

HAMILTON FINANCE AND ADVISORY COMMITTEE  
Minutes of Meeting  
October 3, 2017

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

Others Present: Marisa Batista (Finance Director)

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

**Public Comments**

None.

**Discussion regarding fall Special Town Meeting including consideration and voting on recommendation for all Warrant Articles, participation by FinCom and related process.**

2.1 Budget adjustments had not changed since the last review. Patrick Reffett had provided an explanation of the Health Agent budget increase. Darcy Dale thought it was a good idea and should be approved.

Motion to recommend Article 2.1 made by Darcy Dale.

Seconded by John Pruellage.

Vote: Unanimous in favor.

2.2. The Waste Enterprise Fund to General Fund transfer of \$79,000, which was previously discussed at the prior meeting, was discussed.

Motion to recommend Article 2.2 made by John Pruellage.

Seconded by Darcy Dale.

Vote: Unanimous in favor.

2.3. The Recreation Revolving Fund transfer to the Pool Revolving Fund was also reviewed.

Motion to recommend Article 2.3 made by John Pruellage.

Seconded by Darcy Dale.

Vote: Unanimous in favor.

2.4. Grant appropriations, which had been explained by Marisa Batista as cleaning up old funds was discussed. The funds had no activities for the last three years, according to Marisa Batista.

Motion to recommend Article 2.4 made by Phil Stearns.

Seconded by Nick Tensen.

Vote: Unanimous in favor.

2.5 The Article reflected the Annual Town Meeting vote to create conservation land and the need

to survey it.

Motion to recommend Article 2.5 made by Darcy Dale.

Seconded by Phil Stearns.

Vote: Unanimous in favor.

2.6 Commemorative Plaque for the first flight.

Motion made to recommend Article 2.6 made by Phil Stearns.

Seconded by Darcy Dale.

Vote: Unanimous in favor.

2.7 Community Preservation Act (CPA) projects.

Part One was \$7,500 from CPA to the Hamilton Conservation Commission for knotweed removal on conservation land.

Motion to recommend the first item made by Darcy Dale.

Seconded by Nick Tensen.

Vote: Unanimous in favor.

Part Two was historic preservation funding for an Owner's Project Manager (OPM), which had been discussed at the prior meeting.

Motion to recommend the second item made by Phil Stearns.

Seconded by Darcy Dale.

Vote: Unanimous in favor.

Part Three was for a Hamilton Housing Authority request for renovations at 121 Railroad Ave.

Motion to recommend the third item made by Phil Stearns.

Seconded by Darcy Dale.

Vote: Unanimous in favor.

2.8 Establishing a Capital Stabilization Fund was originally recommended by Marisa Batista and discussed at previous meetings. It was agreed that the fund could be created without any money to fund it. Nick Tensen said it made sense to accrue funds for future large projects. The cessation of the fund would need to be via another Town Meeting action, according to David Wanger. Putting money into and taking money out of the fund would require a 2/3 vote at Town Meeting. The General Stabilization Fund could be used for other items other than capital items. Ms. Batista would check to determine if the fund could be used to pay off debt on a capital project. Mr. Tensen thought it was a good concept but required discipline. Mr. Wanger said it was similar to OBEP in that it would be an ongoing expenditure.

Motion to recommend Article 2.8 made by Darcy Dale.

Seconded by John Pruellage.

Vote: Unanimous in favor.

2.9 The Committee noted that the Fire Department breathing apparatus was not placed in the budget as it appeared there were good prospects of receiving a grant to fund it. Marisa Batista added that the Town knew Special Town Meeting could be used to fund the apparatus if the grant was not offered. The request would be funded through taxation or free cash. Phil Stearns said the request could have been funded by the Capital Stabilization Fund if it previously existed.

Motion to recommend Article 2.9 made by John Pruellage.

Seconded by Darcy Dale.

Vote: Unanimous in favor.

3.1 The article was in regard to the sale of marijuana. Chief Russ Stevens had given a presentation to the Planning Board and the Board of Selectmen. According to John Pruellage, his presentation was persuasive in favor of banning the sale. The Town voted against

legalization originally. Mr. Pruellage did not want Hamilton to be on the forefront of sales as there were issues to be worked out. Sales might become ubiquitous similar to the sale of alcohol and the Town could revisit the sale at a later date, but Mr. Pruellage did not feel the revenue potential would equal the growing pains of the industry. David Wanger said the use would be inserted into Section 11, Prohibited Uses of the Zoning By-law. There would be exceptions to medical dispensaries.

