

HAMILTON BOARD OF SELECTMEN &
FINANCE ADVISORY COMMITTEE
MINUTES OF JOINT MEETING

February 13, 2018

Selectmen Present: Chair Bill Wilson, Shawn Farrell, Allison Jenkins and Jeff Hubbard with Scott Maddern participating remotely,

Finance Committee Members: Chair David Wanger, Nicholas Tensen, John Pruellage and Darcy Dale with Phillips Stearns participate remotely.

Town Staff Present: Town Manager Michael Lombardo, Finance Director Marisa Batista, Director of Planning & Inspections Patrick Reffett, Fire Chief Phil Stevens, Police Chief Russell Stevens, Council on Aging Director Mary Beth Lawton, and Department of Public Works Director Tim Olson.

Town Manager Michael Lombardo announced Scott Maddern and Phillips Stearns would be participating via conference call.

Finance Advisory Committee (FinCom) Chair David Wanger called the FinCom to order at 6:36 p.m.

The Board of Selectmen (BOS) was waiting to have a physical quorum. At 6:40 p.m., (during the discussion below), BOS Chair Bill Wilson called the meeting to order for the BOS.

FY'19 Budget Review & Workshop

Finance Director Marissa Batista updated the BOS and FinCom on the budget revisions since the last meeting and highlighted details of her report, which was included in the packet each member received. The use of free cash was increased from \$255K to \$375K to help maintain the existing tax rate. Capital was decreased by more than \$1 million. Some items in the Town Manager's budget were increased. The Fire Department's budget was decreased in part due to the Fire Chief's retirement. The School budget was increased by \$114K. There was a reduction in debt service interest; they want to fund capital expenses without going to bond. Ms. Batista gave a summary of the changes by department and provided some detail on adjustments made. A retirement forecast had been requested at the previous meeting and was provided in the packet, as well.

Report from Sean Timmons, Recreation Director

Mr. Timmons asked the two boards to consider two budget increases for his department: to change the Administrative Assistant position from part-time to full-time and to add \$6K for repair of the gym floor.

Discussion on Increasing Administrative Assistant Hours:

Mr. Timmons would like to change the 20-hour per week benefitted position to a 30.5 hour per week benefitted position. That amounts to a little over a \$14,200 per year increase for Hamilton's portion and \$7,600 for Wenham (a 65/35 split). The approximately \$22K increase is just for increased salary, not benefits.) His reasons:

- Pool registration numbers when up by about 78% from FY'15 to FY'17.
- Current hours are only Tuesdays through Fridays from 8 a.m. to 1 p.m.; the change would enable increased hours.
- When he is in the field (at the pool, for example), there would be someone covering the office.
- The Rec Center would like to offer more programming, such as more outreach to teens.
- Wenham responded favorably to the proposed change.

Questions:

Mr. Wanger asked how the conversation related to increased income potential for the Town because if programs are added, additional expenses will be tied to them. Mr. Timmons said it was hard to quantify, but there would likely be a net gain if they added programming. The Rec Department's income relating to field and gym rentals wouldn't likely be affected.

Shawn Farrell inquired about the amount of walk-in traffic vs. registrations done online and by phone. Mr. Timmons said 877 transactions were done online last year. People are instructed to call ahead to make sure the office is open before paying a visit. Mr. Farrell supported the increase in the Administrative Assistant's hours. He said it would free Mr. Timmons to be at the pool and not have to worry about office coverage. Also, it would enable him to have time off since Mr. Farrell said he knew Mr. Timmons worked 30 plus days this summer without a break.

Repair/Maintenance of the Gym

Mr. Timmons explained the \$6K gym repair is a one-time cost to the operating budget, although it might be considered a capital need. The gym floor is on a maintenance schedule with a company screening it every 18 months. Periodically the floor needs to be sanded down and re-done. The \$6K is for a portion of that cost; the rest comes from gym and field rental income.

Recreation Revolving Fund

Mr. Timmons reported a surplus of \$31K in the revolving fund. This year will be the first full fiscal year with the Town pool. Mr. Farrell asked what the goal is for the balance. Mr. Timmons said he would like to see it between \$5K and \$10K. Ms. Batista explained Massachusetts general law doesn't allow for keeping a nest egg, but there aren't hard and fast rules.

