

**TOWN OF HAMILTON
FINANCE & ADVISORY COMMITTEE
AUGUST 29, 2013**

The Finance & Advisory Committee met at Hamilton Town Hall at 7:04 p.m. on Monday, August 29, 2013 with Chair John McWane, Charles Chivako and Rick Sprenkle present. Town Manager Michael Lombardo and Finance Director Deborah Nippes-Mena also present.

Call to order

Chair John McWane called the meeting to order at 7:04 p.m. and announced that the meeting was being recorded by Richard Boroff. McWane commended Finance Director Deborah Nippes-Mena and Finance Department for getting \$30,000 worth of credits for the Town.

Review Warrant Articles for Fall Town Meeting

The Committee reviewed draft warrant.

Council on Aging revolving fund

Town Manager Michael Lombardo summarized that money has been in a revolving fund for Council on Aging and used as part of billing and collection of receipts for travel. It was noted that the trips are not fully paid for by participants but are subsidized by COA. Discussion ensued about closing the revolving fund and including the money in the General Fund that would be used by the COA. The current COA director has found the revolving fund cumbersome but would like to keep it.

Nippes-Mena described how \$11,000 could be transferred to General Government Facility Management as a budget line item with \$2,000 remaining in COA revolving fund. Discussion addressed how there are two circumstances in Hamilton's municipal government where petty cash is used and this does not include the COA but the organization does use a credit function at Market Basket. Town officials plan to explain this warrant article fully at STM.

Classification Table

This will reflect the updates to the police and fire union contracts.

Water Enterprise Budget

Nippes-Mena described how revenue flow would not pay for all of the expenses for the Water Enterprise Budget for FLSA, debt, health insurance and property/casualty insurance. Discussion ensued about how the Town will bond \$5 million in the spring with a 20-year bond where BANS are being used now for repairs to the water distribution system.

The water rates will be resolved and raised after public hearings and notices in the third quarter water bills. The work on the water distribution system and volume structure will be paid for through the increase in the water rates and this will not impact the tax rate.

Discussion ensued about future plan for another \$5 million request to continue water infrastructure project. Also, that moving forward the Town may not get its water from the Ipswich River watershed but potentially from Manchester By-the-Sea. Consideration of other sources for water by the Town is based on difficulties to run and maintain Hamilton's water treatment plant. Also, that water conservation by residents is part of the reason the revenue stream for water enterprise is down.

In addition, Hamilton does not have an adjoining municipality that belongs to MWRA for it to consider joining MWRA. If the Town did purchase water from another community it would cost Hamilton less because it would continue to distribute water but it would not have to operate the water treatment plant.

Amendments Annual Appropriations

Discussion ensued about use of Free Cash to pay for projected increase of \$45,000 relative to \$35,000 base salaries in Fire Union where salaries were brought up to market rate with no retroactive pay and those employees had not received a cola since 2009. Also included in the increase is \$10,000 for overtime budget to backfill time when union employees take vacation and personal time (358 hours of OT for each of three union members relative to FLSA which has to include base salary and EMD stipend). FY'14 budget moving forward is being budgeted correctly to comply with FLSA.

In addition, the Fire Department had excess funds this year and that money will be encumbered and address FLSA shortfall for the past two years. Lombardo mentioned that as part of this process the Town had not received good advice

from labor counsel so he is reviewing retainer agreements from other labor counsels.

Health and Human Services

This \$5,300 increase is for Health Agent Leslie Whelan's hours from 10 to 12 per week and to fund cost of seminars for public health nurses.

HW Public Library

Nippes-Mena said the Town would be \$24,000 short on the operational side. This does not include salary increases and the impact is unknown so she has included a range that the Town would fund. She said Hamilton was not provided pension and healthcare costs when presented library budget so she level funded from last year. The difference is \$24,000 and this information was received by the Town today.

FLSA for DPW

Discussion ensued about retroactive pay for DPW relative to FLSA. Lombardo explained that OT calculation has to be higher for two years of back pay and include stipends (for snow \$300 a week for 15 weeks) for FY'12 and FY'13. Nippes-Mena estimated this will be a \$50,000 to \$60,000 cost. Going forward the Town will set policy for OT including for call firefighters.

Discussion ensued about deficit spending in snow budget and options that can be enacted by the Town in the spring (i.e., bring it over to FY'15 budget). This will help assess increase in snow budget. Nippes-Mena noted that she would be requesting a reserve fund transfer for the Finance Department staff that has had to work overtime on these calculations. DPW does not have the funding while for the police department encumbering is being done. In FY'14 the budget would be increased for FLSA purposes.

McWane noted that Town is strong in Free Cash but weak in tax rate so he emphasized that action should be taken with consideration of tax rate. Lombardo said there is consideration to allocate more Free Cash to the budget at STM.

Discussion ensued about how valuation information would not be completed until end of September and that there is an 18 month lag. The Town is experiencing some new growth with five houses and building permits.

