

HAMILTON FINANCE AND ADVISORY COMMITTEE  
Minutes of Meeting  
July 5, 2017

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

Others Present: Marisa Batista (Departed at 7:26)

This Hamilton Finance and Advisory Committee meeting was called to order at 7:00 pm at the Hamilton Public Safety Building.

**Public Comments**

None.

**Review available updates regarding FY17 budget and capital expenditure forecast.**

Marisa Batista presented four additional transfers from the previous requests. Memorial Day celebrations incurred a cost of \$2,166 while there was no budget for the expenses. The FY18 was currently budgeted for celebrations, but the amount might not be enough. The first transfer already had celebration expenses of approximately \$2,300, according to Ms. Batista. David Wanger asked who made the decisions regarding vendors, to which Ms. Batista responded that they were the same vendors used every year and that the Town Manager approved the bills.

The second transfer was to move expenditures from public building maintenance to DPW other expenses. David Wanger asked if the change was accounted for in the FY18 Budget, to which Marisa Batista responded that it would be different every year depending on needs. For FY18 Ms. Batista looked at the previous three years and the first quarter of FY17 and said that transfers would always happen, which was why it was allowed. Nick Tensen added that the number was so small, it would be hard to fix it perfectly.

The third transfer was a correction to the Town Clerk overtime budget which should have been an elections overtime cost.

Marisa Batista said she went through all departments and compiled a list of surplus accounts, which could be used for the water filtration plant costs. By using surplus funding, the Town would avoid borrowing. Ms. Batista said the Town might still need to borrow on top of the transfers for the \$700,000 cost. Tim Olson was reportedly working with a vendor for an estimate. There were savings in departments from FY17 including the Finance Department permanent wages as the position was open for six months creating a \$50,000 savings. The Selectmen did not use \$12,500 for consultants. The Fire Department saved by not using seasonal temporary wages. Health insurance was changed mid-year to a plan that generated savings.

Phil Stearns noted that all the savings would have wound up in free cash, to which Marisa Batista

agreed. The free cash could have been used to reduce taxes. If the money was transferred now, there would be zero in free cash at the end of FY17, according to Mr. Stearns. David Wanger asked about the capacity of the bond. Ms. Batista responded that the authorization was for \$5M and the Town borrowed \$1.9M. The Town was seeking \$400,000 on top of the \$100,000 FinCom Reserve Fund contribution. The water treatment plant projected cost was \$700,000, according to Mr. Wanger. Nick Tensen said replacing the media would cost \$80,000 to \$90,000, which was paid for by the FinCom Reserve Fund. An engineering portion to assess what needed to be done to set up an RFP for the plant construction and then construction would all need to be funded, which could be between \$500,000 and \$750,000, according to Mr. Tensen. Some pieces within the current plant could be reused to keep the price down.

The Town was using engineering consultants to determine the long term fix. Marisa Batista said bathtubs were filled with brown water in the town. Darcy Dale noted pipes were breaking and losing a lot of water. The Town was in the process of looking at pipes. David Wanger said the Fincom had contributed \$100,000 and was requested to transfer \$400,000 with projections of another \$200,000 to be needed. Mr. Wanger offered an alternative plan of moving money from surplus accounts of \$400,000 to utilizing the borrowing capacity that was left over from the authorized amount. Mr. Wanger wanted to have a comparison of the borrowing costs associated with taking the \$400,000 from the \$3M balance because, to the extent the surplus was used for plant purposes in lieu of using the bond, the tax rate would not be mitigated to any significant degree due to free cash. Nick Tensen added that while the bond was being repaid, the money would be repaid by the Water Enterprise Fund and the Enterprise Fund was paid by usage so the solution would create a fairer solution.

David Wanger suggested a hold on item four for pending review and discussion in terms of retaining all or some of the \$400,000 for tax mitigation and using a significant untapped balance of the bond to be paid by the Enterprise Fund. Marisa Batista said the \$100,000 FinCom Reserve Fund would pay for media and that bonds would be accessible. Ms. Batista would check with bond counsel. Nick Tensen noted that the engineer had been engaged, but construction would not start until October. The engineering cost would be determined.

