

HAMILTON FINANCE AND ADVISORY COMMITTEE
HAMILTON BOARD OF SELECTMEN
Minutes of Meeting
January 20, 2018

FinCom Members Darcy Dale, John Pruellage, Phil Stearns (Acting Chair), Nick Tensen

Selectmen Members Shawn Farrell, Jeff Hubbard, Alison Jenkins, Scott Maddern, and Bill Wilson (Chair)

Others Present: Michael Lombardo (Town Manager) and Marisa Batista (Finance Director)

This Hamilton Finance and Advisory Committee and Hamilton Selectmen meetings were called to order at 9:05 am at the Memorial Room.

Budget Review and Workshop

Michael Lombardo said he went through high-level assumptions while putting the Budget together. Mr. Lombardo was looking for guidance for which projects could be accomplished.

There was \$463,000 in the General Operating Budget with \$255,000 from free cash, according to Michael Lombardo. The remainder from the General Operating Budget for the \$1.25M would be issued through a General Obligation Bond with \$150,000 in interest costs for the first year.

Essex Aggie was level funded but would likely increase. The Veterans' budget increased 3% as a general assumption. State assessments had not been received but were level funded. Health insurance was projected to increase 10%. Maya had not submitted a budget to date, but Michael Lombardo was hoping to obtain better rates by joining with Wenham and the Schools. Another vendor would be forthcoming to buy down costs. Property and casualty insurance estimates had not been received. The costs were estimated on a three-year average. Two part time positions (finance and recreation) were proposed to become full time with a cost increase of \$23,000 each. Retirement increased 17% or \$132,000 and group health and life insurance were up \$35,000. Salaries and wages increased by 3.1% including the 2% COLA and steps. Including the School Budget, the Town Budget increased 3.3% for FY19. Mr. Lombardo noted that Wenham and Hamilton were considering a joint agreement to hire a Building Commissioners based on two different funding formulas. The position was budgeted as a full time position, but was not an actual increase.

Michael Lombardo was looking for direction on the Capital Budget and the School Budget. Mr. Lombardo noted the Budget was a zero based budget on vendors and contracts. Controllable

costs were down to 1% with everything else outside the Town's control, except for the level of staffing.

Bill Wilson wanted to understand the need for a second full time Recreation employee as well as discuss the need for Human Resource support. Michael Lombardo thought the Town could temporarily operate without a Human Resource person, but due to the increasing level of programming, and the Director frequently being at the park, the office was often left vacant for drop in registrations. The position was currently 20 hours with benefits paid. In summer, the person also managed the pool. Scott Maddern said the total registrations were up 46% or 6,000 registrations. Registration produced up to 48%, which paid for additional programming with a modest amount being applied to the Revolving Fund but not the General Fund. Mr. Maddern said the Revolving Fund was for maintenance and future maintenance such as fields and the Recreation Center floor. Currently the Recreation Director mopped the floor and did laundry at home. Future maintenance costs for the pool were also mentioned. Mr. Maddern pointed to the increase in demand and demographic changes with activity levels of all participants.

Bill Wilson asked if Scott Maddern was suggesting that Hamilton pay for administrative overhead paid through the Operating Budget while any joint registrations or revenues pay for maintenance in the joint department. Michael Lombardo said the proposal would be discussed by the Wenham FinCom. Mr. Wilson did not see an immediate need, but a need in the future. While Mr. Wilson thought the finance position increase was acceptable, he was concerned that the Human Resource needs were not addressed. Scott Maddern said he thought the priority was customer service responding to the big changes in customer needs. Mr. Wilson responded that the employees were customers as well. Allison Jenkins stated that in Reading, there were two full time people with significantly more programming. Ms. Jenkins said the department was off by itself with no one nearby to help. The office could be moved to Town Hall or the Council on Aging Building to allow for interdepartmental coverage. Ms. Jenkins did not see the need based on the Reading model. Ms. Jenkins said the need was for Human Resources.

