

HAMILTON FINANCE AND ADVISORY COMMITTEE
Minutes of Meeting
February 26, 2020

Members present: John Pruellage, Valerie McCormack, Christina Schenk-Hargrove, Nick Tensen, and David Wanger.

This Hamilton Finance and Advisory Committee (FinCom) meeting was called to order at 7:00 pm at the Council on Aging Building, 299 Bay Road, Hamilton.

Public Comment

Discussion regarding all proposed warrant articles for ATM, including discussion with any proponents or opponents of articles, and potential voting of FinCom recommendations on the same.

Articles 5.3 and 5.4. Assessor's Department.

John Speidel (Director of Assessors) was present to discuss articles 5.3 and 5.4. Mr. Speidel stated article 5.3 was Chapter 91 of the Acts of 2010. The senior exemption was passed without input from the Assessors Department. Qualifying residents needed to own a home, live in town for ten consecutive years, and occupy their home for more than six months each year. The income threshold was a maximum of \$47,520 for a single resident and \$71,280 for a married couple. The assessed value of the home had to be less than the median assessed value of homes in town (\$530,000) plus 10% for a total of \$583,000. Once the resident qualified for the exemption, either 50% of the tax bill or 10% of the household income would be deducted.

John Speidel thought it was a good program but no asset limitation was included in the qualification regulations. Mr. Speidel recalled one resident who had a \$700,000 loss in the stock market while receiving the tax exemption. Another issue was that there was an 18 month lag time between the start of the application and the granting of the exemption. An application submitted by January 31, 2020 would not experience a tax break until June of 2021. Mr. Speidel said he thought seniors needed the money sooner. Mr. Speidel said the biggest problem was that \$175,000 to \$350,000 had been appropriated for the program, but it was unclear where the funds would come from as the previous year had \$185,000 in the overlay account. Another program for surviving spouses of veterans (41D) was paid for through the same fund. Mr. Speidel hoped to address the three issues to make the program tighter.

Discussion ensued regarding the legality of the program and its consistency with the General Laws. Hamilton was one of two towns to offer the exemption. Ninety residents had applied for the program and 60 were offered tax relief. David Wanger wanted to ensure the law was changed before the program was changed locally. The overlay account was set up every year on the recap sheet to pay exemptions, abatements, and the Appellant Tax Board in the event of an

abatement appeal. Over the last ten years, the account was funded with between \$157,000 and \$228,000. Nick Tensen explained the fund was set up to budget for the void in tax payments.

While members discussed the process of amending the local law, Allison Jenkins discovered the law was designed to expire after three years without being reaffirmed by Town Meeting vote. The law was no longer in effect. David Wanger noted that if Town Meeting readopted the law with or without changes, the legislature would follow. John Pruellage said a problem with having the legislature rule on Home Rule Petitions would be that there would be an eight to nine month delay.

At the previous Town Meeting, the town adopted a deferral program with a missing word, "single." Article 5.4 would allow individuals to defer all or some of their taxes. John Pruellage responded that many residents didn't use the program because a lien was placed on their property. There were four people in the program currently. Mr. Pruellage thought it was an appropriate change. John Speidel said an opposing opinion would be to leave well enough alone.

Article 5.7. Petition for Waste Removal.

David Wanger noted that the FinCom had already been informed by the proponents (Ann Gero and Gretel Clark) of the every other week collection. The FinCom was familiar with the data and arguments.

Larry Sargent was present to offer a background regarding waste collection and to discuss the petition. Mr. Sargent said he had reviewed the Summary Report on the Waste Summit on Trash Collection, written by the Town Manager. Mr. Sargent said the report, which he found biased in favor of every other week collection, used words such as "skyrocketing costs" but did not include data. Mr. Sargent said costs had doubled over the last five years because the low cost Hiltz contract was abandoned, which was replaced by a market rate Casella contract. Personal trash generation had not changed. Mr. Sargent said the report graph did not include the 2018 drop in trash tonnage. Mr. Sargent added that in the past, the Town made money by recycling but was now paying a higher rate for recycling than trash. According to Mr. Sargent, many Towns were considering abandoning recycling. Another justification of every other week collection was the reference to DEP stating landfills were filling up to capacity, which was not directly related to Hamilton as Wheelabrator burned Hamilton's trash to generate electricity. DEP had a moratorium on more incineration as a way to encourage other technological advances.

