

APPROVED 8/13/18

FB Stearns

HAMILTON FINANCE AND ADVISORY COMMITTEE

Minutes of Meeting

July 11, 2018

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

Others Present: Marisa Batista

This Hamilton Finance and Advisory Committee meeting was called to order at 7:03 pm at the Public Safety Building.

Public Comments

Discussion/Approval of outstanding budget items for 4Q18.

Marisa Batista said she had three year-end transfers. One transfer was from health insurance to fund animal control expenses (\$792.78). Ms. Batista explained that the Town had rescued a couple of dogs who needed medical exams causing higher than usual expenditures. The new animal officer training contributed as well. Highway operating expenses were transferred to DPW operating expenses (\$3,444.25) due to a utility deficit. In FY18, utility budgets were reduced and a few departments had deficits, which were accommodated by a line item transfer. Gas prices had increased and the electric credit had been spent. The Recreation Department had a previous transfer for utilities.

Veterans operating expenses were transferred to legal expenses (\$12,000). A statement was requested for the end of June, which included ten unpaid invoices from mid-May to the end of June. Veterans' expenses had decreased as there were only two veterans in town while there had previously been five. A second set of transfers asked for \$20,000 for legal expenses, which would be transferred from health insurance. The billable time was Donna Brewer's time. Ms. Brewer's retainer was for \$31,000 per year and additional time and special matters were billed separately. The budget for legal expenses was \$90,000 while the real costs were \$120,000.

David Wanger wanted to see the purpose for hours accumulated. Marisa Batista said the Interim Town Manager had the list of hours and had spoken with the Selectmen. Mr. Wanger said he thought FinCom should see the list as it was foreseeable that the costs would continue. John Pruellage said he was not surprised but needed to understand the list to be able to forecast going forward. Phil Stearns offered that the costs were associated with Planning Board decisions and 550 Highland St. Marisa Batista added that there were multiple reasons including By-law changes, Town Meeting, marijuana, cell tower, and Willow St. The judge had not approved the settlement for the cell tower. The Interim Town Manager would be looking for better controls around the costs such as asking the Town Manager if Donna Brewer should respond to requests, which Mr. Wanger thought was already in place.

Sanitation (\$20,000) and legal expenses totaled \$90,000 transferred from health insurance. Marisa Batista explained that when the budget was put together, the Town did not have the actual rates so they assumed 10 to 11% but the Town was offered a better rate. The Town also assumed an additional individual for benefit increases such as an individual plan becoming a family plan. Rates were available in March or April.

Veterans operating expenses were also transferred to celebrations operating expenses (\$953.31). Marisa Batista said the invoices were all late and covered work in the last quarter and the previous quarter. Memorial Day expenses totaled \$4,500, some of which were attributed to the purchase of new flags. Jeff Hubbard reportedly said the flag purchase was agreed upon due to the Veteran's Affairs reimbursement (75%) process having been started. Volunteers from the Legion set out the flags, which were stored in the attic at the Legion. \$2,000 was for flags and \$3,000 went to the Memorial Day plants, programs, and breakfast. Phil Stearns suggested looking at the line item for next year. David Wanger asked about the cannon wheel status. Nick Tensen would contact Dorr Fox (CPC).

Motion made by Darcy Dale to approve the transfer of outstanding budget items for the fourth quarter 2018 for inter-department transfers as explained by Marisa Batista.

John Pruellage seconded.

Vote: Unanimous in favor.

Discussion ensued regarding the inflated cost of legal expenses and the responsibilities of the FinCom. In response to David Wanger's comment that partisans for each side of issues were to blame, John Pruellage suggested bringing the matter to the attention of the public. Marisa Batista stated the Town Manager had the authority to approve the bills and that the FinCom was more involved in the budget process. If Quarterly Reports indicated that legal expenses were higher than expected, the FinCom should go through the Town Manager to determine why. Nick Tensen suggested that the Town Manager estimate how many legal hours would be needed for approaching projects. Mr. Pruellage referred to the Quarterly Report meetings to determine if budgets were above their expectations.

Discussion regarding Financial Policies.

The FinCom had not seen the Selectmen's comments for financial policies. The policies would be adopted August 6, 2018. The FinCom would not have a quorum for the meeting between the current meeting and the approval date. The Selectmen would approve the policies and if the FinCom had an issue with any comments, they would bring it up with the Selectmen. Marisa Batista said the financial policies also contained procedures.

Marisa Batista presented an invoice for \$180. The amount had been budgeted, but Ms. Batista needed a signature to pay it.