The Town fees for programs were reasonable. Phil Stearns noted the School activity fees were expensive. Michael Lombardo suggested the Recreation Department study other towns for a comparison. The Recreation Revolving Fund was \$174,000, according to Marisa Batista. If the Recreation Department could fund itself, the other money could be dedicated to a Human Resource person. Ms. Batista warned that according to MA General Laws, funds could not be intermingled and that if a big surplus were to be achieved, auditors would question the fund. Administrative costs did not go through the Revolving Fund, according to Michael Lombardo. The Recreation Department budget was \$185,000 of which 65% was paid by the General Fund. Bill Wilson asked if Recreation could be an Enterprise Fund, to which Ms. Batista responded that it could. In FY17, the Recreation Fund collected \$200,000, which was carried over. Nick Tensen thought the Enterprise Fund was a good idea to put money away for future needs. Ms. Batista said if salaries were paid out of the Recreation Revolving Fund, then benefits had to be paid out of the fund as well. Walk in registration would be tracked to determine a need. Michael

Lombardo added that if salaries were paid out of the Recreation Fund, Wenham would not pay them back.

Allison Jenkins spoke to the low non-resident fee and asked if the programs had been bid out as they totaled more than \$5,000 annually. Additional labor time would be required to comply with the Procurement Law. Scott Maddern wondered if procurement was more important than servicing 50% customer growth. Bill Wilson pointed to the 300 kids from out of town for flag football and that the profit based company was using Town fields. An increase of \$25 could be used for field maintenance. Michael Lombardo would provide answers to questions and have Sean Timmons present to discuss the topic. Shawn Farrell asked if the increase in registrants was based on the previous year when numbers were low due to the pool being closed or if they were based on previous years when the pool was open, which should be used for a benchmark for more staffing.

The need for an increase in the part time finance position was justified by Marisa Batista as she was spending 80% of her time working on accounting and 20% in finance when the goal was to have Ms. Batista involved in financial analysis and policies. Michael Lombardo would provide full time equivalent and department head information to help the Boards understand the employment needs. The fees would also be examined to include additional amounts to cover the position and justification of staff hour increases. Nonresident fees and 50% increase in registration would be investigated as well.

Regarding the Human Resource position, Michael Lombardo would speak with Wenham about sharing an employee for Human Resources and Information Technology. The School had been contacted previously with no results. Wenham currently shared a part time controller with the School.

The E&D fund would be smaller as the previous year had staff openings. Utilities and fuel were budgeted for less due to overages and the \$70,000 training budget was not used. Adjustments could be made in October if fuel or energy costs decreased, according to Michael Lombardo. Shawn Farrell suggested looking into biodiesel as part of capital planning. Mr. Lombardo said the Town was investigating an electric vehicle and associated grant funding for the Building Inspector.

Michael Lombardo announced that local fuel stations were not available 24/7 for DPW, fire and police needs. The smaller tank was on the Capital Improvement Plan. Allison Jenkins noted that Beverly and Essex had 24/7 availability. Bill Wilson said there were issues with the tanks including insurance, environment, and age. Bill Wilson suggested using a small local station and to investigate Wenham. Mr. Lombardo would explore the possibilities for the next meeting. Ms. Jenkins suggested reading old reports to determine at what hour tanks were filled and possibly having trucks filled before local stations were closed.

Michael Lombardo discussed the \$40,000 for Inspectional Services as 17 hours was not enough. The current Building Inspector was two to four weeks out for inspections. The proposal with Wenham for a full time Building Inspector would share the costs and manpower between the two towns. Also included would be a .5 electrician and .3 plumbing and gas inspector shared between the two towns. Coordinated inspection office hours in either community would be available with a schedule to be worked out were part of the proposal.

