

**HAMILTON FINANCE AND ADVISORY COMMITTEE
WENHAM FINANCE AND ADVISORY COMMITTEE**

Minutes of Joint Meeting

February 8, 2017

Members Present: Hamilton Members: Darcy Dale, David Wanger (Chair), John Pruellage, and Nick Tensen
Wenham Members: Michael Lucy (Chair), Alexander Begin, Ned Flynn, Richard Quinn, and Mike Therrien.

Also Present: Marisa Batista (Hamilton Finance Director), Peter Lombardi (Wenham Town Administrator), Jan Dempsey (Hamilton Wenham Regional Library Director), and Sean Timmons (Hamilton Wenham Recreation Director).

This Hamilton Finance and Advisory Committee meeting was called to order at 6:30 pm at the 1 School St., Wenham.

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Public Comments

None

Hamilton Wenham Recreation Department

Sean Timmons explained the 15% increase in wage and salary and noted the 1.5 person department was comprised of a 20 hour per week administrative assistant and himself. There was a slight decrease in the employment cost which was due to a change of insurance for the administrative assistant. The previous assistant had a family plan and the current assistant had an individual plan. Expenditures from the General Fund were not program related, but included utilities and fuel for the recreation center. A copier was leased for the department. Other costs were for training and association fees, which were line items in the budget. The overall budget decreased 2% due to the change in health insurance. The increase in salary and wages were offset by decrease in health insurance cost.

David Wanger asked if the \$29,208 covered both active and retiree costs or if the costs were considered under OPEB. Currently health insurance was paid out of the same fund, but other benefits were not the same as health insurance. OPEB would cover future retiree benefits based on actuarial advice, which was not carried individually in this budget, but rather in the Hamilton OPEB pot.

Phil Stearns asked Sean Timmons if he thought the FY17 actuals would go up or down to which Mr. Timmons responded it seemed to be in line with the previous year. There was a period of time that the department was without an assistant, which would cause a fluctuation and the utilities would be influenced by the weather. Mr. Timmons explained the apportionment was

based on a three year average of property valuations and there was a reduction for Wenham based on the agreement.

Sean Timmons described the Veteran's Pool which was part of the revolving fund of revenue and expenses. All expenses were paid out for programs, seasonal employees, and counselors. Mr. Timmons offered a broad overview of revenues and expenses and noted he would have a greater understanding of how the year to year revenues and expenses would trend after the first year.

The revenue for field and facility rentals was discussed, including income from all adult programs, all youth programs, and The Patton Park camp program. There were expenses to the same items. The pool would have a separate revolving fund. FY17 was currently slightly behind, but was also projected to be ahead based on potential camp program enrollment which would increase based on the pool being an asset to the program. Sean Timmons explained that the majority of revenue would be from the camp program. 80% of the revenue, which was taken in from camp signups, would be spent during the next fiscal year for camp costs. One risk with the fund was due to potential cancellations, but Mr. Timmons said policies had been set up for the refund policy that certain criteria must be met in order to cancel and be refunded money.

Sean Timmons announced that in FY16 there was \$53,000 spent on fields and facilities, which would not be spent during the upcoming year. Item costs were for the playground, fencing, and backstop fencing at the fields. In the future, the expenses would be more in line with what had happened in the past. The budget for the year was \$22,500 with \$13,000 having been spent to date. Once spring sports began, money would need to be spent on the fields. The Recreation Department charged youth groups a fee to use the fields and facilities.

Currently the balance on the revolving fund was \$140,000 according to Sean Timmons. In response to David Wanger's question regarding having a connection to Gordon College or Pingree School, Mr. Timmons responded that Gordon College offered residents water exercise and walking programs, while Pingree School allowed for adult volleyball on their campus. The revenue was taken in and expenses taken out under adult programs. Mr. Timmons said the Pingree School charged \$500 for the use of the gym for volleyball and lap swim participants pay \$100 for a pass and the Recreation Department pays Gordon College \$90 for the same pass.

FY'18 projected revenue was \$22,000 with the cost being \$17,500, indicating it was profitable. Sean Timmons noted that the Recreation Department would set up for programs, with a return of about 15% coming back to the department. The youth and adult programs were taking in more revenue than expenditures. The summer camp program would utilize the pool so part of the revenue would be used to staff the pool and pay for supplies such as chlorine. The pool revenue would assume part of the camp revenue which would be used to offset the cost of the pool. The Park program revenue would increase in FY18 because more people would attend as they did when the park program offered the previous pool as an asset in FY13. In FY13 the pool generated \$77,000 in revenue with losses being incurred since that time. Non program expenses would include costs such as medicare, recreational software, advertising, and printing. Adult programming users would be comprised of more (but less than half) out of town residents.

