

HAMILTON FINANCE AND ADVISORY COMMITTEE
Minutes of Meeting
January 24, 2018

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

Others Present: Marisa Batista (Finance Director)

This Hamilton Finance and Advisory Committee meeting was called to order at 7:06 pm at the Council on Aging Building.

Public Comments

None.

Discussion regarding FY19 budget, including:

Discussion regarding take aways from the Joint Budget workshop with the Board of Selectmen on January 20, 2018.

While Darcy Dale was surprised with the Fire Department reorganization and wondered about the benefit, Nick Tensen responded that it was an opportunity to see if a joint department would be an opportunity to cut costs with shared equipment. Ms. Dale thought the State was strict about owning and maintaining equipment. A full time department might be needed within 15 years, so the goal was to work toward that goal rather than regionalizing. Mr. Tensen thought the current volunteer structure made a merger more difficult, but with fewer volunteers and more full time firefighters, there would be an increase in cost in the next ten years, making a regional system a more sensible choice. Phil Stearns noted that departments were merging in western MA. Ms. Dale recalled that the voters of Groveland said no to a weaker Chief system even though the Selectmen had pushed for the concept. Ms. Dale warned about the removal of a Chief and giving power to the Town Manager. Ms. Dale was concerned about finding a reputable Chief to work under those conditions. Ms. Dale questioned having the Town Manager oversee the Chief while the Selectmen currently had control over the position.

Phil Stearns said the Town was considering sharing a pumper truck with Wenham to buy a lower cost piece of equipment now. Marisa Batista added that there were no joint programs or shared services with Wenham being proposed, only a shared pumper truck for a cost of \$550,000 with the option to buy a smaller piece of equipment to share with Wenham. Ms. Batista added that the Fire Chief reported to the Town Manager currently. Darcy Dale was concerned that the guaranteed continuity did not exist with the Town Manager system and the Selectmen change every three years, noting the importance of a strong Fire Chief. Nick Tensen said Wenham had decided to have a supervisory level position and not a Chief.

The Committee discussed the Human Resource position as presented at the Joint Meeting.

Darcy Dale thought having the Human Resource position would solve a lot of problems and thought it would provide a professional atmosphere. Nick Tensen wanted to understand the need for the position. Marisa Batista said the Selectmen were interested in the position.

The Purchase Order system was a concern of Darcy Dale. Marisa Batista said the large DPW orders could be tracked. The DPW was the only department with procurement. For small things that cost less than \$5,000 such as office supplies, utilities, small equipment, Ms. Batista would receive an invoice after the purchase. The Department Head would need to make sure the item was within their budget. Transfers would be allowed between operating accounts within a department. There was a way to pay within the accounts but training was required and bills would be paid late. Everyone entered their own bills, but every week, Ms. Batista corrected bills.

Discussion regarding any updates to the FY19 Budget draft revenue and expenses.

Marisa Batista said she needed to make changes in capital by removing a few items. The pumper truck was in question. The COA renovations and broadcasting technology were removed.

Michael Lombardo would do research regarding the fueling at gas stations.

Marisa Batista was obtaining information regarding Human Resources and procurement. Nick Tensen noted that the Water Enterprise had not been discussed. Darcy Dale questioned the costs for the storage of green sand and wondered how long it needed to be stored when it was a \$100,000 emergency purchase. Phil Stearns responded that the information was in the Town Manager's report for December.

Marisa Batista would have the Water Enterprise summary at the next meeting, which she said was still healthy with a \$35,000 in retained earnings. Nick Tensen and Phil Stearns discussed the price increase two years ago. Ms. Batista offered her concern that user charges in FY18 were too high especially with a water ban. Ms. Batista said she had looked at the first quarter of FY17 and didn't think it would get close to \$1.8M because the first two quarters were lower than FY17. The increase of personnel was due to how staff was budgeted. An employee that was split was previously charged to the Water Enterprise Fund. Ms. Batista and Tim Olson would pull together historical comparisons.

Nick Tensen noted the Operating Capital, which jumped from \$33,000 to \$175,000 and then back down to \$37,000 due to changes in the system. Mr. Tensen recalled the transfer of funds for the \$100,000, which Phil Stearns said was the sand that had not been expended yet. Meters were budgeted at \$37,000. Marisa Batista said the hydrant replacement and valve replacements were in the budget. In response to Mr. Stearns' question as to where the \$100,000 went, Ms. Batista responded that it was transferred into the Enterprise Fund and put in the line item. Expenses would have been put into the line item to pay for Filtronics, according to Ms. Batista.

