

HAMILTON FINANCE AND ADVISORY COMMITTEE  
Minutes of Meeting  
April 26, 2017

Members Present: Darcy Dale, Phil Stearns, Nick Tensen, and David Wanger (Chair),

Others Present: Marisa Batista

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

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

As Jeff Hubbard, who was the member most interested in the topic, was not available, it would be postponed. Marisa Batista recalled the conversation with Mr. Hubbard when it was discussed that for FY18, the actuals were considered. One example of lower actuals was the Town Clerk's office whose expenditures occurred in May, at the end of the Fiscal Year. Ms. Batista noted the Town had no control over retirement or health insurance. Mr. Hubbard and Ms. Batista's numbers, although categorized differently, created totals that were the same.

David Wanger distributed Marisa Batista's analysis. There was only a 4% increase from FY16 actuals to FY18 budget. Phil Stearns said when he did budgets, he compared actuals to compute a future budget, but when a Town had reserves, it needed to be consistent. Nick Tensen said there were multiple buckets of reserves. David Wanger noted the FinCom reserve was immediately available without a hurdle for a contingency, while other reserves were not. Ms. Batista said that in FY16, only \$33,000 of the \$100,000 reserve was used, but in FY15, it was \$170,000 that was spent out of either a higher reserve or in combination with another reserve. It was recalled that FY15 was the year of the significant snow.

Debt Service was reduced, possibly due to the refinancing of the Public Safety Building. Marisa Batista said in creating the FY18 budget, the last three year actuals were considered as well as year to date for FY17 in combination with the current budget. Nick Tensen wanted to look at policy changes from ten years prior to determine if the Town made decisions that were smart or not, creating a history of why the budget increased. Phil Stearns recalled the school over-rides in the past, having to do with the debt.

David Wanger thought the Town budget was not complex and wanted to look at the capital budget forecast. May 5, 2017 was the deadline for Department Heads to respond to Marisa Batista's request.

### **FY17 Budget YTD Status**

Marisa Batista referred to a draft quarterly report she had been working on, in which she incorporated as much information as possible regarding requests that she had received. The General Fund was the main focus. Transfers between departments were allowed at year end, changing line items, but not the total. Third quarter for FY16 and for third quarter FY17 were included and indicated in FY16, 76.48% of the revenues had been received and in FY17, 75.72% of the revenue had been received.

The Inspectional Service Account did not allow for searches for specific sub accounts for building permits versus electrical permits. Ms. Batista was trying to hire a part time assistant but hadn't had the time to structure the position, which might give her more capacity to work on projects. Last year's consulting budget was approximately \$25,000, which was used for projects such as Tax Recap preparation, Free Cash submission, Schedule A, fixed assets and year end closing. Ms. Batista had cut her consulting budget in half.

Nick Tensen suggested that revenue accounts for fees could be prioritized and accomplished one at a time. Phil Stearns added that the real time constraint would be in the training, but having a line item was the beginning. The joint programs such as recreational, energy manager, and ECO each had separate accounts currently.

There were capital project funds and special revenue funds (grants, gifts, and revolving funds for a total of special revenue funds of \$1.9M). The septic loan program was \$100,000. Most funds were kept in the general Town bank account while some were required to have a separate account, such as CPA. Grants needed to be accounted for in a separate general ledger fund as would gifts. Most grants, if not used, it would need to be returned to the State. Nick Tensen asked about sale of lots and graves and wondered where the money went, to which Marisa Batista responded that a portion was transferred each year to help fund the Operating Budget for maintenance of the cemetery. Fund deficits would need to go to Town Meeting, such as the forest fire State grant, which would be a general ledger transaction.

Special revenues had additional information. The CPC had a history from 2013. Revolving funds had information provided. Trust funds included scholarships, OPEB, affordable housing trust, and the Patton homestead, which was a gift trust fund account. Some of the trust funds had trustees and trust agreements. Some funds were significant with \$4,000 to \$700,000 in the account but the bulk of which were small. The Stabilization fund was up to date. The OPEB liability graph included an actuarial study would be done in 2018. Water and sewer enterprise fund and outstanding debt were included in the report written by Marisa Batista.