It was suggested to take the \$8,500 in non-programming expenses and insert it into the overall department budget and take all administration costs and insert them into enterprise fund, which would make a self-sufficient department. The two town halls could collaborate on the different approach. It was assumed the department was not to make money but provide services for the residents.

The majority of program expenses were contractors, according to Sean Timmons including counselors in the summer and instructors who were hired separately. The more people who

participated in a class, the increase in the profit sharing of the program, which would be 10 – 15% being received by the Town. Mr. Timmons explained that the department collected the revenue and the vendor would invoice the department at the end of the program for their cost including equipment and instructors. The Recreation Department only provided them the space. The FinCom suggested finding cost allocations that would be effective including pricing and splitting of the profits. Mr. Timmons would talk to the Finance Director to determine a new process for the next cycle but noted the current process was similar to other recreation departments in the area. Cancelled classes did not incur a cost other than missed opportunity.

David Wanger noted the expenses under the fields and facilities budget for FY18 was significantly lower than the actuals for FY16 but wondered if they would return to \$53,000 in FY19, to which Sean Timmons responded that he hoped that they were one time expenditures, and that capital expenditures were accounted for such as paying for playground inspection reports (\$2,500).

Sean Timmons said the pool passes would be \$180 for a family of four. \$20 would be charged for each additional child. Non-residents would not be allowed except as a guest. Mr. Timmons did not have a firm grasp of how many pool passes would be sold in addition to drop-in fees.

Membership costs would be collected this fiscal year while drop-in fees would be collected primarily during the next fiscal year. Revenue projection included \$45,000 collected this year for passes plus whatever drop-ins that might occur from the opening date until June 30, 2017.

There would be a view of the \$93,000 a year operation next year. The revenue would roll over year to year assuming the pro forma system worked, according to Mr. Timmons.

In an effort to make the pool affordable but cover expenses, Sean Timmons set the membership rate, assuming the Department would sell between 180 to 200 memberships plus individual and drop-in fees. A vending machine would be available for snacks. It was noted that in Weston, money was made by selling ice cream and high school children were given summer jobs.

David Wanger asked Sean Timmons what could be learned from the Recreation Budget. Mr. Timmons responded that he was doing his best to make sure the department's expenditures were fair and hoped to take the weight off of other things with the revolving funds such as helping to purchase supplies for the DPW. Mr. Timmons wanted to offer programs at an affordable rate as well.

The \$25,000 in the parks program shared line items was to allow for moving money from the revolving fund to be used for pool expenses. The swim program was a part of the summer camp program, so the transfer would be from the park program money to offset the cost of the lifeguard used during that time period. The \$25,000 would come out of the \$86,000 on the previous page. While Sean Timmons had estimated the cost at \$25,000, he would review the amount as the season progressed to determine the hours of lifeguard use. The expense was on one side and a revenue of the pool on the other side.

The cover page was the historic cost of share to Wenham. The Pool Agreement spelled out the administrative and indirect costs for the operating costs.

Hamilton Wenham Regional Library

Jan Dempsey explained the FY18 budget, including the salaries of the 22 staff, nine of which were full time. The salary line item increased due to step increases. The library book line items included all library materials, books, dvds, audio and electronic resources. The increase was \$2,000. According to State law, the library was to spend 60% of its budget on materials for the public. There was no increase in the cost of subscriptions of periodicals. Another increase was under technology. The Merrimack Valley Consortium fees were up 5%, which was a normal

increase based on the library's circulation. The remaining portion of the budget was level funded, but some items had been moved around. Ms. Dempsey had looked at where there was underspending in years past and added that money to areas where there had been a shortfall. The \$2,000 devoted to heat and utility costs had been added to increase the building and grounds line item as there was a need to do a line item transfer each year. The extra money from heat and utilities was also used for general office supplies.

General Friend donation accounted for \$12,000 and capital request of \$6,000 were for museum passes. State aid would be due in June. A \$7,027 gift, an endowment of \$3,061, a cultural council grant of \$1,090, fax and photocopier fees of \$2,864, and lost book fees of \$2,887, all combined to create an income source of about \$15,000. The lost book fees would be returned to the Town. The total increase was a little less than 2% or \$24,824. The Assessment calculation was a 3% increase in the apportionment. There was a \$22,000 increase to Hamilton. The assessment to Hamilton was \$745,500 based on evaluations. Hamilton's share was 64.5% and Wenham's was 35.5%.

