

**Minutes
Lincoln Finance Committee**

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

**February 15, 2022
7:30 pm**

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

Also in attendance: Colleen Wilkins (Finance Director), Jim Hutchinson (Water Commission), Ruth Ann Hendrickson (Water Commission), Tom Casey

Introduction

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

Water Department Budget Presentation

Mr. Payne noted that the Water Department is an enterprise fund funded by its revenues and that it does not get formal guidance from the Finance Committee but presents to the Committee as a courtesy.

Mr. Hutchinson updated the Committee with the current status of the water department:

- Back to full staff including new superintendent Darin LaFalam
- Not pursuing switching to the MWRA for financial reasons
- Water treatment upgrades
- Other capital projects

The water department is proposing a 2.4% year-over-year increase in its budget following Finance Committee recommendations but noting that approval is not required by FinCom. This includes higher personnel costs, \$22k for green electricity, and increasing the reserve fund from \$50k to \$75k. It also eliminates an earlier contingency line item.

The proposed operating budget increases from the prior year's \$1,881,686 to \$1,926,301.

Mr. Hutchinson noted that the town ARPA (American Rescue Plan Act) working group recommended that the top three water projects be funded through ARPA:

- Tower Road well replacement
- Bedford Road storage tank cover repair
- Distribution system repairs

In addition to these requests, the water department is requesting funds for the following projects:

- Replace water treatment plant roof; this is recommended for bonding
- Truck replacement
- Developing an asset management plan

In FY'21 the Water department retained earnings increased from \$749,480 to \$1,439,299.

Mr. Hutchinson noted that while water costs for Lincoln residents are slightly higher than average compared to surrounding towns, when compared to similar small towns, Lincoln's rates are significantly lower than average.

Town Budget Presentation

Mr. Payne presented the proposed town budget noting that it was unclear if this presentation would be repeated at Town Meeting or if residents would be referred to the recording of this presentation with a summary presented at Town Meeting.

Mr. Payne proceeded to give an overview of the proposed budget and a description of the budgeting process followed by a detailed review of the budget. He noted that, similarly to last year, a higher than usual amount for emergency reserves was recommended primarily due to COVID uncertainties. He detailed the recommendations for the ARPA working group, preferred items (requests over recommended budget guidance), Lincoln library requests, and the Lincoln Public School, Lincoln-Sudbury Regional High School, and vocational school budget requests.

Mr. Payne then provided an update on the finances for the school building project.

Ms. Shorb suggested that Mr. Payne note which items are recurring and which are one-time expenditures. Ms. Shorb and Ms. Marshall suggested that the timeframe for ARPA expenditures be explained in more detail. Mr. Payne agreed and noted that this might also be covered in separate presentations at Town Meeting.

Mr. Rosenbaum suggested that the term "preferred items" be explained at Town Meeting. Ms. Wilkins provided some updated figures for the presentation. Mr. Hutchinson suggested that the interest rate for the second tranche of school building bonding be included.

Tom Casey, President of the Board of Managers for Farrar Pond Village, communicated concerns of the residents of Farrar Pond Village, noting that these issues had already been discussed during the meeting:

- How will the ARPA funds be spent?
- What are the implications for the tax rate for this proposed budget?
- An update on the water situation

Mr. Casey suggested that the ARPA portion of the presentation be moved earlier and that more detail about the state of the water system be provided given the size of the ARPA funds being directed to the water department.

Liaison Assignments & Updates

Mr. Blanchfield provided a library update. He noted that there is a leak in the library and the Library Committee requested \$20k for a study of the situation from the Community Preservation Committee which was rejected. They are now requesting from the Finance Committee a \$20k transfer from the Reserve Fund to fund this study. Mr. Blanchfield confirmed with Ms. Wilkins that the library could access their expense and building maintenance budgets for this work. He will forward that information to the library.

Mr. Blanchfield noted to the Library Committee that there have been several leak studies in the past and recommended that the library use funds from their operating budget. Mr. Blanchfield suggested that the library leverage the expertise of the town maintenance manager. The Library Committee indicated that this had been investigated in the past without making any progress in that direction but indicated that this could be revisited.

Mr. Koro presented an overview of budgeting for the Pierce House. He noted four areas of potential improvement in its financing:

- Set revenue targets
- Grow revenue
- Make self-funding operation a goal
- Enhancing revenue / expense management

Mr. Koro detailed the reasoning behind item 3, self-funding operations. He noted that the Pierce House is cash flow positive, can still pursue capital projects in addition to self-funding operations, and has healthy cash reserves.

Mr. Rosenbaum provided a brief Capital Planning Committee update noting that there had been no CapCom meetings since Ms. Kalmus presented the CapCom recommendation to the Finance Committee. He noted that there was an upcoming special CapCom meeting to discuss a new request from the Lincoln Public Schools to fund an unanticipated need to replace parts of the lighting systems in the new school buildings.

Ms. Halsted updated the committee on the Lincoln Public School finances. She noted that an agreement has been made to sell the modular classrooms to another school district and the proceeds will be sufficient to cover the costs of field remediation.

Ms. Halsted then provided more detail on the school lighting situation noted by Mr. Rosenbaum. The lighting control system being used in the building construction is manufactured by Audacy Controls. The parent company of Audacy has announced that they are discontinuing Audacy products but will continue to support existing systems for five years.

In addition to this, the school has been experiencing a high rate of failure in the Audacy system already installed in phase 1 of the construction (the installation in phase 2 is in progress). In addition the distributor that recommended the Audacy system indicated that they would provide replacement Lutron products to replace the Audacy products.

Given this, the school committee discussed three alternatives moving forward:

1. Install Audacy in the primary school (phase 2)
2. Keep the Audacy already installed in phase 1 and install a Lutron system in phase 2
3. Replace the Audacy system in phase1 with Lutron and install Lutron in phase 2

The School Building Committee voted for option 3. Mr. Rosenbaum asked if contingency funds are available. Ms. Halsted said that there were contingency funds but the situation was unclear since actual costs were not known at this time.

Ms. Marshall noted that clarity and transparency regarding one-time, short-term, and continuing expenses is important when discussing ARPA funded expenses. Ms. Marshall noted that the governor's budget has reduced funding needs for the Lincoln-Sudbury regional high school resulting in a decrease of Lincoln's assessment of approximately \$42k. LSRHS expects their excess/deficiency amount to be approximately \$1.7M and would like to allocate \$500k of this to OPEB and \$500k into their stabilization fund, noting that a roof replacement is expected by 2026.

Ms. Shorb, as liaison to the Water Commission, noted that Mr. Hutchinson had provided an update earlier in the meeting. Ms. Shorb reported on the Housing Coalition (Housing Commission, Affordable Housing Trust, and the Lincoln Foundation). She noted issues with the Battle Road Farm: units are not affordable to 80% of people that would be eligible and, being 30 years old, need significant renovation.

Mr. Payne noted that the town finance report is progressing and thanked committee members for their contributions.

Other Business

Mr. Blanchfield noted that it is unclear at this time if future meetings will be in-person or remotely held. Ms. Wilkins suggested scheduling future meetings after April 1 at which time this should be known.

Review & Approve Minutes

Ms. Shorb moved to accept the minutes. Ms. Halsted seconded. On a roll call vote, the minutes were approved unanimously.

Adjourn

Ms. Marshall motioned to adjourn the meeting, seconded by Ms. Shorb. A roll call vote was taken and the vote to adjourn was unanimous. The meeting was adjourned at 9:33 PM.

Submitted by Richard Rosenbaum.

A video recording of this meeting is available at <https://youtu.be/eOITt5cY1ac>