

March 18, 2019

From: Hamilton Finance and Advisory Committee

Commentary and Recommendations on the Warrant for:

ANNUAL TOWN MEETING

Saturday, April 6, 2019

Hamilton-Wenham Regional High School, Hamilton

Please bring this report to Town Meeting

To: The citizens of Hamilton:

The Finance and Advisory Committee (FinCom) presents this report for the Annual Town Meeting of April 6, 2019. The Warrant, which is written by the Board of Selectmen (BoS), contains Articles which will fund your town and school operations for fiscal year 2020. There are also Articles for funding the Patton Homestead, our OPEB trust fund, allocation of CPC funds, funding the Stabilization Fund and creating and funding a new Capital Stabilization Fund, as well as requests for debt to fund capital projects. Non-financial Articles such as Planning By-law changes and town by-law amendments are also included.

The Hamilton Finance and Advisory Committee produced this report to provide additional information on the Articles and explanation on our recommendations.

To avoid repetition, this document should be read in conjunction with the Warrant and the appropriate Appendices. Please refer to those documents for the wording of the articles, summaries and fiscal impact as prepared by the BoS, Town Manager, Finance Director and Town Counsel.

ARTICLES 2019/4 1-1, 1-2 and 1-3

These articles are self-explanatory and do not require additional comment.

ARTICLE 2019/4 2-1

Periodically prior year bills are not received in the correct year. When this happens, the town government must come back to the town to appropriate the funds to pay the bill. Article 2-1 is for a Casella (trash collection) bill for \$5,750.00 that was not paid in fiscal year 2018, as the invoice was received in FY19. The Finance Committee believes this is a legitimate bill and recommends the funds be appropriated and the bill paid.

The Finance and Advisory Committee recommends favorable action (5-0) on Article 2-1.

ARTICLE 2019/4 2-2

Article 2-2 proposes an amendment to the Personnel By-Law by adopting changes to the Classification and Compensation Table as seen in Appendix A.

This article is a request to update our Classification/Compensation Table to include 3 new positions: a shared Human Resources Director, a full-time Assistant DPW Director, and a School Resource Officer. In addition, there will be on-going negotiations with the Administrative Union, Police and Fire Department Unions to resolve Collective Bargaining Agreements and any personnel contracts which will be settled after the April 2019 Annual Town Meeting.

FinCom would like to express our concern that there is a perceived inequity in cost of living increases between the HWRS D employees (a greater than 2% COLA increase) and the employees who work for the town of Hamilton (2% COLA increase). We hope that in the future, those inequities can be removed by treating both parties with equanimity and fairness. This is a critical matter of preventing unnecessary negative morale of our town employees. (See additional discussion in Article 2-4.)

The Finance and Advisory Committee recommends favorable action (5-0) on Article 2-2.

ARTICLE 2019/4 2-3

Article 2-3 is an appropriation for capital expenditures for the Town. The expected request of \$308,003 is that portion of the \$3,148,003 in capital expenditures recommended for FY20 by the Town's Capital Improvement Plan (See Appendix A.) that will be appropriated by the Town as part of the FY20 budget. The \$2,840,000 balance of the FY20 capital improvements are proposed to be funded by non-budgetary measures such as bonding, Chapter 90 funds, water user charges and CPA funds, and appear as separate Articles in the Warrant.

The \$308,003 is comprised of the following six different items:

- 1) New Voting Machines (\$21,300)**
Rationale/Purpose of Spend: Our voting machines are almost 20 years old and are outdated and inefficient.

- 2) Replace Fire Pick Up Truck Squad 7 (\$48,703)**

Rationale/Purpose of Spend: The current Squad 7 pick-up truck is 11 years old and in need of replacement given the amount that it is used.

3) Replace Patrol SUV (\$40,000)

Rationale/Purpose of Spend: The replacement SUV is part of the Town's gradual fleet replacement so that older vehicles with a lot of mileage get replaced on a regular basis.

