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HAMILTON FINANCE AND ADVISORY COMMITTEE

Minutes of Meeting
December 12, 2018

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

This Hamilton Finance and Advisory Committee meeting was called to order at 7:00 pm at the Memorial Room, Hamilton Town Hall.

Public Comment

OPEB Irrevocable Trust Discussion with Finance Director

Marisa Batista was present. Ms. Batista said she had reached out to Eric (from Donna Brewer's office) but had not heard back to date. The topic would remain on the agenda but was not a high priority item.

FY20 Budget Discussions, Including Meetings with Department Heads.

Darcy Dale recalled her meeting with Sean Timmons (Recreation Department). Mr. Timmons had reportedly expanded the department's mission, was making money, and was looking for senior programming. Turf fields were up in the air with the Schools being the driver. \$500,000 was in the Recreation Stabilization Fund with the intent that it be used for turf fields. John Pruellage said fund raising needed to be the next step. Work was being done on the recreation building. David Wanger recalled that Joe Domelowicz wanted Mary Beth Lawton (Council on Aging) to coordinate with Mr. Timmons for programming for 50 to 69 year-olds. Ms. Dale could not recall any large asks.

Darcy Dale discussed the Finance Department and thought they needed more help. The starting salary or step for the proposed position was very low, which Ms. Dale thought needed to be increased to gain a larger pool of qualified candidates. Marisa Batista said Joe Domelowicz hired a consultant to conduct an analysis of the Finance Department and she would not be comfortable hiring someone in the event the job description changed. Ms. Dale referred to the Vision software upgrade (\$30,000) and increase on MIS. Ms. Batista said the assessor had researched other towns to determine if they were doing the upgrade. The assessor also spoke with the competitor to Vision. Ms. Batista thought the upgrade was expensive but needed to be completed in FY19 or FY20.

Marisa Batista explained that an actuarial study of OPEB needed to be completed every two years. The study was due in FY20. There was also a small increase in the audit fee

and MIS equipment. The budget for MIS was \$1,500 but expenses were consistently over budget. Joe Domelowicz's laptop was \$1,700. The Finance Department carried the costs of all IT, software, (except police and fire) and website maintenance in its budget. \$7,200 was in the Finance Department's budget for maintenance. Cemetery software (\$500) was also under the Finance Department. MUNIS increased in FY19 and would increase again in FY20 when the contract needed to be renewed. Phil Stearns said he had discussed moving the assessor's software costs into the assessor's budget. Mr. Stearns said each budget had a different line item for software/IT. Ms. Batista said the police and fire had their software as part of their budgets. Nick Tensen thought it would be important to understand IT as part of a department's costs. John Pruellage suggested government wide software be in Finance unless it were specialized to one department, in which case it should be part of that budget. Mr. Stearns suggested considering the change for the next year. Ms. Batista added that the Town would lose the ability to make historical comparisons.

Marisa Batista said the IT consultant was under the Finance Department's budget. Discussion ensued regarding if it was better to have a person to assess needs locally versus having Andrew Wood be the remote consultant. Ms. Batista noted that even though Mr. Wood was remote, he made assessments, changed servers, conducted upgrades, purchased equipment, had the equipment delivered, and set up the computers from Arizona. Ms. Batista had conflicting feelings about the local versus remote position. While it would be helpful to have someone local, it would be more expensive. Ms. Batista added that even a full-time IT person would not do many of the tasks that Andrew Wood had completed, such as MUNIS. Ms. Batista added that Mr. Wood did come to Town Hall occasionally and knew the Town's services well. Ms. Batista reiterated that Mr. Wood handled a lot of the backhands with MUNIS while IT directors would not, as they would consider MUNIS an accounting software issue. Mr. Wood had someone to come to Town Hall in the event of an emergency. Mr. Wood's salary was \$36,000. Nick Tensen added that the Town was paying for the Schools' IT person who should be available to help out or be a liaison.

Internet service for Town Hall, Council on Aging, and Police Department as well as the e-mail system were paid out of the Finance budget. Separate bills were received for the three entities for internet but not for e-mail. Ms. Batista did not know how DPW utilities were tracked and Darcy Dale thought it would be interesting to understand the high energy users. Ms. Batista said she had questioned some bills for cell phone usage but not for landlines. Ms. Batista thought if it was necessary, Andrew Wood would be able to track business versus personal computer use. Ms. Batista said it would be difficult as some uses appeared personal that were in fact business. David Wanger said it was a

policy issue.

