

HAMILTON FINANCE AND ADVISORY COMMITTEE
Minutes of Meeting
June 21, 2017

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

Others Present: Jeff Hubbard, Tim Olson, and Michael Lombardo

This Hamilton Finance and Advisory Committee meeting was called to order at 7:00 pm at the Council on Aging Building, 299 Bay Road.

Public Comments

None.

Other topics not reasonably anticipated as determined by the Chair – Water Plant Discussion.

Michael Lombardo, Tim Olson, and Dave Dolan were sorry about the failure of the filtration system. Last summer was hard on the system. The water main break and drought conditions caused an acceleration of poor quality water. The filter beds had become clogged and the system was designed to run on a different media than what was presently being used. In 2009, the material was changed because of chemical reactions with Hamilton's type of water and the chlorine. At the time, it was thought that green sand would do a better job of cleaning the iron and manganese. While the sand did clean, filtration plants with that type of systems were triple the size or larger than the tanks Hamilton had. There was also an air scrubber and other appurtenances that helped to clean the filter and keep it fluffy, but the adjustments were not made.

Tim Olson said he found documentation that said the air scour system was desirable, but not mandatory. Santec did a good job with distribution, while filtration was not their strong suit. Mr. Olson said he had been working with purveyors of green and filtronics directly and contacted another company, Newbury Engineers, who had expertise in water treatment plants. Mr. Olson said that in the original design, there was an air scour system in the design. The Town did not construct the air scrubber. In 2009 it was determined that green sand required an air scour system as well as larger filters and increased run times and back wash cycles. The plant was not rated to run that long.

Santec came in and asked questions and said an air scour system would improve the plant and that the plant was not large enough for green sand. Topsfield had a green sand plant that was three times the size of Hamilton's plant. Tim Olson was trying to find a paper trail that would evidence when there was a change in media.

The green sand media had an eight to ten year life cycle. Adjustments such as filters, air scrubbers and run times had shortened the life of the media. Michael Lombardo noted the water

quality at the site where the plant was constructed, which was in the Ipswich basin. While Mr. Lombardo said water restrictions were in place, given the condition of the plant, he did not feel comfortable waiting until winter when consumption was reduced. It was discussed that at the time of the media change, engineers would have filed paperwork to the State for the media change out with pilot testing.

The plan was to order the media and have it delivered and build the project while waiting. The Town would meet with a filtronics representative for recommendations and options to formulate a plan. Michael Lombardo said a media scrubber would be necessary and tank sizes would be analyzed. Tim Olson tested the water and submitted results with the result being a media design to meet the requirements. Mr. Olson had submitted the request in the Capital Plan for the following year but recent challenges had forced the Town to do it sooner. If the project was not completed, there would be many more brown water days. The supply was good, but operationally there was no efficiency. Phil Stearns asked if money was accrued in the Capital Plan since the Town knew there were problems. Mr. Lombardo said not in the Capital Plan, but the town had designed a fee structure to build up funds over five years, a modest \$100,000 surplus to use for things like that, but changes went into effect about a year ago, so the Town did not have the reserves.

David Wanger wondered what the FinCom could do as the problem was known the summer before. Michael Lombardo responded that it had become imminent given the nature of the immediacy so it was within the right of the FinCom to fund the solution. The FinCom could not use next year's fund as it was a different fiscal year. Marisa Batista had reportedly called the Department of Revenue to ensure the accuracy of the statement. Mr. Olson added that it was a possibility that the Town would not be able to serve the water needs of the residents.

David Wanger asked about approaching the problem in a piece meal way to solve the problem temporarily. Given a well's life and based upon the quality of the water, the Town might need different wells. The plant was rated for a certain type of water. If the water changed or was depleted, adjustments would be needed. Michael Lombardo said well exploration would be done but building a new plant would not occur because the cost would be staggering. The Ipswich basin was in distress. There was a consortium of towns working together to explore where the future water would come from. All permits were under fire. Getting water outside of the Ipswich basin was key to the longevity of the plant and the water permit. The Town was looking at connections to Manchester. The MWRA was having discussions with the consortium, looking at reservoir options by locating new ones and expanding old ones.

Phil Stearns said Beverly never had water restrictions even though the city withdrew from the same aquifer and same river. Michael Lombardo said the difference was that Hamilton was a groundwater plant pulling out of wells. Beverly was a surface water plant, not under the same challenges because they fill up their reservoir in spring and start drawing it down with a stock pile. DEP had not shown any interest in regulating them more severely.

