TOWN OF HAMILTON
BOARD OF SELECTMEN and FINANCE & ADVISORY COMMITTEE
MAY 23, 2013

The Board of Selectmen and Finance & Advisory Committee met at Hamilton Town Hall at 5:30 p.m. on Thursday, May 23, 2013 with Marc Johnson, David Neill, Jennifer Scuteri, Jeff Hubbard, Scott Maddern, John McWane, Charles Chivakos, and Rick Sprenkle present. Town Manager Michael Lombardo and Town Counsel Donna Brewer also present.

Call to order

Chair Marc Johnson called the Board of Selectmen meeting to order at 5:31 p.m. Chair John McWane called the Finance & Advisory Committee meeting to order at 5:32 p.m.

Discussion – Financial considerations of possible purchase of Pirie property

Johnson summarized discussion of financial considerations of possible purchase of Pirie property related to appropriation or borrowing and read motion for Special Town Meeting warrant article. He noted that this meeting was not a public hearing but suggested that issues raised at recent public hearing should be addressed. In addition, he noted that if some Community Preservation Act funds are used for the property purchase then the motion may change.

Johnson addressed concerns raised at last week's public hearing regarding Hamilton's potential purchase of the Pirie property including that the purchase would be expensive and risky for the Town. In addition, some public hearing attendees had said the proposal went against the spirit of the Town's trails and open space.

He noted that at the public hearing attendees did not mention Hamilton's housing, recreation, open space and financial objectives. In addition, there was suggestion that the zoning analysis was inadequate. Johnson mentioned that he thought the Board was educated on issues relative to correspondence from Attorneys Donald Greenough and Jim Kroesser. Scott Maddern mentioned the importance of input received at the public hearing.

McWane said the FinCom had opinions on the proposal and the Committee had received a thorough review of information from the Pirie property working

group from Maddern. He noted that the FinCom is supportive of the project. McWane said he served on the working committee that analyzed the potential purchase. He mentioned the Town's concentration on reducing the tax rate and increasing revenue sources and thought the purchase was an opportunity to carry out those goals. In addition, he mentioned the risk involved but reiterated the financial opportunity to increase revenue.

David Neill agreed with elements of the Pirie property purchase proposal including that the Town needs housing that is affordable and for seniors who want to downsize and stay in Hamilton. He noted how the senior population in Hamilton is increasing while other populations are shrinking and that seniors would prefer having housing downtown. He characterized the potential project as too much of the right thing in the wrong place. Neill suggested that if the Town had $4 million it would be better spent in downtown Hamilton and since it does not have that much money then it should consider gradual improvements. In addition, he thought the horse farm on the Pirie property was indicative of the pastoral landscape/identity of the Town. Neill thought there are too many risks to support the proposal and suggested the Hamilton Development Corporation get going on developing the downtown.

Jeff Hubbard concurred with Neill adding that when the Town views a property as important to Hamilton it should start the process sooner. He suggested the Town has made the process with the Pirie property more costly and difficult. Hubbard then addressed his disapproval of FY2014 Town budget. He reiterated his interest in reducing budget by $250,000 through applying that amount of money reserved for capital improvements towards the tax rate. He suggested this approach would have reduced the tax rate with no risk versus risk of spending $4 million to raise $250,000 in property tax revenue.

McWane addressed $1.3 million of free cash and how $250,000 was allocated for capital projects and if there are none during the fiscal year the Town would apply this amount toward the tax rate. Hubbard reiterated his belief that the Town could have had a low risk/return scenario using the $250,000 versus considering spending the $4 million. Johnson said the free cash discussion had little to do with the risk/return profile being analyzed for the potential Pirie property purchase by the Town. Charles Chivakos said that was not an equal comparison since the expected possible tax revenue of the Pirie property is $400,000 to $500,000 versus $250,000. He suggested that the greatest risk is developing the property that would be managed by a developer that purchases the parcel from the Town. Chivakos noted that there had been misinformation

about the number of school children that would result from the Town's proposed development.

Rick Sprenkle stated his belief about the overall low risk of the proposal. He mentioned the BAN interest versus the property appreciation/depreciation rate (which is currently ahead of BAN interest rate). He summarized how teachers that work in Hamilton and cannot afford to live in Town were ecstatic about the prospect of affordable housing in Hamilton. Sprenkle said he believes the purchase proposal would improve recreation field situation and access to as well as preservation of open space and could help reduce the Town's tax rate.