Mr. Wanger asked for clarification of permanent figures' wages and the portion Wenham reimburses. Mr. Wilson asked how they came up with the Ham/Wen split. Mr. Timmons said it was based on the last three years, on valuations of the average between the two towns and not on participation numbers. Mr. Wilson said he found the requested increases reasonable. Mr. Timmons was thanked for his report. He left the meeting.

Mr. Lombardo said the only other operating budget where additional staffing was requested was in the Finance Department. The members said they were good with that. Mr. Wilson asked Chief Russell Stevens about the taser program, and he provided some information about it.

Fire Department Budget Expenses

Fire Chief Phil Stevens said three men are coming out of the Fire Academy this month, and the department is trying to find additional staff who are already trained. He reported the pumper truck barely passed emissions and is showing corrosion. Mr. Lombardo said the pumper truck was left off the capital plan for April Town Meeting, but he wants to study that to see if they need a new pumper truck or if another piece of equipment will meet the need, and if so, to bring that to Fall Town Meeting. A new pumper costs roughly \$500K; it is about \$550K for the truck plus equipment.

The Town does have another pump; its newest pump is from 2004, Chief Stevens said. They currently carry 750 gallons of water on the truck, but when that's gone they can't say when the second truck is coming. (Hamilton and Wenham fire departments back each other up.) Darcy Dale asked who is given priority if two fires happen at the same time. Mr. Lombardo said that would be the purpose of the study—to look at inventory. Another question is which town would house a shared truck. The folks with the background to study this issue need to come take a hard look, Mr. Lombardo said.

Questions:

Nick Tensen asked if a town roughly the size of Hamilton and Wenham combined would usually have just one station. Chief Phil Stevens responded most towns that size would have two. Mr. Wilson asked if the two departments shared the pumper 50/50. The response was not necessarily. His concern is what will happen if the pumper doesn't pass

inspection. The Chief said if that happened they could buy a new one within about two months.

Mr. Tensen commented they are seeing less fires and do have the ability to share with Wenham if they have a first-response issue, but he'd like to get the study done soon to have time to make a decision. Mr. Wanger said waiting is gambling with both property and lives.

Allison Jenkins recommended getting the pumper truck inspected now to see whether it passes. If not, they'd have time to bring it forward for April Town Meeting. She worried, though, that not passing would take it off the road. The other members said if it were strictly an emissions issue, the Department could still run the truck while waiting to replace it. All members liked the idea of having the truck inspected now so they will know what they're dealing with prior to April Town Meeting. The Chief will have the inspection done.

Sprinkler System at Winthrop School

Ms. Jenkins asked Chief Phil Stevens about the capital expense for the sprinklers at Winthrop School. Every classroom in the building has an egress leading directly to the outside, she noted. The building is valued at \$6 million, which seems quite low to her (about \$95/sq. ft.). If it were valued appropriately, even at \$15 million, she thought the formula wouldn't have triggered the need for adding sprinklers. She felt it was triggered based on skewed numbers. Chief Phil Stevens said it was a good question and he would check into it. Mr. Tensen asked about the criteria. Ms. Jenkins explained if you have a building and spend 25% of its value or more on new construction, the law triggers you have to do more to bring it to code. Chief Stevens said it should be discussed with the Building Inspector. Mr. Wilson said maybe the Assessors should reassess it. The Chief will look into it.

Proposed Joint Fueling Station

Mr. Lombardo said he and Wenham's Town Administrator Peter Lombardi want to explore the idea of a joint fueling station, but it won't be done in time for April Town Meeting. (Wenham, like Hamilton, has an underground tank.) Hamilton has taken the prospect of a new fuel tank out of its budget for now. They have also taken out some of the proposed COA renovations; however, the COA is in need of a wall for privacy, and Mr. Lombardo would like to leave that in the budget. Ms. Lawton explained the plan that included installing a pocket door.