Motion to approve the Association of Town Finance Committees invoice for \$180.00 made by Nick Tensen.

Darcy Dale seconded.

Vote: Unanimous in favor.

Marisa Batista presented an account line transfer moving \$45.00 from dues, books, and subscriptions to professional employment. The transfer covered the conference that members attended.

Motion to approve the transfer made by Nick Tensen.

Darcy Dale seconded.

Vote: Unanimous in favor.

Marisa Batista described the Selectmen's comments regarding the financial policies. Section D. reimbursement submission for no later than 30 days had been deleted and appeal could occur with the Town Manager who would no longer review the requests every time. Meal reimbursement would be limited to \$40 per diem for non-overnight reimbursement. Overnight reimbursement would be based on the GSA website, which determined the rate based on the city visited.

Insufficient funds, item D was discussed. The Selectmen reportedly felt that once a check was returned for insufficient funds, it would be the collector's responsibility to call for a replacement. In the past, the individual departments did the work.

Disbursements were discussed. According to Marisa Batista, some Selectmen felt the description of payroll coordinator should not be included because regardless of the title, the position was responsible for performing the function. Discussion ensued regarding who was responsible for reporting annual step increases. In the past, the department heads were responsible for reporting to the assistant treasurer collector when their employee was due for a step increase. The Selectmen reportedly suggested it was a payroll responsibility and not department heads.

Marisa Batista said some of the policies and procedures would add hours to perform all the functions. Ms. Batista explained the issue with sending a preprocess file to department heads, who would approve the dollar amount, and send the information to payroll for submission. Ms. Batista thought there was a short window to get that done. If a department head didn't respond right away, it would be an issue. Ms. Batista thought the best practice would be to see how much was charged for a particular payroll. Getting the information to Harpers on the same day would be difficult.

The Town Manager reviewed each warrant for appropriateness. The wording of examining invoices, documents, etc. was deleted. Ms. Batista said she had never seen a Town Manager

review documents as they had been reviewed by accounting. The Town Manager was authorizing the release of checks.

Marisa Batista said the disbursement policy on terminations needed to be updated. Ms. Batista discussed issuing a manual check on the last day of employment or having the employee wait until the next pay period. It was agreed that if a person was terminated, he would be given a check on the last day, if the employee was just leaving, he could be paid on the next pay period.

Marisa Batista had been working on the part-time (to become full-time) accounting position job description. Ms. Batista was reorganizing certain departments and functions to make it more efficient. Payroll and benefits were thought to go together but over time, the property and casualty insurance, which was handled in the Town Clerk's office was not in the accounting office. Workers Compensation, etc., which was originally in the Town Manager's office was also in accounting. Ms. Batista would discuss incorporating insurance work into the position. Ms. Batista was also concerned that the pay grade was that of an administrative assistant and hoped it could be elevated to Grade 8.

There was a \$150,000 revenue deficit for water due to conservation and a budget forecast too high for FY18. Some of the deficit would be covered by surpluses in expenditures and some by free cash. Marisa Batista indicated that the Interim Town Manager said water rates should be approved on an annual basis. Tim Olson reportedly thought that once the water treatment plant was completed and the water ban lifted, revenues would increase. The Enterprise Fund was independent from the Capital Project Fund. Previously approved software update was budgeted out of the Enterprise Fund. David Wanger asked about free cash. Free cash was generated from the General Fund, which was independent of the Enterprise Fund. The deficit would most likely hit retained earnings rather than the General Fund, according to Marisa Batista. Ms. Batista had reduced the FY19 revenue budget. \$900,000 in surplus still existed. 97.5% has been spend for the year. Ms. Batista thought there would be less than \$500,000 left at the end of the fiscal year. Next year, Ms. Batista proposed to increase future budgets for legal, utilities, and waste.

Discussion regarding 550 Highland Land Court case.

The case was in land court so the discussion between the parties could not happen at a future FinCom meeting. Cheryl Booth (Town Accountant) and Tina Zelano (Assessor) would attend the August 8, 2018 meeting with Town Counsel and offer a history of the issue in executive session. Outside counsel had been retained. It was noted that it was almost standard procedure to send a case to land court if taxes were in the arrears. There is concern that if the Town were to win the case, they would become the owners and assume the agreement the Kaminsky family had signed with the State to provide \$700,000 in improvements. Outside counsel did not refute the possibility of the Town's potential responsibility. David Wanger said he was not sure the case would automatically go to land court if an owner was in arrears for taxes.

Article for Chronicle – Discussion

Darcy Dale had taken Phil Stearn's letter regarding the Town's OPEB liability and added David Wanger's comments. Member of the Committee agreed to send the letter to the Chronicle.