David Wanger wondered why it would take a couple of months to tap into a bond that had been issued. Marisa Batista said it might be quicker as it was already authorized. Last time it was only a few weeks out. Ms. Batista added that transfers could only be done through July 15, 2017 and after that date, it could be funded via the bond. If the unused portion of the \$400,000 reverted to free cash, the free cash could be transferred to the General Fund via Town Meeting. Mr. Wanger suggested not transferring the money and allowing it to become free cash at the end of FY17.

Once it became free cash, it could be used in various ways such as tax mitigation or transferred into the Water Enterprise Fund via special Town Meeting in October.

A good bond term would be used for a ten year expense capital improvement project, according to Phil Stearns who added that if there was a need for an extra \$100,000 to increase the lifespan of the plant to 20 years, the money would be available. The bond was for water distribution, according to Marisa Batista. There was a \$10M and a \$5M authorization and that was all borrowed then another \$5M for which the Town borrowed \$1.9M leaving \$3.1M left out of the second authorization.

David Wanger reviewed the concept that the \$400,000 would come from tax payers if transferred, while if via the bond, the Enterprise Fund, funded through user fees, would pay for it. Mr. Wanger stated that the \$400,000 was not needed for FY17 and the Town should make a good faith effort to give it back as best as possible and not use the money for something that should be user based. Nick Tensen asked if there was enough to pay for engineering which was more operational. Mr. Wanger wanted more precise knowledge regarding the amount and timing.

Marisa Batista added that there was \$1M in surplus in past years causing everyone to think they were overtaxed. Ms. Batista added that the taxpayers were getting it back one way or the other. Phil Stearns said users of water would pay for the water plant rather than taxpayers who may not who may not use a great amount of water. Someone who used a lot of water would have a free ride if tax payers paid for the project.

Phil Stearns moved that the FinCom approve items 1, 2, and 3 and recommend no approval as to item 4.

Nick Tensen seconded.

Vote: Unanimous in favor.

Marisa Batista was concerned about how the engineering costs would be paid. Phil Stearns wanted to know how much the borrowing would cost. Ms. Batista would obtain an estimate for the amount and the term from bond counsel. Nick Tensen recalled that water rates were raised to make it a true enterprise and that there was no need to raise the rates for a couple of years and asked if there was a surplus in the fund, which might be available. Ms. Batista would determine the amount.

Marisa Batista would have a clear year end number after the warrants for June 30, 2017 and July 8, 2017 as well as the payroll warrant were posted and applied to the ledger. Departments had until July 15, 2017 to request encumbrances.

David Wanger asked if the FinCom should have been alerted to the insurance change and the implications. There was no news about Gordon Conwell's contribution to the Town. The assessor had sent a letter regarding rental units, but Darcy Dale had found other commercial aspects. The steeple was loaded with cell tower antennas that could be worth thousands of dollars a month in income. Mr. Wanger wanted to push the issue but was not receiving information. Mr. Wanger wanted quarterly meetings with the Selectmen. Mr. Wanger said he thought a proper management system should view FinCom as a supportive committee that would be contacted when needed. A phone call to Bill Wilson might solve the distance between the two entities.

#### **FinCom Projects including Intern.**

Phil Stearns would contact Boston College regarding internships. Darcy Dale reported that the Superintendent of Schools had cancelled the solar meeting and the deadline passed for the \$12,500 solar grant. There was a fiduciary responsibility that was not being carried out, according to Ms. Dale. Gene Lee had met with David Wanger. Mr. Lee was to arrange a meeting with the School Chair but nothing had been arranged. The School Budget would be before the group and apart from the dollar apportionment issue, the Town needed to deal with the budget. In previous years, the Chairs of each Towns' FinCom would meet with Jeff Sands for informal budget discussion. Ms. Dale had met with the Energy Manager and Tim Sanborn regarding new policies that would be issued in September. Ms. Dale was hoping to save 25% in energy costs and benefit from low interest loans for up-front costs.