4) 2011 GMC Dump Truck (\$58,000)

Rationale/Purpose of Spend: Replacement of a DPW dump truck that is 8 years old and in need of replacement given the amount that it is used.

5) Road and Sidewalk Repair Program (\$90,000)

Rationale/Purpose of Spend: Every year the DPW undertakes to repair a portion of roads and sidewalks that are not covered by Chapter 90 or other funds.

6) Renovation of Patton Park concession stand, bathroom and storage building near baseball fields (\$50,000)

Rationale/Purpose of Spend: Appropriation to renovate the building near the Patton Park baseball field dugouts that is in significant need of repair. As these fields see significant usage throughout the year, this building has a lot of wear and tear and could be more efficiently used through renovation.

We recommend that the town appropriate as part of the FY20 budget for these items due to there being a clear need for each of these items and they are an appropriate expenditure of Town funds. In addition, we recommend that appropriation of funds from the General Fund be used instead of other sources (e.g., bonding) given that 1) many of these expenses are of a recurring nature that are likely to be recommended every year (e.g., fire and police fleet replacement, sidewalk, road repair) and/or 2) the expenditure is \$50,000 or less. Further, in accordance with the Town's recently adopted financial policies, due to the recurring nature of many of these items, we recommend that these capital items be appropriated out of the FY20 budget rather than from a transfer of free cash which would deplete our free cash reserves.

The BoS have recently established a Capital Planning Committee (CapCom) to bring citizens into the process of developing a five (5) year Capital Plan. This committee will review expenditures and funding, and prioritize projects based on Capital Plan policy, and make recommendations to the Town Manager, the BoS, and FinCom regarding those subjects.

The Finance and Advisory Committee recommends favorable action (5-0) on Article 2-3.

ARTICLE 2019/4 2-4 *General Town Departmental Appropriations*

Article 2-4 is the annual budget appropriation for your town government and the School District (HWRSD). After many years of proposing a “level services” budget, this year’s budget includes additional personnel to better serve the town as well as the creation of a Capital Stabilization Fund to help secure funds for future capital projects (see Article 2-14). The additional personnel include a full time Assistant Public Works Director, an additional police officer to provide a School Safety Officer for the District and to reduce overtime needs for the department, and a Human Resources Director who will be shared with other nearby towns. Other increases over last year are due to the rising costs of: the trash/recycling contract, group health and life insurance, the employee retirement plan and debt spending related to the capital improvement plan. (See Articles 2-3, 2-17, 2-18, 2-19 and 2-20 for commentary on the capital improvement plans).

The FinCom believes that town government has done their due diligence to minimize the impact of the increased costs for trash, insurance, and employee retirement obligations and will continue to look for opportunities to save in these areas. We also support the addition of an Assistant Public Works Director as the responsibilities of this position keep expanding and we have lost continuity of the department during previous transitions. Currently, the DPW Director is functioning as the Town’s Public Procurement Officer.

Responsibilities for the Assistant Public Works Director will include: daily work assignment planning for the 15 full-time DPW employees while assisting the Director in managing these employees and prioritizing work, deploy personnel and equipment, maintain daily/weekly reporting of workflow, ensure compliance of work with the Collective Bargaining Agreement (CBA), assist Public Works Director with procurement, coordinate construction activities, oversee Town’s tree program and provide recommendations to Tree Warden, oversee Town’s pavement management program and provide recommendations to the DPW Director and respond to citizen inquiries, concerns and requests.

The FinCom also believes the Town needs a Human Resources Director to help the town reduce financial risk and/or exposure related to personnel issues and to allow the Town to plan for improving employee training and accountability. As currently proposed, the plan is to hire a Resources Director that would serve three communities, including Hamilton. The budget shows the entire loaded costs of the Director’s position, but also shows revenues for two-thirds of those costs through inter-municipal agreements (IMAs) with two other communities. If the position is approved and funded, but the IMAs are not executed in time for the Towns to hire a new HR Director, Town Manager will only utilize one-third of the associated cost for the services of a consultant to provide the function until a regional agreement can be worked out.

