

**TOWN OF HAMILTON  
FINANCE & ADVISORY COMMITTEE  
JULY 15, 2013**

The Finance & Advisory Committee met at Hamilton Town Hall at 6:00 p.m. on Monday, July 15, 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 6:00 p.m. and announced that the meeting was being recorded.

**End of year financial transfers**

Finance Director Deborah Nippes-Mena spoke to end of year transfers where money is being moved between voted categories. She summarized original appropriation for major categories with revisions done at Special Town Meeting. Nippes-Mena explained rule that specifies a municipality cannot transfer more than 3% of appropriated level and/or \$5,000, whichever is greater.

She also mentioned estimated surplus with \$115,000 in FinCom reserve and there is money budgeted for a full time equivalent (Planning Board coordinator) that the Town has not hired yet. In addition, there are encumbrances remaining for FLSA and protection of persons. So the estimated surplus is slightly more than \$200,000.

Nippes-Mena explained that \$9,400 out of Health and Human Services would be transferred to General Government to support the Council on Aging in the purchase of appliances and furniture and this money would be encumbered under Facilities Management and paid out in July or August as bills come in.

Another part of the transfer from Health and Human Services to General Government is a cemetery surplus going to Facilities Management because the Town has bid just under \$83,000 to do the paving in the back parking lot at Town Hall. Nippes-Mena explained that the funds would not be transferred to DPW since the parking lot is not a road but part of facilities management. In addition, the DPW has a surplus, not Chapter 90 funds, of \$27,856 and \$27,000 is part of the paving surplus for the year that was earmarked for the parking lot project.

Nippes-Mena continued that Unclassified is for health insurance, Medicare taxes, unemployment, etc. There is a surplus of \$48,000 from health insurance that is also being transferred to Facilities Management to support the paving project for \$83,000. She explained that the surplus is due to money budgeted for health insurance for former DPW Director John Tomasz and interim DPW Director Dave Hanlon does not take healthcare insurance. She noted that the Town always budgets for one extra person (\$15,000) and Diane Manter from the Recreation Department left and Paul Rigol from public works is now a retiree.

In addition in Unclassified the remaining part of the health insurance of \$3,894 will be used to cover the snow removal deficit. Some of the money will come from park budget since there was \$11,000 surplus transferred to snow removal deficit of \$15,000.

McWane entertained a motion to vote the slate of proposed transfers as presented. Charles Chivakos moved that the Finance & Advisory Committee approve the transfer slate as presented by Accounting. Rick Sprenkle seconded the motion. VOTE: Unanimous.

McWane addressed how the Town would under spend by \$200,000 and how that money would flow to Free Cash. Nippes-Mena noted that the amount going to Free Cash is higher because the revenues the Town collected are higher although some account lines have not been paid. She mentioned that large tax title payments were received as well as building permit paid in full by Pingree School for its project (\$86,000). Discussion addressed how the Pirie payment for back taxes would be received in FY'14. Lombardo noted how a large amount of the Pirie property will remain in Chapter 61A so the tax revenue expected will be considerably less than \$150,000 and closer to \$70,000 annually.

### **Plateau well and use of emergency funds**

Nippes-Mena explained that the Board of Selectmen in its role as Water Board approved an Emergency Fund transfer for the repair of the Plateau well for contracts from June 19<sup>th</sup> to get the well back online. The Water Enterprise has the funds available for this year. She noted that the vote was 4-1 with Selectman Jeff Hubbard opposing since the FinCom had not had a chance to vote on this matter.

Nippes-Mena requested a concurrent vote by the Finance & Advisory Committee to use \$10,000 from the Emergency Fund reserve to repair the Plateau well. Lombardo noted the importance of getting the Plateau well online and that this

was the second well that the Town has had to refurbish. He noted that Hanlon is doing a peer review and is exploring other options for the Town for water including purchasing water from another municipality outside of the Ipswich watershed since the water treatment plant is expensive to run with appropriate staff and there are operation problems.

Discussion ensued about expected production capacity of Plateau well dropping from 400,000 gallons to 200,000 gallons a minute after refurbishment. It was noted that emergency water capacity is available from Wenham, Ipswich and Essex. Lombardo reiterated the long term water challenges for the Town and the ongoing debate about Hamilton's actual use of Ipswich watershed water supply.

McWane entertained a motion. Chivakos moved that the Finance & Advisory Committee approve and authorize request for a transfer from the Enterprise Emergency Fund in the amount of \$10,000 for Plateau well redevelopment. Sprenkle seconded the motion. VOTE: Unanimous.

