

TOWN OF HAMILTON
BOARD OF SELECTMEN and FINANCE COMMITTEE
AUGUST 27, 2012

The Board of Selectmen met at Hamilton Town Hall at 7:00 p.m. on Monday, August 27, 2012 with David Neill, Marc Johnson, Jeff Stinson and Jeff Hubbard present. Town Manager Michael Lombardo, Finance Director Deborah Nippes-Mena, Police Chief Russell Stevens, Finance Committee members John McWane and Rick Sprenkle also present.

Call to order

Chair David Neill called the meeting to order.

Public Comment

Edwin Howard expressed his interest in the Selectmen as Water Commissioners communicating more frequently about the condition and management of Town's water supply system beyond at Town Meeting and recommended that an overall study be done of the Hamilton's water system that he characterized as being in a deplorable state.

Discussion ensued as initiated by Howard about whether or not Selectmen Marc Johnson and Jennifer Scuteri were objective about the Town's consideration of abandoning Patton well since they serve on the Patton Property Advisory Committee. He suggested that he would file charges against Town on matter.

Town Manager Michael Lombardo said he had recent conversations with counsel about this and the Board of Selectmen do not guide the advisory committee work group so there is no conflict of interest for Town officials to make an objective decision about Patton well.

Neill noted that the Town is planning a \$5 million upgrade to the water supply system as approved at Town Meeting. Lombardo explained that DPW Director John Tomasz is developing a list of roads and schedule where improvements will occur and that a mapping function is being investigated for posting on Town's website if the technology can be supported. At a minimum a list of streets and projected dates will be communicated to residents as \$5 million is spent.

In response to Neill and Marc Johnson, Howard said he had conversations with Tomasz but he thought the Town should consult a practiced water engineer especially within the resident population where an expert in the field (David Thompson) has volunteered to serve.

Finance Committee Chairman John McWane called his committee to order but noted that there was not a quorum so only deliberation could be done. Committee member Rick Sprenkle was in attendance although Scott Maddern was absent. McWane mentioned that there are three candidates interesting in serving on the Finance Committee.

Richard Boroff, Moynihan Road, described how the Ethics Commission is strictly concerned with monetary situations so Johnson and Scuteri serving on Patton Property Advisory Committee is not a conflict of interest. Neill thanked him for comment.

Town Manager's report

Town Manager Michael Lombardo mentioned that an open house would be held at the Patton Park pool on Thursday, August 30 from 5 to 7 p.m. with Recreation Director Sean Timmons on hand to address current conditions. Also, the Town is hosting National Whiffle Ball championship on Sept. 1 and 2 at Patton Park.

Lombardo noted that regarding Senior Tax exemption, the litigation with Verizon has been mostly resolved, so \$63,758.86 will be available for program with plans to send out checks to 35 qualified candidates in September.

He also announced that an event would be held on September 5, 2012 to honor Mary Maione, long time Council on Aging member. Neill entertained a motion to declare event at 10 a.m. on September 5, 2012 as Mary Maione Day to honor her for years of service. Jeff Hubbard so moved. Jeff Stinson seconded motion. VOTE: Unanimous.

Chairman/Selectmen reports

Discussion ensued as initiated by Stinson who is trying to get cellular telephone carriers interested in increasing service coverage in the Hamilton area. Johnson mentioned that carriers want to receive phone calls on this matter from users and Stinson said carriers base the cell service on business needs. The only close cell service currently provided in the area is by T-Mobile at the Gordon Conwell

Theological Seminary site. Neill suggested Stinson revisit the Town's cell tower bylaw.

Confirm reappointment of Russ Stevens as Police Chief

Lombardo recommended appointing Police Chief Russell Stevens for another three years. Hubbard, Stinson, Johnson and Neill, who spoke for himself and read a written statement from Scuteri, congratulated Chief Stevens for doing a great job with the Hamilton Police Department. Resident Ed Howard echoed this sentiment. Neill entertained a motion to confirm Town Manager Michael Lombardo's reappointment of Russell Stevens as Police Chief. Stinson so moved. Hubbard seconded motion. VOTE: Unanimous. Stevens thanked the Town residents, Board and Town Manager as well as Hamilton's financial personnel for supporting him and the changes he has made in the police department.

Financial Projections and FY 2014 Budget Guidance

McWane described how the Town has to address financial projects now since Annual Town Meeting will be held a month earlier this year. He noted that guidance should be provided to the Town Manager for the next fiscal year's budget. Also, that Town officials have historically developed a Town budget that has increased by less than 2% a year. He noted that a key factor is the colas for Town employees that have been restrained in the economic climate but that this may not continue moving forward.

