

HAMILTON FINANCE AND ADVISORY COMMITTEE

Minutes of Meeting

Via Zoom 84530224745

May 14, 2020

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

This Hamilton Finance and Advisory Committee (FinCom) meeting was called to order at 6:30 pm via Zoom.

Public Comment

Discussion regarding FY 20 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.

According to Joe Domelowicz nothing had changed for FY20 except the CARES act would likely reimburse Towns for expenditures. An application would be available the following day for the Town to be reimbursed for mailings and public safety department purchases for PPE.

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

Any updates to the proposed Town budget/ Approach to ATM regarding budget and fiscal matters in light of any updates to budget

Joe Domelowicz said Marisa Batista had found \$521,000 in savings through staffing and restructuring. The estimated tax rate if Schools did not provide additional savings would be 17.84. Ms. Batista said the Schools were anticipating a \$1.3M reduction in State aid. The Schools were meeting the same night so more information would be forthcoming. Final numbers would be calculated to determine transfers to stabilization funds as they were based on percentages. David Wanger said it was great news that no furloughs or layoffs of employees had been done. Ms. Batista said some positions would experience a reduction of hours. Mr. Domelowicz added that unfilled positions would remain unfilled and that no union positions were affected. There would be a three month delay in the hiring of the fire department position. Ms. Batista said there would be a delay in hiring one of the two retiring police department positions. Two other positions would become vacant as of FY21 that would not be filled and an additional position would be reduced to be more efficient.

Marisa Batista said if one looked at the Town's budget in comparison to last year, without the Schools, there would be a decrease of 2.5%. If financial reserves and Schools were removed the decrease would be 5.2%. David Wanger said the Schools worked to find savings of \$1.27M based on the anticipated loss of State aid. Mr. Wanger expressed his concern that the cuts made

would do nothing to help the Towns in their attempt to reduce their budgets. Mr. Wanger anticipated that the Schools would request the same ask from the Towns for their School budget.

David Wanger hoped to discuss the 5% (article 2.2) and 3.25% (article 2.3). Discussion ensued regarding how to split the ask. The original split was based on the fact that the Schools were asking for double the Town increase. Mr. Wanger asked members if they were still satisfied with the 5% and whatever the Schools would request split. Mr. Wanger noted that the original 3% increase by the Town had been revised to be -2.5 or -5 compared to FY20. Valerie McCormack responded that her feelings had changed as the Schools had done a good job of cutting things. Nick Tensen noted that the Schools had already cut \$1.3M and it would be difficult to vote them into cutting more.

Joe Domelowicz said his conversations with Bruce Tarr and Brad Hill had indicated that the State had made cuts to Chapter 70 and a 20% reduction of State aid to Schools and Towns. Mr. Domelowicz noted that if reduction was only 10% rather than 20%, the Schools would be able to spend the additional 10% in any way they desired without the Town having any control over the spending. David Wanger noted that the 17.84 tax rate would be reduced to 17.45 with the Schools reduction of \$600,000.

David Wanger asked members of the Committee if they wanted to maintain the two warrant article approach to the School budget approval process. Nick Tensen and Valerie McCormack agreed not to have two articles. Joe Domelowicz said the Schools did not get the majority of their budget from the State but was rather funded by the Towns (\$18M from Hamilton and about \$9M from Wenham out of the \$35M budget). State aid funding reduction was cutting 20% of a minority of the Schools' budget. Mr. Tensen and Ms. McCormack thought the budget had already been cut to the bone by the lack of State aid. Mr. Wanger said having two articles was not recommending two articles but rather would allow the town to decide what type of education they wanted to be provided similar to what the voters would do with the Town's budget. According to Mr. Wanger, having two articles would give the voter an option in context of the Town budget.

Nick Tensen said that he did not want two articles as had been considered positively in March as things had changed since March. David Wanger responded that things had changed for the Town and the Schools. The Town had been responsive in terms of taxpayer interest but the Schools had not been responsible for allowing the tax payer the choice. Christina Schenk-Hargrove said the Schools had already reduced their budget from a 13% increase, which had been reduced to an 8.5% increase. While the Schools' budget increase was unknown, David Wanger noted it would be more than -2.5 or -5% as was the case for the Town. Mr. Wanger added that one reason for the split would be to impose a restraint on spending that the School Committee had not set upon itself. Mr. Wanger wanted to give the taxpayers a voice in the never ending inequality of the School budget as the FinCom's focus was on the taxpayer rather than

educational policy. Mr. Wanger said he did not see what had changed for the two article approach.

