

HAMILTON FINANCE AND ADVISORY COMMITTEE  
Minutes of Meeting  
June 7, 2017

Members Present: Darcy Dale, John Pruellage, Phil Stearns, Nick Tensen, 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 Hamilton Public Safety Building.

**Public Comments**

None

**Discuss FinCom Projects.**

**Discussion of Municipal Use of Solar Power with Tim Sanborn from Cazeault Solar with Matt Shortsleeves and Jeff MacCalian from Solect Solar.**

David Wanger noted the spirit of the discussion was to determine cost savings. Darcy Dale thanked the group for their interest in renewable energy as stewards of the earth and to determine savings for the Town. Tim Sanborn recalled that the only bipartisan passage of bills was the extension of Federal Tax Credits until 2020. Solect Solar had worked with the physics class at the Hamilton Wenham High School. Matt Shortsleeves talked about commercial scale photovoltaics. The group would meet with the School Superintendent and Business Manager at the high school soon. Solect Solar did all commercial scale projects but did not do large ground mounted system, only smaller projects. Solect Solar monitored and managed solar arrays that they installed that either they or the customer owned.

Federal tax incentives and State programs drove the programs. There were two big Federal compensations, one of which was the tax credit and the other was depreciation or the ability to use tax liability to mark down the expense as a deduction for return for the solar array. 37 states plus DC had renewable portfolio standards. The MA portfolio included that all electricity that would be sold, would have a percent come from renewable sources. The percent increased one percent every year. The plan was to invest slowly in solar as not to put anyone out of business, but rather transition to a distributed renewable market. In 2008, MA had landmark bills to stimulate green job creation, issue solar standards, and create high value compensation for anyone investing in solar, that they could earn back their investment. According to Matt Shortsleeves, there were 70,000 interconnected users in MA currently and 14,000 working in the solar industry to date. There were 100,000 workers in clean tech renewable energy.

Projects included purchase of the unit or having someone sell you the electricity. The onsite third party ownership model, which was popular with non-profits, featured 60% of value deriving from Federal taxes. Some public entities purchased the units and would then handle the

debt service until were out from under it. The eleven systems at Harvard University were purchased. Purchase would incur a ten year debt service, nine years for a non-profit to break even and about six years for a business. The service would be wired in behind the existing electric meter allowing energy to be consumed while avoiding the distribution company for their transmission of kilowatt hours. Phil Stearns noted that the infrastructure was built by one entity and used by another structure, and asked if it was expected to continue. The cost of the distribution would extend the nine year cost.

Eversource just asked for a rate increase of 27%. David Wanger asked what the advantage would be outside the societal and environmental issues, to which Matt Shortsleeves responded that the Town would save money. Public entities had to go through procurement procedures, but group purchasing or consortiums might help with complying with MGL regulations 25A or 30B. Mr. Shortsleeves noted that not all towns had the resources to capitalize on market opportunities so buying off another procurement opportunity could be an efficient way to do it.

Most businesses would buy a system but cities, towns, and schools would have someone else own the system. A long term contract would be 20 years. An entity that cannot take advantage of investment tax credits or depreciation would be a candidate for a power purchase agreement (PPA). David Wanger asked for a cost benefit analysis for a purchase versus a third party approach.

The economics of a school were presented with costs of delivered electricity ranging from 13 – 14 cents while the PPA would be 10 cents. As the delivered electricity costs increased versus the flat price for solar energy, savings would increase. Delivery had increased 5% per year historically while solar energy costs remained flat. Costs associated with installation and maintenance would be covered by Solect Solar. Once the company understood the Town's motivation, a technical site evaluation, electric bill evaluation, then a building evaluation would occur to estimate the savings. David Wanger noted the FinCom was only able to recommend not approve. Matt Shortsleeves responded that most towns needed to authorize the Superintendent of Schools, Town Manager, Selectmen or have a Town Meeting vote to authorize a long term contract, which needed to be completed first.