Retained earnings (free cash of \$175,000) was a combination of five items budgeted for the last year, including the tests for well water, water treatment plant, upgrade to water system, master plan, and meter replacement program. In FY19, there was \$15,000 for the meter replacement program, \$15,000 for the hydrant replacement program, and \$7,000 for operating lease.

There were three different sections to debt service, including the short term BAN (Bond Anticipation Note) of \$1.5M with interest paid and rolled over once other items were added, then bonded together. The second section was for government and enterprise debt with an out-payment schedule for outstanding debt. In response to Nick Tensen's question regarding interest rates, Marisa Batista responded that it might have different debt service schedule in the 2% range. There was \$6.3M outstanding in the beginning of the year. \$764,000 and \$5.5M would be redeemed at the end of the year for government and \$6.3M in enterprise. Water bonds totaled \$12M. Ms. Batista did not feel the debt of \$12M for an operating budget of \$10M was bad. The Sagamore Hill land acquisition was paid for by CPA funds. The cost for the Donovan property out of CPA funding would be complete in 2020.

Marisa Batista noted the debt estimates on what was paid on the \$1.5M BAN and if the capital were funded by the \$1.2M, adding that the numbers would change due to the deletion of COA and broadcasting requests. Ms. Batista said the roll up would be reviewed at the next meeting. Nick Tensen thought that was a good idea because people would want to see what was happening and then understand the details. Phil Stearns added that if no details were given, questions would be asked. Ms. Batista said Hamilton asked more detailed questions than any other town.

Discussion regarding school budget related items.

Phil Stearns read the letter sent to the School Committee from the Town of Wenham. In the letter, Wenham said if the proposed School Budget, including the \$400,000 for critical priorities remained unchanged, the budget would exceed the Town of Wenham's FY19 levy limit by \$255,000. The Town of Wenham would likely be able to accommodate a 3% operating expense increase. Any assessment above that would probably result in an operating over ride. The Town of Wenham wanted the School Committee to know the impact and keep limitations in mind. Phil Stearns noted the student enrollment shift as a key point. Two Town Meeting Warrant Articles were being contemplated, one with 1.3% increase or level service budget as proposed by the School Committee and the second to fund the amount request by the School. The Town would be able to vote on the two Warrant Articles.

Nick Tensen said if the School didn't do their critical items, they would still be at 3.56% more than \$100,000 over the levy limit. Phil Stearns said if the Town did not vote for the School Budget, it would go back to the School Committee. Darcy Dale said the School Committee could resubmit the same Budget. If it was not approved, the Towns would have a Joint Town Meeting. Marisa Batista said they could also revise the Budget and bring it back to the Towns. Town Counsel opined that it could be split with one portion at 2.5% and anything over on a separate article. Mr. Stearns said he had spoken with Alex Begin (Chair of Wenham FinCom) and the Towns would need to educate the public as to making their positions understood.

Nick Tensen and Phil Stearns agreed on the special education solution as a clever idea to bring money into the schools, more so than a turf field. Sprinklers at Winthrop School had to be done.

Operating expenses could not be bonded, according to Mr. Tensen. Darcy Dale had strong feelings about artificial turf fields as they had a high maintenance cost each year. Mr. Stearns noted the potential of cancer from the field material. In summer, the fields would heat up to 10 to 15 degrees above the air temperature causing a hydration problem. Mr. Stearns did not think it was ready to come to Town Meeting.

Discussion regarding budget meetings schedule.

Future meetings included the Joint Meeting on February 7, 2018 and the Joint Recreation Meeting on February 8, 2018. Allison Jenkins was reportedly comparing benefits of the Town versus the School including, COLA, sick days, insurance, holidays, and percent reimbursement copay (Town 75/25 vs. School 60/40). Marisa Batista said 75/25 was the norm for most municipalities. While there was a noted increase of 2.5% for teachers and administration, the list of School salaries from the previous year, indicated that many were getting more than 2.5%.

Some increases were as high as 8%, but could have been due to employees moving to different positions.

Committee Member comments/reports

Phil Stearns reported that the Affordable Housing Trust was quiet and the Town Hall Building Committee had not met but were waiting for funding and moving forward with an OPM, who had not yet been selected. Tim Olson had put together an RFP draft waiting for committee review before it went out for bid. The Patton Estate was looking for someone to run the program and work on development, according to Nick Tensen. Mr. Tensen had attended the solid waste meeting and discovered that composting had not been weighed. Ultimately, the Town may return to every other week.

Adjournment

Darcy Dale made motion to adjourn the meeting.
Seconded by Nick Tensen.
Vote Unanimous to adjourn at 8:20 pm.

Prepared by:



5/17/18

Marcie Ricker

Attest

Date