The project would not take long with a 31 ton media change out taking one month. The turnover of the DPW Director might have been part of the problem. Michael Lombardo said the information did not make its way up to him or he would have had it on the Capital Improvement Plan seven years ago. David Wanger asked if the money was transferred by vote at the current meeting at the end of FY17, would the \$100,000 be spent during the fiscal year. Mr. Lombardo responded that July 15th was the last time to vote for the current fiscal year.

Michael Lombardo said he would pay for the project out of surplus funds that were experienced from missing employee's wages rather than going to the bond. Mr. Lombardo would use discretion to use bond funds for the distribution system but was sensitive because at Town

Meeting, the bond was approved as being used on distribution, but was listed to include facilities and amenities. Bond Counsel's office said there was the flexibility to spend it on the filtration plant. The cost of media was \$70,000 and engineering costs would complete the \$100,000 FinCom reserve fund. Mr. Lombardo wanted to pay for it from surplus funds from empty positions and change over in positions rather than going to a bond.

David Wanger referred to mitigating the tax rate. Michael Lombardo would have Marisa Batista come to the July 5, 2017 meeting to make a recommendation to close the \$300,000 to \$400,000 gap to finish the project.

Tim Olson said the media was already ordered and there was no need to wait until Town Meeting. If the plant failed and could not process water, there would be a problem as there had been no testing on interconnections with neighbors. The interconnections would be used for dire emergencies.

In response to David Wanger's question regarding the integrity of the water pipe system, Tim Olson responded that it was good throughout town. There were three phases of water pipe replacement with 20,000' to 40,000' of 6" to 8" pipe. Good quality water would also help preserve the pipes. Michael Lombardo said he felt good about the progress this summer with \$2M in piping completed this year. There was \$1.9M left in the bond depending on what the Town spent on the plant. Mr. Lombardo referred to the aging infrastructure and an undersized tank. The tank was originally put at Gordon Conwell because the site was available, but it was not the best place for water banking. The tank had four small cells connected by overflow pipes and was not one large tank. To install a mixing system to improve the quality of the water, the Town would need to have four of them. Mr. Lombardo said he was modeling the system taking a comprehensive multi decade approach when making decisions because the Town needed to think ten years out.

David Wanger wanted to discuss when the public would be notified and how much information would be distributed. Michael Lombardo responded that water bans were announced in the paper, social media, and code red. The Board of Selectmen had determined a fee structure for violators of the top tier of usage.

Michael Lombardo already ordered the media for \$70,000 but added that the FinCom reserve fund would be replenished for FY18. Mr. Lombardo referred to the healthy savings experienced due to wage savings from empty positions and positions filled at a lower pay grade. Mr. Lombardo recalled that once the FinCom fund was used early in the fiscal year and was replenished at Fall Town Meeting. Nick Tensen asked where the surplus from wages would be used. Mr. Lombardo said that he and Marisa Batista would determine free cash at the end of FY17.

Marisa Batista would present a coordinated report as to how to fund the rest of the project as there was a need for \$300,000 to \$400,000 more to fund the filtration plant. David Wanger defined the options as being from the surplus from FY17, the bond for infrastructure, or a combination thereof. Michael Lombardo said he was modeling the system and taking a more comprehensive view to determine what else needed to be done for the water over a long period of time. Mr. Lombardo questioned whether to issue a bond or build up a reserve. Mr. Lombardo wondered if the Town wanted to ask Town Meeting for 2% on top of the budget to go into this capital reserve for projects.

Nick Tensen asked if there was anything between now and next year that would be a critical issue. Michael Lombardo said the Town just modified the rates and adjusted the top tier for the summer. David Wanger asked if there was enough in the Water Enterprise account, to which

Michael responded, no the Town just modified the rates last year. Mr. Wanger asked if the Town wanted to look at that again, going forward. Mr. Lombardo said if the Town adjusts the top tier for the summer, the Town would make money. Mr. Wanger asked if there was any need to review the basic rate structure. Mr. Lombardo responded that the basic rate structure was strong building up a modest surplus already and with \$60 from each household to pay for the bond. Mr. Lombardo suggested that there would be no increase in rates for three to five years.

Motion to approve the transfer of the FinCom's entire reserve account for \$100,000 to the water enterprise account made by Darcy Dale.

Nick Tensen seconded.

Vote: Unanimous in favor.

Discuss FinCom Projects including Intern.