Ms. Jenkins talked about possibly fueling Town vehicles at Cumberland Farms as opposed to incurring the cost of replacing the tank. This would involve working around the station's hours, as well as other concerns. The boards discussed the idea. Cumberland Farms doesn't

have a back-up generator like the Town does. If the Town were plowing in the middle of a big storm and lost power, Cumberland Farms' fuel pumps would go down. Mr. Lombardo added that even at the corporate rate they'd get from Cumberland Farms, it wouldn't match the Town's current rate. All these factors would need to be studied in conjunction with Wenham. Ms. Jenkins said a potential solution might be to ask Cumberland Farms to add a generator. Department of Public Works (DPW) Director Tim Olson said the Town is going through fuel, so that's not the issue; there's not a lot of old fuel in the tank. A big cost is taking the tanks out. The boards agreed to study the issue further.

Mr. Wilson left the meeting due to illness at 7:37 p.m.

Budget Discussion (Continued)

Mr. Wanger asked how long it would take to bond a new pumper trunk if needed. Mr. Lombardo said it could happen fairly quickly. Ms. Batista noted the .8% change in the total Town budget includes all changes made to the budget to date with the exception of the Schools. With the Schools it is a 3.7% increase. The use of free cash (\$375K) achieves an estimated tax rate of 16.49%. Mr. Wanger asked what it would take to maintain the current tax rate of 16.22%. That would be another \$440K assuming a 4% valuation, Ms. Batista replied.

Mr. Wanger asked whether their warrant approach had been determined. Mr. Lombardo said they needed to discuss it. Ms. Jenkins explained to those attending the meeting (the department heads present) that the BOS and FinCom had proposed putting the School budget on two separate warrant articles in an effort to establish equality between the two towns. Mr. Lombardo said what was contemplated was building a 2.5% increase into the budget ask and anything above that would need to be a separate warrant article. Ms. Lawton asked how much the 2.5% amounted to. Mr. Lombardo didn't have that figure. She asked if Hamilton had ever done that. The answer was no.

Ms. Dale noted the Schools' proposed capital improvements would happen over time, but they would be asking for the money in April all at once. She wondered if they might spread out the capital plans. Mr. Lombardo said he thought the decision to reduce School user fees and increase the budget was politically based, as well as the decision to take the turf field off the warrant. Mr. Farrell also noted OPEB (employee fund) wasn't being funded. He said he was told it wasn't a priority.

Mr. Stearns asked the benefit of splitting the Town warrant into two warrant articles. Mr. Wanger said it was to separate out what the BOS and FinCom thought was reasonable from what they considered unreasonable. Mr. Lombardo said it would give the Schools guidance. Mr. Stearns asked what would happen if Wenham approved both warrant articles, but Hamilton only approved one. The members said if one were defeated, the budget would not

pass and would go back to the School board for a revision (or they might opt to bring back the original budget and submit it again), and it would go to Special Town Meeting.

Ms. Jenkins asked for clarification. For example, if a portion of the budget allowing for \$15 million passed, but the \$2 million over that amount didn't pass, then the whole budget would fail. She thought perhaps it could pass with just the \$15 million being the approved budget. The other members were uncertain. Mr. Lombardo said if it was a failed budget, they could adjust it. Only the part that failed would need to be re-voted. So if Wenham passed the budget and Hamilton didn't pass it, only Hamilton would need to re-vote it.

Purchasing/Procurement Position

Ms. Batista had researched how other Towns handle purchasing/procurement tasks, and went over her report. She said in other communities, many procurement and human resources tasks are handled by the assistant town administrator. (Hamilton doesn't have one.) A salary for a part-time person to handle purchasing/procurement at 19 or 20 hours per week (depending on whether it is benefitted or not) would range from \$33K to \$53K annually. Mr. Tensen asked if they might hire a retired person for just health insurance. Mr. Lombardo and Ms. Jenkins didn't think so. They cannot do unpaid internships anymore, Ms. Jenkins said. Ms. Dale suggested combining a grant writer with a purchaser. Mr. Lombardo said they seem to do well now contracting with grant writers. They discussed that the automated PO (purchase order) system did not alleviate work.