### **Discussion/Status of FinCom Projects.**

#### **Discussion/Status of FinCom Intern.**

David Wanger recalled that he spoke with Michael Lombardo, who indicated that the FinCom could pursue an intern. The intern would compare contiguous communities as well as other towns in the area (within 128) with similar demographics. While Marisa Batista thought they were all good projects, she did not know the colleges' requirements. Phil Stearns thought a FinCom person should approach the school. Nick Tensen recalled writing business cases in school and an administrative one might be of benefit for a student or class. Harvard did a lot of case studies. Mr. Wanger thought FinCom should approve, then offer the plan to Michael Lombardo and request a discussion as to who would pursue. The Committee agreed that the plan was acceptable. Mr. Tensen thought it needed to be compelling to do the internship and comparing Wenham and Hamilton and if they were consolidated, what would be the benefit, which would make the project more compelling.

David Wanger noted that he had discussed Gordon Conwell's contribution, which had not yet been paid. Michael Lombardo reportedly would notify Mr. Wanger regarding the \$75,000 contribution, which had been put into the budget.

#### PILOT

John Pruellage was not available to discuss the topic so the topic was deferred.

#### Fees/fines/Interest

Darcy Dale said she had been compiling data from many local communities, hoping to have help from the future intern. Ms. Dale noted the 2% additional tax on top of the State tax for marijuana was being implemented by several communities. According to Phil Stearns, it would be similar to the meal's tax. David Wanger said it would be a deterrent if neighboring communities did not pass the additional tax. Mr. Wanger thought there could be an article for Special Town Meeting. Mr. Stearns recalled that marijuana was against Federal law, so the use of a bank was not allowed. Ms. Dale said they were using bitcoin and possibly using a special credit card in the future.

#### Waste-related revenues and expenditures

Separate accounts would be set up as of FY18, according to Marisa Batista. The tonnage of weekly pickup increased by 99 tons at \$63.00 a ton, which created a \$6,300 dollar increase. The amount of compost, at \$45 a ton went down by 99 tons so net cost to town was about \$2,400.

Michael Lombardo's response was that the cost was a \$300,000 difference. David Wanger wondered how to encourage composting. Nick Tensen suggested pay as you throw, which would be difficult to institute. The 99 tons was not determined to be by month or year to date. There was an \$18 a ton net loss when composting was replaced by trash.

#### Inter-community comparison format

The topic would be part of the project description for the intern.

#### Shared services/costs and regionalization

Wenham would not meet with Hamilton until they had an opportunity to access their ambulance service buyout. Three members of the Wenham FinCom would be new, including the Chair.

During the last Selectmen's meeting, Michael Lombardo reported on his emergency dispatch regionalization with Danvers. If fire departments were combined, dispatch would come along with the regionalization. Hamilton, Manchester-by-the-Sea, and Danvers were considering regionalization for dispatch, which might impact the fire and police regionalization with Wenham. Mr. Wanger thought Michael Lombardo did not think shared Emergency Services were economically feasible.

#### Committee Member Comments Reports

David Wanger would report on the Selectmen after meeting with Bill Wilson, the new Chairman.

Phil Stearns recapped the Selectmen's meeting to include the setting up of the Building Committee for Town Hall. The Board would have nine members, including Patrick Reffett, Tim Olson, Michael Lombardo, and Michael Madden. There were a number of people asking to be on the Committee. Phil Stearns wanted to be the liaison.

The other Selectmen's item of note was Andrew DeFranza speaking about affordable housing for the three sites and looking for input from the Town to compare the cost of acquiring the land versus number of units to be built. Longmeadow would need 108 units for it to be fiscally feasible. The Town was also setting up a committee to study the land use for fields. The trade off could be the Town putting in \$2M to buy a portion of the land for athletic fields, reducing Andrew DeFranza's cost to \$2M for the remaining property. The decreased cost would allow a 40-45 unit development to satisfy the need for a less dense development.