Jeff Hubbard talked about the Patton Homestead, Inc., which he thought was a financial burden to the Town. David Wanger talked about the School's positive estimate of \$10,000 at the close of FY17 with no E&D in the future to mitigate an ever increasing school budget. Mr. Wanger warned about becoming sidetracked with apportionment when the basic budget was the item to be concerned about. While Mr. Hubbard recalled that school budget growth had been minimal, Mr. Wanger said it was the capital expenditures that were looming. There was a morale issue with salary increases that exceeded what the Town had granted. Regarding capital expenditures, Mr. Wanger wanted the School to look at must haves versus nice to have items in the budget. Mr. Hubbard suggested putting a tax value on each project.

David Wanger stated there were no responses to any intern postings. Darcy Dale recalled that Patrick Reffett had some ideas about process and rates of fees, fines, and interest. Nick Tensen said John Pruellage was writing the policy on PILOT, which would take a meeting or two to fine tune before being presented to the Selectmen. Mr. Wanger said the landfill solar project prompted a collaborative discussion for a retreat agenda topic. Ms. Dale said she was working with the Energy Manager. The schools had missed their deadline for applying for \$12,500 grant and had not replied to e-mails sent by Ms. Dale.

Darcy Dale noted that the State had increased the sale of marijuana tax to 3% but the Selectmen or popular vote would vote not to allow the stores in Hamilton.

Discuss FY18 Budget and Capital Expenditure Forecast.

A capital plan would be presented to the FinCom. Marisa Batista reportedly listed \$1,300 in payment vouchers from the Fire Department for permits.

The School forecast included a positive \$10,000 from FY17, the bulk of which was coming out of tuitions. David Wanger recalled that the FY18 School budget was mitigated by the use of excess funds from FY16. There would not be excess funds from FY16 to mitigate FY19.

The School Committee had a student teacher ratio policy, which was more advantageous than other communities but were below that in terms of class size. The policy translated to an employee compliment. The salary coupled with increments that were beyond what the Towns were giving, were the nut of the problem, according to Mr. Wanger. Nick Tensen added that benefits increased the cost. In concert with Wenham, the concept should be addressed, suggested Mr. Wanger. Mr. Tensen also noted the administrative budget. Much of the budget was dictated by law, but that would be looked at as well.

Discuss the HWRSD Agreement and FinCom's Role.

Liaison function would be discussed later in the meeting.

Committee Member Comments/Reports

The Planning Board reported on the Estate Overlay District By-law and negative responses to the By-law from abutters and estate owners. The Cottage Housing was also discussed by the Planning Board. Phil Stearns said he left messages with Russ Tanzer for an update on the Hamilton Affordable Housing Trust with no response. The Board of Selectmen and Andrew DeFranza had reportedly had meetings regarding the Willow St. project and Longmeadow site.

A private developer was interested in Longmeadow for an unfriendly 40B. Andrew DeFranza still had rights to the property. Darcy Dale recalled that the Town wanted smaller developments. Large development would be a problem with additional school children, special services, and water needs. The State would become involved, so the Town would lose autonomy. The Community Preservation Committee was giving Harborlight \$300,000 while selling the Willow St. property to them for \$600,000. Darcy Dale referred to the Smart Growth Alliance rules that if 25% of rental units were affordable, all units within the development would count toward the State mandate.

Election of Officers and Liaison Assignments.

Darcy Dale nominated David Wanger as the Chairman.

Phil Stearns seconded.

Vote: Unanimous in favor.

David Wanger nominated Nick Tensen as Vice Chairman.

Seconded by Darcy Dale.

Vote: Unanimous in favor.

Phil Stearns nominated John Pruellage as Secretary.

Darcy Dale seconded.

Vote: Unanimous in favor.

David Wanger would be liaison for the Longmeadow Committee, Selectmen, and School Committee Regional Agreement as well as Council on Aging and Conservation Commission. Phil Stearns would be liaison for the Affordable Housing Trust, School Committee and Town Hall Building Committee.

Darcy Dale would be liaison for the Board of Selectmen.

Nick Tensen would be liaison for the Patton Homestead and DPW

John Pruellage would be the liaison for ECO.

David Wanger would follow up on shared services and inquire about departmental involvement on the decision making process with Michael Lombardo.

Discuss agenda for next meeting.

Adjournment

Phil Stearns made motion to adjourn.

Seconded by Darcy Dale.

Vote Unanimous to adjourn at 8:39 pm.

Prepared by:

Marcie Ricker

6

Attest

Date

A handwritten signature in black ink, consisting of a large, stylized loop followed by a horizontal stroke that tapers to the right.

9/1/17