

HAMILTON FINANCE AND ADVISORY COMMITTEE

Minutes of Meeting
Via Zoom 82892584696
June 2, 2020

Members present: Roll call vote to order: Valerie McCormack (7:00), John Pruellage,
Christina Schenk-Hargrove, Nick Tensen, and David Wanger (Chair).
Others present: Darcy Dale and Joe Domelowicz.

This Hamilton Finance and Advisory Committee (FinCom) meeting was called to order at 6:04 pm via Zoom.

Public Comment

Discussion of FY21 budget and fiscal projections, currently contemplated revisions to prior determination and related subject matter./Discussion regarding ATM, including scheduling, logistics, warrant articles, and related subject matter;

Nick Tensen and David Wanger would continue to work on the minority report for Article 2-3.

Article 2-10. It was determined the 5.2% included the financial reserve transfers. The term would be included in parentheses at the end of the article commentary.

Article 2.4. John Pruellage wanted the wording to say “\$958,000 for capital expenditures for items below.” In response to David Wanger’s question as how the athletic campus improvement project would apply, Christina Schenk-Hargrove responded that costs incurred by the Schools for athletic activities such as transportation would be money saved. Nick Tensen said he was not sure that security infrastructure improvement was essential.

Article 2.5. Joe Domelowicz said water rates would be reviewed annually by the Selectmen with input from the FinCom, Marisa Batista, and Mr. Domelowicz. The rates would increase based on budget anticipation. John Pruellage said the Town had retained earnings now but if the rates were not raised in FY21, they would be raised in FY22. Nick Tensen wanted to keep 20% of the operating budget in retained earnings. Mr. Pruellage said 20% would be available at the beginning of FY22 but not in the end. Mr. Domelowicz said usage was an unknown factor, which would affect retained earnings.

Article 2-6. Marisa Batista noted that only two out of the three funds were transferred to/from General Funds, while the third was transferred between funds for the annual financial actions.

Article 2-7. Nick Tensen said CPA funding had to be spent or reserved in the required accounts.

Article 2-8. Revolving Funds were fine,

Article 2-9. Hamilton Development Corporation was fine.

Article 2-10. The number in the first paragraph of the OPEB article would be changed.

Article 2-12. The MA Municipal Act did not require a 2/3rds vote for funds to go into the Stabilization Fund but Hamilton's By-law did. Information regarding the discrepancy would be noted.

Article 2-13. The Capital Stabilization Fund was fine.

Article 2-14. Educational incentives were fine.

Article 3-1. Fine

Article 3-2. Bond premiums were fine.

Article 3-3. Fine

Article 3-4. Fine

Article 3-5. Fine. Joe Domelowicz would speak with the Town Moderator and explain that Larry Sargent would move to pass over the article.

Article 2-2. Members thought Christina Schenk-Hargrove's work on the comment document was well done. Ms. Schenk-Hargrove discussed the potential for an override and the State revenue cuts of \$1.1M. Ms. Schenk-Hargrove also noted the Town had decreased its budget by 5.2% from the prior year's budget excluding transfers.

David Wanger noted the previous investment made into strategic planning and if the Schools had taken steps, as allowed by law, to reduce the parental request for special education. The Schools had promised to provide answers but had failed to do so. Christina Schenk-Hargrove said some of the information had been provided about the strategic planning. Mr. Wanger said the issue should cause consideration that the primary driver was not controlled by the District. Mr. Wanger was also troubled by the salaries that were negotiated to be greater than Town salaries. The Schools had indicated that compensation was beyond their control but Mr. Wanger said reaching those figures was within the Schools' control. Primary drivers were out of district tuition, salaries, healthcare, Essex County Retirement, and out of district transportation.

Members clarified that the 5% additional amount would be for the Hamilton Wenham Regional School District and not Northern Essex Vocational School. The total of \$20,142,186 was for both. The 5% was a compromise number that was close to the historical average.

Article 2-3. The language of the two article flyer was discussed. Members discussed that they sincerely hoped the School Committee would seriously consider the reality of the limits of the town to continue to support the Schools' increased budget. The phrasing would be softened.

Joe Domelowicz would provide the percentage of Hamilton's share but thought it was about 66%. Nick Tensen had a spreadsheet with a forecast that would be attached. The forecast indicated that the town would be headed for an override. It was determined that the flyer would focus on the current year and the override would be discussed next year. Christina Schenk-Hargrove would take out the reference to the spreadsheet. David Wanger hoped to make it a primary part of future discussions. Mr. Wanger noted the town was within \$147,000 of the maximum budget with nowhere else to cut the budget. John Pruellage added that assumptions

such as real estate values were outdated, so projections would be incomplete. The town was at its levy limit currently and any increase to the budget would cause an override.

Christina Schenk-Hargrove noted the School budget total numbers were different from the spreadsheet. David Wanger and John Pruellage agreed to use the District's figures. The Town side of the budget would decrease 5.2% and if Hamilton's share had decreased as a percentage of the School Budget, the average would be 6.45%. Nick Tensen said the historical average prior to this year had been around 5%. Ms. Schenk-Hargrove said the point was that budgets don't increase by 2 or 2.5%, they increase 5% to 8% every year. The levy limit would be hit. Mr. Tensen wanted to be cautious about presenting a 0% increase in valuations. Joe Domelowicz clarified that Hamilton's portion of the School Budget was 63.85% with Wenham paying just under 37% due to the population shift.

Valerie McCormack suggested showing that the average percentage of growth (anything over 4.5%) would require an override. John Pruellage noted that property values affect the tax rate but new growth of 2.5% would also affect it. The history of growth in the town was \$65,000 to \$100,000 per year but since Canterbrook would be coming online, it would be higher. Out of the \$37M, the percentage would be less than 1%, (.2%) according to Nick Tensen. Christina Schenk-Hargrove would include the information as a historical trend. Given the small amount of new growth, under Proposition 2.5, the town would not be able to sustain budget increases over 2.5% without an override. The flyer would be a separate document but part of the package. Mr. Tensen and David Wanger would write the minority report. Mr. Wanger thanked everyone for a good effort.

Next Meeting

The meeting would be on June 16, 2020 at 6:00.

Adjournment

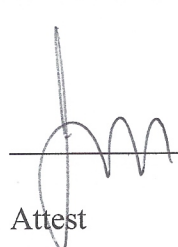
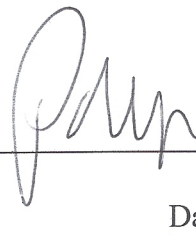
Motion made by John Pruellage to adjourn at 7:47 pm.

Valerie McCormack seconded.

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

Prepared by:

Marcie Ricker

  7/22/2020
Attest Date