

HAMILTON FINANCE AND ADVISORY COMMITTEE

Minutes of Meeting

December 6, 2017

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

Others Present: Marisa Batista (Finance Director) and Patrick Reffett (Director of Planning and Inspections)

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 with Patrick Reffett, Director of Planning and Inspections, regarding revisions to schedules of fees and fines to be presented to the BOS, voting recommendation on the same.

Patrick Reffett said the only change was that under the building fees at the end of the document before electrical. On the prior form, sheet metal/mechanical was missing. The proposal included more fees than before such as for a cell tower. The fee structure included an application fee for most projects in addition to the \$10 per thousand for total construction costs of work. The proposal deviated a little for inspections for restaurants, churches, and day cares. The only private school inspections were for Pingree and Gordon Conwell.

The fee categories were all within the Planning jurisdiction. A central list of other permits by other departments was not available. David Wanger suggested creating a list. Patrick Reffett said the focus was on safety. Mr. Tensen wondered about a demolition permit, to which Mr. Reffett responded yes, it would be required. An 8' x 12' shed would need a permit with smaller sheds not needing a permit.

David Wanger asked about enforcement. Patrick Reffett had asked staff and the police and fire departments to look for evidence of new construction. Natick had increased their building permit costs up to \$15 per thousand while Hamilton was up to \$10 per thousand, according to Patrick Reffett, who added that the proposal did not exceed other communities around the town. Some communities had stayed artificially low and were not able to meet their costs. Mr. Wanger announced that the Building Inspector would become a full time position, which was supported by Mr. Reffett. Mr. Reffett thought it would be cost effective going from a part to full time position between fees and enforcement, but added the qualitative aspect. Mr. Reffett described the lack of safety of the Asbury Grove area.

David Wanger asked Marisa Batista about level service and the Building Inspector position. Ms. Batista referred to the 600 hours per year spent during the past years and asked if the work had been completed. Phil Stearns said it currently equaled 12 hours per week. Ms. Batista said it was \$50 an hour before the wage grid was implemented. Mr. Stearns said it would now become \$30,000 for 600 hours adding another \$50,000, totaling \$80,000 per year plus benefits. Nick Tensen noted there were several inspectors including electrical, building, and plumbing. Patrick Reffett said there were two alternates for electrical and plumbing. Mr. Tensen wondered if a full time person could fulfill all the positions, but Mr. Reffett said no, the Town would need a full time Building Inspector with the other inspectors as well.

John Pruellage asked if there was a \$50 fee for each application. Patrick Reffett said there was a \$50 fee plus the fees for all activities. Mr. Pruellage asked about the tracking of permits and their history and thought it would be interesting to track the fees in the future to determine if residents

stopped filing for work due to the increase in fees. Mr. Reffett said work was compiled monthly as well as annually. David Wanger asked who had the responsibility of filing for a permit to which Mr. Reffett said it was that of the homeowner to ensure it was done. The license of the contractor might be jeopardized if permits were not filed. Mr. Reffett said the more the Town pressed fines, the more frequently the Town would be in court.

Once adopted, the fees would be on the website and in the newspaper. As soon as the Board of Selectmen approved the fee schedule, the fees would be in place.

Motion made by John Pruellage to recommend the entire revision to the fee structure of the proposal submitted by Patrick Reffett and Darcy Dale.

Seconded by Nick Tensen.

Vote: Unanimous in favor.

Discussion regarding FY19 budget, including:

Schedule of individual department budget meetings and FinCom coverage

Marisa Batista stated that she would not have the Budget binders completed, but was hoping to have one report that listed the requests, which would describe what was budgeted under each account. A second report would provide a history and show a FY 19. The tax rate had just been certified, so Ms. Batista would provide the reports in order of the departmental meetings. 16.22 was the new tax rate number. The valuations had increased proportionally. Phil Stearns was hoping to present percent numbers compared to valuation increases, which had been discussed with the Board of Selectmen the previous night. David Wanger said the growth factor percentages had also been discussed. There were questions about group health, medicare, and unemployment with averages being higher than the growth factor projection. Phil Stearns recalled that the conversation included moving group health and life, medicare, unemployment, and OPEB under personnel. David Wanger added retirement. Marisa Batista said it was in line with operating expenses, but could be moved up.

David Wanger compared the historical average and the growth factor estimate, which he thought the FinCom might want to analyze further. Ms. Batista said she had chosen 2% as it was a discussion point. Health featured an average of 5.97% but Ms. Batista thought the percentage was low and it might be higher. Mr. Wanger said he would vote for higher at Ms. Batista's suggestion. Medicare and unemployment had an average of 18%. \$20,000 was paid the previous year for unemployment, but historically was not high.