Discussion regarding the HWRSD budget process and "Asks" for School Committee and Administration.

David Polito and Jeff Sands both had positive discussions with Phil Stearns. Both men agreed to meet again in August or early September. Previously the School Committee had dissuaded Jeff Sands from meeting with the FinCom. John Pruellage and Mr. Stearns would attend a School Committee meeting during budget discussions and make their voices known during the public comment period.

Committee member reports on liaison assignments and other projects.

David Wanger said he would be attending the Council on Aging Board of Directors meeting to discuss aging communities. The Sunday Globe article regarding villages of seniors helping seniors had been brought to Mary Beth Lawton's attention. Mr. Wanger noted that Beacon Hill had a community with annual dues while other towns were less formal. Ms. Lawton was receptive to the concept. The Planning Board was in the process of engaging a consultant for housing growth in the community. Mr. Wanger had not yet received a copy of the Request for Proposal.

Discussion ensued regarding the Gordon Conwell Task Force for the PILOT program. David Wanger reviewed his phone call with Scott Maddern and the meeting with the Selectmen on July 2, 2018. At the meeting, Mr. Wanger related his and John Pruellage's position that they did not wish to work within Robin Crosby's process and explained why. The concept of bargaining and fluidity was required. The Task Force were volunteers trying to accomplish something for the town. The Agreement's charge included deleting the Board of Selectmen and adding the Town Manager, which would shield the group from the open meeting law. The background was the same that Mr. Pruellage and Mr. Wanger had provided. The charge included the language provided by Mr. Pruellage and Mr. Wanger with the addition of three of Robin Crosby's suggestions. The Agreement was approved at the meeting of July 2, 2018.

The next day Allison Jenkins submitted a draft which pandered to the seminary with a sentence added. The background provided noted the seriousness of the situation. John Pruellage put together their revisions and sent it back but it disappeared into the black hole of government. Robin Crosby's draft include the sentence but did not mention negotiation and contained a liturgy of process bullet points, which David Wanger said he could not work with. Shawn Farrell was informed but has remained silent. Jeff Hubbard was to speak with Allison Jenkins but had not returned any information to Mr. Wanger. Mr. Wanger was concerned that the Town was losing time as the Seminary was talking to developers and lawyers but the discussions had ceased as the Task Force had no charge. Longmeadow was mushrooming in dispute. Mr. Wanger noted that Gordon Conwell appeared receptive to the potential for affordable housing. Both pandering and bullet points were unacceptable to Mr. Wanger. Mr. Wanger recalled the

Agreement had been approved on July 2, 2018 and wondered why the original Agreement was not being followed. Nick Tensen suggested showing the Selectmen the video of what was said at the meeting.

According to David Wanger Robin Crosby's latest draft created needless impediments. The draft changed the process from an informal to a hierarchical one. It was recalled that Scott Maddern had approached the Seminary to obtain money without a charge. He did not succeed. Mr. Wanger wondered why a charge would be needed for an informal process. The need for a charge arose after two meetings with the Seminary. Phil Stearns would call Shawn Farrell. Members of the Committee agreed to watch the meeting and determine what was agreed in the meeting. Mr. Wanger said he wanted to negotiate pursuant to the motion adopted.

Nick Tensen said the Community Preservation Committee would meet the following day. One topic was the budget for the Patton Park cannon wheels. Mr. Tensen said he had spoken with Russ Stevens regarding the resource officer. As the force had been reduced to 13 officers from 15, there were no resources to devote to the school. Mr. Tensen noted the National Association of Resource Officer website to determine what the position entailed. Mr. Tensen explained that due to the host community agreement for the marijuana facility, the Town needed to show what impacts would occur to the town in an effort to justify receiving funds. One impact was exposure of drugs to children. David Wanger did not see an impact from a farm. According to Mr. Tensen, Chief Stevens was trying to show a way to fund the position. Another issue was that a full time officer could replace paid details for games and events. During the summer, the position would join the regular force to cover vacations and by doing so would reduce overtime costs.

Phil Stearns said Scott Maddern had indicated that the Host Community Agreement would allow the State to let the Town of Hamilton keep monies to offset the impacts such as fire, police, and education to the Town. If impacts could not be illustrated, the money from Green Meadows might have to go to the State. The law had not yet been passed. Nick Tensen wondered if the position (School Resource Officer) should be funded through the school budget. David Polito (School Committee) was vague about his support. Alex Begin (Wenham FinCom) thought Wenham would pay their share for it and Jeff Sands (HWRSD) was personally for the position.

