

HAMILTON FINANCE AND ADVISORY COMMITTEE
Minutes of Meeting
April 12, 2017

Members Present: Darcy Dale, John Pruellage, and David Wanger (Chair),

Others Present: Marisa Batista and Jeff Hubbard.

This Hamilton Finance and Advisory Committee meeting was called to order at 7:00 pm at the COA building 299 Bay Road.

Public Comments

None

ATM/FY18 Budget

Comments regarding ATM

David Wanger thought it would be helpful if the FinCom could state their recommendations on the printed Warrant mailed to the public, especially for the customary articles. Marisa Batista agreed that it could be done. The Board of Selectmen needed to have the information available to them earlier so they could vote upon the articles. Mr. Wanger thought some substantive content could be added to the mailing. Ms. Batista noted it was uploaded to the webpage for viewing in an effort to reduce the printing and mailing costs. Mr. Wanger wanted the timeline on a future agenda. Ms. Batsita would review with Michael Lombardo who would review it with the Selectmen.

John Pruellage discussed the curtailing of David Wanger's report and noted that the topics would not have flowed as well if they were broken up and presented during the individual Warrant Articles. David Wanger thought the report was long and it would be a consideration for the next Town Meeting. Marisa Batista agreed it went well. The FinCom was informed and Ms. Batista liked that a little background was provided for each motion. Jeff Hubbard thought the FinCom did an outstanding job. Jeff Hubbard said the annual report was a nice surprise at Town Meeting and recalled that in Ipswich, the Annual Report, Warrant Articles, and descriptions were mailed out to residents.

Budget lessons learned in prep for FY19 budget process

Marisa Batista said the audit would be scheduled in the end of August, so year end numbers should be wrapped up by then. Encumbrances would be noted at the end of the fiscal year. A preliminary actuals budget would be available by the end of August. Ms. Batista was building a quarterly report incorporating past history to provide more information to the FinCom and Selectmen. Ms. Batista said there were a lot of grant funds that might need to be cleaned up or closed down. Quarterly report for the first three quarters of FY17 would be available soon, according to Ms. Batista.

David Wanger thought there should not be surprises for FY19, which may not be the case for capital expenditures. Marisa Batista said the process was to review the capital plan. Mr. Wanger recalled the DPW and Fire Department needs were more prominent than assumed. Ms. Batista thought Michael Lombardo's solution for the air packs was a good one. John Pruellage wanted to build in a qualitative assessment, such as comparing air packs and Town Hall renovations, versus Essex St. Ms. Batista said the capital budget did not include all items on the capital plan. Mr. Wanger noted capital improvement caused the 2% budget increase and without it, the budget would have had a percentage decrease.

Marisa Batista said the biggest challenge was to get the information early enough to analyze all the options. Capital expenditures doubled when compared to the prior year. Ms. Batista mentioned it could be the result of accumulation of items not addressed in prior years. Jeff Hubbard asked if the quarterly reports would be actuals versus budget and noted that it would be easier to analyze seeing the comparison during the year rather than waiting until the end of the year. Fiscal year reports followed through the third quarter, but retirement to Essex was billed July 1st so a huge number was billed the first quarter as with property and casualty insurance. The terms were budgeted on a discounted rate by paying the first month. Ms. Batista could list the items in that category. David Wanger suggested creating categories such as personnel to indicate year to date trends. John Pruellage looked for pacing columns for expected percentages. Ms. Batista said year to date analysis would show percentages spent, but trends for a particular quarter could be analyzed by same quarter to quarter over several years. Ms. Batista had not been communicated of any significant budget changes that would impact year end expected expenditures.

David Wanger asked about revenue. Marisa Batista responded that state aid was received monthly, taxes quarterly, and excise was aligned during certain times. License and permit fees were varied, so these could be put into categories of repetitive revenues versus varied entry revenues.

Discussion of using actual vs. budget as basis for future budgets.