Motion to recommend Article 3.1 made by Phil Stearns.

Seconded by Darcy Dale.

Vote: Unanimous in favor.

3.2 The Willow Street Overlay District (WSOD) limited the height and mass of potential buildings within the district as well as being respectful of the neighborhood.

Motion to recommend Article 3.2 made by Phil Stearns.

Seconded by Darcy Dale.

Vote: Unanimous in favor.

3.3 The Estate Overlay District By-law had been discussed at previous meetings.

Motion to recommend Article 3.3 made by Phil Stearns.

Seconded by Darcy Dale.

Vote: Unanimous in favor.

John Pruellage said the Planning Board had not approved the final language but thought it was acceptable to vote for the article because the Planning Board published the actual By-law with changes. If there were any further changes, Mr. Pruellage would alert the FinCom.

3.4 The Cottage Zoning By-law was a continuing topic for Planning Board debate. The language was near finalization. John Pruellage said the Planning Board had not approved the By-law and discussion continued regarding where the By-law would be applicable. It was decided to defer on the recommendation.

4.1. Delinquent tax payers were discussed.

Phil Stearns said the property across from Bradley Palmer was being inhabited by a person who was fixing up the tax exempt property in exchange for living there rent free. The renter improved the property with \$300,000 of his own money and once the property was worth money, the Town of Hamilton assessed him for taxes. The tenant paid the tax in 2013 then stopped as he said he was a tenant and was not able to own or sell the property. The Selectmen deferred their decision, but the issue could be resolved if the Selectmen voted that the tenant was exempt. As the tenant was renting from the State, the Town should approach the State for taxes. Mr. Stearns said the tenant was not a taxpayer and should not be treated as a delinquent taxpayer. David Wanger recalled there was a list of State PILOT properties. Marisa Batista had conducted research on the topic. Mr. Stearns withdrew his objection as the Bradley Palmer property would be a separate issue. The FinCom would discuss the topic in the future if the Selectmen did not exempt the renter.

Motion to recommend Article 4.1 made by Phil Stearns.

Seconded by Darcy Dale.

Vote: Unanimous in favor.

4.2. The article allowed for a one-time exemption be provided for a developer to purchase a property that had delinquent taxes, which could be abated. The article had been explained by a memo from Michael Lombardo. John Pruellage noted the article included the word "outstanding" which was the correct language.

Motion to recommend Article 4.2 made by Nick Tensen.

Seconded by Darcy Dale.

Vote: Unanimous in favor.

5.1. The Patton Homestead article was in regard to the petition to set up the non-profit, which Nick Tensen said was a good move.

Motion to recommend Article 5.1 made by Darcy Dale.

Seconded by Phil Stearns.

Vote: Unanimous in favor.

6.1. Free cash discussion ensued. David Wanger prepared a document for review, which included two proposals of spending \$700,000 or \$300,000 to mitigate the tax rate. Mr. Wanger thought there would be some increment in valuations. Mr. Wanger assumed there would be a 3% valuation increase as an article from the Globe indicated there was a 5% average increase in home values in MA. By utilizing the \$700,000 proposal, the average taxpayer would not pay any more than they were currently, according to Mr. Wanger.

Phil Stearns responded that there would be no money for the capital stabilization fund. David Wanger said if the \$900,000 from the stabilization fund and the FinCom Reserve Fund were removed, there would still be free cash of either \$2.6M or \$2.460M to use within several buckets. Mr. Stearns said both numbers would be within the 5 to 10% safety margin. Mr. Wanger responded that the percentage would be 8.8 or 7.4%. Nick Tensen said he would prefer to put free cash away into a stabilization fund or OPEB and not use it a reduction of taxes. Mr. Wanger said he felt some obligation after Annual Town Meeting when it was said Article 6.1 was expressed as a placeholder and the issue of tax rate mitigation was dependent upon the subsequent free cash certification after which the Town would visit that topic for Special Town Meeting. Mr. Wanger said the announcement created an anticipation and the FinCom should deal with it affirmatively.

When policies were created and budgets were tighter, free cash would no longer be available to be used for tax mitigation, which was something to debate in terms of policy, according to David Wanger. Mr. Wanger asserted that there should be comfort this time around in using free cash for tax rate mitigation and the FinCom could explain to the residents that the Town was carrying forward the equitable proposition from ATM, but the action should not be viewed as a guarantor of future tax mitigation, and in fact policies would make it unachievable in the future.