The School District budget includes the following:

HW Regional Schools (HWRSD)	\$18,893,308
HW Regional Debt Service	\$ 255,156
North Shore Vocational School	\$ 183,745
NS Vocational Debt Service	\$ 19,885

HWRSD has proposed a “level services” budget for operations with the addition of \$250,000 to support their Other Post Retirement Benefits (OPEB) obligation. FinCom has worked closely with the Administration this year as part of our due diligence in understanding their operating budget. School costs continue to increase and this year’s budget is 5.1% over FY19. Due to enrollment shift, Hamilton’s increase is 4.1%. The primary driver, almost \$900,000 (31.2% over last year), is Out-of-District Tuition, which is not easily controlled by the District. Efforts are being made to keep more students in the District but this will require additional programs and resulting expenses. Other drivers include salaries (3.2% over last year), healthcare (7.6% over last year), Essex retirement (8.6% over last year) and in district transportation (8.2% over last year).

One area of ongoing concern is the cost-of-living inequality between the Town and the District. The FinCom believes that all Town employees should be treated equally and fairly and that District employees are ultimately Town employees. For the past few years, cost-of-living increases have favored District employees over Town employees. FY19 District cost-of-living increase was 2.5% while Town employees received 2.0%. The FY20 budget shows District cost-of-living increase at 2.25% while Town employees again received 2%. As each year’s increase is on a higher base from the previous year’s increase it is easy to see District employees getting significantly higher increases than Town employees. FinCom urges the District to be aware of this discrepancy and to take a tougher position in their collective bargaining.

In previous years, FinCom has pressed the District and the School Committee to include funding for their OPEB obligation, which exceeded \$35 million as of July 1, 2018. This obligation will fall to the Towns, if the District does not provide adequate funding. Since all District funding comes from the towns anyway, Hamilton FinCom wants the District to be more proactive in addressing this obligation. District administration has developed a plan to meet their obligation and the FY20 budget is the first step. The FinCom supports this effort and encourages continuance in future years.

FinCom is very disappointed that the schools did not provide a FY20 Capital Plan with their budget proposal. (See Article 2-5.)

The Finance and Advisory Committee recommends favorable action (4-0) on Article 2-4.

ARTICLE 2019/4 2-5 *School District Capital Expenditures*

As mentioned above, the District failed to provide any capital plan to the Towns for FY20. This is especially surprising because Hamilton voted against the District's proposed FY19 capital plan at last year's Town Meeting. The FY19 plan was for \$2.6 million in "Safety, Accessibility, and Critical Infrastructure." FinCom believed the FY19 plan included projects that were not necessary and could have been significantly reduced. Therefore, we recommended unfavorable action. FinCom recognizes that some items in the FY19 plan are needed and we want to support the schools in being the best they can be in a fiscally responsible way. Our expectation was that the District would present an FY20 plan that justified the critical needs and showed a reasonable approach for the next 4 years. Unfortunately, this didn't happen and no FY20 District Capital Plan was presented.

Since there is no plan, no funds are requested and there is no tax rate impact on the town. This article is essentially a "placeholder" for when the District does present a capital plan.

The Finance and Advisory Committee recommends NO action (5-0) on Article 2-5, as there is no money being requested in this Article.

ARTICLE 2019/4 2-6 *Water Enterprise Budget*

The Water Enterprise Budget is solely supported by the Water Enterprise account, which is funded by individual water bills. Five years ago, the water rates were increased with the anticipation the Enterprise would not have to raise rates for several years.

This has been successful. Initially the Enterprise built up a surplus in Retained Earnings. However, over the last couple of years, due in part to water restrictions, water revenues have decreased. In FY20 the Enterprise will need to use its Retained Earnings surplus to pay for Budgeted expenses.

