

**TOWN OF HAMILTON  
BOARD OF SELECTMEN  
FINANCE AND ADVISORY COMMITTEE  
DECEMBER 8, 2012**

The Board of Selectmen and Finance and Advisory Committee met at Hamilton Town Hall at 9:05 a.m. on Saturday, December 8, 2012 with David Neill, Marc Johnson, Jennifer Scuteri, Jeff Stinson, Jeff Hubbard, John McWane, Rick Sprenkle, Scott Maddern, Charlie Chivakos and Nancy Gerardi-Walsh present. Town Manager Michael Lombardo and Finance Director Deborah Nippes-Mena also present.

**Call to order**

Selectmen Chair David Neill called the meeting to order at 9:05 a.m. and announced that Richard Boroff was recording the meeting. FinCom Chair John McWane opened the meeting for his committee and noted that Boroff was creating an audio recording.

**Revenue Review – 2013 Current – Town and School, 2014 Estimated – Town and School**

Town Manager Michael Lombardo said preliminary budget meetings have been held with Town staff and FinCom and that he and Finance Director Deborah Nippes-Mena have made adjustments. He added that separate cost centers have been defined and some of the department budget requests were adjusted down due to the Town's current financial situation. Hamilton expects to get level funded local aid at a lower level (1% lower) and he has focused on Town budget versus school budget.

FinCom Chair John McWane noted that the HWRSD announced its first draft of the budget and he acknowledged that it had not yet been included in the Town budget.

Nippes-Mena summarized that local receipts estimates for FY'13 have been adjusted to incorporate building permits from Pingree School with the result of a certified tax rate of \$17.17.

She explained that meals tax was not included in local receipts but was listed as a separate revenue source in the rollup for tracking purposes. Nippes-Mena noted

that non-recurring revenue cannot be included with local receipts and that there is always a gap between estimates and actual. Discussion ensued about any variance in meals tax due to the Black Cow restaurant being closed for a portion of the year, and that there was an uptick in local receipts from excise tax in 2012 but with the current economy and aging population people are holding onto their cars longer which affects the excise tax and local receipts. Lombardo noted that the focus should be on the gap between revenues and expenditures. There was mention that the recap can be adjusted if estimations are wrong.

Discussion also addressed P.I.L.O.T. that the Town receives (i.e., \$100,000 from Gordon Conwell Theological Seminary) and how the state does not count this as local receipt but is included in the Town budget as Selectmen's receipt. Also mentioned was that the meals tax for FY'14 was included in the rollup since the focus is on the numbers to support the budget versus revenue that specifically supports another fund (i.e., Hamilton Development Corporation). Nippes-Mena said 9.6% is the variance in revenue from FY'13 and FY'12.

Other discussion was on the reduction in revenue expected with ECO, \$100,000 with Wenham leaving and \$150,000 in loss of regional grant funding for ECO if Hamilton operates ECO without any other communities on board. Town officials agreed that there needs to be a separate discussion on future of ECO since state does not want single dispatch centers. Public safety personnel are working on multiple scenarios and exit strategy with Wenham. It was noted that there would be an ongoing expense for ECO retirees, facilities and capital expense shared by the two communities. Going forward there would be a maintenance agreement with Wenham for use of radio frequencies since the community is transitioning out of the ECO on June 30<sup>th</sup>.

Nippes-Mena mentioned that two large taxpayers paid off money owed to the Town including significant penalties and one large landholder is in land court related to tax title. She added that 506 taxpayers in Hamilton are not currently up-to-date in paying their taxes.

### **2014 Operating Budget – Town, School**

She described details in the level funded budget rollup including sources of revenue such as free cash spend to support tax rate and article to move historical Meals Tax residual dollars to HDC since funds from previous Town Meeting article for EDC was not transferred to HDC before EDC was disbanded.

Also mentioned was local aid and if Town receives more than anticipated that would reduce the tax rate. Nippes-Mena noted that reimbursements have been going down. Also that cemetery perpetual care fund interest (approximately \$70,000) is being depleted faster than it is being replenished (\$2,000 last year) and there is a need for a larger discussion by the Town to address cemetery costs and if maintenance should be outsourced. Interest from the perpetual care fund is an offset to maintenance cost. Nippes-Mena said money from lots and graves could be used to expand the cemetery.

Discussion addressed cost increase in water enterprise and need to raise water rates due to higher healthcare, retirement and indirect costs such as staff time. Also noted were grant funds for elder affairs and 911 fund relative to money ECO receives as well as Meals Tax offset and HDC following state law to establish budget and control spending as a separate entity.