Matt Shortsleeves referred to Amesbury High, which saved \$47,000 per year. The electric service would need to be up to date and the roof structure needed to be able to handle the weight of the equipment. The largest and most common cost was to ensure the roof was in good enough condition to last 20 years. Phil Stearns asked who was responsible for the 20 year solar array to which the reply was that there were three options. At the end of the 20 year lease, the building owner could buy it inexpensively, the vendor could take it away at their expense, or the contract could be extended. Production guarantees could be offered to update the system.

In response to David Wanger's question if the Town of Hamilton could sponsor something to benefit the citizens, Matt Greensleeves said that Solect Solar operated community solar farms to get metering credits after electrons enter the grid. The Town's risk would be that in the future, the price dropped below the 10 cents delivered by solar versus 14 cents delivered by National Grid. If rates escalated, savings would be exaggerated. Over the last 45 years, rates had increased 5.5% over the period. Currently hydrologic fracturing caused the commodity price to become flat, but the delivery price had increased.

The service providers would remove snow at a cost to the Town/school. Storage was being deployed this year in MA with grant money for demonstration projects that exhibited the technology and software application to control storage units to charge when electricity was cheap and deploy when expensive.

### FinCom Intern.

David Wanger noted that there was little progress but he had contacted the Kennedy School at Harvard and UMASS Boston. The only objection was Endicott College, while everyone else was entertaining the initiative. Jeff Hubbard would follow up with Josh Lerner at Harvard University.

### PILOT Discussion Regarding Gordon Conwell Gift and Budget Ramifications.

Less than half of the expected amount was gifted by Gordon Conwell. The budget assumed \$75,000, but the college only gifted \$35,000. Next year's budget also assumed \$75,000. Marisa Batista said normally gifts were not budgeted as they were not a PILOT. The gift needed to be accepted by the Selectmen.

Jeff Hubbard suggested lessening the Gordon Conwell burden on the Town by reducing the number of students from 40 to 20. David Wanger referred to a Supreme Court decision that would be applicable if Gordon Conwell was renting out their dorm space, which should be taxed. Michael Lombardo was working on a response to Allison Jenkins' question regarding the dorm rental space.

Phil Stearns added that Gordon College and Pingree School were sensitive to public opinion and that the public might be unaware of issues and implications on the tax rate. Members of the Committee discussed developing a chart showing the non-tax properties, their tax value, and the lost income to the Town including what services the Town provided. If a PILOT were provided, after assessments were made and the entities paid their fair share, the taxes would be reduced by a specific amount. By making the difference publically known, the entities might be more cooperative. David Wanger recalled that he attempted the calculations but was shut down at Town Meeting. Mr. Wanger recommended a Warrant Article to inform and gather public will. While Phillips Andover gave contributions to the Town, Pingree School charged for use of their fields.

### Discussion of Capital Budget and Forecast

Marisa Batista said she had received revisions and had an estimate of capital requests, but needed to determine funding sources. If some were funded through debt, Ms. Batista would obtain calculations of principal and interests to determine the net effect on the tax rate. Actual requests would be put together on a spreadsheet.

David Wanger discussed the "must have" versus "wish list" of capital improvements for the school. The \$600,000 need for Winthrop School sprinklers had received a year extension. Phil Stearns suggested the schools accrue the money rather than hitting the taxpayers with the costs in a year. Marisa Batista said part of the problem was that Wenham did not have a Special Town Meeting so additional funds could not be appropriated this fall. Jeff Hubbard said the Fire Chief gave permission to go another year. The collective bargaining agreement would be renegotiated. David Wanger gave Gene Lee, Vice Chair of the School Committee, a partial list of School District salaries showing increases in excess of 2.5%. Mr. Lee noted the disparity between the school increases and the 2% given to Town employees.