Jennifer Scuteri spoke to biggest issues facing Hamilton is no new significant sources of revenue and senior housing relative to what Wenham has realized with its housing developments. She said the Town has senior housing and great estates bylaws and is ready for an opportunity for new revenue. In addition, that the community has strived to resolve its problems (i.e., police department) and find cost savings in the school district and with the new trash program but the only remaining option to control the tax rate and realize savings is to make cuts.

Scuteri noted that the Pirie property proposal could bring in $500,000 a year in revenue for Hamilton and she stated that the same fears were expressed by Topsfield and Wenham when those communities moved ahead with housing development projects (i.e., traffic, change in quality of life). She mentioned her support for the housing development proposed and emphasized that it could meet multiple needs including housing and recreation opportunities for active seniors who want to live outside of the downtown as well as other residents.

Scott Maddern spoke to the due diligence done by the Pirie property working group and its recommendation for the Town to move forward to a Special Town Meeting vote. He noted that he would be meeting with the Council on Aging next week and was interested to get input from seniors.

Maddern referred to Hamilton's 2004 Master Plan that was updated in part due to proposed elderly housing development on Essex Street that would generate tax revenue, keep elders in Hamilton, preserve open space but there was abutter opposition to density, traffic, and non-traditional housing. He noted that this plan, Recreation Master Plan (shows need for fields), and Housing Production Plan show trends that are ominous for the Town unless there is development. Maddern cited the responsibility of Selectmen to educate residents about the

circumstances in Town and to provide alternatives for the townspeople to vote on as is the case with the Pirie property opportunity despite the rushed schedule.

Chivakos said if the Town cannot go forward with a project that addresses so many of Hamilton's objectives it is unlikely that any project can be approved. He noted that it is becoming more difficult for many long term residents to afford to remain in Town and that providing for equestrian use should not be the primary goal for Hamilton. Chivakos emphasized that developing the downtown would be an arduous process and any increase in revenue would not be realized any time soon. He reiterated his support for how the proposed Pirie property project could provide options for multiple populations in Town.

McWane spoke as a 40-year resident and member of working group citing examples of when the Town had made mistakes by voting against taking action: when Beverly offered Hamilton connection to sewer line, when there was a chance to build a middle school in Wenham, and when Hamilton could have purchased Iron Rail property for $75,000. He noted that the Pirie property was an opportunity for the Town that should be acted on favorably due to the housing that it would provide and that development downtown was not likely to occur anytime in the near or distant future.

McWane summarized how the financial details (BANs) were affordable for the Town especially with the expected increase in revenue resulting from selling the property and property taxes. Johnson described how the Town had pursued $3 million of BANs and the cost of carrying and cost of issuing the BANs is $10,000 a year for the water system infrastructure repairs and capping of landfill. Discussion ensued about how Hamilton has managed its reserves well so the Town can get low interest rates when it borrows money. Johnson mentioned that if the Town votes to purchase the Pirie property it will be responsible for closing on the property in 90 days.

Discussion ensued where Hubbard expressed his viewpoint that taking on $4 million in debt is a liability for Town and his interest in seeing development occur downtown. Also addressed was the Pirie property changing ownership and not remaining as an equestrian property triggering why the Town has to decide what to do with its right of first refusal. Johnson noted that the demographics of the Town require more than 10 to 15 affordable housing units that Hamilton could theoretically develop in the downtown where land is not available. He added that Hamilton might not have the luxury of keeping the Pirie parcel as an equestrian property. Johnson suggested the Town moving

forward with this opportunity is more important for all of the households in Hamilton than it would be if it was preserved as an equestrian site with a small set of houses. Scuteri concurred and summarized the groups that would benefit from the acquisition, sale and development including sports teams, 55 to 70 year olds, people who enjoy open space and opportunity for permanent trail easement. She noted that there is $1.3 million of CPA funds where a percentage could be used to make the property work and protect open space. Scuteri said the Town's pressing needs are housing and revenue.