Larry Sargent said the total waste budget item included \$20,000 for leaf pick up. Composting tonnage increased 14% the previous year without blue bag requirements. Mr. Sargent said the Citizens' Petition was a reaction to residents being upset that a baseline service that should be included through their tax dollars was reduced. According to Mr. Sargent, the Selectmen had received 50 e-mails (46 in favor of keeping every week pick up and 4 against) before voting to go to every other week collection. Mr. Sargent conducted an independent poll on Facebook with

313 residents stating they wanted to keep every week service. Twenty-eight wanted to have every other week collection with blue bags for the interim weeks. One Selectmen had reportedly said the action would ease residents into the future, which Mr. Sargent found insulting. Mr. Sargent thought the citizens should decide how to spend their tax dollars. Mr. Sargent said it was analogous to Wenham's leaf collection service. Mr. Sargent discussed the impact to individual taxpayers. The new Wheelabrator costs averaged \$7 per year per taxpayer and composting was \$3 per year per taxpayer.

Allison Jenkins referred to a spreadsheet that indicated the Town paid \$6 a month for recycling and \$2 for composting. The Casella contract was for \$12 per household and increased to \$13 in FY20. Compost was billed over 833 households or \$2 per household for pick up. While the Waste Reduction Report said there was no fee, a fee was included in the contract, according to Ms. Jenkins. Ms. Jenkins said the Town paid \$19.34 more per ton for recycling than waste. Compost was picked up for \$2.26 including disposal. In May the cost for recycling was \$4.47 but had shifted up. According to Ms. Jenkins, the article strictly stated one trash barrel per week would be provided per each household as part of the tax base.

Allison Jenkins said the Selectmen were allowed to set policy to change the original concept that one black barrel would be provided each week. The third paragraph of the article was new. Ms. Jenkins argued that many programs in town were not pay as used such as the Senior Center, Patton Park, and education. Ms. Jenkins hoped the question of whether or not every week pick up could be put to the citizens as she believed the Selectmen should have represented the citizens rather than their personal ideas. Ms. Jenkins said the By-law allowed the Selectmen to set fees so weekly pick up would continue but a fee via a blue bag would be charged to the resident. Larry Sargent added that a 50% increase in trash would result in a \$13 to \$20 per year cost to the resident per year, which he thought most people would not mind.

Discussion ensued regarding what departments were pay for use such as water and recreation. Allison Jenkins said water also included a base fee and then a meter fee. Ms. Jenkins did not think water was billed equitably. Ms. Jenkins said collection and not disposal was the cost of waste and Casella would continue to collect each week so there was no reduction in collection costs. Larry Sargent added that historically waste collection had been paid out of the tax base and the removal of the service would be a reduction.

One resident spoke saying the petition was not anti-composting or recycling but a voice of the people. Barbara DeJaeger (Asbury St.) said residents were angered they had to buy blue bags when they already paid high taxes. Ms. DeJaeger said residents felt they had been ignored and that the existing high taxes had prohibited her children from inheriting and living in her home.

Gretel Clark responded that 42% of the towns in MA had a pay as you throw program. The program was an effort to have residents increase their compost to 30% from the current 7% rather than use trash collection. No other towns had an every other week program. Allison

Jenkins said she disagreed with the information presented to the Selectmen and FinCom. Ms. Jenkins said the Selectmen may not vote ahead to recommend the article as it was not their proposal.

David Wanger offered his concern that residents did not exhibit the passion of engagement on other issues that were facing the town such as the School budget. Mr. Wanger explained that the School budget would be dissected with a 5% increase and the balance, 3.57% on a separate article to allow residents to determine their future tax fate. Mr. Wanger noted the difficulty having a quorum at Special Town Meeting and that the Town was on the cusp of an override, which would develop into community disharmony. Mr. Wanger recalled the previous attempt at having two Warrant articles and the missing 81 votes between the decision to combine the articles and the combined article vote. Mr. Wanger thought the problem would be resolved by having electronic voting, which would reduce residents being influenced by their neighbors' positions.

