Lincoln Finance Committee

State of the Town Meeting

October 20, 2018
School Building Related
FinComm + Town Actions Since June

- Drafted written management policies to boost that sub-score in S&P credit rating
  - Budget oversight, Debt Mgt, Emergency Reserves, Financial Forecasting, Fraud, and Post Issuance Compliance
- Attended SBC meetings and followed proceedings
- Developed a review plan based on relevant parts of MSBA process
- Creating a tentative financing plan and schedule
- Investigating new Senior Means Tested Tax Exemption Program
School Building Financing Issues

- Looking at ALL available funding sources
  - Likely: bonding, Stabilization Fund, and Free Cash
  - Investigating: Solar incentives, CPA, Chap 90, cable fees, Complete Streets, other state funding
- Endorsed 3rd party “PPA” approach for solar install rather than purchasing directly
- Working on borrowing schedule proposal
  - Use Stabilization for lowering amount of borrowing and/or smoothing tax bill increases
  - Interest rate risk concerns probably argue for “front loading” the borrowing
### Annual Residential Tax Bill Increase for L3 Building Concept

**Using FY2018 Valuations and Excluding Stabilization**

<table>
<thead>
<tr>
<th>Borrowing Amount</th>
<th>Interest Rate</th>
<th>4%</th>
<th>5%</th>
</tr>
</thead>
<tbody>
<tr>
<td>$93,900,000</td>
<td>$1,276</td>
<td>$1,435</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Property Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500,000</td>
<td>$1,276</td>
</tr>
<tr>
<td>$750,000</td>
<td>$1,915</td>
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<tr>
<td>$997,500</td>
<td>$2,546</td>
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<td>$1,250,000</td>
<td>$3,191</td>
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<tr>
<td>$1,500,000</td>
<td>$3,829</td>
</tr>
<tr>
<td>$2,000,000</td>
<td>$5,105</td>
</tr>
</tbody>
</table>

Note: This “level debt” approach adds the same fixed amount to your tax bill every year of the 30 year term.

Median Taxpayer: 2018 Tax Bill of $13,566
Debt Service as % of Operating Budget
Borrow $93.9mil in 2019 and $20.4mil in 2024, Excluding Stabilization

Increase due to School Building
Increase due to Community Center

Case 1: 30 year, 4.0% interest rate
Case 2: 30 year, 5.0% interest rate

4-15% Agency Range
Backup slides
Town should have $14.7m available at March 2019 Town Meeting even if we bond entire $93.9mil School Building cost

Community Center should fit under Debt Limit by 2023 completion of School

Room available if $93.9m authorized in FY19

$16m Community Center Cost w/ 5% escalation
Projected Capital Expenditures 2020-2030

- Focus on items other than school building and community center
- Possible large debt exclusions:
  - FY20 Hartwell roof design+repair ~$659,000
  - TBD Property acquisitions for conservation
- Smaller possible capital or debt exclusions:
  - FY21 LS roof ~$300,000 (Lincoln portion)
  - FY23 Replace fire engine 1 ~$575,000
  - FY24+ DPW roof repair ~$250,000
  - TBD Brooks athletic field renovation ~$400,000
Debt Service as Percent of General Fund Budget

- **1988**: Library Renovation
- **1989**: Flints Fields Landfill Closure
- **1996**: Public Safety Building School Building
- **2006**: Fire Truck Bemis Renovation
- **2011**: Road Improvements Ambulance
- **2012**: Town Office Renovation
- **2015**: Library Fire Suppression

Year Projects
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- 1989: Flints Fields Landfill Closure
- 1996: Public Safety Building School Building
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