \$500k, inclusive of:

- cemetery land purchasing,
- the Community Center (\$25M revised estimate),
- a new Fire Engine #1 (\$550k),
- LSRHS roof replacement (\$500k),
- DPW Site rebuild (\$15M),
- New Fire Ladder #1 (\$1.1M) and
- Comprehensive Road Project (\$6.5M).

Mr. Higgins spoke about the South Lincoln Planning process, the Housing Choice Act, and how the decisions the Town makes will impact the Town at the State/MBTA levels insofar as funding. There are a number of infrastructure improvements around Lincoln that could be eligible for funding outside the Town. There will be an All-Board discussion on this topic on January 31.

Jennifer Glass also spoke regarding the Climate Action Planning group and their proposed submission to the preferred Town Budget and the longer term lens of climate impact and need to coordinate efforts with regard to future projects.

Town Preferred Budget Update

Mr. Higgins presented an updated slide deck. The base budget presented in December was within guideline, allowing essential services to be preserved going into FY23. The preferred budget had a few changes, inclusive of:

- ARPA funding to offset the \$100k request for Diversity and Inclusion,
- \$27,500 for additional Finance and Accounting personnel,
- \$15k for increased license fees and costs for Information Technology,
- \$5k for a Stipend for a Green Energy Action Plan Grant application for a consultant and
- \$25k for Greener Town Energy Contracts
- \$25k for Body Camera Operational Support
- \$10k for New Shared position for Building Systems and Energy Management
- \$37k for additional Social Worker Hours at the COA/HS (again likely ARPA eligible) and
- \$12k to restore the COA/HS Assistant Director's hours to full-time.

In summary, the changes showed that what was \$257k in preferred budget requests was reduced by \$137,710 via ARPA funding to \$119,500. All of the preferred item requests and the ARPA eligible requests would have some expense continuing beyond FY23.

Ms. Shorb requested that there be a summary of preferred items, and detail as to whether one-time or ongoing. Colleen will adjust the "Model" to incorporate this request.

Green Energy Committee Member Sue Klem read a statement on behalf of the Climate Action Committee in support of the \$5k grant writer stipend.

Mr. Payne commented that as our town buildings get smarter, the management of such buildings becomes more complicated and sophisticated. Bringing the library into a level of professional management and operations alongside our other town building stock should be a goal of the Library Trustees. Tim Higgins responded that there is support for this initiative with the Trustees.

Overall Budget Discussion

Model Update

Mr. Payne asked Ms. Wilkins to share the updated Excel "Model" for FY23 and review it with the Committee. As of the December meeting, Free cash was certified at \$7.9M, and FY23 discretionary free cash funds currently stand at \$1.9M, \$578k are currently earmarked for the reserve fund and \$650k for the FY23 OPEB contribution.

Mr. Payne asked the Committee to consider whether to adjust the reserve fund or OPEB. OPEB was reduced in the last two years to increase the reserve fund due in most part to COVID uncertainties. He also asked the Committee to consider the additional \$500k in additional preferred budget requests from the Town and CapCom. Should we decide any adjustments, any residual funds in the discretionary free cash funds will be swept into stabilization.

Preferred Budget Items

Paul Blanchfield presented a draft spreadsheet, which is attached to these minutes, noting we actually have \$2.004M in discretionary funds, given CapCom's request is \$14k below guideline, absent of preferred items. If all items are accepted from the preferred budgets, \$1.323M would go into stabilization. Current stabilization stands at \$2.5M. (Stabilization is essentially savings the Town can commit to offset large capital items. Lincoln's Stabilization level and management of such is impactful on the town's bond rating.)

Mr. Payne stated he strongly feels that equity "across the decades" is important; aligning the benefit of projects in town with the residents at the time is a fair way to fiscally manage services and facilities on behalf of current taxpayers.

Gina Halsted commented that restoration of the OPEB contribution is good. Additional reserve funding for COVID contingencies was supported by Rich Rosenbaum. Elevating from \$578k to \$750k was proposed by Mr. Blanchfield.

Discussion ensued with Committee members commenting on line items. In particular the Center Field rehabilitation was highlighted and the desire by the FinCom to have updates in a timely fashion on this was re-emphasized. Discussion also explored how to strategically consider building the stabilization fund and stage it insofar as possibly reducing the tax burden to residents, whether in the form of a capital offset or reduction in the property tax assessment.