Nick Tensen said he was concerned with the Fire Department budget, which initially showed a 1.5% reduction due to a retirement but if the retirement was removed, the budget actually increased 2% not including COLA. Marisa Batista said the same was true of the Police Department. The Police Department increased 3.4% not including COLA. With COLA the increase was 5.5% with the increase attributed to training (\$13,000) and uniforms (\$4,000). Phil Stearns said training was also a big driver in the assessor's and treasurer's offices. Pay for training as work time and program costs were segregated. John Pruellage added that training depended on having people with more experience or not.

Marisa Batista said the percentages were not the best column to look at as a 0% increase would be listed for a one-time line item. Ms. Batista was waiting for the Schools' budget to have a better idea of what the Town was looking for as a total budget. Ms. Batista thought there might be a second round to reduce the budget or discuss increasing the tax rate to accommodate "The Asks." The pay for the Fire Chief was discussed. The Selectmen had wanted to have the Fire Chief's pay listed for six months but the new Fire Chief was hired at the same rate as the previous Chief. The budget only reflected six months at the higher rate. Phil Stearns responded that the new Fire Chief had previously been working for the department so the change would only be between his previous salary and his new salary. Mr. Stearns said savings would not be experienced until the Town backfilled his previous position. Ms. Batista said a transfer would need to occur as the change was not budgeted that way.

David Wanger offered his concern that the Schools had agreed to 1.5% more for their employees than the Town employees over the previous three years and that for the next three years, the Schools had agreed to 2.5, 2.5, and 2%, which gave School employees a cumulative gain of 2.5% over six years versus the Town employees. Mr. Wanger did not believe the situation to be fair and that morale would suffer. Marisa Batista said morale had already been affected. Mr. Wanger wanted the Schools to regard the community in which they dwelled. Nick Tensen thought the different jobs might expect different levels of pay but Mr. Wanger said the original pay would represent any differences. Mr. Tensen suggested that the demand for teachers might be different. Mr. Wanger responded that employees were people and however the Town valued a public works person versus a teacher from a yeoman level, the Town should appreciate the fact that whatever distinction by pay grade in the past would be further skewed by disparity of the COLA. Phil Stearns said he had spoken to Jeff Sands regarding the topic and part of the rationale could be attributed to the teacher's union, which was strong and harder to negotiate with

than the small unions of Town Hall. Mr. Wanger said the Schools needed to be cognizant of the unfairness and the Town should work harder to get the schools to be more responsible.

David Wanger reported that his departments had no significant drivers of disproportionate increases, except for personnel and inspectional services. The percentage increases didn't appear to equal 2% COLA plus 2% pay grade movement. The Council on Aging Director's salary was set with a grant funding a portion of it, which skewed the percentage increase. If the grant was not given, the full amount of the salary would be funded by the Town. Mr. Wanger referred to inspectional services, which was a shared service contract position. Marisa Batista would investigate Wenham's calculations as there was a \$20,000 increase from the previous year for Hamilton's assessment. The reason the shared position was created was to provide better service, create additional income, and create cost efficiencies. Ms. Batista did not see a revenue increase or cost savings. There were no administrative expenses associated with the \$20,000 increase and the full-time administrative assistant position was still full-time. The software component approved at Town Meeting was \$10,000 to \$11,000, which would allow for on-line permitting. It was questioned if there was a need for a full-time administrative assistant.

Phil Stearns recalled the Assessor's software upgrade for \$30,000 and that the Town Clerk had requested new voting machines. The current voting machines were 18 years old and had outlived their ten-year life expectancy. One machine had jammed at the last election requiring a need for overtime. Old machines would be sold for \$500 each and would offset the \$5,000 price (each) for the four new machines. The Town Manager's budget was small but a new Human Resource position (possibly shared with Wenham and/or Essex) had been proposed. David Wanger noted that the inspectional service contract should be considered a model for future shared service contracts. The FinCom should be involved with the contract's inception.