David Wanger discussed correlating the FY17 budget with FY18 budget. While the budget increased \$15,000 each year, the assessment for Hamilton increased disproportionately during the same period, so the increase was greater to Hamilton. Instead of \$15,000 it was closer to \$23,000 for Hamilton. Cost savings opportunities based on the salary of employment turnover was discussed, but none was anticipated. There were a number of staff members close to the top step

Fringe benefits and health insurance was not a line item but part of the assessments detail breakdown. David Wanger asked about current retirement expenses versus OPEB allocations which was not broken down. The answer was the same as for the Recreation Department.

Wenham would increase their dedication to OPEB by \$10,000 per year until pensions dropped off, according to Peter Lombardi. In 2036 there would be annual costs for the \$550,000 liability. The library was part of the calculations.

David Wanger asked if there were any goals or opportunities that the Library would want to share to which Jan Dempsey responded that the library was more important today than it had ever been by partnering with the schools and offering as many programs as possible. Mr. Wanger recalled that the Hamilton Wenham Regional School District planned on renovating their libraries as part of their capital improvement budget and wondered if the Hamilton Wenham Regional Library saw any opportunity to be a collaborating partner. The public library needed to meet the needs of not just the students, but all constituents. Working with the schools was an integral part of what they did, but it is not all they did, according to Jan Dempsey. Mr. Wanger hoped Ms. Dempsey would take the initiative to find out what their capital expenditures would be and see if anything could be melded because there could be efficiencies.

Emergency Center Operations Retirement Benefits.

Marissa Batista said part of the Emergency Center Operations (ECO) agreement included health insurance, life insurance, and pension liability for retirees from the ECO. 55% of the health and life insurance was for Hamilton's share. Pension liability was based on the Essex Retirement Board report for a total of \$56,406. Wenham's share was \$20,175.

Energy Management

Marissa Batista described the Energy Manager cost for FY17. Wenham's budget would be responsible for 319 hours (\$7,986) for FY19 per the Energy Manager Agreement. The Hamilton Wenham Regional School District would be responsible for 274 hours. Hamilton set the rate and the other two entities agreed to an hourly rate paid to that employee for actual projects worked. The school budget for Energy Management decreased from \$10,000 to \$8,000, which was

reduced by the HVAC grant they received earlier this year. The budget from FY17 to FY18 increased by 1%.

Marisa Batista announced that FY17 was based on 19 hours and in FY18, it would be reduced to 17 hours per week. The Town of Wenham budgeted 219 hours, the Hamilton Wenham Regional School District budgeted 274 hours, and Hamilton kept 412 hours based on the original agreement from FY17. According to Ms. Batista, the hours would not total 988 hours for the year at 19 hours per week.

The Energy Manager made sure all quarterly reports for Green projects were completed and applied for additional grants through Green Communities. Darcy Dale and David Wanger asked about solar possibilities and how one would initiate solar projects. The Town Manager would talk to the Energy Manager. The \$500,000 grant application showed a return on investment being less than 10 years. Mr. Wanger and Michael Lucy agreed that given the expansive roof of the schools, solar would have potential for further savings.

Pleasant Pond

Peter Lombardi discussed the cost of Pleasant Pond lifeguards and projected a slight increase from FY17 to FY18 based on actuals from last summer and Board of Health required testing.

The total expense was just over \$20,000. Passes would be sold to residents, 30% of which were Hamilton residents. Hamilton's obligation was \$6,300. There were 100-120 car passes sold each year. To recover costs, the Town would need to charge several hundreds of dollars per pass.

Passes were currently \$25 each.

Adjournment

Nick Tensen made motion to adjourn the Hamilton Finance Committee meeting.

Phil Stearns seconded.

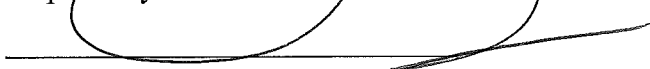
Vote: Unanimous to adjourn at 7:56pm.

Rick Quinn made motion to adjourn the Wenham Finance Committee meeting.

Alex Begin seconded.

Vote: Unanimous to adjourn at 8:26pm.

Prepared by:



4/20/17

Marcie

Ricker

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Attest

Date