Two School Debts

Two school debts include MSBA funding, and funds (\$600,000) for sprinkler system at Buker School. McWane said fire sprinklers are for the protection of facilities not protection of children and when they go off they damage computers. He noted that smoke detectors protect children. McWane added that this was considered at High School campus but sprinkler system was included. Nippes-Mena suggested McWane bring his view on Buker sprinkler system to HW School Committee. It was noted that the sprinkler system requirement is due to the fact that Buker does not have external exits from the classrooms. The original estimate for sprinkler system was \$150,000.

Community Preservation Act Funds

Projects under consideration that would use CPA funds include: Patton Park pool, access road to canoe launch at Patton Homestead, parking and fields at Patton Homestead, and historic signs. Discussion ensued about how Wenham is not interested in paying for pool other than through user fees and if consideration should be given to whether or not a joint recreation program is warranted if both towns are not willing to pay for capital costs.

Meals Tax

Discussion ensued about whether or not Hamilton should fund part of the pool costs or if Patton Park friends group would fundraise for the pool. Lombardo mentioned that design would incorporate a phased plan so kiddie pool or splash pad could be added responsibly in future years. Discussion addressed if the pool project should be done all at once or gradually.

Town officials will be working with Community Preservation Committee in the next month regarding the pool project relative to a decision that has to be made about whether or not Hamilton will fund part of the pool cost. If so, there will be a ballot question at the Town election for appropriation or borrowing.

Capital Improvement: Culverts

The Howard Street culvert rehabilitation project is costing as much as \$100,000 and not enough money was budgeted. Town officials noted that \$250,000 in Free Cash was set aside for capital.

Council on Aging Bylaw

Nippes-Mena said this is a housekeeping action to assign the Council on Aging bylaw into the Town bylaws. The original bylaw language applies today as it did when the bylaw was created decades ago.

Septic System Easement

Lombardo explained that survey for septic system for 377 Lake Drive was incorrect and encroached on Town land. The homeowner wants to sell the property and his attorney is drafting documents so there is no expense to the Town.

Build housing on Patton Homestead

Discussion ensued about acreage set aside at Patton Homestead to build housing.

Hamilton Trails

The property owner would like to expand the easement for trails and Town Counsel Donna Brewer is researching before it goes to STM. It was noted that ECTA would do trail maintenance and there is tax implication.

Discussion ensued about \$150,000 of Free Cash from the HWRSD that would be addressed during report section of STM.

Free Cash

This is an open item.

STM Schedule

The FinCom decided to meet on Saturday, September 21 to vote on its warrant article recommendations for the November 4 STM at the HW Regional High School.

Review Library Management Fee with Wenham

McWane provided history on HW Public Library agreement signed in 1999 and provision for fee is Hamilton would pay 10% of its share of the \$500,000 budget

(\$50,000). Also, annually the agreement stated that the two towns would revisit the agreement and this has not been done. Lombardo explained that in 2011 Hamilton requested that the Finance Committees for the two towns get together to discuss and Wenham said it could not be done at that time. For the FY'13 budget cycle, Hamilton again pursued a discussion but Wenham said it was overwhelmed due to personnel changes and it did not have time to address.

During this period, Hamilton officials received verbal agreement from Wenham that a future discussion on the matter would apply to FY'13 budget. Also, Hamilton sent a letter to Wenham stating an updated status of this agreement that was signed by Hamilton officials and was to be signed by Wenham officials but that action was never taken by Wenham. In addition, former Wenham Finance Committee chair Katherine Harrison claims no memory of any verbal agreement.

McWane explained that the annual cost of managing the HW Public Library is \$25,000 and Hamilton's prorated share is \$16,000 a year and Wenham is insisting Hamilton pay \$50,000. Effort is underway by Hamilton officials to get together with counterparts in Wenham to discuss and agree to the updated fee. Lombardo said the annual fee should be based on the Finance Committees' discussion and he doesn't believe this is required to be in writing.

Review request to HWRSD for return of excess State revenues

McWane said in the past the HW School Committee would return any excess revenue it received from the State to the school department's supporting communities. Making this a standard practice by HWRSD was agreed to during a recent joint meeting with Wenham's Finance Committee where Superintendent of Schools Michael Harvey was in attendance. This action has not occurred so a letter will be sent to Roger Kuebel, chair of the HW School Committee to formalize the practice.

For the current fiscal year, the HWRSD is expecting \$150,000 more than was budgeted from the State and Hamilton would get its prorated share. McWane noted that if HWRSD gets less money from the State then the supporting communities would supplement the school budget. He added that it is an important recognition by the HW School Committee to have an obligation to an accurate budget. Rick Sprenkle suggested that phrasing in excess revenue practice policy should use neutral language and refer to "revenue mismatches".

Reserve Fund Transfers

None.

Approval of minutes of previous meetings

Charles Chivakos moved to approve the minutes from previous meetings dated: February 1, and 20, 2013, March 8, 2013, May 2, 2013, and June 10, 2013. Sprenkle seconded the motion. VOTE: Unanimous.

Set next meeting date

The FinCom's next meeting is scheduled for Saturday, September 21. McWane entertained a motion for the FinCom to adjourn at 8:21 p.m. Chivakos so moved. Sprenkle seconded the motion. VOTE: Unanimous.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST: John McWane 10/19/13
Clerk