Phil Stearns recalled that the breathing apparatus would cost \$200,000. Other free cash dedicated expenses were \$22,000, \$79,000 and \$10,000, which would total \$300,000 out of free cash. Mr. Stearns said the attempt was to make a budget for Fy18 that would not generate free cash. Mr. Stearns suggested waiting until Annual Town Meeting when assessments would be known. David Wanger said Special Town Meeting (STM) fit within the timing of free cash certification and tax rate certification, which would be in December. STM would deal with a tax rate that covered the last two quarters of FY18 and the first two quarters of FY19.

Nick Tensen said the tax rate could drop to about \$16.31 but the following year, when no free cash was applied, the tax rate would jump back. David Wanger responded that evaluations would increase, which would counter it. Mr. Wanger agreed with John Pruellage that there was a need to stop using free cash to mitigate the tax rate, but thought the obligation had been assumed at the prior Town Meeting and there was a capacity to do it. Annual Town Meeting Article 6.1 was a placeholder because of the calendar. Free cash was not certified until October and the tax rate cannot be set until the recapitulation process in December. After that time, the tax rate would be determined for the last half of the current fiscal year and the first half of the ensuing fiscal year. Mr. Wanger repeated that at ATM the FinCom created an expectation that they would be dealing with the tax rate at STM and if free cash was available, they would seek to apply the free cash to the tax rate for the second half of FY18 and the first half of FY19.

Phil Stearns said he would support the return of the \$100,000 (the different between the \$650,000 to \$550,000 from Annual Town Meeting). A reduction from 16.81 to 16.74 would only be \$.07, but would be enough to resolve the expectation. David Wanger referred to residents who were not financially stable. Mr. Stearns responded that it would do little good if the rate were raised again and suggested waiting until valuations were known. The Committee agreed that if development occurred in town, the tax base would grow. Nick Tensen wondered about those that were not financially able and if there were others ways to protect them. Mr. Tensen did not think having a dip and raise in taxes was prudent and wanted to save the free cash for upcoming capital expenses.

Nick Tensen recalled that the Town already used \$550,000 as part of the budget and another option would be to put in another \$700,000 to make it \$1.25M to reduce the taxes for the fiscal year. Marisa Batista said the \$550,000 reduced the rate to 16.80 from 17.25. The \$550,000 would be on the next tax recap in December to maintain 16.80. Mr. Tensen suggested waiting until Annual Town Meeting for the same free cash and didn't want a swing in the tax rate. John Pruellage added that if free cash was not applied every year, the rate would go up to 17.5 with a low level of capital spending. Surpluses from previous years created the large amount of free cash (\$3.M) and using free cash every year to reduce the tax rate would end with a tighter budget.

David Wanger said his calculations proved to be within the 5 to 10% range. Using \$300,000 would leave the Town with almost 9% free cash. Nick Tensen suggested that if the Town paid out \$240,000 for Warrant Articles out of the \$3.9M, 10% would be 2.8M. The excess of \$1.1M after \$240,000 was taken out for Warrant Articles would leave \$860,000. The Town could keep \$500,000 for next year's application of free cash for the budget and therefore take \$250,000 and apply it to the capitalization fund and leave the rest of it in there for a draw down during the next few years to keep a steady tax rate. Phil Stearns proposed \$100,000 for tax rate mitigation and \$250,000 for the Capital Stabilization Fund, which would be the \$100,000 from the reduction of the \$650,000 to \$550,000 from ATM.

John Pruellage struggled with taking out reserves and wanted to keep the tax rate at 16.80 for a few years rather than having it go up and down. Darcy Dale wanted to put some money in the Capital Stabilization Fund and use some for tax mitigation. Ms. Dale thought a \$144 tax increase was something most people could absorb. David Wanger referred to his experience doing Meals on Wheels and suggested otherwise.

David Wanger proposed \$250,000 for tax rate mitigation. Phil Stearns said the FinCom had an aggregation of funds of \$350,000 to be split between tax rate mitigation and the capital stabilization fund. Mr. Wanger suggested \$250,000 for tax rate mitigation and \$100,000 into Capital Stabilization Fund. Nick Tensen said he would not support anything in addition to the \$100,000 from last year's Annual Town Meeting reduction. John Pruellage shared Mr. Tensen's viewpoint that lowering the tax rate was not sustainable and would be a disservice to the town.