Allison Jenkins thought residents would be more involved if they were heard and added that the waste from Schools in Hamilton was paid for by Hamilton and not Wenham. Ms. Jenkins said the Regional Agreement had not been amended despite a request to do so. Ms. Jenkins said the Schools did not listen to residents and the Water Department did not lien houses that did not pay their water bills. Larry Smith said he was concerned with School Choice children and the cost of their special education services, which were paid for by Hamilton and not the sending school district. Mr. Sargent said the Schools' budget situation would not be resolved unless people spoke up.

One resident said she had not attended Town Meeting since she retired as there were too many presentations and it was too time consuming. The residents wanted to have information distributed ahead of time and residents could just vote. Discussion ensued as to whether Wenham would present two School articles or not.

Discussion regarding FY21 Budget, including:

School Budget

John Pruellage said he did not feel strongly about dissecting the School Budget into two articles as having one article no longer required an override. The two articles would highlight the difference between the Towns and Schools' increases. Mr. Pruellage said an 8.5% increase was not sustainable in the future.

Valerie McCormack questioned the motivation of the dissected article and hoped the Schools would return with a reasonable budget. Ms. McCormack asked what would happen if Wenham passed a more advantageous budget for the Schools. John Pruellage said Wenham may split the articles differently. David Wanger hoped to send a message that an 8.57% budget increase for level services was not sustainable. Members were never given the opportunity to determine if programs could be cut from the School budget. Members wondered what a 5% budget increase

would look like. Members noted the increased collaboration with the School Committee, which would be damaged with too much pressure. It was agreed that due to the lack of a commercial base, having a good school system or many acres of open space might require paying higher taxes. Mr. Pruellage noted that the FinCom was not able to determine line items of the regionalized budget.

Christina Schenk-Hargrove thought having two articles would be confusing. David Wanger responded that having two articles would be clear in that Town Meeting would be cognizant of the impact while having the budget all together would make it difficult for residents to decipher the potential impact between a 5% and 8.57% increase. While the 5% was an arbitrary number, it was agreed that if the Schools wanted a greater increase it would be prudent for them to open their books and explain the need for the greater increase.

Nick Tensen noted the \$6.5M cost of special education and \$700,000 cost of transportation compared to the \$32M budget and hoped to see impacts into the future. If an 8% budget increase was proposed, Mr. Tensen wanted to see a plan about how to reduce the costs in the future by going to the State or creating regional programs. Mr. Tensen said he had spoken with the principal in Ipswich with a similar sized school. While the Ipswich school had half the special education students, they had special programs to help them. Mr. Tensen suggested asking the Schools for a more concrete plan to get the numbers lower. David Wanger asked for results of the \$700,000 investment and per pupil costs as well as what steps had been taken regarding the legal ability to contest out of district requests. The superintendent was investigating answers.

David Wanger suggested negotiating the approval of an 8.57% budget increase with the Schools in exchange for the public promise of maintaining a specific percentage increase in the near future. John Pruellage wanted fiscal transparency. An analysis of a 3% increase would need to be conducted. It was agreed that the FinCom did not have discretion to review more than the bottom line budget. The Schools had indicated that the 8.57% increase was in response to the prior administration's inadequacies. While teachers' salaries were already in contract, Valerie McCormack noted that this year was the year for negotiation. Seventy percent of the budget was related to personnel.

Nick Tensen said special education and health insurance were required obligations. David Wanger recalled that over the last six years, the Schools had increased their compensation table by more than 1.5% more than the Town had done. The 70% factor of their budget added up to more than \$6M. David Wanger recalled that Essex had requested their employees fund their OPEB obligation as part of compromising their immediate compensation into a deferred benefit entitlement. Mr. Wanger noted the Town had mandates just as the Schools did.