Darcy Dale had gathered data on fees, fine, and interest from Peabody, Andover, Topsfield, and Boxford. Fees were from electric, gas, plumbing, and building permits. Phil Stearns volunteered to sit with Ms. Dale to work on a spreadsheet and look at how to chunk out the work to keep the same basis. Patrick Reffett reportedly had some data and suggestions, which he would share in the next few weeks.

Gordon Conwell would be discussed regarding PILOT by Nick Tensen and John Pruellage. Phil

Stearns recalled that Pingree School was requesting a turf field. Jacques Burns, during his presentation for Site Plan Review, had noted that the school wanted to support the community. It was noted that the school allowed for sports on its field, but it was uncertain as to whether they charged for the use or not. David Wanger suggested the permitting be based on a financial contribution and asked how the FinCom might recommend the concept. Pingree raised \$2M by donation and was compared to the \$9M needed for the HWRSD turf fields. John Pruellage would determine what other private schools donated to their towns.

### **HWRSD Agreement negotiations**

No meeting had been posted. David Wanger would be the liaison for the committee.

### **Committee Member Comments/Reports**

Nick Tensen had spoken with Marc Johnson who said a Request for Proposal was put together by the Patton Homestead Committee for a director, which was given to Michael Lombardo. The person would report to Mr. Lombardo. A Request for Qualifications (RFQ) for an architectural group to deal with the historic place including the interior, exterior, and grounds was also written. The Mass Cultural Council grant was not awarded. The Committee wanted a director who could write grants and proposals, raise funds and coordinate events. Military Day would occur as an event. Events could happen but were not being promoted. By the beginning of the year, a director would be in place. At ATM a special fund was set up, which was separate from the \$500,000 given by the CPC. The fund would be used for operations. Darcy Dale said the Energy Manager would be analyzing solar potential at the site.

Phil Stearns said there were no new updates for the Town Hall Committee and recalled there was a need for a professional project manager to begin. Russ Tanzer, Chairman of the Affordable Housing Trust (AHT) was reportedly discouraged as the group had no effect. The Board of Selectmen and AHT had been given direction from residents that they were pitting neighbor against neighbor and to see what would happen without their intervention. It was noted that another developer was waiting to do an unfriendly 40B with 150 units at Longmeadow Way. Harborlight was willing to do smaller developments if the Town would contribute funds. The Community Preservation Committee was giving Harborlight \$300,000 for developing Willow St. The sale price for the site was \$600,000. Darcy Dale suggested adding a third floor to the Hamilton Housing Development but the property was owned by the State.

Nick Tensen said a parking lot was approved at Sagamore Hill. David Wanger stated that he had spoken with Phil Stevens to find that the air pack grant had not been awarded yet.

### **FinCom Governance**

Nick Tensen proposed having Phil Stearns be Vice Chairman as he would be a better choice. The vote would occur when Mr. Pruellage was present.

### **Review and approve minutes from 5/10, 5/24, and 6/7/1**

Motion made by Phil Stearns to approve the minutes of May 10, May 24, and June 7, 2017 as amended by David Wanger.

Seconded Darcy Dale.

Vote: Unanimous in favor.

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

In addition to the usual items, the Committee would revisit liaison roles and election of officers.

### **Adjournment**

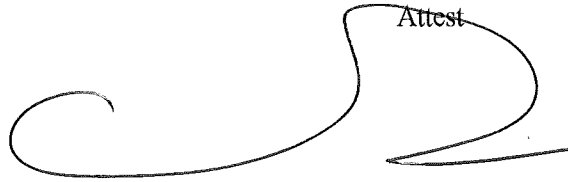
Phil Stearns made motion to adjourn the meeting.

Seconded by Darcy Dale.  
Vote Unanimous to adjourn at 8:25 pm.

Prepared by:

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Marcie Ricker  
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Attest  


Date

9/11/17