Discussion ensued on price point for proposed cottage houses, an average of $500,000, and 16 would cost less as affordable units. Johnson clarified that this community housing development would not be state managed and there would be local preference. He explained that Town boards would be involved to ensure there is not inclusionary housing to respond to Hamilton's needs. He noted the two-thirds vote requirement at Town Meeting to move purchase forward. Neill thought price point was not a large attraction to keep Hamilton seniors in Town.

Discussion addressed by Maddern was that there was no interest in building a development similar to the Boulders in Wenham. Hubbard suggested that there is disconnect with community regarding interest in proposed purchase of Pirie property. He referred to the number of people who spoke at the public hearing who were not in favor. In addition, that there has been a lack of conversation with seniors to understand if this proposal is what they want.

Hubbard raised issue of turf field needed in Town and suggested that the ideal location is at the regional high school. Discussion ensued about whether or not private funding would be available to pay for that field, and that the HW Recreation Department is interested in additional field options including in a central location such as the Pirie property.

Johnson summarized his support for property purchase based on housing and financial reasons. In addition to history of Hamilton trying to put these projects in place and waiting for the private sector to do this which has not occurred so the Town has to take initiative and risk. He addressed risk and said Town has managed what the carrying costs would be if it owned the Pirie property for a short period of time (i.e., one year) and that the real estate market is improving.

Also, that Hamilton needs to sustain itself, by stabilizing school population to continue education offerings, and Town needs critical mass in order to cover growing expenses. He explained that expenses are increasing by 2.5% annually

and revenue coming in is less than one half of 1%. As a result Hamilton needs an additional source of revenue or there would be an impact with ever increasing tax rate and possible outcome that house values will decrease. Also, he suggested if the downtown were developed to the point it could become a greater source of revenue for the Town the development would negate the village atmosphere.

Lombardo summarized that the purpose of this meeting was to determine if the Selectmen would vote to hold a Special Town Meeting and to open warrant for STM. He observed that too much time has been spent focusing on the details of this project when it would evolve and change with Town input. He thinks the focus on housing is a need for Hamilton and development is needed to sustain the Town. Lombardo noted that towns and cities across the country are involved in public/private partnerships on a routine basis. He added that he has done a lot of development in his career and he thinks it is possible in terms of the economics.

Vote to hold a Special Town Meeting

Johnson entertained a motion that the Town exercise its right of first refusal to purchase land and buildings at 641 Bay Road, shown on Assessor's Map 49, Parcels 15, 53, and 54, subject to the appropriation of $3,900,000.00 to be funded by available funds, taxation, borrowing, or any combination of the foregoing, such appropriation to be made at a Special Town Meeting. Maddern so moved. Scuteri seconded motion. VOTE: 3-2-0 with Hubbard and Neill opposed.

Maddern moved that the Board of Selectmen call a Special Town Meeting for Tuesday, June 11, 2013 at the Winthrop School at 7:30 p.m. Scuteri seconded the motion. VOTE: 3-2-0 with Hubbard and Neill opposed.

Vote to open warrant for Special Town Meeting

Maddern moved that the Board of Selectmen open the warrant for Special Town Meeting. Scuteri seconded the motion. VOTE: 3-2-0 with Hubbard and Neill opposed.

Maddern moved that the warrant include an article to appropriate money to purchase the Pirie Property, the article to read substantially as follows:

Article __: To see if the Town will authorize the purchase of the Pirie Property, so-called, by gift, purchase, or otherwise; appropriate a sum of money to pay

costs of such purchase, including the payment of any and all costs incidental and related thereto, and to determine whether this appropriation shall be raised by taxation, transfer from available funds, borrowing or any combination of the foregoing, or to take any action thereon or relative thereto. Scuteri seconded motion. VOTE: 3-2-0 with Hubbard and Neill opposed.

Vote to close Warrant

Maddern moved that the Board close the warrant for the Special Town Meeting. Scuteri seconded the motion. VOTE: 3-2-0 with Hubbard and Neill opposed.

Johnson entertained a motion to adjourn the meeting at 6:40 p.m. Neill so moved. Scuteri seconded the motion. VOTE: Unanimous.

The Finance & Advisory Committee did not have a quorum to take a vote to adjourn since Rick Sprenkle had to leave after the first 20 minutes of the meeting.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST: _____
Clerk