Members discussed the ramifications of negotiating with the Schools versus trying to have them change their behavior. John Pruellage thought there might be some efficiencies but understood investments needed to be done for special education. A facilities plan for the next 20 to 30 years

needed to be analyzed. Valerie McCormack noted that the FinCom reviewed every line item in every Town department budget but it was hard to determine need when the same procedure was not available for the Schools. David Wanger responded that FinCom's sole power was to accept or object to the budget due to the regional agreement. Nick Tensen said the new administration was much more open and feared returning to the old relationship.

Valerie McCormack said it was not the responsibility of the FinCom to determine what should be cut but that they should focus on having control over the number approved. John Pruellage responded that the Schools needed to justify the number, which had not been done. David Wanger said the emotional topic was causing the children of residents to say they could not live in Hamilton. The Town might not be able to afford to keep the system sustainable. The tax rate would increase from 17.07 to 17.40 due to the increased budget request. Mr. Wanger referred to the residents served by Meals on Wheels and residents that were senior in age. Mr. Wanger said young people cannot afford to move to town and was worried about where the town was headed.

Approach to ATM regarding budget and fiscal matters in light of any updates to budget/
Budget process and schedule, including schedule for drafting ATM warrant and commentary.
Valerie McCormack wanted to have clear language presented to the town. David Wanger said Jay Burnham offered to allow information to be disseminated via his contacts.

David Wanger spoke with Rosemary Kennedy regarding the changes to the Conservation By-law. Members agreed that the proposal should be postponed. John Pruellage would meet with Rick Mitchell regarding changes to the Zoning By-law. Nick Tensen said the Town Hall Building Committee would only present their process at Annual Town Meeting. John Pruellage added that the CPC was no longer moving forward with their award for the project until the fall.

Marisa Batista had submitted a forecast through 2024 for the FinCom including the 2% increase for the Town and a 5% increase for the Schools. The forecast included the tax rate and estimated tax bill on the average \$600,000 home. John Pruellage noted the forecast included overrides.

Christina Schenk-Hargrove and David Wanger would collaborate to write opinions regarding articles. Mr. Wanger wanted to emphasize the value of education and the district's contribution to the community but caution the town if the Schools were unsustainable, the purpose would be undercut. Those responsible would need to be more analytical and purposeful, according to Mr. Wanger. Nick Tensen wanted a summary of what would happen over the next few years and risk associated with the increases. Ms. Schenk-Hargrove said the Town gave a pared down 2% increase, which was unrealistic to maintain. The Schools' growth was 5.8, 5.3, and 8.2%. Wenham's increase was higher. The Schools average growth over the last few years was 6.4%.

David Wanger discussed the reopening of the Warrant to incorporate an article for the Schools' capital request. Nick Tensen said the article was to seek authorization to borrow money and add

the debt to the annual ballot. Christina Schenk-Hargrove questioned the need for security measures and would speak with Michelle Horgan. It was noted that Russ Stevens (Police Chief) was unaware of the changes. The middle schools sidewalk was also in need of repair.

Determine/discuss agenda for next meeting.

Members would discuss who would write the recommendations for each article at the next meeting. John Pruellage would locate the document template for financial articles, which would be amended to reflect number changes.

Other topics not reasonably anticipated as determined by the Chair.

Ray Brunet was present to request that the FinCom approve the wage and compensation table rate change for call firefighters. Chief Brunet wanted the table to be amended to incorporate two senior call fire fighter positions who were in training for lieutenant positions . Money was in the budget and both Marisa Batista and Joe Domelowicz reportedly approved of the new rate change.

Motion made by John Pruellage to authorize David Wanger to go to the Town Manager to indicate that the FinCom is supportive to changes to the compensation table.

Nick Tensen seconded.

Vote: Unanimous in favor.

Committee Member and Liaison Updates

David Wanger said Willow St. neighbors had volunteered to be a part of the traffic study. The town department and committee umbrella group would convene the following day. Phil Stearns had agreed to be moderator.

Adjournment


John Pruellage made motion to adjourn.

Seconded by Nick Tensen.

Vote: Unanimous in favor to adjourn at 9:56 pm.

Prepared by:

Marcie Ricker



Attest

Date

5/14/2020