As part of the expenses discussion, Lombardo noted that the budget presented is enough funding to keep Town government functional not including capital. Nippes-Mena said there are plans for 1.5% cola for wage and exempt employees and ECO and DPW bargaining units. Town officials have also budgeted for a modest contingency for upcoming police union contract negotiation that will commence at start of 2013. The administrative assistants' union is working with an arbitrator and the situation is expected to be resolved in June.

Discussion addressed Town clerk employee costs and that new administrative employee in that department has a lower salary than other previous employees in the position. Also, that Town Clerk Jane Wetson received \$7,000 in back wages for accrued vacation that she was owed when she transitioned to the Town clerk's position in the department.

Lombardo summarized how facilities management budgeting was done with no funds in place for a caretaker for 2014 but these expenses could possibly be added in July. Custodial cost for Patton property has been budgeted under parks and fields.

Nancy Gerardi-Walsh raised issue of potentially raising number of hours for administrative assistant's position in the Town clerk's office back to fulltime to offload Wetson who is completing work for department at night and during weekends. Discussion ensued about how Town officials do not want to add any personnel across the municipal organization to manage costs. Lombardo

suggested that more use of technology could possibly raise work efficiencies while he acknowledged that all departments have lean staff and other departments could use additional hours of support from staff. Jeff Hubbard suggested that there could be a broader policy discussion about where personnel are most needed in local government (i.e., part time versus full time person in the Planning department).

Discussion ensued on the Town's need to focus on development and revenue as well as possibility of regionalizing (i.e., fire district although there is not enough critical mass) and efforts currently undertaken to maximize cost effectiveness of bidding process when purchasing replacement rolling stock for the Town.

Further discussion ensued on amount of money budgeted for legal expenses (i.e., \$100,000 annually that has been set aside for the last three years) due to Fire Department being in mediation, legal expenses related to labor negotiations, and costs associated with ongoing land swap issues.

Town officials also discussed funds appropriated for sidewalk repair, water infrastructure and details associated with snowplowing budget amount relative to five-year rolling average and how deficit spending is done to comply with state requirements to increase the Town's ability to get FEMA/MEMA money to offset the snowplowing costs. In addition, cemetery costs are down, money has been designated for facilities support in the schools and solid waste removal costs are expected to go down.

Also addressed was that veteran's benefit budget is not voted until March so it will be level funded until the correct number is available at Annual Town Meeting in April.

Discussion ensued on Council on Aging salary for outreach coordinator that is offset by a grant. Lombardo mentioned the need for conversation with Wenham about unresolved regionalization of Council on Aging organizations in Hamilton and Wenham, as well as alternative transportation services than the elder van that would be more cost effective.

Also addressed was that recreation programs are self-sustaining and paid for by taxpayer revenue through a revolving fund. Some Town officials thought a future discussion topic should be whether or not the Town needs a full time

recreation director and part time administrative assistant to support the Recreation Department.

Discussion ensued about \$75,000 for senior tax exemption and finding the right balance to try and fund the full amount. Also addressed was settlement done with Verizon where an abatement of as much as \$150,000 would be released.

Another budget item the group addressed was debt for the North Shore Vocational school to be handled through debt exclusion on the Town election ballot outside of the tax levy. Also that vocational school would be offering a pre-engineering program where potentially more students from Hamilton would attend resulting in an increase in the Town's assessment for student costs.

McWane mentioned that the HWRSD is evaluating the benefit of choice program for the schools. Discussion also targeted warrant article for replacement public works truck. Other items addressed included funding for insurance for Patton property and OFU transfers such as OPEB and HDC costs as well as state assessment for Essex County technical school.

### **2014 Financial Articles**

Nippes-Mena described how the budget summarizes how the Town votes by category on all costs, two articles are slated for the HDC, and total Town increase in budget is attributed to \$90,000 for healthcare and retirement costs, and although there is a reduction of supervisor in ECO the cost for the ECO is going up due to single Town dispatch once Wenham leaves, that the landfill would probably not be bonded before the recap and that the debt will be added in FY'15. Discussion ensued about importance of adding the number of years remaining of debt for projects that Town is responsible for paying into the future to the budget document.

Town officials also mentioned increases from last year across departments between FY'12 budgeted and actual costs. Lombardo said analysis would be done and detail would be provided, he reiterated that operating costs are below last year's levels with the exception of healthcare and retirement costs and ECO expected increases.