Nick Tensen questioned the 17% increase in retirement to which Michael Lombardo responded that an actuarial revision caused the cost to skyrocket. The amount was paid to the Essex County Retirement Board. Phil Stearns referred to the spreadsheet with 5% to 10% increases over the previous three to four years and 5% was plugged in going forward. The 17% was an anomaly. Marisa Batista said the Budget was based on actual numbers from Essex County Retirement. Ms. Batista would ask for a future forecast, but noted the previous was a \$20,000 difference.

Changes in the DPW salaries were due to allocations of employees' time. The FY19 Budget would budget staff in their home departments and if they crossed departments, adjustments would be made at the year end. Overlapping would occur for snow removal.

According to Marisa Batista, vehicle maintenance was a new category. In the past, it was the Mechanic's Budget. The mechanic would run a year to date budget report to determine what was left, but there were different accounts in different departments. The DPW could charge to the account and the mechanic would not know about outstanding bills. The new system would allow for easier tracking.

Waste costs had doubled over the previous three years. Michael Lombardo explained that Hiltz had become bankrupt forcing the Town to go out to bid with Casello becoming the vendor with an increase of \$300,000. The \$36,000 increase was part of the contract. Marisa Batista added that leaf pick up was part of the service, which did not happen in FY18.

The total Budget was \$12M for the Town, excluding the School, which was an increase of .86%. Marisa Batista said the forecast for the estimated tax rate, using the assumption of using free cash of \$205,000, would be 4%, funding all capital assumptions.

Scott Maddern discussed the Planning Board request for \$32,000 for a consultant to help with the housing portion of the Master Plan. Mr. Maddern wondered if this was a one-time request or part of a repeat request. There continued to be money from FY15 to update the By-laws, which were not completed. Shawn Farrell said the Planning Board only had \$10,000 when they needed \$25,000 for Phase II. Mr. Farrell quoted Richard Boroff as saying housing was the most important topic with current topics touched. The Affordable Housing Trust had been asked to be part of the request and they responded no. Bill Wilson thought that was one of the bigger needs in town. Mr. Farrell thought much of the Master Plan needed to be updated as the demographics had changed. Bill Wilson recalled that the Affordable Housing Trust told Patrick Reffett there

might be a grant for the work. The Affordable Housing Trust also wanted affordable housing to be a part of the scope of work. Michael Lombardo referred to the Community Compact Grant and the Governor's Best Practices. Mr. Lombardo would check to see if there were Master Planning services. Mr. Maddern was concerned about giving the Planning Director something new to do when Town Meeting had voted to give money for a task that was not completed. The Community Preservation Committee deemed the request eligible but the Selectmen and FinCom could offer their opinions to support the vote or not, according to Bill Wilson. Mr. Maddern suggested directing Patrick Reffett to spend up to a specific amount of time for work on the project. Mr. Lombardo said it would be \$120,000 to complete a Master Plan.

Scott Maddern discussed the purchase order system, which was funded in FY18. Allison Jenkins suggested a part time procurement officer who would work with department heads that would be trained. Marisa Batista said the DPW had a manual purchase order system, which they would give to Ms. Batista. Other departments made purchases as long as they had the budget and as long as it was reasonable and related to their department. According to Mr. Lombardo, department directors knew they cannot procure technology on their own. Allison Jenkins said the new system would include a process that once a purchase was approved, it would be ordered. Three quotes were needed up front unless chosen from a State approved vendor list.

Michael Lombardo said the Capital Improvement Budget was tied to a fire regionalization system, but sharing apparatus, such as the pumper truck, could allow for an exchange of vehicles. Municipal Resources, Inc. would conduct a full analysis of the potential. Mr. Lombardo said he had spoken with Peter Lombardi who said Wenham was not interested in a regional fire program. Wenham added an ambulance service. Mr. Lombardo talked about a Public Safety Commissioner department for which legislative action was needed. There would be a lesser position chief and the hiring at a lower level might fund other part or full time positions. Mr. Lombardo thought the ambulance would be a drain on the budget not a revenue producer.

