

**TOWN OF HAMILTON
BOARD OF SELECTMEN
JANUARY 5, 2009**

The Board of Selectmen met at Hamilton Town Hall at 7:04 p.m. on Monday, January 5, 2009 with Richard Low and William Bowler present. Town Administrator Candace Wheeler, Finance Director Deborah Nippes-Mena, Finance Committee Chairman Arthur Oberheim and Fire Chief Phil Stephens were also present.

Richard Low said the discussion about the Federal Railway Administration quiet zone in Town will be deferred until next week.

The Town has received a demand letter from Office Michael Marchand's attorney Michael Sacco offering to settle any and all claims that Marchand and his wife might have against the Town of Hamilton. The Board received the letter via the Town's attorneys and needs to read and discuss it with counsel.

Stabilization Borrowing

Finance Director Deborah Nippes-Mena said there is an ongoing cash flow situation where revenue comes in on February 1 but borrowing has to be done from the Stabilization Fund to pay the Town's bills before the cash is received. This is the third time this year that borrowing will be done and it will be paid back to the fund at the end of February. This is because the Town has to pay the school. The \$1 million RAN will be paid back in April.

Low entertained a motion to approve the borrowing of \$600,000 from the Stabilization Fund as of January 5, 2009 to be repaid to the general fund on February 20, 2009. William Bowler so moved. Low seconded the motion. VOTE: Unanimous.

FY2009 Legal and Other Expenses

Finance Committee Chairman Arthur Oberheim said for the FY'09 budget \$50,000 was budgeted for litigation expenses a 150% increase compared to the prior year. The legal bills are \$105,000 of which some has been paid. So the Town has to find the balance of \$60,000 to be paid.

He explained that part of the reserve fund could be used that is set aside at Annual Town Meeting to bridge shortfalls or unexpected expenditures from one Town Meeting to another. It is not usually for unusual legal expenses but rather for heating bills and salaries. The Town had \$120,000 and amounts have been allocated reducing it to \$95,000. This money has to get the Town to the beginning of the new fiscal year on July 1. Oberheim said he could present this to the Finance Committee (FinCom) on Wednesday.

Oberheim suggested that they could look at approved appropriations and find expenses that could be reduced between now and the end of the year to pay part of the pending legal bills and the savings would be realized in April or May.

Another possibility is a Special Town Meeting where the Town would be asked to approve a transfer from free cash (\$110,000). A combination of the three ideas as explained could be done.

Nippes-Mena said trying to find items in the budget to take care of unclaimed expenses is increasingly difficult. She said \$99,790 has been frozen to cover the ambulance revenue shortfall. She added that the cherry sheet funding should be cut by the state in the next two weeks. If 10% is taken off of the \$1,030,000 revenue stream from the state that is \$103,000. If it were 5% it would be slightly more than \$50,000 still a difficult number to find.

In previous years when the Town had unplanned expenses it was able to absorb them through the budget in individual departments with expenditure surpluses or the reserve fund was big enough. This year covering the revenue shortfall from the ambulance along with the situation with the legal consulting fees and cherry sheet cut for the last half of the year; Hamilton is in a tight spot. More than 60% of the Town's budget is salaries, benefits, property and casualty insurance and retirement. So these items can't be cut what remains are drainage projects.

Free cash is in the process of being certified by the Department of Revenue now. The Town started the year with \$73,000.

Oberheim said the approach he would consider with the FinCom is one that minimizes the tax impact at the end of the process. This would include some part of the reserve fund to pay for the legal expenses. In addition, ask a Selectman, FinCom member, Town Administrator Candace Wheeler and Nippes-Mena to sit with the department heads again to find as much as possible in the appropriated funds to set aside to pay the legal bills and consultant expenses.

For the balance that could not be found the Town would have to hold a Special Town Meeting right before the Annual Town Meeting to take care of any shortfall. Oberheim said if the state cuts the Town's revenue further this complicates the problem. He said they should reduce expenses rather than increase taxes.

Oberheim suggested they try to find up to \$80,000 because there will be no more money for normal legal expenses that they have to assume will be incurred before July 1. He added that they are looking for cuts in the major departments that have the most money – police, fire and DPW.

The Town officials agreed that if \$80,000 would come from the reserve fund and appropriated line items funds would not be appropriated from free cash at a Special Town Meeting. Oberheim said it is especially important to find \$80,000 with the possibility of a \$100,000 shortfall from the state.

There would still be \$600,000 in the Stabilization Fund that bolsters cash flow issues in FY'10. Oberheim said this is less than half of the DOR guideline, it is Hamilton's primary fallback fund and the bond rating is based on it.

The Town officials agreed that they would try to find \$80,000 combined from line items and the balance from the reserve fund (\$95,000). The fire department needs a reserve fund transfer. Oberheim said a change to the reserve fund transfer process is no transfers would be authorized unless a department head attends the FinCom meeting and justifies why it is needed and what was done prior to the request to minimize the need. This would preserve as much as the reserve fund as possible until the year-end. A department heads meeting is scheduled for January 13 at 10:30 a.m. Low will attend.