John Pruellage reported on the DPW with a new deputy DPW director position being requested. A parks and recreation foreman was also requested, which Tim Olson had preferred. The entire DPW staff would be reviewed in the hopes of finding shared functions. Concern was issued that a one-person department would have a foreman who was equal to a multi-person department foreman. There were many foremen currently and not many laborers but one laborer was doing the work of a foreman. Nick Tensen was concerned about increasing a person's salary to do the same work being completed currently. Mr. Pruellage responded that one person was potentially doing higher level work but also more resources were needed. Mr. Pruellage added that Tim Olson was trying to solve multiple problems by adding one head rather than two. Marisa Batista

suggested having one foreman from cemetery who would cover the cemetery and parks with a laborer trained to work in the parks. Workers from more strenuous areas of the DPW would likely apply but the position needed to be advertised. Ms. Batista said the fairness of the new position would include analyzing the proposed salary with existing DPW salaries.

Regarding the Budget, Marisa Batista was concerned about having three contracts up without having new revenue sources. If the tax rate were to be maintained, something would need to give. Joint program information was due in January. A capital discussion would also need to occur. Budget cuts might need to occur once the Schools' information was received if the tax rate were to remain constant. David Wanger said the Schools expressed no receptivity to finding money in their current budget, which should be considered during the second round. Mr. Wanger said the Town should attempt to leverage as much as possible for what the Town could control and renew determination for educating the voters at Town Meeting. Mr. Wanger recalled the Board of Selectmen and FinCom agreed to do so at the last joint meeting.

Marisa Batista said there was not enough revenue to balance the water budget to cover the asks. Ms. Batista said it was not a good practice to use surplus to cover the gap between estimated revenues and expenses. Nick Tensen recalled that three to five years ago, rates were increased significantly to allow for a surplus, which limited the need for an increase over a period of time. Mr. Tensen said the crossover may have happened earlier than expected. Ms. Batista said the debt payment would increase from \$90,000 for FY20 to \$315,000 for FY21. Retained earnings would be needed to balance it. Mr. Tensen responded that if the surplus was designed to take the Town through five years and if it lasted another two years, it covered the anticipated horizon.

Follow up with HWRSD Joint Meeting/H-W Finance Committees

David Wanger said the meeting followed a pattern of frustrating meetings. The Wenham FinCom was noted as being active in a positive discussion. It appeared that the Schools had not made an effort in response to the message they received last April, to do things differently. Overall, the budget was considered to be disproportionate to the Town budget. Phil Stearns had reviewed Joe Domelowicz's presentation to find that the Schools' average percent increase numbers were actually lower than the Town's. Nick Tensen hoped to hear about the return on the special education initiative but the Schools had not prepared an analysis of it. The numbers regarding special education and per pupil spending as presented in the meeting, were confusing. Mr. Wanger said no good answer was given to the list of asks. John Pruellage hoped for more in the second round.

John Pruellage said there was a systemic problem with a regional school district in that there was no rigor in the budget process. Phil Stearns said he had spoken with Joe Domelowicz and Scott Maddern who were in agreement in that they wanted to find a way to hold the Schools responsible. Pulling out Warrant articles to see if the budget could be presented to the Town in a way similar to last year could be one way to hold the Schools accountable. It was noted that the Town did not have line item veto power over the Schools' budget.

The metric of the Schools' quality versus cost was discussed. The Schools were defensive and would not measure effectiveness. The Town would not mind paying more if the Schools were doing better than competing districts. Nick Tensen said the Town needed the school system to be top notch to be a top notch community. The State had all the information for the FinCom to look at for performance and financial metrics. John Pruellage and Phil Stearns would work on the project and present their findings to the Schools. Darcy Dale said the Schools had fallen from 14 to 24 in a couple of years. It was agreed that 24 out of 100 in the Boston area was not a disaster. The data may prove the Schools should be spending more but would not indicate how the investment should best be made.

Phil Stearns discussed comparing actuals to the Schools' budget. In 2018 \$40,000 had been budgeted to OPEB of which \$10,000 was spent on a playground, but the other \$30,000 did not go toward OPEB and where it went was not known. Once approved, the Schools could move money anywhere in the budget. Scott Maddern reportedly said he would try to get a copy of the audited statements. David Wanger suggested creating a list of questions and requests for documents. Mr. Stearns wanted to ensure that the Wenham FinCom was in agreement. Mr. Wanger would compile the list of asks and request that budget versus actuals metrics be included.

David Wanger distributed two documents (attached), which were a draft of remarks and suggestions to Joe Domelowicz and an e-mail forwarded to the Chair of the School Committee after the meeting. Mr. Wanger noted that the Chair did not respond.

