

HAMILTON FINANCE AND ADVISORY COMMITTEE

Minutes of Meeting

Zoom Meeting 875 4779 7362

May 7, 2020

Members present: Christina Schenk-Hargrove, Valerie McCormack, John Pruellage, Nick Tensen, and David Wanger (Chair).  
Others present: Marisa Batista, Darcy Dale, Joe Domelowicz, Jeff Hubbard, and Russ Stevens

This Hamilton Finance and Advisory Committee (FinCom) meeting was called to order at 7:00 via Zoom.

**Public Comment**

**Discussion regarding FY20 budget and fiscal status, including comparison of appropriations and initial revenue determinations with expenditure and revenue actuals to date, projections to year-end, and related subject matter.**

David Wanger congratulated all department heads for their efforts. The Town needed to reduce the budget by \$1.12M with the Town's share being \$400,000. The expectation was that the Schools would reduce their ask by \$600,000. The Town's reduction did not include capital expenditures, which would have been paid for out of free cash. The amount did include \$25,000 from the HDC, which reduced its appropriation from the Town from \$75,000 to \$50,000.

Joe Domelowicz explained that \$360,000 in funds had been budgeted for in FY20 but not spent to date. Those items would be held in the event the Town did not meet its revenues, which would not be known until the end of June. The State had given towns the opportunity to relax tax collection until June 1, 2020 with no penalties being assessed until June 29, 2020. The Town was behind on its real estate tax collection. Mr. Domelowicz said he was comfortable with the funds back in the budget but was watching the situation closely.

Marisa Batista was concerned about 4<sup>th</sup> quarter spending and noted that a \$330,000 spending freeze had been enacted to defer or create a savings within the FY20 operating budget. Ms. Batista said many items would not be completed in FY20. Ms. Batista noted the May 1, 2020 collection date had been extended to June 1, 2020 creating a lower collection rate than in years past. Ms. Batista was concerned about cash flow with \$1.9M in uncollected real estate taxes pending. Penalties and interested were also being waived. Normally \$36,000 in penalties and interested were received. Ms. Batista anticipated \$500,000 in uncollected revenue but with the \$330,000 in FY20 cuts, the gap could be closed. Free cash would be determined by collections.

Joe Domelowicz discussed the library cash flow problems. The library had been closed since mid-March with no services being provided to the public. Non-public work, such as training had

been conducted. A curbside pickup program was being considered. Marisa Batista said any savings would be experienced in FY21 as the joint agreement allowed for quarterly assessments and payment subsequent to the fiscal year reconciliation, which took into account the assessment versus expenditures. Any credits to Hamilton would be seen the first quarter of FY21.

**Discussion of FY21 budget and fiscal projections, currently contemplated revisions to prior determinations, and related subject matter.**

Joe Domelowicz said revenue projections needed to be adjusted for the longer pandemic response. A \$1M to \$1.1M spending reduction from the General Fund were expected as 60% of the budget was attributed to the Schools. Department heads had cut \$400,000 to \$500,000 from their budget under FinCom guidance. Delays of hiring for new positions and open positions as well as minor reorganizations were accountable for the savings. Some services will be impacted. Discussions with the union had been opened with the union being receptive to the solutions. Shared services would be analyzed in the hopes of saving 10%. Mr. Domelowicz said he reviewed past recession local receipts and State aid reductions as well as the evaluation of properties, which would be reduced and affect the tax rate. The tax rate would go up. Mr. Domelowicz said there would be a reduction in local receipts and State aid. Property values would not increase the anticipated 2.5% in the budget proposal. By reducing the budget by \$1.1M, the proposed tax rate, based on flat real estate valuations, would stop a threat of an override.

Marisa Batista thought there would a 15% cut in both local receipts and State aid. Brad Hill and Bruce Tarr reportedly indicated that they anticipated a 20% decrease in State aid. An Assessor evaluation specialist had indicated that an increase in real estate values should not be assumed. Valuations play a big part of the tax rate, according to Ms. Batista. The budget number was derived by presenting a reasonable tax increase with no loss of services to the residents. The tax rate would increase from the current 16.98 to 17.58. The original budget estimate for FY21 was 17.43. David Wanger noted that a significant part of the hypothetical \$1.1M reduction was the Schools. Joe Domelowicz noted that there would be no Town employees laid off but open positions would not be filled. Some contracted services, such as tree work would be delayed and capital purchases would be delayed until Special Town Meeting. Mr. Domelowicz clarified that capital expenses would be paid from free cash, which would not affect the tax rate, but purchases would be delayed until the future was more certain.

