TOWN OF HAMILTON
Board of Selectmen, Finance and Advisory Committee
SEPTEMBER 15, 2015

The Board of Selectmen met at the Senior Center at 7:00 p.m. on Tuesday, September 15, 2015 with Scott Maddern, Marc Johnson, Bill Wilson, Shawn Farrell, Jeff Hubbard with Finance Committee members Rick Sprenkle, Nick Tensen, David Wanger, Joe Hughes, John Kain. Town Manager Michael Lombardo, Finance Director Brian Connelly, HW School Committee member Larry Swartz also present.

Call to order

Rick Sprenkle called the FinCom meeting to order at 7:02 p.m. Scott Maddern called the BOS meeting to order at 7:02 p.m.

Open Comments

None.

Approval of FinCom minutes – August 17, 2015

Sprenkle entertained a motion to approve the minutes of August 17, 2015. David Wanger so moved. Nick Tensen seconded the motion. VOTE: 4-0.

3 year budget forecast

Discussion ensued about budget forecast with no changes in growth factor, no predicted revenues (i.e., cell tower or solar array) until next year, inclusion of FY'15 actuals that are unaudited until December audit and year end close, and that Free Cash number is expected soon.

Discussion was on FY'17 school budget that is projected to be flat with 2.5% increase for teachers, communication/working relationship will continue between towns and HWRSD, as well as 5-year forecast for schools. On October 1, Jeff Sands from HWRSD will provided numbers on student split between two towns in the district and cost ratios for planning purposes. There was mention about Wenham's interest in spreading out the individual town cost for school budget beyond three years since that town has an increase in number of students. This concept was initiated years ago by Hamilton and it was opposed by Wenham. It would likely be best received if outcome is neutral. The school district is working on a master plan (i.e., staffing and buildings) which may

not be done this year but community involvement will be part of process. The Town is considering surveying its residents to understand where Hamilton's citizens see the Town going moving forward.

Discussion addressed decline in school population and if school budget would be correct, although anecdotally there were more kindergarten students who registered late than was expected. Also considered was number of children that may be in the system from GCTS, and that a small number of students have left public middle school to attend private middle school (i.e., St. John's Prep). The HW School Committee is interested in a controlled number of school choice students at the High School so the district is not required to hire additional staff.

Discussion was on 2.4% increase in salary costs representing COLA and some step increases for Hamilton, flat revenue projection on excise tax, state still making FY'16 budget corrections, potential for 1.5% increase on cherry sheets, Town subsidizes waste enterprise by $80,000 annually which should be self-sustaining and could include trash program being restructured (i.e., fee for putting out large items). Discussion addressed recycling being up, if solid waste pickup should revert back to once a week, and if enterprise is not self-sustaining the trash removal expense would be put in general fund.

Discussion ensued on wage and classification study and decisions related to implementing (i.e., phase-in or apply discount rate since Town cannot afford market rate) with net total suggesting an increase to wages and impact on recruiting although Hamilton has low turnover. To increase wages to market rate would be difficult for the Town to correct unless it is done over time (i.e., three-year period). Consideration is being given to restructuring wage table (i.e., reasonable steps rather than 4% per step). Based on the current data some staff would have salaries red-lined and COLAs would not be given for one to two years until all employee salaries catch up. The bulk of Hamilton's personnel is at the top of the steps. In a year or two as many as five employees will retire. Another budget expectation is a maximum 13% one-time adjustment on healthcare insurance costs which should go down to 8% in subsequent years. In addition, the Town's auditors have explained that the state is not going to fund OPEB but municipalities are expected to increase effort to close funding liability gap. Discussion was on possibility of increasing $25,000 annual OPEB contribution by $50,000 annually with $75,000 slated for FY'17 and this $50,000 a year escalation would continue with each budget cycle.

Other costs evaluated in budget process included $280,000 snow deficit, capital improvement projects that are not getting done, total Town operating expenses and if FY'15 will be underspent, what is the best estimated projected increase for FY'16 and FY'17, 2.7% expected budget increase for the HWRSD, and school district will be asked by the Town if there is a demographic shift in Hamilton would there be a shift in the level of service (i.e., cost per pupil) that the district provides with direction from School Committee. Discussion addressed students attending Essex Tech from Hamilton and expected cost increase could be as high as 20%, and STEM opportunities at this secondary school relative to HWRHS. The debt discussion including interest rate for new debt expense will occur at a future meeting. Town officials also looked at property valuation and valuation growth expected at 4.5% or lower where there is interest in using a more conservative figure relative to growth rates.

5 year capital plan review

Discussion was on net impact on FY'17, operational costs, CPC funding and pool costs/ revenue from Wenham, consistent percentage of budget spend as a way to avoid catch-up as is done in Arlington, whether there is large scale support for Town Hall renovation due to lack of clarification on project (i.e., document digitization, need for more conference space, outdated heating system) and if it can be done in stages (i.e., CPC has approved $200,000 for project). The proposed renovation would only be funded in part by CPA.

Schedule meetings leading up to STM on November 7

Discussion ensued about scheduling meetings up until Nov. 7 fall Town Meeting, and importance of scheduling and meeting with Wenham's counterparts on joint projects (i.e., library and schools) early on in budget process. A next meeting date for BOS and FinCom will be determined in near future.

Jeff Hubbard moved to adjourn the meeting at 10:00 p.m. Shawn Farrell seconded the motion. VOTE: Unanimous. Wanger moved to adjourn the meeting at 10:00 p.m. Tensen seconded the motion. VOTE: Unanimous.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST: Shawn Farrell
Clerk