Discussion ensued about looking ahead and adjustment in Hamilton's budget assessment from HWRSD of \$1.65 million in consideration of shift in the number

of students from Hamilton attending the school district for an increase of \$153,000 for the next fiscal year, and due to HWRSD no longer having a surplus of funds to offset the assessment and the school district is down \$1.9 million in revenue.

Discussion addressed that next year's tax rate is expected to be \$18.55 based on today's property values. Also, that the HW School Committee has to finalize its budget by February 8.

Also addressed was impact of spending increases and declining enrollment in the student population to 1,700 students. McWane pointed out that the student count used for the calculation was off a working copy of the school budget that likely did not include choice, and that would result in a significantly different per pupil spending number. Town officials noted that there has been an ongoing request to the school district to find efficiencies at the HW Regional High School as soon as the FY'14 budget. McWane noted that some were found last year with SPED.

Jeff Stinson and Scuteri concurred that one of the reasons that prompted School Committee to hire Michael Harvey as Superintendent of Schools was due to the efficiencies he identified while making budget cuts as principal of Belmont High School that did not reduce services. Lombardo recommended now as the time for the municipalities to articulate a general direction for the regional school district.

Scuteri suggested that numbers on per pupil expenditure relative to cohort schools, projected spending increases, and student/teacher ratio with a level services budget, should be known for Town officials to understand ramifications and to make budget decisions.

FinCom members addressed if there should be a change in reimbursement at the state level for school choice students and the need for HWRSD to have a strategic plan relative to declining enrollment (i.e., fewer staff to provide the same services for fewer students). Especially in light of the fact that the school budget is the biggest item driving up the tax rate although abutting communities are seeing similar increases in their tax rates noted Jeff Hubbard.

He also suggested that analysis should be done of school transportation costs to identify if they could be reduced relative to state reimbursement for students

living 1.5 miles or farther from the public schools. A change of this kind would require an amendment to the regional school agreement.

Town officials also reiterated the need to address future plans for the ECO since it would be providing no new services for an additional cost of as much as \$180,000 that Hamilton cannot absorb.

Discussion ensued about potential changes in future property valuations as Town officials emphasized the need to focus on bringing in more revenue to the Town so as to not affect the quality of life.

Neill summarized decision points on items discussed that would be evaluated by Selectmen at the Board's regular meeting including: release surplus article, decide on cemetery and perpetual care fund, Town clerk staff hours issue, Planning Board staff hours, facilities management, facilities and grounds maintenance with Wenham and HWRSD, and Council on Aging including the elder van, need for full time staff in Recreation Department and debt exclusion for North Shore vocational school at ATM. In addition, that the Town officials need to communicate with the school system about managing costs and maintaining services.

Lombardo reiterated his position that the Town cannot afford to add any additional staff or employee hours for next fiscal year's budget. He added that to keep the tax rate below \$18-plus going forward as much as \$800,000 would have to be cut out of the school budget.

Discussion ensued about the school district having spent \$280,000 on technology this year and that voters had approved this fall \$400,000 for capital improvements.

Town officials emphasized the importance of making known to the HWRSD that efficiencies need to be found during the school budget process, that they want to know the per pupil expense and student/teacher ratio that the school district reports to the state. Also to be understood is the increase in recurring expenses, why spending is going up \$240,000 in the gross budget to provide the same services from last year, what is the budget baseline for FY'14 since the school district has been over-budgeting for years as well as a long term plan managing cost to pupil.

Hubbard mentioned that there has to be a unified message about the school budget process from Wenham as well. McWane noted that he would be meeting with his counterpart in Wenham, Catherine Harrison, as well as Superintendent Harvey and School Committee Chair Roger Kuebel.

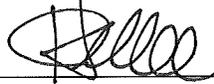
Discussion ensued about FinCom and representatives from the School Committee attending Selectmen's next regular session on December 17.

Neill entertained a motion for the Selectmen to adjourn at 12:19 a.m. Hubbard so moved. Scuteri seconded motion. VOTE: 3-0-2 with Johnson and Stinson abstaining since they had to leave the meeting earlier than the adjournment vote.

McWane entertained a motion for the Finance & Advisory Committee to adjourn at 12:20 a.m. Charles Chivakos so moved. Scott Maddern seconded motion. VOTE: 4-0-1 with Nancy Gerardi-Walsh abstaining since she had to leave the meeting earlier than the adjournment vote.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST: \_\_\_\_\_



Clerk

12/17/12