McWane said the Finance Committee has suggested the Town look at a level services budget and said the Town Manager is trying to control what Hamilton spends, he noted that there is little control over the revenue the Town receives annually from the state and from fees such as excise taxes. Another budget factor is the amount of debt Hamilton is carrying due to the large projects it has undertaken. The biggest part of tax bill is HWRSD and school department has found considerable excess revenue so Hamilton is hopeful it will receive monies back under the oversight of new school superintendent and school committee.

He added that Lombardo has recommended that a three-year projection be done and Finance Director Deborah Nippes-Mena is pulling that together. Nippes-Mena described budget cost drivers including cost of living increases where there were zero from 2009 until 2011 and 2% was budgeted in 2012 that managers received but union contract negotiations are not completed yet. For 2013, increase would be 1.5% and the expected three-year projection is 1.8%.

She noted that expenses that are not salary related such as services, sand, supplies and contractors would have an expected 10-year average consumer price index of 2.5% and she suggested a blended rate for three-year projection of 1.9%. Actual budget data for 2012 would be understood in December when those numbers are available. Hubbard noted that this was quite a delay.

Nippes-Mena mentioned that retirement cost is going to go up 8% a year until 2030, health insurance costs are expected to go up 9%, education blended rate will be 3.4%, North Shore Vocational Technical School will cost \$45,000 more a year, and the school's debt assessment will be 1.7% for 20 years.

McWane noted that Nippes-Mena would use these numbers for three-year projection for Town's budget, which is a small part of the total cost. He addressed current tax rate of \$17.32 per thousand dollars and reiterated that HWRSD expects to receive \$100,000 more from state and potential for Hamilton to receive \$200,000 to \$300,000 back from schools' Excess & Deficiency fund.

In response to Hubbard, Nippes-Mena said the retirement cost increase next year would be 8% of \$614,000 or approximately \$50,000. Finance officials said they would quantify this for Selectmen.

In response to Neill, Nippes-Mena explained that education blended rate did not contain debt and that she had previously called attention to debt for North Shore Vocational Technical School since it would be significantly higher than in past.

Also that retirement insurance costs include retirees but not other post employment benefit (OPEB) costs. Discussion ensued about Town's OPEB liability not including the schools is 5.5% if it were all funded today. Johnson said the Town should find a way to more seriously address the liability. McWane noted that this is a huge number and that the school's portion of OPEB would be higher. Nippes-Mena said pension and OPEB includes what has been currently agreed to for existing retirements including life and health insurance.

Discussion ensued about whether or not the Town should level service or level fund its budget where level funding would require cuts. Neill mentioned that they need to look at expenditures related to a level service budget if all services as they exist today are kept in place when fixed costs are expected to go up as much as 8% to 9%. Johnson suggested it would be nice to know what costs are controllable and choices or options that could affect the bottom line if Town moves away from level services. Lombardo said the Town is running as lean as it

can to provide services. He suggested that major changes could be considered in healthcare insurance provided for future employees although 75/25 is currently a responsible split between Town and employees. He noted that health insurance costs are going up at a rate that the Town cannot sustain.

Discussion continued where Lombardo said the Town has done big project changes such as the trash program and that he would provide the Board with analysis related to that change. He noted that there are not many similar opportunities for savings. McWane and Neill addressed possibility of turning off streetlights to save money and how it had been done in the past and reversed. Lombardo explained that Town hopes to issue an RFP in the fall for potential anaerobic digester.

He added that Town has been tightening budget belt for years. He said analysis would be done for outsourcing snowplowing and grass mowing. Lombardo did not expect huge savings from outsourcing because there are still overhead costs to provide services. He suggested if some services were no longer provided, a large amount of money could be saved.

Neill noted that if outsourcing were done in fixed, repetitive tasks (i.e., painting of buildings) this would reduce the number of employees and amount of benefit costs. Lombardo said in Hamilton many of the employees multitask. Neill mentioned that managing the responsibilities at the cemetery is different than hiring a crew to mow grass.

McWane noted that it is hard to assess what services residents want. Hubbard said he is advocating for a level funded budget. Discussion ensued about whether or not HWRSD had a level funded budget from the Town's perspective and if the excess \$4 million in the school budget had offset the \$1.2 million that the school budget has been going up annually. Hubbard expressed his interest in looking at contracting work out for Hamilton and continuing support of existing employees. He noted that municipal employees have become more expensive than private sector employees and that should be brought back into balance.

Lombardo said if a level funded budget were put in place he could not guarantee all employees would remain on the staff. Hubbard suggested the change to use some outsourcing could be coupled with attrition of employees. He recommended a discussion on hiring freeze for union employees due to how little flexibility the Town has with costs and union contracts since Hamilton is adding to its debt and liability. Hubbard added that Town should review its

departments to understand, for example, why Hamilton is in the cemetery business since a significant amount of money is spent in this area. Also, he thought the Recreation Department should be analyzed since there is duplication with programs offered in Town by other organizations (i.e., karate lessons).