The Finance Committee finds this budget to be controlled and reasonable. And although there is no tax impact on the town, the town residence should anticipate a water rate increase in FY21.

The Finance and Advisory Committee recommends favorable action (5-0) on Article 2-6.

ARTICLE 2019/4 2-7 Annual Financial Action

Article 2-7 is an annual “house-keeping” exercise where the town transfers funds to the General Fund from 3 funds:

An amount, \$2000 of The Cemetery Sale of Lots and Graves Fund is transferred annually to the General Fund as an off-set to help repay the cemetery expenditures that come from the General Fund.

Included in this article is the annual transfer of funds derived from the interest that has accumulated in the Clark Property Fund. The interest is transferred to the Conservation Fund annually.

The Water Enterprise Fund transfers funds to the General Fund to off-set the Indirect Costs that are incurred on behalf of the Water Department. These Indirect Costs would include, for example, the time spent by Town employees when bills are paid for the Water Department, or collecting water payments, or any administrative or other work performed by non-water department employees, debt cost, health insurance, etc. The Massachusetts DOR recommends that these Indirect Costs be accounted for in order to know the full costs of providing water service to the Town. The Town is reimbursed for these Indirect Costs and with this information on Indirect Costs, the town can recover costs by relying on user fees, and to maintain revenue/retained earnings to use for debt service, operating and capital expenses.

The Finance and Advisory Committee recommends favorable action (5-0) on Article 2-7.

ARTICLE 2019/4 2-8 Community Preservation Budget

The Community Preservation Committee (CPC) budget is supported by a 2% tax surcharge plus State matching funds. It should be noted that as more Commonwealth towns and cities have participated in this program, the matching funds have decreased over the past several.

The CPC is charged with providing support to various town projects: historical, open space and community housing. This year they will be:

- Making the final payment on the Donovan Field property \$ 41,200
(ends FY20)
 - Make an annual payment on the Sagamore Hill property \$112,300
(ends FY32)
 - Support renovation at the Community House \$197,000
 - Contribute to the Town Hall renovation budget \$150,000
(see Article 2-20 for details on Town Hall renovations)
 - Contribute to community housing projects reserve \$ 47,000
 - Pay for part time administrative support (recurring cost) \$ 23,500
(See Appendix E.)
- Total \$571,000

The CPC budget is limited by the surcharge and State match. CPC current spending pattern may not allow for the accumulation of reserves for future larger projects.

The Finance and Advisory Committee recommends favorable action (5-0) on Article 2-8.

ARTICLE 2019/4 2-9 Annual Budget for Revolving Funds

Article 2-9 is an annual warrant article that sets the spending limits for each of the Town’s revolving funds. Generally, revolving funds are used for purposes that are self-sustaining and generate revenue throughout the year to offset expenses. Although a revolving fund is designed to “break even” every year by taking in at least as much revenue as it spends in expenses and, accordingly, not require any additional appropriation from the Town’s General Fund, M.G.L. c.44, sec. 53E1/2 provides an additional layer of protection for the Town by requiring the Town to set limits on annual spending. These limits are generally based upon historical and anticipated spending but usually are higher than anticipated to allow some room for additional expenditures if a growth in revenues requires additional spending. But to be clear, these spending limits are not general fund appropriations that require taxes to be levied in anticipation.

Currently the Town has four revolving funds and we are recommending approval of the following spending limits:

Revolving Fund	Source of Revenue	FY20 Proposed Spending Limit
Recreation and Parks	Receipt of user fees for town recreation programs	\$300,000
Pool	Pool passes and program fees	\$125,000
COA	User fees from COA programs	\$20,000
Emergency Dispensing Services & Clinics	Insurance reimbursements, bequests and contributions	\$20,000

As demonstrated in the table below, with one exception the proposed spending limits are identical to the prior approved spending limits set for FY19 and actual spending in FY18 fell below each of these limits. In addition, in FY18 revenue for each of these funds exceeded expenses and increased the size of these funds by a total of \$14,373.47 across all funds.