Streetlights were \$60,000 previously. The Town was now working off an 18 month credit, according to Michael Lombardo. Phil Stearns said the Town had received a \$500,000 grant for LED lights.

Capital Improvements were discussed. Feedback for the pumper truck analysis would be ready for Town Meeting, according to Michael Lombardo. There might be a need to replace the pumper truck with a rapid response truck.

Michael Lombardo noted that the \$351,000 for Council on Aging renovations did not have a lot of support. Mr. Lombardo said the budget went from a part time director to a full time director to additional programming with the amount increasing considerably. David Wanger reportedly agreed that a discussion regarding services and funding needed to be had. Scott Maddern said more programming information regarding the 1,100 60 to 69 age group needed to be found. Phil

Stearns and Shawn Farrell discussed the potential of affordable housing in combination with the reconstruction of the Council on Aging building and Winthrop School as prime real estate.

The Town Hall Committee had not met since September. Michael Lombardo said Tim Olson had written an Owner's Project Manager Request for Determination. Once proposals were received, they would go to the Building Committee and once approved, it would go out to bid. Nick Tensen suggested investing \$100,000 to progress work. Bill Wilson agreed.

Allison Jenkins talked about broadcasting and wondered why Hamilton was compared to Beverly. Scott Maddern said HWCAM thought there was too much government programming. It was suggested to have later hours at the library than adding a second or third location. Michael Lombardo said the custodian needed to be paid for after hours.

The swipe card system was complete at Town Hall and the Town was waiting for the roll out with minor challenges.

Allison Jenkins reported that she had spoken with Mike Harvey. All three contracts for the Schools were up for negotiation currently. While the School was a different entity, the funding of Schools and the funding of Town employees were all from the same tax base, but treatment was different, which created problems. The Schools had a 2.5% increase while the Town had a 2% Cost of Living Allocation (COLA). All School employees were eligible for health insurance with no 20 hour minimum while the GIC required employees to work 20 hours. Holiday pay and health insurance co-pays were not fairly distributed as well. Retiring employees received 100% of their sick time. A different approach to work with the Schools would be to pump up the benefits and pay to match the Schools budget. Ms. Jenkins said it was unfair not to have a voice in the details of contracts that impact residents.

Allison Jenkins announced that Gordon Conwell had 45 students in the Hamilton Wenham Schools, which caused an apportionment of \$560,000 in the enrollment shift. Ms. Jenkins said those attending school should pay the Town of Hamilton. The Schools should also look at co-custody divorced parents. Scott Maddern recalled that no productive conversations had occurred and Hamilton should share information at a hearing or be structurally more aligned with Wenham via an override. While the Town did not need to have an override, they could agree to fund a specific amount and anything over that amount would be funded via an override for the Schools' needs.

Michael Lombardo said he was sending a letter that Hamilton did not support the funding for the turf fields as they had not done a fund raising campaign, but have \$700,000 rolling off the debt schedule, which would supplant it. Mr. Lombardo wanted to have a discussion about whether that should happen and who should determine if it went to another bond or property taxes. Allison Jenkins would compare the Schools' and Town's contracts. Scott Maddern thought there was justification for a 2.5% COLA to make up for discrepancies. The Schools had a \$1.1M

increase in FY19 and for salaries for a level service budget, the increase was 3.8%. Out-placement, transportation costs, and tuitions were going up. The Schools hired a second director to add additional services to counter the out-placement.

Phil Stearns recalled that the Schools proposed to fund OPEB with debt service but the liability was the Town's not the Schools. Mr. Stearns wanted to show the effect an article would have on the tax rate as was done in Ipswich. If the Schools' Budget were broken out, it could illustrate the effect on the tax rate. Mr. Stearns liked the override idea with the FinCom and Selectmen making a recommendation. Bill Wilson said it would be best to be on the same page as Wenham.

