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HAMILTON FINANCE AND ADVISORY COMMITTEE

Minutes of Meeting 2018 OCT 18 AM 10 41
October 3, 2018

Members Present: Phil Stearns (Chair), Nick Tensen, and David Wanger.

This Hamilton Finance and Advisory Committee meeting was called to order at 7:04 pm at the Council on Aging Building.

Public Comments

Discussion of Special Town Meeting Warrant Articles

Discussion and Review of Financial Policies: Financial Reserves and Capital Planning

Marisa Batista was not able to attend the meeting. The discussion would occur at a later meeting. Free cash was certified at \$2.7M. The Stabilization Fund was about \$800,000.

Discussion regarding financial analysis of the Longmeadow development

Nick Tensen reviewed the request presented at the previous meeting from Scott Maddern. The request asked the FinCom to provide a financial impact cost analysis for the affordable housing development at Longmeadow. Mr. Tensen was concerned that the number of residents would not be known and considered a comparison of a large and small development. Mr. Tensen recalled the FinCom had pushed back the concept due to the lack of specificity but thought a general step function rule, based on units in steps might exist rather than a linear rule. It was questioned if the Affordable Housing Trust or the FinCom should conduct the analysis.

Phil Stearns thought the assumptions in Mr. Maddern's first spreadsheet were biased with higher assumptions for a higher number of units regarding the number of students per unit. Mr. Stearns tried to determine a one-year break-even with the proposed assumptions and assumed 1.5 students per unit at a cost of \$10,000 per student. The comparison showed a breakeven number at the first year with both scenarios costing \$1.4M. Mr. Stearns said to do the analysis correctly, one would need to look at two scenarios to include the \$1M investment or a variable investment. Mr. Stearns referred to the Affordable Housing Trust receiving funds from the Canterbrook development for housing. A scenario with that payment should be considered as well as analyzing the entire Harborlight proposal for Willow St. and Longmeadow, which would include 60 units total compared to if the proposal was not done. Mr. Stearns noted there were many

“ifs” to consider. While the \$1M was a one-time payment, the student costs would be recurring. Other effects such as safety, fire, and traffic needed to be captured.

The revenue side was also highly uncertain as some units classified as low income created lower revenue, according to Phil Stearns. The value and taxability needed to be determined. Mr. Stearns wanted to be able to present a meaningful analysis for Town Meeting discussion by working through the assumptions and scenarios. Mr. Stearns thought the FinCom should meet with Harborlight and understand what was being proposed as well as meet with those who were opposed to understand their position and concerns. Mr. Stearns thought it was possible to move forward but was not likely that an analysis would be developed by October 13, 2018.

David Wanger suggested waiting until Annual Town Meeting. Scott Maddern responded that the request was not elaborate and that he was not asking the FinCom to change their vote. Phil Stearns said the vote was predicated on how the Warrant Article was written. The article was currently different. Mr. Maddern said the cost was the school and directed the FinCom to go through fundamental things that might be if the development were smaller or larger and what the implication of spending \$1M would be. Mr. Wanger said Mr. Stearns' analysis was on the mark and repeated his request that more time be given to analyze the scenarios, which would allow for a recommendation at Annual Town Meeting. Mr. Wanger added that the summary provided by the Selectmen was biased and did not create a level playing field.

Scott Maddern said the Town could not afford to do more projects for \$145,000 each when the Town needed 100 units. The lowest price per unit in the State was \$30,000. Mr. Maddern said the Town had a chance to work with Harborlight for the \$1M or less and that he did not see any reason not to move forward at the current time. Mr. Maddern added that after hundreds of meetings, nothing was moving forward until Harborlight starting speaking with Marc Johnson. Mr. Maddern asked if the Town wanted to act like a partner or not and was concerned about the State's reaction to Hamilton's lack of involvement. Mr. Maddern said if the Town became involved, the State might look favorably upon them. Mr. Maddern said Harborlight would file a Project Eligibility Letter and would be moving forward whether the Town contributed or not. Mr. Maddern said Annual Town Meeting would be too late and that Harborlight might only do 25% affordable with the remainder being market rate units.

Phil Stearns suggested appointing two members to work on the analysis and present the information to the Selectmen if they could get enough information. If they could not, they could abort the study. Mr. Stearns noted that reasonable assumptions were needed. Mr.

Stearns reiterated that the FinCom needed to have access to Andrew DeFranza to do the analysis. David Wanger said if the FinCom did not have time to analyze the subject, the Town would receive an assessment consistent with the 4-0 negative recommendation by the FinCom and a 3-2 Selectmen endorsement. Mr. Wanger wondered what kind of guidance that would be for Town Meeting.