Municipal Infrastructure Project Grant Program

The state is looking for municipal infrastructure projects that would qualify for federal funding under the Municipal Infrastructure Program under the Obama administration including roads, waterline, water treatment plants, senior center, etc. Community projects have to be shovel ready within 180 days, six months from the deadline of Thursday this week. Town Administrator Candace Wheeler said there is no matching grant requirement other relief funds (i.e., Community Preservation Act) might be used.

The Town officials suggested a waterline extension and paving on Chebacco Road to the Manchester line for fire protection, future development in the area and emergency back-up (Manchester generates more water than it consumes) -- \$350,000, Howard and Linden Streets culvert replacement to handle 50-year events -- \$45,000, installation of supplemental safety measures (extending concrete medians) on Bay Road and Asbury Street related to railroad quiet zone -- \$, Bridge Street culvert replacement (presence of 12" and 4" gas transmission lines on

downstream side that would have to be replaced and lack of sufficient freeboard above the mean water elevation of the Miles River to storm capacity within the existing box culvert) -- \$1,075,000. Wheeler said if the Town took the responsibility of moving the gas lines it would need agreement from the utility it would not need the utility to pay for the cost. Conservation Commission (ConCom) permitting would need to be done. Former DPW Director Steve Kenney had a lot of the engineering work done that could be used.

As described by Wheeler, DPW Director John Tomasz said dredging of the Miles River needs Army Corps of Engineer approval and he didn't think that could be done in six months for the project to be shovel ready. Wheeler thought a form could be submitted but was skeptical about the lead-time required.

There is another dam below the New England Biolabs dam that the Town wants to research but it is in Ipswich. Wheeler thought that community would have to put in for that project and offered to talk to Ipswich. Low asked her to follow up with that community in regard to Miles River flooding mitigation related to dam areas in that town. Wheeler said ConCom member John Hamilton would know the most about dredging the river. The Army Corps has a request but has limited resources. State and federal officials have been involved.

Another project is replacement windows at the old library building for the senior center for energy efficiency. Low said \$600,000 of work should be done at that site. He suggested Wheeler and Tomasz look at the Reinhardt Associates report that assessed the building condition.

In addition, the upgrade of equipment at the Town pool including replacement of coping, piping, lining and some decking.

Another suggestion was \$250,000 for the water treatment plant and associated wells in the replacement of equipment (filter media and malfunctioning components). Design and engineer work has been done by Stantech Consultants.

Low mentioned that the Cutler School boiler needs replacement. Wheeler will contact Superintendent of Schools Marinel McGrath. The program said this type of project should be directed to the SBA.

It was agreed that the wind turbine project is not going to be shovel ready in 180 days.

Fire Chief Phil Stephens said Cutler and Winthrop Schools need fire alarms updated and sprinklers. The parking at Winthrop School was supposed to be done once the public safety building was completed and the paving of the back road behind the new building. The road is too low at Gregory Island Road so there are flooding problems. He thought something could be done with Essex.

Oberheim said the capital plan for the schools includes \$4.5 million in projects for the next five years. He suggested Wheeler coordinate with the school department to ensure whether or not some of these shouldn't be on the list (i.e., replacement of windows and boiler). Wheeler agreed to do that. Mena mentioned the need for an elevator at Town Hall that would need Historic District Commission approval. She and Wheeler will review the list tomorrow.

Status EMS Planning Committee and the Police Chief Screening Committee

Citizens are volunteering to serve on these committees that will be made up of individuals from the public safety building committee, police chaplain, schools, government study committee and Personnel Board as well as at large members. Additional names will be taken. Pat Roselli will update the Board next week about ambulance services in the near term and interim period. Hamilton is continuing to use Lyons ambulance. There was a brief discussion about getting someone from the business community. It was noted that Acting Police Chief Robert Pomeroy would be part of the process. The Board will go through the names next week.

MIIA Nominating Committee Report

Low entertained a motion to delegate himself as voting delegate for the MIIA annual meeting. Bowler so moved. Low seconded the motion. VOTE: Unanimous.

Proposed GIC Legislation

Sue Thorne of Manchester has asked if the Board of Selectmen chairs are interested in supporting proposed legislation that would allow municipalities to negotiate with GIC without public employee participation (union employees and retirees voting to join). Bowler noted that communities that were successful in joining GIC have done so by increasing cost share or taking similar action. He hadn't seen the legislation but was in favor of the change. Wheeler though the proposal would eliminate the 70% collective bargaining vote. She will track down the legislation for the Board's review.

Low entertained a motion to adjourn at 8:12 p.m. Bowler so moved. Low seconded the motion. VOTE: Unanimous.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST: _____

Clerk