Phil Stearns thought Longmeadow was more feasible than 13 Essex St., which did not have many alternative uses so density would need to be high. There were issues as to where he could build and there were conservation issues. The density would be 80 units as the property cost was \$3M. The Dodge Tree parcel and the Lamson property would be in the right location for affordable housing if the Town could afford to buy the properties if they were to come up for sale. Gordon Conwell was the third property, which had a steep hill, requiring terracing and drainage control. David Wanger noted Gordon Conwell would make a good PILOT.

David Wanger wondered about the urgency to acquiring affordable housing. Phil Stearns thought the reason to have it on the agenda was that they were trying not to fall into a lethargy trap, making a next step decision. Every one of the properties would have a litigation issue with it. Phil Stearns noted the neighbors did not like the process and Allison Jenkins reportedly said the Board of Selectmen could allow a developer to do an unfriendly 40B, but the Board of Selectmen were trying to put together a process with the host community agreements. Ms. Jenkins said the Board of Selectmen could decide not to be involved and the neighbors would need to take their chances. Mr. Wanger talked about community dispute mediation.

Nick Tensen and David Wanger agreed there was not a place for FinCom in the current time until it were a financial issue. Phil Stearns considered what would happen if there were a lawsuit and if the Town would be liable or if it were just a developer issue. Nick Tensen said if the Town put money into the project, they would be named. Phil Stearns recalled that Wenham had the same problem and that Wenham had to pay to defend themselves.

Phil Stearns updated the Committee on the schools, noting there were two Hamilton members on the Board. The Committee worked on custodian union negotiations and heard about ALICE, which was a more active response compared to staying in place. Police would like to have a resource officer in the schools. The State required a resource officer in the schools. The turf field would be assessed via a committee, including a recreation department representative and a member of both Town's Board of Selectmen. The committee would own the project. The Board discussed the apportionment issue. David Wanger had communicated with Scott Maddern about the status of extending from three to five years for apportionment as well as households as another metric compared to the current enrollment. Phil Stearns thought enrollment was a better vehicle for assessment as it was what the costs were based upon. Going from three to five would smooth the swings out a bit, averaging over it a longer span of time, but currently it was so favorable to Hamilton that Wenham may not want to head in that direction. Nick Tensen suggested starting on a neutral point rather than on an upswing or downswing.

David Wanger referred to the balance of school committee and the property issue. Currently there were 86 acres in Hamilton and eight in Wenham, which could be used as a bargaining chip, according to Mr. Wanger. Phil Stearns noted the maintenance of the properties. Dale Darcy referred to police and fire presence. Marisa Batista would create an itemization of the services provided for schools in Hamilton.

#### **Determine/Discuss agenda for next meeting**

David Wanger and Nick Tensen agreed to be reappointed for the following term. Mr. Wanger noted the Chairmanship would be open on July 1, 2017.

#### **Other topics not reasonably anticipated as determined by the Chair.**

David Wanger announced there was an All Board meeting the following night to discuss the Patton property. Nick Tensen would attend.

Nick Tensen wondered if phases three and four of the water capital improvement were ready to

be bonded at \$1.9M. The landfill had \$30,000 remaining. The land was moving from a short term to long term loan. The bond sale happened earlier that day, according to Marisa Batista, with a 2.5% on a \$3.3M bond over 15 years (CPA), 5 years (landfill), and 20 years (water) all at a fixed rate.

**Adjournment**

Nick Tensen made motion to adjourn the meeting.

Seconded by Darcy Dale.

Vote Unanimous to adjourn at 9:06 pm.

Prepared by:

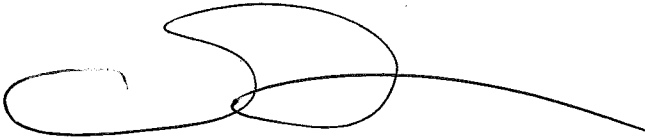
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Marcie Ricker

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Attest

Date

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

6/13/17