Hubbard emphasized that analysis on contracting out services should be done. In response to Johnson who questioned the content of such analysis, Hubbard said the Town has to understand what its legal obligations are for the cemetery and if some or all components could be contracted out (i.e., landscaping) and what would be the savings. He said for the Recreation Department this is a policy decision where similar programs are being offered in the community without using taxpayers' dollars. Johnson and Hubbard agreed to work together to analyze discrete examples such as the cemetery and lessons that could be learned by bidding out this responsibility as well as possibilities in other municipal departments.

Hubbard presented a chart he had developed of fixed costs, liabilities and OPEB and he was interested in learning what those costs would be as far as ten years out especially when the Town is faced with ongoing cost of capital improvements. Discussion ensued on difficulty to analyze costs as far as five years out due to uncertainties such as the economy.

Hubbard was interested in creating models that reflect forecasts (\$5 million water replacement project) as far as 10 years out and incorporate liabilities for a base line level funded budget and to understand the tax rate relative to property values and what Town will spend for next 10 years. Nippes-Mena explained that the analysis has been done although Hubbard might not have seen it. Hubbard asked her to email it to him. McWane reiterated that the amount spent for Town services is one-third of budget. Nippes-Mena said the tax rate is representative of a ratio and if it goes down property taxes based on assessment can still go up.

Johnson reiterated that Hubbard should use Nippes-Mena's three-year projection and that he and Hubbard could work as a group using this information as a baseline. McWane said the three-year projection would give variables in a level services budget.

Discussion ensued about whether or not the Town should consider rescinding CPA since it is an additional cost for taxpayers relative to capital improvements such as the proposed Patton Park pool project. Lombardo explained that the

Town officials could overlay trends with a fixed level funded budget to show order of magnitude for five years.

Discussion ensued about ATM appropriating \$50,000 for maintenance of sidewalks rather than this expense being included in operating budget to allow legislative body in the community to buy into proposal. Lombardo explained that the Town officials did not want to include this in the operating budget so taxpayers could understand that the Town's budget was not going up precipitously especially because sidewalk maintenance had not been occurring.

Review STM Warrant Articles/Placeholders

Lombardo described items proposed for fall Special Town Meeting including: bond for Cutler school roof estimate (i.e., \$575,000 as part of MSBA project), Community Preservation Act transfers funds set aside for windows at The Meeting House as well as for roof and railing replacement and painting with additional projects including pool planning costs as a separate article (applications are being presented to Community Preservation Committee), \$25,000 for Patton Park playground equipment, Council on Aging additional programming with formal presentation to be made to Board in coming weeks.

Discussion ensued again about HWRSD getting \$100,000 more from state than originally expected in the school budget and schools' Excess & Deficiency numbers being submitted to the state for approval.

Also to be addressed at STM is appropriate vehicle for transferring Meals Tax revenue to the Hamilton Development Corporation. Lombardo mentioned that Town officials are trying to complete and ratify three of Hamilton's AFSMCE union contracts to get wage adjustment funded at STM. He said the fire union contract has to be sorted out.

Another STM warrant article would address an easement on Beech Street since the Town's water system pipes are in the right of way. In response to Hubbard, Lombardo said the easement would be recorded and allow resident to tie into the water system. Lombardo suggested that Conservation Commission Coordinator Jim Hankin would make a presentation on this to the Selectmen.

In response to Johnson, Lombardo said CPA funds allocated for the Patton property were enough for now and other actions could require further Town

Meeting action in the spring. He noted that the STM warrant closes on September 10.

Set Date for Next Meeting: September 10, 2012

Discussion ensued about doing Town Manager's review. Neill noted that his request for review of the job description was done and he said he would provide input on his working with Lombardo for the last couple of months during the evaluation done in public session. He asked Board members to send copies of their individual evaluation information, sent to former Selectman David Carey for compilation, to Lombardo so he could prepare for the evaluation session. Board agreed to conduct the evaluation during September 17 Board meeting assuming Selectman Jennifer Scuteri can attend.

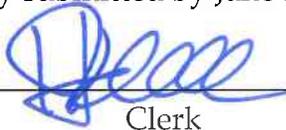
Discussion about Board quorum being available on Thursday morning at 8:00 a.m., August 30 to vote on a one-day liquor license for this weekend's event and that Board will meet that evening at Patton Park pool.

Other business

Neill entertained a motion for the Board to adjourn at 8:29 p.m. Stinson so moved. Hubbard seconded motion. VOTE: Unanimous.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST: _____



Clerk