Review and Approve Minutes from October 31, November 14, November 19, and December 2, 2018.

Discussion ensued regarding the Site Walk at the Dodge Homestead and the Town's process regarding taxes. The issues were between the Department of Conservation and Recreation and the Department of Revenue. The State departments never approved the program in a clear way in regard to taxes. Scott Maddern had reportedly pushed the issue to Brad Hill and Bruce Tarr to get their reading at the State level. The Town did not have

the ability to abate their taxes.

Motion made by Nick Tensen to approve the minutes of October 31, November 14, November 19, and December 2, 2018

Seconded by Darcy Dale.

Vote: Unanimous in favor.

Other Topics Not Reasonably Anticipated by the Chair.

The FinCom would not meet on December 26, 2018. The next meeting would be on January 9, 2019. Topics would include OPEB, the Schools (actual versus budget and metrics for spending versus performance) John Pruellage was the point person. The Selectmen would be involved in the analysis discussion with a joint meeting being scheduled in January. Phil Stearns would inform Wenham about the topic.

Adjournment

Nick Tensen made motion to adjourn.

Seconded by Darcy Dale.

Vote Unanimous to adjourn at 9:01 pm.

Prepared by:



01-11-19

Marcie Ricker

Attest

Date

From: david wanger <HYPERLINK "mailto:dwanger@hamiltonma.gov" \t "_blank" dwanger@hamiltonma.gov>

Date: December 5, 2018 at 12:44:42 PM EST

To: HYPERLINK "mailto:d.polito@hwschools.net" \t "_blank" d.polito@hwschools.net

Good Afternoon David: A short note of appreciation for your demonstrated patience and courtesies last evening, and of hope that we can work collaboratively toward an acceptable balance in terms of affordable, quality education. Regards, David.

From: david wanger <HYPERLINK "mailto:dwanger@hamiltonma.gov" \t "_blank" dwanger@hamiltonma.gov>

Date: November 30, 2018 at 12:22:20 PM EST

To: HYPERLINK "mailto:jdomelowicz@hamiltonma.gov" \t "_blank" jdomelowicz@hamiltonma.gov

Subject: 12/4 PRESENTATION

Good Afternoon Joe: Thank you for sharing draft of above. Recognizing your recent exposure to the SC-Town relationship, but having gleaned your intuitive understanding of such matters, I wanted to share my experience/views for your consideration; surface cordiality and collegiality mask the SC's continuing propensity to rely upon statutory prerogatives and constituency(parental) dedicated myopia to strain fiscal health and taxpayer resources; in the fall meeting, the SC has provided little of substance regarding the ensuing budget, listening to towns' presentation and relating that such information will be considered as the SC undertakes its budget process; as we discussed at the recent BOS/FIN COM session, we need to develop and pursue a public information program, establishing a foundation for the informed exercise of taxpayer funding discretion at town meeting....and since the 12/4 session is both public and televised, that meeting provides an opportunity to begin that program of public awareness by, for example, comparing recent year-to-year town/school budget increases, by comparing personnel compensation incremental trends, noting how the school exercise of compensation discretion impacts the town in terms of morale and cost, by noting the reluctance of the SC to engage in service/cost sharing initiatives (for example, IT). Last April, with BOS/FIN COM effort, we came close to

citizen rejection of the SC comparatively outsized budget request(the mystery as to the 82+/- missing votes impacts that funding determination), and the SC should be made to appreciate that notwithstanding surface attitudes, failure to be responsive substantively to town concerns will stimulate renewed effort for equitable budget determinations next April. Thus, I respectfully am suggesting that in your inimitable style, the above be conveyed for SC and public consumption on 12/4. Beyond the foregoing, please also consider relating in dollar or descriptive terms impending tax rate and tax burden projections, and a request that the SC attempt to find funds within a relatively level funding budget projection for a significant portion of the cost of the recently negotiated contracts.....as enrollment continues to decline, is it not counterintuitive from a responsible fiscal view to maintain a stable employee complement(personnel costs comprising 70%+/- of annual school budget) while increasing compensation in terms of salary and fringe to a comparatively high degree? In terms of capital budget, perhaps we could remind the SC that we asked for a refined capital request last year and their failure to be cooperative and responsive resulted in citizen rejection of a bond request. Joe, I apologize for the length of my remarks.....they of course are intended to be helpful to you. Regards, David.