Darcy Dale reported that Russ Stevens said there were three-year grants for resource officers but the grant might not be available after the original three years. The impacts would need to include fire, roads, and legal work to building the Host Community Agreement. Ms. Dale suggested that if the grant money could be used for the resource officer, the impact money could go for Town services. Nick Tensen was concerned that once the person had the position and funding became unavailable, the School or Town would need to fund it unless the position was deleted. Ms. Dale wondered if Town Meeting had the right to determine how the money would be spent, but Mr. Wanger indicated that Scott Maddern had said Town Meeting did not have the right to determine how the money was spent. Phil Stearns recommended no action but that the FinCom should pay

attention to it. David Wanger said Scott Maddern was in charge of the Host Community Agreement and that he believed there would be legislation. Mr. Wanger suggested caution regarding Mr. Maddern's advocacy since he appeared to have subjective investment and was proceeding without a charge.

Nick Tensen said he had a conversation with Carin Kale regarding the Patton Homestead and the cultural grant that was not awarded. Wenham Museum also did not receive a grant. Ms. Kale said she thought the change to a profit status may have affected the award. Robin Crosby intended on following up to determine why the grant was not awarded. Reportedly, Senator Tarr and Representative Hill had put together a Commonwealth Capital Bond Bill in which the Patton Homestead Inc. would be awarded \$1M within one to five years. It was not determined if the bill had been approved. The Patton Homestead, Inc. would be asked to appear at a future meeting. Currently the group had \$245,000 of CPC money and \$500,000 from the sale of the property but had to pay for insurance, capital projects and insurance. The estimate for spending was \$230,000 for operating expenses since 2011.

Patton Homestead, Inc. wanted to secure the envelope of the outside of the building to use and have some facilities inside to use for outdoor functions next year. The Homestead would need upgrades costing \$2M with an operating cost of \$150,000 per year. While expenses were appropriate, revenue projections were noted as vague. David Wanger said emotion over the Patton significance caused some to lose sight of fiscal analysis. Phil Stearns was concerned with insurance and wondered if it was the Town's with a rider. The Town would need to assume the liability for anything that happened on the site, including employee injuries. The group was working on action steps including fixing the outside and fundraising. The marijuana growing facility would be returning money to non-profits and the Patton Estate would be one non-profit recipient.

Darcy Dale reported that she was working with Vicky Masoni (Energy Manager) regarding the solar potential in Town. Ms. Masoni had located \$12,500 in grants for a feasibility study for municipal buildings. Schools were not included as they were regional facilities.

Phil Stearns said the Town Hall Building Committee had issued Request for Qualifications and would be interviewing two candidates. Calendar additions had been sent to Robin Crosby and would be on the next edition of the Town Calendar. The Affordable Housing Trust meeting heard that Harborlight was partnering with a private developer to build 100 units at Longmeadow via a 40B. As the Town had previously said 100 units were too many, they would be able to pay money to have the number reduced. Phil Stearns asked if there would be 20 senior units or seven family units at Willow St. The concept of buying down approach was attributed in a negative way to Marc Johnson, based on the assumption that the Town would supply the money. The Town needed a minimum of 14 affordable units to create a safe harbor. David Wanger added that Gordon Conwell could create a safe harbor too.

According to Phil Stearns, Scott Maddern and Robin Crosby agreed that the FinCom would be part authors of the Warrant. The FinCom would provide an assessment of what each article presents, the financial impact, discussion and recommendation. A member of the public (Duke) had requested that the Warrant also contain which members of the Board voted for or against articles.

Tentative Special Town Meeting articles were presented. The Patton Homestead, Inc. would request \$200,000. The Personnel By-law would be amended. The Town needed fuel 24-7 so an amendment to allow establishments to be open 24 hours would be proposed. The effort would allow for the abandonment of the fuel tank at Town Hall. Nick Tensen suggested acquiring access to a key pump. As it would be an expensive contract, procurement procedures would need to be followed. The Conservancy District might be debated. Other topics would be CPC, Longmeadow, Solar Farm, and Accessory Apartment By-law. Legal costs would be under financial articles.

Review and approval of June 13, 2018 and June 27, 2018 minutes – these minutes were not approved as the June 13, 2018 minutes were not complete.

Discuss/determine agenda for next meeting.

Other topics not reasonably anticipated by the Chair.

Adjournment

David Wanger made motion to adjourn the meeting.

Seconded by John Pruellage.

Vote Unanimous to adjourn at 9:41 pm.

Prepared by:

Marcie Ricker

Attest

Date