Jeff Hubbard and Marisa Batista would meet. Mr. Hubbard noted that Ipswich had estimated actuals for FY17 and actuals for previous years. Ms. Batista said Hamilton did as well and adjustments that had been conducted were based on actuals and half year actuals for FY17.

David Wanger noted the repetitive costs would help in the assessments.

FY17 Budget YTD Status

Marisa Batista said revenues were at 75% at three quarters of the year. The report did not include \$110,000 from Wenham for the joint programs, which would be available in April. Ms. Batista looked at inspectional services revenue which were at 71% but overall did not see discrepancies. The Fire Department was budgeted for \$7,000 and only received \$1,900, so Ms. Batista could ask if they had receipts that needed to be deposited. Planning was budgeted at \$6,000 but only \$900 was deposited. Cemetery deposits were way over the budgeted amount.

The expenditure was about 70% for the three quarter report. Finance and DPW would be higher if there were not the absences of the Directors. The DPW was at 39% and there would need to have a transfer due to deficit accounts, which could be made within the department. The percentage used would be lower if bills were paid on a monthly basis, which was not the case. For example, property and casualty insurance and retirement assessment were paid in July. 39.9% was spent on permanent wages for the Finance Department, according to Ms. Batista.

Looking at the accounts in deficit, Marisa Batista would ask departments to request transfers to cover the deficits, letting the Finance Department know where there would be deficits or not.

The maintenance on the new phone system was \$600 a month, which was not included in the budget, causing a \$7,000 deficit. The IT budget was under the Finance Department. Ms. Batista wanted to be aware of computer requests to avoid deficits. The IT manager would notify Ms. Batista regarding any computer requests. David Wanger asked if the Town was planning on pairing up with the schools, but Ms. Batista did not think the schools had agreed to do so.

Financial Policies – discussion regarding process and FinCom’s role

A consultant would be hired after July 1, 2017. Marisa Batista said she received two quotes back, both of which were about \$25,000. The consultant would meet with each department. The consultant would prepare a draft with feedback from FinCom and the Selectmen. The project would likely be completed in July and August, before audit season. Ms. Batista said she had found a non-adopted financial policy that recommended 5-10% in the stabilization fund. John Pruellage noted that having free cash of 5-10% and a stabilization fund of 5-10% seemed excessive. Ms. Batista said that during a conference call with the insurance company, it was noted that a fund with 10-20% would be proper. Ms. Batista thought 20% was excessive.

Between the free cash, stabilization fund, and FinCom reserve, the Town was at about 10%.

Discussion status of FinCom projects

PILOT

John Pruellage distributed a copy of the February 1, 2017 draft policy. David Wanger wanted to rely on other town analysis in an effort to ensure sale of the policy for both PILOT and fees, fines, and interest. An intern could be used for other projects to obtain raw data. Mr. Wanger noted that having a Warrant Article to approve the policy, would illustrate the will of the Town, rather than a single Selectmen going to institutions. Residents would also be alerted that the Town was looking for other vehicles to raise funds to lower the tax rate. Jeff Hubbard thought one on one conversations were important, but Mr. Wanger added that it would be in concert with the conversation as an added advocacy. Mr. Hubbard thought the two players would likely not be affected by the policy, but thought it should be a FinCom meeting with either the Seminary or Pingree.

David Wanger said the Town provided infrastructure and emergency services while one of the institutions charged the Town fees for field use. Jeff Hubbard thought the burden of the Seminary on the Town was extraordinary while others such as the Catholic Church or the Affordable Housing Trust would be less likely to be able to provide anything in kind. Mr. Wanger wanted to ensure that the two large institutions would need to feel in parity with other non-profit institutions.