**Discussion: Town officials meeting with Superintendent of Schools Michael Harvey and HW School Committee Chair Roger Kuebel**

McWane updated FinCom about a meeting that he had with Lombardo, Harvey and Kuebel relative to transfers. He explained that HWRSD was doing BANS for \$2 million of current debt. In addition, the HWRSD returned to Hamilton and Wenham the Excess and Deficiency funds for FY'12 of \$146,000 and transferred \$7,000 from E&D for the capital deficit created when payment for replacement boiler at Cutler School came from operating costs.

McWane explained that relative to the \$7,000 the Board of Selectmen can decide to hold a Town Meeting within 45 days if the Town does not want to accept this transfer of funds from the HWRSD. Harvey and Kuebel will attend Hamilton Selectmen's meeting on July 29 to explain transfer details.

Also the preliminary numbers for the HWRSD's E&D for FY'13 indicate that this would be \$1.2 million and the 3% guideline for E&D yields the potential for \$400,000 to come back to the school district's supporting municipalities. HWRSD will file a request to the state in October and hope to get the transfers to the towns when the budgets for next year are voted in January. Discussion ensued about how it would have to be applied in the budget next year due to budget development timing and Town appropriation for the schools.

Nippes-Mena explained that one of the financial articles for Special Town Meeting in the fall is to reduce the school appropriated amount to accommodate the new E&D vote. The HWRSD could write the Town a check or bill Hamilton less so the appropriation surplus for school cost would eventually flow to Free Cash but this would not reduce the tax levy or tax rate. She recommended it be used for the FY'15 budget. Lombardo said if HWRSD certifies the FY'13 E&D then it could be used to balance budget relative to structural deficit and if there are extra funds remaining it could be used to buy down the FY'15 tax rate.

### **Discussion: Capital Projects**

McWane addressed how the HWRSD supporting municipalities had approved \$2 million last year for capital projects comprising boilers at Buker School and Winthrop School and curtain window wall at Winthrop School. An application has been submitted to MSBA.

In addition, the HWRSD has budgeted \$150,000 for a sprinkler system for Buker School and the real cost is \$600,000. Lombardo explained that the HW School Committee is going to consider whether or not to fund the sprinkler system at Buker School. He added that \$150,000 could be held for the project to reduce the \$600,000 cost. Discussion ensued about roof repair at Winthrop School and that the reason for consideration of sprinkler system at Buker School is that this school is the only elementary school in the school district with no outside doors located in the individual classrooms. This is a safety issue not compliance since the wood framed building is grandfathered and is structurally sound.

McWane mentioned that \$150,000 has been approved for a comprehensive study of the school district's programs and facilities. Discussion ensued about needed plan to get administrative staff out of the Center School and if there is capability at the HW Regional High School to accommodate this personnel. He noted that the capital projects require a two-thirds vote at Town Meeting and a ballot vote.

Lombardo said the cost of projects would be evaluated and provided by December with the Town appropriating the full amount. Discussion ensued about if a Special Town Meeting would be required relative to the timing issue to fund the projects. He estimated that November 4 is the latest date that Hamilton could hold an STM. Discussion addressed how Wenham has the same timing issues and how Hamilton does not want to issue estimated fourth or first quarter tax bills. Also noted was that the Town could hold a fall STM with an estimated dollar amount for these capital projects or hold a winter STM in

January/February with actual dollar amounts. Discussion with resident Richard Boroff who had attended meetings on capital projects for the school district noted that HWRSD is working toward getting MSBA approval earlier than originally projected so municipalities will not have to hold multiple STMs.

Discussion ensued about planning for Town Meetings for fall STM, ATM and ballot as well as a decision on the Patton Park pool. Town officials discussed Pool Committee's recommendations for three options for Patton Park pool. Lombardo mentioned that he would speak to Wenham about that community's interest in contributing to any pool improvements.

**Other:**

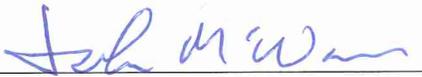
Lombardo had signed the engagement agreement from Sullivan & Rogers, the Town's auditors but FinCom approval is needed to hire the auditing firm for the next three years (\$33,000 a year and up to \$38,000 a year in FY'16 due to GASB pension reform). The Town will pay an additional \$10,000 for Hamilton Development Corporation audit and for filing. Discussion ensued about auditing costs relative to Hamilton's proposals to purchase water and anaerobic digester at Town's landfill. Nippes-Mena will resend to FinCom via email letter of engagement from auditing firm for the three year contract (\$33,000, \$34,000, and \$35,000).

Sprenkle moved that the Finance & Advisory Committee recommend approval of the three year engagement with Sullivan & Rogers. Chivakos seconded the motion. VOTE: Unanimous.

**Next Meeting**

The Finance & Advisory Committee's next meeting is scheduled for Thursday, August 22 at 7 p.m. McWane entertained a motion for the FinCom to adjourn at 6:55 p.m. Chivakos so moved. Sprenkle seconded the motion. VOTE: Unanimous.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST:  10/19/13  
Clerk