### Discussion of HWRSD Agreement, Negotiations as to Proposed Amendments and FinCom's Role.

The Board of Selectmen had created a charge and added the FinCom as liaison to the Committee. The draft discussed that the FinCom was by law not allowed to serve on the Committee.

### Committee Member Comments/Reports

Nick Tensen recalled that the pool opening was the previous Sunday. Marisa Batista and Mr. Tensen had discussed the Enterprise Fund for waste. Ms. Batista had the charted accounts all set

up. Tim Olson may have received a grant application for waste management. The Committee compared last year with this year and Mr. Tensen noted the shift in composting, which was declining and waste increasing. There was no cost benefit of recycling being realized, according to Mr. Tensen.

Marijuana tax would be discussed later. Phil Stearns said Colorado was making a lot of money from marijuana.

Phil Stearns discussed the Affordable Housing Trust with the Board of Selectmen concluding that there were no properties in the basket, leaving the process in the domain of Harborlight. The Hamilton Development Corporation would allow the development of affordable housing at Willow St. Mr. Stearns noted that the Town wanted seniors, while Harborlight wanted families.

Town Hall Building Committee was discussed with the first step being that the Town needed to engage an Owners Project Manager (OPM) to oversee the whole project in accordance with State Regulations. The OPM needed to be a registered architect or licensed engineer with seven years of experience, according to Phil Stearns. Tim Olson would conduct a structural needs assessment. Jeff Hubbard recalled that when the Town Hall Committee met, they learned about the OPM requirement and realized that without money, they could not do anything. Mr. Hubbard was charged with going to the FinCom and CPC to ask for funding. Marisa Batista stated that the funds could possibly be used for that need as it was an unforeseen circumstance. Ms. Batista asked if there had been a study in the past. Mr. Hubbard responded that the Boston Architectural College completed an academic project, which resulted in the filing cabinets needing to be over load bearing walls.

The Longmeadow Study Group had discussed their charge with one application from a resident who wanted to join the committee having been received. Bill Wilson put together a charge circulating with Wenham and the schools.

Darcy Dale had spoken with Patrick Reffett regarding fees, fines, and interest. Mr. Reffett had information on the topic.

John Purellage said the Planning Board talked about the Great Estates By-law. Discussion was regarding streamlining the existing By-law. Abutters of the estates were at the meeting.

#### **Minutes from 3/15, 3/29, 4/12 and 4/26/2017**

David Wanger said he had made minor changes to the minutes that were already changed by Phil Stearns and Marisa Batista.

Motion made to approve the minutes as amended for March 15, March 29, April 12, and April 26, 2017 by Phil Stearns.

Seconded Nick Tensen.

Vote: Unanimous to approve.

#### **Discuss agenda for next meeting.**

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

Marisa Batista provided David Wanger with transfer requests. Ms. Batista explained that transfers were allowed May 1 to July 15 and this was first round of transfers to be approved.

During the year, transfers could occur within general functions such as government. A transfer from one function to another function needed approval from the FinCom and the Selectmen.

Those transfers could only be done between May 1 and July 15. A few examples were corrections, including one item from recreation and one under ECO. The Town Manager was

paying for the bill under general government.

Three accounts had deficits including veterans, (\$14,000), and salary reserve, because the new wage grid had not been approved. \$176,000 was put in account for salary reserve to be transferred to the new wage grid or new contracts. Contracts were settled with the implementation of the new wage grid. Salary reserve would transfer to departments to cover the new wage contracts. Streetlights (\$40,000) were cut in half due to LED for FY18 with no funds spent because the Town was working off of a credit due to a dispute in billing and credit given with National Grid. The surplus was being used to offset deficits in veterans, disclosure (no grant anticipation note, project delayed so pay additional charges of \$2,500), and celebrations (Memorial Day deficit \$1,100 for flags). More veterans applied for benefits and the State reimbursed the Town a portion of the costs. Administrative costs increased (\$1,580) and benefits increased (\$12,600) as well.