Nick Tensen said the confrontational approach of having two articles was not good timing. Mr. Tensen said the School Committee cut \$1.3M. Marisa Batista responded that the Town also had a 20% reduction in aid and did not receive as much aid as the Schools. Christina Schenk-Hargrove said the Schools had done what the FinCom had wanted and would not be able to run the Schools on less money. David Wanger said the Schools would not have removed the \$1.2M without the lack of State aid. Mr. Wanger said that the Schools were still seeking 1.5% more than what they received in FY20. Mr. Wanger reiterated that the taxpayer should be allowed to say how much they wanted to spend on the Town and the Schools. Mr. Wanger noted that this would be the second time the Town would be using the two article approach to restrain Schools spending.

Joe Domelowicz said cuts did not include classroom experience positions, but would include positions such as maintenance, pre-kindergarten teaching assistants, grade six teaching assistants, seventh grade language arts, and unfilled administrative positions. John Pruellage said if the Schools did receive the money, they should continue to keep the cuts but if the cuts were to the bone, education would be undercut. Mr. Pruellage hoped there would be some promise that if additional funding was received, it would go to the reserve rather than adding to the operating budget that could not be sustainable in the future. Joe Domelowicz said he would support two articles as the request would use all excess levy capacity and the 13.7% request would have forced on override. Mr. Domelowicz added that with the \$500,000 Town reduction, the Town would only have \$500,000 in levy capacity. FY22 would be more difficult than FY21.

Valerie McCormack was concerned about the quality of the Schools. Members discussed that if the Schools received more State aid or grants, they would be able to spend those funds in addition to what was funded by the Town without Town approval. John Pruellage suggested drawing the line next year and offering to approve what the Schools asked for this year in a good will unified effort. Mr. Pruellage noted that having one article would streamline Town Meeting. Joe Domelowicz reiterated that the Town cut \$500,000 and the Schools doubled that. Nick Tensen said the Schools had exposed themselves that the budget would function for \$1.3M less than they had requested, which could be held next year when the budget could be bifurcated. Marisa Batista said she thought a Town reduction of \$500,000 equated to more than \$1.3M on the Schools' side adding that the Schools would not have cut \$1.3M if the State had not cut aid. Ms. Batista said taxpayers would not be satisfied that Town services would be cut and taxes would be increased.

Discussion ensued regarding if the Schools' budget should be bifurcated. Darcy Dale spoke in favor of letting the Town decide on the split budget. Christina Schenk-Hargrove thought it was a distraction and John Pruellage wondered how it would play out practically. David Wanger thought the split articles would be easily explainable and would not shield the voter from the

ability to make a favorable judgement after hearing facts. Mr. Wanger said the FinCom's primary responsibility is to equip voters to make judgments. Valerie McCormack wanted to keep Town Meeting short and simple. Joe Domelowicz said voting articles had been pared down to ten or eleven. Mr. Domelowicz said FY22 would allow for contract negotiations. Mr. Wanger noted the efforts made by the FinCom to work with the Schools and their unresponsive nature. Mr. Wanger added that the Schools had started from an exaggerated position and negotiated down to 8.9% while the Town had maintained a 3% increase before the virus affected State aid.

Darcy Dale said if the budget was not split, it might fail as some residents might not vote for the entire budget. Joe Domelowicz said the effect would be that the Town budget would also fail. While someone may move to combine the two, proposing two would create a flexibility for residents. David Wanger said having two articles would provide a structure to give town taxpayers the best opportunity to understand their destination. Christina Schenk-Hargrove said the reason for the two articles may be gone as the Schools had cut their budget in response to the lack of State aid. Mr. Wanger responded that the Schools had not changed their position of what they wanted from the Towns.

Motion made by Nick Tensen to eliminate the two warrant approach and have a single warrant on the Schools budget and recommend a single budget article.

Valerie McCormack seconded.

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

Marisa Batista said the tax rate would be 17.84.

Article 2.2. Joe Domelowicz would contact the Schools the following day to get the final budget number. The vote would be held.

Article 2.4. Joe Domelowicz said the Schools were moving forward requesting \$15,000 in debt service costs. The item would be on the ballot. The article would be put on hold.

Article 2.7. Each CPC fund would receive a certain percentage by State statute with 10% for administration. The coordinator was being paid out of the Town Manager's office instead. The coordinator cost was \$27,000 but would be 10% in the future. \$60,000 were for Sagamore debt payment. The State was assumed to be lower than previously or 11.2%. If numbers changed, the FinCom could revote

Article 2.9. The Hamilton Development Corporation appropriation was reduced from \$75,000 to \$50,000.

Motion made by John Pruellage to recommend favorably article 2.9

Seconded by Valerie McCormack

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

Article 2.11. The Patton Director's hours/salary (\$89,947) had been reduced so the request had been reduced by \$28,000 to \$38,000.

Motion made by Valerie McCormack to recommend favorably the revised Article 2.11.

Christina Schenk-Hargrove seconded.

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

Article 2.13 and Article 2.14. The Stabilization Fund and the Capital Stabilization Funds both required a 2/3rds vote and if placed in the Consent Article, all items would need a 2/3rds majority.