Revolving Fund	FY2018 Actual Revenue	FY2018 Actual Spending	FY2018 Change in Funds	FY2019 Spending Limit	FY2020 Proposed Spending Limit
Recreation	\$253,310.02	\$246,006.70	\$7,303.32	\$250,000	\$300,000
Pool	\$84,342.50	\$83,076.31	\$1,266.19	\$125,000	\$125,000
COA	\$9,519.16	\$8,268.92	\$1,250.24	\$20,000	\$20,000
EDS&C	\$17,099.20	\$12,545.48	\$4,553.72	\$20,000	\$20,000
Total	\$364,270.88	\$349,897.41	\$14,373.47	\$415,000	\$465,000

The one exception is the Recreation Fund, where due to the demand for and success of the programs, expenses almost exceeded the limit in FY18. Accordingly, we are recommending that the spending limit for FY20 be increased to \$300,000 to ensure that next year’s expenses will not exceed the spending limit and allow for additional growth in these programs if warranted.

The Finance and Advisory Committee recommends favorable action (5-0) on Article 2-9

ARTICLE 2019/4 2-10 *Hamilton Development Corporation*

The Hamilton Development Corporation (HDC) is a publicly-chartered organization whose charge is to support planned economic development using public and private funds. Its main source of income is the approved use of the Town’s meals tax revenue.

The HDC owns 59/63 Willow St (Mac’s Shoe). The property had been targeted for elderly or affordable housing in conjunction with HarborLight. That project has ceased and the HDC is now focused on getting the property “Permitted” for a 20/23-unit market priced housing project. Once permitted HDC intends to sell the property to a developer.

Additionally, HDC has several other downtown projects: beautification (flowers), promoting businesses, signage, etc. Once 59/63 Willow Street is sold, they intend to focus on the downtown land and streetscape to improve shopping and pedestrian experience and have engaged the services of a landscape architect for plans to develop Railroad Avenue.

This year, the transfer of the meals tax revenue, which supports HDC’s operations, is \$74,880. This balance changes every year. Their expenses include holding costs on the 59/63 Willow Street property, permitting the property, landscaping and flowers, architects, business promotion and other consultants.

The Finance and Advisory Committee supports the HDC's mission and budget and recommends favorable action (5-0) on Article 2-10.

ARTICLE 2019/4 2-11 *OPEB Trust Fund*

Beginning with the 2010 Annual Town Meeting, the Finance Committee has recommended, and the Town Meetings have concurred, making annual contributions toward funding by accrual the Town's Other Post Employment Benefits (OPEB) obligations. As related by the Town's actuary, Odyssey Advisors, in its October 2018, description of the accounting standard applicable to Town's OPEB Plan: "The philosophy behind the accounting standard is that these post-employment benefits are part of the compensation earned by employees in return for their services, and the cost of these benefits should be recognized while employees are providing those services, rather than after they have retired. This philosophy has already been applied for years to defined benefit pensions; and (the accounting standards) extend this practice to all other post-employment benefits" (p.6). That same Plan description further relates that the annual required contribution of the Town "represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost (of OPEB obligations) each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years" (p.24). There will be periodic actuarial assessments of the status of the Town's OPEB Plan, but we believe that the recommended \$125,000 contribution made pursuant to the 30-year amortization schedule may gradually increase to reflect future medical trends and costs. Currently, retired employees choosing to participate in the benefit plan pay 45% of health insurance premium cost, 100% of dental coverage, and 25% of life insurance cost. Currently the Town's portion of these costs gets appropriated. It is anticipated that as the Trust Fund grows in value, eventually the Fund will be sufficient to satisfy current and future obligations.