Departments could transfer funds within the department. The FinCom account included dues, books, and travel. The FinCom Association bill was \$176 while only \$150 was budgeted. The travel budget would cover it.

Phil Stearns made motion to approve the transfer of \$26 from the travel line to the dues line within the department budget.

Seconded by Nick Tensen.

Vote: Unanimous to approve.

Motion to adopt the transfers listed in a memorandum to the FinCom and the Selectmen, dated, June 7, 2017, which itemized certain year end budget transfers made by John Pruellage.

Seconded by Darcy Dale.

Vote: Unanimous to approve

David Wanger offered a background to FinCom's process regarding the question of next year's Chair and said he was appreciative of the unanimous support given, assuming that he would be reappointed. Mr. Wanger attempted to contact Jeff Melick and inquired regarding the reappointment of Nick Tensen and his own reappointment. Jeff Meick was not inclined to reappoint Mr. Wanger. Mr. Wanger wanted to be reappointed if FinCom was supporting his appointment. Mr. Tensen said he would meet with Mr. Melick the following morning and discussion would include the information supporting Mr. Wanger's reappointment.

Jeff Hubbard said Mr. Melick took his responsibility seriously. Mr. Hubbard had rave reviews about the FinCom's work and recalled it was the first time he would vote for a budget because it had been made clear. Mr. Melick said he had heard from several people that David Wanger was difficult to work with and worked closely at the Department level regarding the Budget. Mr. Hubbard said his perspective was that there no over involvement, but Mr. Melick had heard from a number of different people that it was a problem. Opposition to the Wanger reappointment appears to have originated with the Town Manager.

Darcy Dale and John Pruellage said they supported David Wanger 100%. Phil Stearns said all FinCom members were in support of Mr. Wanger as the leadership position. Mr. Stearns suggested drafting a letter of support for Mr. Wanger from the group, listing one or two things that had been accomplished. Mr. Wanger was the prime pusher for getting the filing for the DOR corrected. Mr. Wanger had found that something had not been done correctly, which was a great benefit for the Town. Mr. Wanger's persistence made it happen. Mr. Wanger was a valuable asset to the Town. Darcy Dale, John Pruellage, and Nick Tensen said they would not stay on the committee if Mr. Wanger was not reappointed. Mr. Pruellage noted that even though he was only on the Committee for a year, he realized how much Mr. Wanger had contributed, moving the

Committee from a simple rubber stamp to one that accomplished much. Mr. Stearns would write a letter of support and Nick Tensen would discuss the situation the following day.

David Wanger said it was meaningful to be associated with each member. He had previously spoken with the former Moderator who had suggested that the FinCom become involved, which they had. Mr. Wanger recalled the involvement of the FinCom with Department Heads until Michael Lombardo became ill. When Russ Stevens filled in, the FinCom became involved with FY16, FY17, and FY18. When the Capital Expenditure question was raised, it was appropriate to have the Town Manager have the first round of it. There had been no opposition to the concept and the reappointment was a remnant of previous negative times, which did not need to continue.

There was no news regarding the ambulance services or the Wenham FinCom.

**Adjournment**

John Pruellage made motion to adjourn the meeting.

Seconded by Darcy Dale.

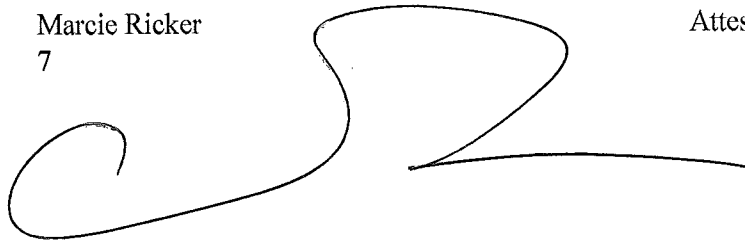
Vote Unanimous to adjourn at 9:21 pm.

Prepared by:

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Marcie Ricker

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Attest

Date

7/20/17