Currently procurement tasks occupy much of the DPW Director's time. Ms. Jenkins explained a procurement officer typically knows the legal aspects of procurement while the DPW director, police chief, fire chief, etc., know the specs and specify what they need. She suggested a position that combined a human resources (HR)/benefits coordinator with a procurement professional.

Mr. Tensen asked if someone on the outside could handle the benefits side. Mr. Lombardo said he's currently looking into that. For about \$6K to \$6.5K, the Town could contract with HR Connections to develop an employee portal for benefits management and contract with an HR professional on an as-needed basis. This would cover legal aspects (hiring/firing) as well as healthcare/benefit issues and would include the software, which is internet-based.

Ms. Batista said currently calculations, such as in the case of a termination, are done manually. Mr. Lombardo said the firm he's looking into does have a service to handle that, but it doesn't usually work with municipalities. He said the Town spent a fortune on a new payroll system and he intends to have someone audit it to see if there is a way to streamline processes or advise the Town about whether they need a new system that does those accruals and calculations.

Mr. Tensen clarified Mr. Lombardo is asking for a budget increase (over the level services budget) of \$6K to cover an HR support service. Mr. Lombardo said yes, that would cover the bulk of what they need on the HR/benefits side. He would also like to have a procurement agent—to make DPW life easier and make sure the Town is following laws—but didn't think the Town could afford another \$35K for the position.

Ms. Jenkins mentioned the Meyer Rewards program and asked whether the Town was taking advantage of it 100%. Meyer is the Town's insurance company. The more the Town participates in the rewards program (by taking trainings and such), the more discounts it receives. The boards talked about this as a source of potential cost savings.

Mr. Wanger said he was concerned about straying from the level-services concept. Mr. Tensen said that's why he was also hesitant to add another employee. He asked if there were a "screaming need." Mr. Lombardo said for approximately \$3.5K per year they could have the benefits side managed with HR Connection's portal. There was a consensus that this would be good to implement and then evaluate how it was working after six months.

Other Business

Healthcare Costs

Mr. Lombardo discussed a program North Reading uses—an effort to reduce health care premiums through a Participating Funding Arrangement (PFA), which has the potential to lower costs by 10% to 15% without requiring any change in health plan. He wants to learn more about the program and evaluate it before April Town Meeting, although it might need to be pushed to Fall Town Meeting.

Regional Dispatch

Mr. Lombardo said he's also continuing to evaluate shared regional dispatch services with Wenham and would like to spend \$15K on a study. The board members were receptive. He said his gut feeling is the Town couldn't do it as effectively as it could with Danvers. He will run the numbers and report back to Mr. Lombardi. Mr. Wanger pointed out everything the Town can do to save money is relevant to the budget discussion they're having with Wenham and the Schools.

Town FTEs

Ms. Batista said it was mentioned last meeting that there's an idea that the Town keeps adding employees; however, the data she collected for the report (in the packet) showed the headcount actually went down (176 in 2007 to 162 in 2018). This includes all employees—temporary, part-time, seasonal, on-call, etc.

Mr. Tensen referred to the retirement forecast. Ms. Batista went over the formula used to calculate how retirements will affect the Town and what the results were. Mr. Farrell asked if they would hit a time when a lot of employees will retire at the same time, perhaps resulting in cost savings. Ms. Batista didn't think so. Many long-time employees were hired a long time ago at a low rate.

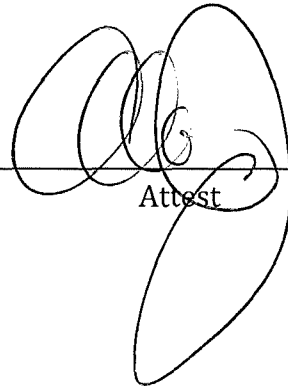
ADJOURNMENT

Jeff Hubbard made a motion to adjourn the meeting for the BOS. Mr. Farrell seconded the motion. The BOS voted unanimously (3-0) to adjourn the meeting at 8:33 p.m.

Ms. Dale made a motion to adjourn the meeting for the FinCom. Mr. Tensen seconded the motion. FinCom voted unanimously (4-0) to adjourn the meeting.

Prepared by:

Mary Alice Cookson



Attest

4/2/18

Date