David Wanger related his conversation with Michael Lombardo, when Mr. Lombardo projected that the Town would have a healthy enough free cash certification that with relative comfort, the Town could apply \$250,000 to tax rate mitigation. Mr. Lombardo reportedly indicated that he would support the proposal. Mr. Lombardo later issued an email supportive of Marisa Batista's view. According to Mr. Wanger, Mr. Lombardo's e-mail was absolutely contrary to what he had said to Mr. Wanger. Mr. Lombardo had surmised a generous free cash certification. Mr. Wanger said he was looking at a \$250,000 figure to recommend to the FinCom and Mr. Lombardo said it was do-able and he would support it. His e-mail was completely different.

Marisa Bastista responded that Michael Lombardo had the conversation with David Wanger and

that he was supportive of \$250,000 for tax mitigation. The email was a result of the Town finding out that they did not get the grant and that Mr. Lombardo was supportive without his knowing the Town had to fund the \$200,000 for the Fire Department air packs. Ms. Batista said the e-mail was in response to the grant and not that Mr. Lombardo was agreeing with Ms. Batista's point of view. Ms. Batista said she had expressed her concerns at the last meeting and to the Town Manager as well, but did not ask him to take her side.

Phil Stearns noted there were two proposals on the table. Mr. Stearns had proposed \$250,000 for stabilization and \$100,000 for tax mitigation and David Wanger proposed the opposite. Darcy Dale's proposal was to split it down the middle, \$175,000 and \$175,000. Nick Tensen proposed \$250,000 for capital stabilization fund and 0 for tax mitigation. .

Motion to utilize \$175,000 for infusion into the Capital Stabilization Fund and \$175,000 to be used to mitigate the tax rate made by Darcy Dale.

Seconded by Phil Stearns.

Vote: Majority in favor 3:2.

David Wanger noted that the mark of integrity was that everyone could express diverse views and no one would go away harboring negativity. The discussion had been productive in terms of the future because of the concern about the future and willingness to deal with the mechanism.

Policy may not support tax mitigation in the future but the FinCom would look for a mechanism for the segment of the population where dollars were meaningful. The mark of a good agreement was when nobody was completely happy, according to Mr. Wanger.

The approved proposal would leave 8.6% of the total budget in free cash. Marisa Batista said she was never opposed to using free cash for tax mitigation but was worried about reducing it to .14 when it might need to be raised to .40 the following year. Ms. Batista wanted to see it be leveled especially when the budget had been tightened. The Town was next in line for financial policies. The project manager would contact Hamilton in the end of October.

A project would be created to consider how to help the less affluent residents. Marisa Batista said the senior work off program was helpful. Ms. Dale said it should include low income and handicapped residents. David Wanger suggested creating a project to determine those in need.

The FinCom would speak to Articles 2.1, 2.2, 2.4 (John Pruellage), 2.8 (Phil Stearns), 2.9 (Darcy Dale), and 6.1 (David Wanger).

The Committee discussed the Cottage Housing By-Law. Darcy Dale believed denser housing belonged in areas that were closer to amenities. Nick Tensen said if people wanted to buy in a less dense area, it wouldn't be a problem. Cottages would be a way of having affordable low impact, low footprint communities anywhere in town. Phil Stearns liked being able to walk places, but noted that there wasn't real estate available in town for cottage housing. Bill Wilson reportedly had planned on creating concentric circles to find available land. Mr. Tensen added that it was nice to be downtown but not necessary to restrict the location of cottage housing as it would be a buyer's choice.

Darcy Dale was concerned with a mechanism of keeping them within the law, including height limitation and building without a permit. John Pruellage would be more comfortable with housing closer to town.

**Review and approval of any available minutes**

Minutes would be approved at the next meeting.

**Association of Town FinCom Members.**

Darcy Dale was going to the meeting. The Town would pay \$70 to attend the meeting. New members' fee was \$45 and \$55 for all members.

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

The Committee agreed to discuss Cottage Housing, minutes, and review presentations.

**Adjournment**

Phil Stearns made motion to adjourn the meeting.

Seconded by Darcy Dale.

Vote Unanimous to adjourn at 9:25 pm.

Prepared by:

Marcie Ricker

8

Attest

Date

11/17/17