Mr. Payne offered to move Mr. Blanchfield's spreadsheet in support of the FY23 budget. Motion: "To adopt a recommended budget as represented by Paul's spreadsheet", as shown here:

FY23 Adjustments

Positive is Source of Funds; Negative is Use of Funds

\$ Thousands

FY23 Finance Committee Working Model	FinComm Motion	Notes
FY23 Funds ex OPEB, Reserve, Capital, Preferred Items	\$ 3,978	
OPEB - Standard Contribution	\$ (650)	Traditionally contribute \$650K to OPEB per year
Reserve Fund - Standard Contribution	\$ (578)	Pre-pandemic levels suggest 578K
Capital - Recommended Investment	\$ (746)	760K is Budgeted Amount
Conservation: Tractor & Billy Goat Brush Mower	\$ (65)	
DPW: Heavy Hook Truck	\$ (240)	
Fire Department: Brush Truck Skid Pump	\$ (18)	
Information Technology: Phone System Update, Town Hall Security	\$ (28)	
Library: Maintenance	\$ (55)	
Pierce House: Rugs	\$ (20)	
LPS: Maintenance, New Pod Roofs, Firewall	\$ (111)	
LSRHS: Fence, Firewall, F350 Pick-Up, Gehl Skid Steer	\$ (36)	
Police Department: Marked Car 4, Unmarked Car 2, 5 Tasers	\$ (99)	
Town Facilities: Maintenance	\$ (75)	
FY23 Discretionary Funds	\$ 2,004	
OPEB - Additional Contribution	\$ -	Option to Increase Contribution
Reserve Fund - Additional Contribution	\$ (182)	Option to Increase Contribution re Pandemic (\$182K)
Capital - Preferred Items	\$ (380)	
DPW: Trash Compactors Purchase	\$ (30)	
LPS: Rehabilitating Fields	\$ (350)	
Operating - Preferred Items	\$ (120)	
Town Budget Items: Finance FTE, IT, Green, Police, Facilities, Council Aging	\$ (120)	Revised per Tim Higgins Memo (Revised from \$232K to \$119K)
Others TBD	\$ -	
Stabalization Drawdown (Contribution)	\$ (1,323)	
FY23 Net Change	\$ (0)	
Summary		
OPEB - Total Contribution	\$ (650)	
Reserve Fund - Total Contribution	\$ (760)	
Capital - Total Expense	\$ (1,126)	
Operating - Preferred Items	\$ (120)	
Stabalization Drawdown (Contribution)	\$ (1,323)	

Discussion: Nancy Marshall raised the question as to whether the reserve fund has grown proportionally with budget growth. Mr. Payne responded that COVID circumstances and need for contingency funds have skewed reserve funds upward. Ms. Wilkins reminded the Committee that historically, reserve funds have been recommended to be 1.3% of the proposed budget.

A roll call vote was taken and the vote was unanimously in favor of the motion.

Financial Report Process & Timeline

Mr. Payne presented & reviewed the process for editing and writing the Town's financial report. Ms. Wilkins provides the deadline. Mr. Payne will send out each liaison's departmental document for editing and updating. The deadline will be February 4 for Committee edits and updates. Mr. Payne encouraged members to request assistance from the relevant Committees/administrators to support a streamlined effort. Ms. Wilkins will update all the charts and graphs.

Liaison updates

Mr. Payne provided an update on the Library. A suggestion was floated by a Library Building Management Committee member for funding studies on Town buildings and facilities. Mr. Payne responded that a discussion with the new Building Systems and Energy Management official, proposed by the Town to address this exact concern, would be constructive.

Other Business

There was no other business.

Review & Approve Minutes

Edits were offered and accepted to the minutes from the December 9, 2021 committee meeting. Mrs. Marshall moved to accept the minutes as edited. Mr. Payne seconded. On a roll call vote, the minutes were approved unanimously.

Adjourn

On a motion to adjourn by Mr. Rosenbaum, seconded by Ms. Shorb, a roll call vote was taken and the vote to adjourn was unanimous. The Meeting was adjourned at 9:59pm.

Respectfully submitted,

Nancy Marshall

A video recording of meeting is available at:

https://www.youtube.com/watch?v=UkhxvX-Vee0&ab_channel=payneorg