David Wanger wondered if having a part time Human Resource (HR) person would be appropriate. Marisa Batista said it was all completed through the accounting department currently. Nick Tensen wondered if there was an HR person in the schools who could be a liaison. Mr. Tensen said it was a legal requirement for some situations. Mr. Wanger said it might not be a sufficient need for the Town, which Mr. Tensen said that was why he suggested using the School HR person. The Town used a labor counsel.

John Pruellage added that he thought having an IT assistance person shared with the Schools would be important. Marisa Batista said the Schools wanted nothing to do with it. Ms. Batista said more cities and town were hiring an HR person to cover the mechanical parts of the positions rather than going to several departments. Ms. Batista said it was difficult to restructure positions due to union contracts.

David Wanger discussed the valuations and that the assessor had indicated that valuations would be up at least 5%. Marisa Batista had a 3% increase, which Scott Maddern had altered to a 2.5%. Mr. Wanger said it had been modified at the previous meeting. Ms. Batista wanted a consensus of opinion to move forward. Nick Tensen said the guesswork should not be Ms. Batista's, who had looked at averages. Line items were all at 2%.

Nick Tensen spoke about growth factors for personnel with averages at 5.2%. The Selectmen had wanted a total average on the growth factor. David Wanger noted it was a small amount of money with a large growth percentage.

The Town Clerk position as well as her assistant's position were discussed. It was suggested by David Wanger, that possibly the assistant could serve as a Human Resource person as well.

Marisa Batista discussed procurement. For FY18, Ms. Batista received \$8,000 to buy the procurement module from MUNIS as the implementation. Buying the software was easy but

having a person doing the work was an issue. Procurement occurred in the DPW under the Director, but with a purchase order system, each department would submit a proposal and the procurement officer would determine if three quotes had been received and if a bid or advertisement paperwork had been completed. They would then generate a purchase order.

Michael Lombardo currently had the power to approve purchase orders. A manual purchase order system had been used. The procurement system might be under the policy. Ms. Batista was not certified in procurement, but would accept Tim Olson's word on it as it would go through the accounting department. Ms. Batista was approving the purchase orders and paying the bills as well.

Department heads approved purchases for their department. Nick Tensen said he did not think that the Town needed another person to do the job so if the system simplified the process, it would be worth it. Marisa Batista was concerned that when the department submitted a department order requisition, [there was no one ?] who would review and follow the purchase order. David Wanger said the Department heads would do it. Up to \$10,000 required using good business sense, \$10,000 to \$50,000 needed three written quotes, and over \$50,000 needed to go through the bid process or the Town had the option to go through State contracts but procurement still needed to be done via a checklist. Mr. Tensen said it would add discipline to something that needed to be done anyway. Staying within budget was the overall control system.

Other process related items in budget preparation, warrant article process and scheduling for 2018 ATM.

David Wanger wanted to have time to put together something meaningful for the residents for Town Meeting. Marisa Batista said the document would be part of the Community Compact Grant but was concerned about the purpose of the document. The budget document might be after the fact that would show the budget and what the results of it were from the prior year. FinCom was interested in having as much information going out in advance of Town Meeting, inclusive of the recommendation and description of why something was being recommended and what something was, according to Mr. Wanger. John Pruellage said the financial implications were missing.

When the draft budget calendar was put together, it was in light of having the recommendations printed on the Warrant and any additional information submitted to the residents, according to Marisa Batista, who was concerned about meeting schedules and the lack of control over the schedule. The financial policies would be first and the budget document would not be available this coming year. Phil Stearns said he thought the financial policies would be available for Town Meeting, but Marisa Batista said it would be a draft and review might not occur by Town Meeting.

John Pruellage would review the Town Clerk and Town Manager on December 20, 2017. Phil Stearns would do the assessor and recreation on the December 19, 2017. Nick Tensen would do DPW, water, and Treasurer. David Wanger would do council on aging, police and fire. Darcy Dale would do health, cpa, planning, conservation, finance, and inspections.

Discussion regarding joint meeting with the Board of Selectmen that occurred on December 4, 2017.

Darcy Dale noted that communication was helpful. John Pruellage said it ended on a good note and Nick Tensen said it appeared that the Selectmen wanted to work with the Committee.

Discussion regarding and preparation for joint meeting with Hamilton and Wenham FinComs and HWRSD School Committee on December 7, 2017.

The agenda was discussed. The enrollment study was discussed in comparison to using other measures for the apportionment. It was agreed that Hamilton would exhibit their displeasure for using it as a part of the apportionment. David Wanger wanted to change the word "the" to "its" and Nick Tensen suggested "their" as a way to insure changing what might be later considered important ownership of the study.

Michael Lombardo would be the presenter, but the FinCom would participate. The turf field and debt exclusion, which did not show up as an override and would be a separate line item, would be discussed by Phil Stearns. John Pruellage said a debt exclusion still needed to go on the budget even though it was excluded from Proposition 2 ½. The portion that was expended during each year was the debt service. The debt would not affect the school budget, but would affect the budgets of the Towns of Hamilton and Wenham. The School Committee would not be discussing capital expenditures at the Joint meeting.