David Wanger wanted the FinCom and then Board of Selectmen to support the policy. Town Meeting would join the approach via a Warrant Article at Town Meeting. John Pruellage said the Board of Selectmen could adopt the policy without Town Meeting while, if it were not passed at Town Meeting, it would be difficult to have the policy adopted by the Selectmen. Mr. Wanger responded that residents who were wondering why their taxes were so high could be reminded that it was not adopted at Town Meeting. Darcy Dale noted it was the leverage created by the policy that was important. Jeff Hubbard said the intern could investigate how the policy was adopted. Mr. Hubbard thought there might still be a policy that was adopted when a subcommittee was in place four years prior. John Pruellage said there were only two that would be approached, accomplished via one on one, but should be considered as a whole Town policy.

Gordon Conwell had given a \$75,000 gift. Marisa Batista mentioned that not having a written agreement made it difficult to enforce. Mr. Hubbard said they did not want to make it a bound agreement.

Jeff Hubbard said Gordon Conwell would not gift more money as it was negotiated based on the Seminary’s desire to send their children to a Christian school at the cost of \$100,000. Mr. Hubbard suggested decreasing the burden on the Town by cutting the number of students in half,

as it would save a lot of money. The cost was \$8,000 to \$9,000 per student after deducting fees. A choice student would gain \$8,000 in exchange for the cost of having 40 free students from Gordon Conwell. \$16,000 per pupil at Hamilton's share of 65% times 40 students, would equal \$400,000 compared to their payment of \$75,000. David Wanger proposed recognizing the unfairness of the situation and noted that the residents should be educated as to the costs of the schools, infrastructure and emergency services, plus the tax rate loss of the land they occupy.

Darcy Dale, John Pruellage, and Mr. Wanger agreed that it was worth pursuing. The Seminary had needed a Special Permit to get apartment occupancy with promises made that were never fulfilled. Mr. Wanger said the policy was a tool to engender pressure to seek a voluntary act on the part of the institutions.

Fees, fines, and interest.

Darcy Dale had distributed the Hamilton and Wenham lists of fees, fines, and interest. Ms. Dale also had the information from Salem, Beverly, Manchester, and Essex. The intern could collate the information. Marisa Batista could provide information to the intern to determine how much went into each category. Ms. Batista wanted to categorize the Selectmen's receipts to include liquor licenses, etc. as well as different categories for various permits such as building permits, and electrical permits, etc.

Waste related revenues and expenditures

David Wanger wanted to chart the revenues and expenditures so a self sustaining account could be created in the future. Marisa Batista said it was on track. Jeff Hubbard recalled that composting was being placed with the trash, which would have increased the weight. The topic would be kept on the list for future reference. Blue bags were at about 70% of the previous use, according to Jeff Hubbard.

Inter community comparison format

Nick Tensen reportedly had an interest that might be part of the shared services topic. An intern would be useful to study the topic.

Shared services/costs and regionalization

David Wanger sought dates from Michael Lucy for discussions, but Mr. Lucy wanted to wait until after their ambulance study had been completed sometime in May. Michael Lombardo was reportedly in favor of a study. Any combination of fire and police departments would require an emergency center coordination as one unit, so David Wanger wondered if there were opposing moves taking place. Jeff Hubbard said Russ Stevens would be the new contact person to take the lead. Mr. Wanger noted that there would be three new FinCom members in Wenham.

Committee Member Comments/Reports

On April 26, 2017, a new location would be needed. Donna Brewer had given David Wanger information regarding creating districts. An Association of Town Finance Committees existed with meetings upcoming, May 10, 2017, May 18, 2017, and May 16, 2017 with different topics.

Approve/Discuss Minutes from Prior Meetings 2/1, 2/8, 2/15, 3/1, 3/11.

Motion made to approve the minutes from 2/1, 2/8, 2/15, 3/1, and 3/11 by John Pruellage
Seconded by Darcy Dale.

Vote: Unanimous to approve.

Determine/Discuss agenda for next meeting

Other Topics Not Reasonably Anticipated as Determined by the Chair.

Adjournment

Darcy Dale made motion to adjourn the meeting.

Seconded John Pruellage.

Vote Unanimous to adjourn at 9:08 pm.

Prepared by:

Marcie Ricker

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Attest

Date

6/13/07