Discussion ensued regarding the Schools and their ability to cut \$600,000 when they were anticipating a reduction in State aid. Joe Domelowicz said the State understood the situation, typically making cuts mid-year but would expedite the process. Mr. Domelowicz said it was better to assume a 20% reduction and experience a 15% reduction than vice versa. Mr. Domelowicz said the impact to residents would be to ask for a higher tax rate with lower property values. The 17.58 tax rate would assume the 20% reduction in State aid. Marisa Batista said the 17.58 tax rate also assumed a \$500,000 savings in Schools expenses, with which she was not comfortable. Ms. Batista said someone from the Schools had mentioned an



\$800,000 reduction in their State aid. Ms. Batista thought it was unlikely the Schools would be able to reduce their budget by the \$800,000 in State aid, a \$500,000 in Hamilton's share of expenses, and Wenham's share of expenses. Without the \$500,000 reduction, the tax rate would be \$17.87. Ms. Batista said the increase would use up all capacity but would not require an override. The calculations would also assume all capital asks on the FY21 budget would be postponed until Special Town Meeting. If items were postponed until the FY22 purchase dates, the tax rate would not be affected as items would be funded through free cash.

**Discussion regarding ATM, including scheduling, logistics, warrant articles, and related subject matter.**

Marisa Batista said if Annual Town Meeting was scheduled for June 20, 2020, there was only three weeks to complete and recalculate the numbers. Annual Town Meeting would be discussed at the Joint Meeting (FinCom/BOS) the following Monday. David Wanger hoped to not disenfranchise people who were scared of the virus. Mr. Wanger was worried about meager attendance, which would whither down the importance of the Town Meeting form of government. Mr. Wanger said certain demographics would be inhibited in terms of attending.

Discussion ensued regarding the merits and demerits of a month to month budget. Joe Domelowicz was concerned that money was not spent equality 1/12<sup>th</sup> of the year and the Town would wind up with a shortfall. Using the month to month option, the Town would be limited by last year's budget and would be legally required to reduce the budget and expenses to match that unless it was allowed to go into a deficit. Marisa Batista said the month to month option would allow for increased spending for a particular month. Ms. Batista was waiting for guidance. Ms. Batista said the month to month expenditures would need to be approved by the Selectmen and the Town. Retirement and insurance payments would be discounted if by paid by July 1, which would be prohibited by the month to month budget option. Ms. Batista noted that it was possible to lower the quorum to 10% if a Town Meeting was planned.

Marisa Batista said she was waiting until May 18, 2020 to see if other towns were holding a Town Meeting as no one was available currently to answer questions from the State. It was agreed that if a June 20, 2020 meeting was planned but did not happen, the Town Moderator (or ten residents) could delay it.

David Wanger said it was difficult to prepare and strategize guidance to the public until information about the Schools was known. Joe Domelowicz hoped the information would be available the following week. Mr. Wanger said the Selectmen might continue to propose two budget questions, one for the Town and Schools up to x amount and one for the Schools above x amount. Mr. Wanger said the case would need to be made that the Town had trimmed its budget to protect the tax rate. Wenham was hoping to have a joint meeting with both Selectmen, FinComs and the Schools. The Schools had reportedly developed a calendar without the joint meeting.

Joe Domelowicz said Wenham was having their election on June 4, 2020 before their Town meeting. Hamilton did not have time to move their election to the same date.

Valerie McCormack was concerned with having Town Meeting due to safety issues of high risk senior attendance and parents without day care. Jeff Hubbard was concerned with attendance. Joe Domelowicz encouraged members to consider moving forward due to the complications of the month to month option or to wait until September.

**Discussion regarding next meeting scheduling and agenda.**

The next meeting would be in one week as clarity from the Schools would be known. Members would review which items in the Warrant should be presented.

**Adjournment**

Motion made by John Pruellage to adjourn at 7:15 pm.

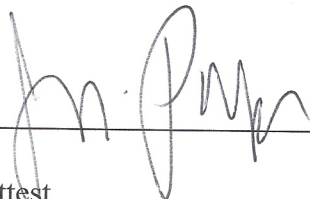
Nick Tensen seconded.

Roll call vote: Nick Tensen – aye, John Pruellage – aye, Christina Schenk-Hargrove – aye, Valerie McCormack – aye, and David Wanger – aye. Unanimous in favor.

Prepared by:

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Marcie Ricker

 7/22/2020  
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Attest Date