Capital improvement for the schools were discussed. Phil Stearns suggested writing a letter to the editor as an information piece rather than a slam piece, pointing out discussion points. Michael Lombardo suggested discussing the \$500,000 from the Patton Estate as it was Hamilton money, which should not be applied to the top line but to allocations.

The Schools' Capital Improvement Budget was \$4.8M for FY19 with the bulk being \$3.6M for the turf field. The fire suppression system for Winthrop School was \$600,000 two years ago, but currently a little less than \$1M.

There was no vehicle for turf field fund raising set to date. The project was currently permitted. Michael Lombardo said if the project was funded by the Towns, it would be hard to raise funds. Phil Stearns suggested expressing concern at the joint meeting. Alison Jenkins said the project had not been taken on as a Schools project. Mr. Maddern said he volunteered and drafted a charge for the newly formed committee. It was asked how the turf field would move usage from Patton Park and if private usage would be allowed. Mr. Lombardo wondered if the Town should be thinking of their own turf field at the Donovan fields with the \$500,000 from the Patton Estate sale. Mr. Maddern responded that the Donovan fields were the unofficial back up plan. Mike Harvey reportedly said the towns could use the fields when the Schools were not.

The cost of \$110,000 for i-pads, laptops, and smart boards was discussed. Allison Jenkins recalled that the students were required to buy one and if they couldn't afford one, the student would be able to use one of the few available. Nick Tensen noted the pricing for i-pads for students on scholarship (\$17,500), i-pads (\$21,000), and laptops (\$33,000). Bill Wilson questioned why the item was not an operating expense. The debt interest would be going down. As part of the Five Year Capital Plan, \$129,000 was the subtotal of the Operating Budget.

Michael Lombardo said the DPW had asked for an additional staff person for the park and an office manager, which were not in the budget. Mr. Lombardo thought more could be done with internal staff.

Non-Union employees did not receive Longevity pay after 10, 15, or 20 years, which affected four to five people. The cost would be \$5,000 at most. The part time Energy Manager was still paying for herself and Michael Lombardo had reduced her hours to five hours per week from nine to ten hours per week. The Energy Manager worked on the solar project, reporting for ESCO, and green communities. The Energy Manager had a total of 17 hours shared with Wenham and the Schools, according to Marisa Batista and was paid \$11,600 for the five hours per week. The Energy Manager pursued and administered a few grants. Michael Lombardo added that if no new programs could be identified, the position would be hard to approve next year.

One Citizen Petition was being filed by Lynnette Fallon to legalize the tax exempt status for the house at Willowdale. Donna Brewer and Michael Lombardo said there was no legal way to pay taxes back to them. Allison Jenkins suggested charging the taxes to the Commonwealth, who had offered a 30 lease to the renters.

Allison Jenkins requested that a By-law be put into play to change the dynamics for any college in Hamilton that a person living in campus housing would need to be a currently enrolled student to create a fairness to the residents. According to Ms. Jenkins, UNH married housing paid for schools for the children of students at a cost of \$17,200 per child. The cost in Hamilton to educate the Gordon Conwell children was \$750 per household. Ms. Jenkins felt that the \$750 per household cost was in essence making a donation to their church.

Adjournment

Shawn Farrell made motion to adjourn the Board of Selectmen meeting.

Seconded by Jeff Hubbard.

Vote: Unanimous to adjourn at 12:07 pm.

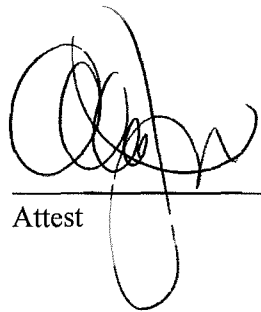
John Pruellage made motion to adjourn the Finance Committee meeting.

Seconded by Nick Tensen.

Vote Unanimous to adjourn at 12:07 pm.

Prepared by:

Marcie Ricker

 3/2/18

Attest Date