Nick Tensen said the debate had been among a small group of people and not the total public. Mr. Tensen thought it might be a good idea to have a discussion in an open forum during Special Town Meeting whether it passed or not. Phil Stearns suggested that if the article did not pass the way it was currently written, Harborlight would begin work and residents would want to have the number of units limited. This would have given the FinCom time to do an analysis and educate the residents. Another vote could be taken and the proposal might pass with the Town spending \$500,000. David Wanger appreciated the idea of hearing residents' views at Special Town Meeting, which would require article rewording and provide guidance before the FinCom did due diligence in advising the Selectmen and Affordable Housing Trust. Mr. Wanger added that negativity was spawned by uncertainty and doubt.

Bill Shields (721 Bay Road) said the Affordable Housing Trust was unable to tell the town what the motion was going to be. Mr. Shields was concerned with drawing down free cash, the Stabilization Fund, which required a 2/3's vote, or Canterbrook contribution. Mr. Shields said destabilizing the Town by using free cash for funds that might not be expended for a long time was concerning. Mr. Shields added that the Affordable Housing Trust refused to ask Harborlight or Mr. Miller what the terms of the agreement were such as when the lease was up or when money would go to Mr. Miller, which could be seven years. Mr. Shields said Marc Johnson or Bill Olson could not tell what the motion was or who would draft it. Mr. Shields said Harborlight did not care.

Darcy Dale was absent from the meeting but had submitted an email that was read into the record. Marc Johnson also submitted an e-mail, which was read into the record. David Wanger said the FinCom did not have the time or information to do a timely analysis that needed to be done with integrity. Mr. Wanger was concerned that Town Meeting would not be properly be guided by a broader view if confronted with a decision in ten days and would be negatively guided by FinCom's vote as well as be affected by emotion and arguments, which would become divisive. Mr. Wanger added that issues regarding the Stabilization Fund and free cash would also bring debate. The expectation that of \$1M, 25% would be from the Stabilization Fund, which would bring it below the recommended level and 75% would be from free cash, which could be returned to the public. Mr. Wanger said due diligence and greater time for an analysis would be required

or a negative disposition would occur.

Bill Shields asked who the proponent for the article would be. Scott Maddern responded that Marc Johnson or Bill Olson would be the proponent as both were on the Affordable Housing Trust. Phil Stearns said he was willing to do a financial analysis by obtaining as many facts as possible and determine what could be called a fact. Bill Shields said that a resident could move to take no action.

Discussion of Special Town Meeting and the role of the Fincom

Members of the FinCom discussed which articles would be presented by its members. Phil Stearns opined that Articles 2-1, 2-2, 2-3, and 4-1 could be bundled into one consent vote. If one were called out or the consent agenda was not possible, Mr. Stearns would present 2-1, Darcy Dale would present 2-2, and Nick Tensen would present 2-3. Article 4-1 would be presented by the Selectmen.

Phil Stearns would offer the FinCom's difference of opinion regarding the Longmeadow Summary and read what they had hoped to change as well as announce how they voted. John Pruellage could give FinCom's position on the Patton Homestead. Kate Walker (Ortins Road) worried about the implication of using the term "based on what we knew at the time" when discussing the FinCom's vote regarding Longmeadow funding. Mr. Stearns noted that the FinCom had not voted on what was being presented at Town Meeting and would make that distinction.

Committee member reports on liaison assignment and other projects

Phil Stearns announced that the Canterbrook development offered to pay the Affordable Housing Trust \$435,000 to avoid affordable housing on site. Payments to the Affordable Housing Trust would occur after the tenth unit was completed or January 2019 and after the 20th unit was completed or December 2020, whichever date or unit constructed was first. Mr. Stearns thought the Affordable Housing Trust might only request the balance (\$1M - \$435,000) from Town Meeting for the Longmeadow project. Kate Walker noted that the Affordable Housing Trust had a tendency to take the funds as they had done for the Patton Ridge project instead of insisting they construct affordable units. Ms. Walker noted that the Affordable Housing trust had been promoting the fact that if the \$1M would provide 20 and 40 units, they would only be paying \$30,000 per unit but were only accepting \$20,000 per unit from Canterbrook.

Other topics not reasonably anticipated by the Chair.

Review and Approve Minutes from September 19, 2018.

To be discussed at the next meeting.

Discuss/determine agenda for next meeting.

The Town Manager selection process, Financial Policies and Minutes Policies would be discussed.

Adjournment

David Wanger made motion to adjourn the meeting.

Seconded by Nick Tensen.

Vote Unanimous to adjourn at 8:12 pm.

Prepared by:

Marcie Ricker

Mary Dale 10-18-18

Attest

Date