Article 3.5. The proponent agreed to pass over the article at Town Meeting while the Selectmen maintain an every week pick up until the date of Special Town Meeting. The proponent would need 100 signatures to have the article placed on Special Town Meeting or ten signatures for next year's Annual Town Meeting. If Special Town Meeting was not held, the Selectmen reserved the right to return to every other week collection.

Budget ATM process and schedule

The recommendation publication would be completed the first week of June for delivery a week before the June 20th Town Meeting. The draft would be distributed to members who could each respond individually to the Chair. All comments would be shared in an open meeting before a vote would occur. Members discussed who would write commentary for the following articles.

Introduction by David Wanger

Article 2.1. Compensation classification would be written by David Wanger.

Article 2.2 and 2.3. Commentary would be held. If the FinCom held a majority in favor, David Wanger would write a dissenting opinion.

Article 2.4. Would be held but written by Christina Schenk-Hargrove.

Article 2.5. John Pruellage would write about the Water Department budget.

Article 2.6. John Pruellage would write about Consent Motion items.

Article 2.7. John Pruellage would write about the CPC requests.

Article 2.8. John Pruellage would write about the Revolving Funds.

Article 2.9. John Pruellage had already written but would share the information with David Wanger and Nick Tensen. A \$50,000 revision number would be included.

Article 2.10. John Pruellage had already written the information regarding OPEB. David would refine.

Article 2.11. Valerie McCormack would write about the Patton Homestead article.

Article 2.12. John Pruellage would write about the Stabilization Fund.

Article 2.13. John Pruellage would write about the Capital Stabilization Fund.

Article 2.14. Last year's commentary would be used for Personnel Services.

Article 3.1. The lease had been deferred for the land on Chebacco Road. John would write about it if necessary. David Wanger added that 3.1., 3.2., 3.3., and 3.4. were part of the Consent Agenda.

Article 3.2. Nick Tensen would write about the application of bond premium.

Article 3.3. Valerie McCormack would write about the Special Town meeting correction to specific the omission of the words "Senior Tax Referral."

Article 3.4. Valerie would write about the PILOT for the solar array. David Wanger would determine if the article had been deferred.

Article 3.5. David Wanger would handle the procedural status of the Citizens' Petition.

Approval of minutes.

Motion made by Nick Tensen to approve the minutes of January 22, 2020.

Seconded by Christina Schenk-Hargrove.

Roll call vote: Valerie McCormack – aye, Christina Schenk-Hargrove, Nick Tensen – aye, and David Wanger – aye. John Pruellage abstaining due to absence. Unanimous in favor among voting members.

Motion made by Nick Tensen to approve the minutes of February 5, 2020

John Pruellage seconded.

Roll call vote: Valerie McCormack – aye, John Pruellage – aye, Nick Tensen – aye, and David Wanger – aye. Christina Schenk-Hargrove abstaining due to absence. Unanimous in favor among voting members.

Motion made by Nick Tensen to approve the minutes of February 19, 2020.

John Pruellage seconded.

Roll call vote: Christina Schenk-Hargrove - aye, John Pruellage - aye, and Nick Tensen –aye. Valerie McCormack and David Wanger abstaining due to absence. Unanimous in favor among voting members.

Motion made by Christina Schenk-Hargrove to approve the minutes of February 26, 2020.

Nick Tensen seconded.

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

Motion made by Nick Tensen to approve the minutes of March 4, 2020

John Pruellage seconded.

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

Motion made by John Pruellage to approve the minutes of March 9, 2020

Christina Schenk-Hargrove seconded.

Roll call vote: Valerie McCormack – aye, Christina Schenk-Hargrove –aye, John Pruellage – aye, and David Wanger – aye. Nick Tensen abstaining due to absence. Unanimous in favor among voting members.

The minutes of April 6, 2020 would be held.

Nick Tensen and David Wanger had been on the Board for six years. Mr. Tensen said he would participate on the Committee but did not want to have a lead position. David Wanger would determine if he could stay on the Board longer than six years. John Pruellage said he did not intend on leaving the Board but could not spend more time than presently doing. Christina Schenk-Hargrove said she did not yet have a grasp on the Rules and Regulations or who needed to be contacted.

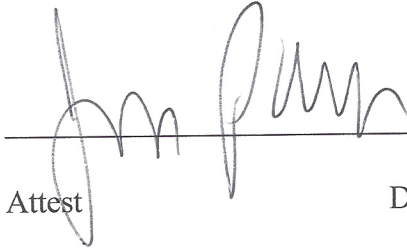
Motion made by John Pruellage to adjourn.at 8:54.

Nick Tensen seconded.

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

Prepared by:

Marcie Ricker

 7/22/2020
Attest Date