The School Committee came within dollars of their budget but still have E&D money, according to David Wanger, who wondered from where it was derived. E&D was a running balance while free cash needed to be certified each year. Mr. Wanger was under the impression that anything over 3% would be returned to the Towns. It would not have been part of the regional agreement as the money was not returned to the Towns until after the audit.

Further discussion of MMA Finance Committee Handbook topics.

Darcy Dale discussed Chapters 8 and 9, which covered cash management and banking relations.

Cash should obtain maximum yield and be accessible with safety considered first. Non tax revenues, timely cash deposits, lower borrowing cost, and bank relationships were all under the purview of the Treasurer. The Division of Local Services could be asked questions regarding investments of public funds. Ms. Dale described internal controls of receipts and expenses and the efficient collections of taxes, fines, and fees. Phil Stearns noted that all monies not required for operations needed to be invested. The Treasurer would be invited to a FinCom meeting.

Cash flow analysis should be reviewed monthly with two types of flow including recurring and one time events. Ms. Dale said using five year events to extrapolate future inflows and outflows would help spot anticipated events. Changes would be adjusted or analyzed to find increases or decreases of percentages.

Forecasting surplus and receipts were presented by Darcy Dale. Payroll, which was 70% of the budget, would be done first. The other expenses would be done afterward. Department heads would indicate which expenses would be highest. Receipts could forecast futures based on past performance by tracking one time receipts. Forecasting receipts would be accomplished by marking the calendar for funding to predict deficits. Revenue anticipation notes, provided by the State would be used for negative cash flow, which needed to be corrected within one year. Hamilton did not have that need currently.

Investments were discussed. All money above operations must be invested, which was a MA State law, but investments could not exceed 60% of the bank's assets unless more security was provided, according to Darcy Dale.

Collection services were considered in an effort to reduce float time. The use of electronic payments, lock boxes, and armored car services were noted. Federal clearing houses and same day deposits were discussed. Bids for banking services should be used periodically via an RFP.

Chapter 9 referred to User Fees and Enterprise Funds, which paid for services a resident used. User charges could be used as revenue to subsidize the services. User fees were used when a client paid for the opportunity to proceed with a regulated activity, such as a building permit. Fees were not considered taxes as the permit benefited a single resident. Charges must reflect the cost of the service and not used to increase revenues above and beyond the services provided, but could be used to enhance services. Criticism included the idea that it was a way to circumvent Proposition 2 ½.

Enterprise funds featured a separate accounting from other services or a comingling with the General Fund. Those that benefited most were those that use the service. Special legislation prevented real estate tax from being applied to cover shortfalls. Excess revenues would be used to reduce user fees. Public utilities, transportation, and recreation were uses appropriate for enterprise funds. User fees covered all costs. The service must have wide community support, and be scarce, long term, and accountable by the Town.

David Wanger discussed information technology and the use of email, which allowed for varied interpretation of information. Breakfast meetings were discussed and it was agreed that if few enough members were present, it would not create a quorum.

Chapter 10, Municipal accounting was discussed by Phil Stearns, but there was nothing beyond what Marisa Batista had been working with the Committee about.

Discussion/Status of various FinCom Projects.

Discussion of Association of Town Finance Committees' Annual Meeting

The meeting would occur on January 19 and 20, 2018. A schedule for next year with one meeting on December 20, 2017 were set. The two week sequence would begin on January 10,

2018.

Committee Member comments/reports

Review of liaison assignments.

Review and approval of any available minutes.

Determine/Discuss agenda for next meeting.

Other topics not reasonably anticipated as Determined by the Chair.

Darcy Dale asked what topics could be discussed in an article for the paper and the Committee said to write something and they would each review the article. The Committee discussed the reappointment of the Town Manager in February and that the topic would be discussed when Jeff Hubbard was present. Ms. Dale noted the Police Chief could always act as the Town Manager in the case of his absence.

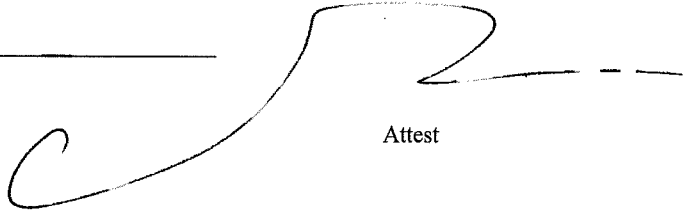
Minutes

Adjournment

Phil Stearns made motion to adjourn the meeting.
Seconded by Darcy Dale.
Vote Unanimous to adjourn at 9:26 pm.

Prepared by:

Marcie Ricker
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Attest

Date

5/17/18