The Finance and Advisory Committee recommends favorable action (5-0) on Article 2-11

ARTICLE 2019/4 2-12 *Patton Homestead Operating Budget*

At the Special Town Meeting last fall, we unanimously recommended the appropriation of \$86,343 for FY19 to provide for the ongoing operating costs of the Patton Homestead and to allow for the hiring of a Director. However, our recommendation was not without its qualifications. While we noted the cultural importance of the Patton Homestead and collectively shared the Patton Homestead Board's enthusiasm for the project, we stated that we were not yet convinced that the project was viable over the long term. We challenged the Patton Homestead Board to take a number of actions that we felt would be

necessary to continue to fund the enterprise. These actions included: 1) the development of a more robust business plan, 2) the development of more granular revenue and expense projections, 3) an understanding of the potential for fund raising and grants for the Homestead and 4) the establishment of financial milestones that we could track in 2019 and beyond if the Patton Homestead continued to require additional funding. It was understood that the hiring and assistance of a Director for the Patton Homestead might be necessary and/or helpful in taking these actions. Unfortunately, the Director was only very recently hired and, to date, we have not received any of the additional analysis we recommended undertaking.

Accordingly, we do not feel that we can credibly continue to recommend favorable action at this Town Meeting given that we have not been given the additional information and analysis that we have sought. However, we do not want to unfairly prejudice our townspeople's view of this endeavor without complete information and do not want to recommend taking unfavorable action and, as a result, defund the project before a more informed assessment can be made. We therefore do not recommend taking any particular action at this Town Meeting.

The Finance and Advisory Committee voted (5-0) to NOT make a recommendation on Article 2-12 and let the voters make their own decision.

ARTICLE 2019/4 2-13 *Stabilization Fund*

During the past year the Finance Department, FinCom and the BoS have worked to develop and adopt additional Financial Policies to guide the Town. We adopted a Financial Reserves policy "to help the Town stabilize finances and maintain operations during difficult economic periods, this policy establishes prudent practices for appropriating to expending reserve funds. With well-planned sustainability, Hamilton can use its reserves to finance emergencies and other unforeseen needs, to hold money for specific future purposes, or in limited instances, to serve as revenue sources for the annual budget. Reserve balances and policies can also positively impact the Town's credit rating and consequently its long-term cost to fund major projects."

Hamilton already has a Stabilization Fund and this Article moves funds from existing Free Cash to the Stabilization Fund. As previously established, this Fund requires a majority vote to move funds into, and two thirds (2/3) majority of Town Meeting voters to move funds out of the Fund. Therefore, this money is protected from being used for anything other than a use favored by a two thirds (2/3) majority of Town Meeting voters.

The new policy states that the "Town will annually appropriate a minimum of ½ of 1% (0.5%) of the total expenses to the general stabilization fund until the target

minimum of five percent (5%) is met.” The current fund balance is \$830,190. This expected request (\$322,654) if approved, will bring the balance to \$1,152,844 which is still below our target. The target based on the FY20 budget is over \$1.6 million. The expected request is anticipated to come from Certified Free Cash, so it will not impact the tax rate.

The Finance and Advisory Committee recommends favorable action (5-0) on Article 2-13)

ARTICLE 2019/4 2-14 *Capital Stabilization Fund*

The Financial Reserves policy described in 2-13 also recommends the town establish a Capital Stabilization Fund that “should minimally equate to the total annual asset depreciation the Finance Director calculates under the requirements of the Governmental Accounting Standards Board’s Statement 34.” The current annual asset depreciation so calculated is about \$1.3 million.

This is a new Fund that will require a two thirds (2/3) majority of Town Meeting voters to create. As in 2-13, if adopted, this Fund will require a majority vote to move funds into, and two thirds (2/3) majority of Town Meeting voters to move funds out of the Fund. This Fund should allow the town “to pay outright for moderate-range capital expenditures and thereby preserve debt capacity for major, higher-dollar purchases or projects. This approach balances debt with pay-as-you-go practices and protects against unforeseen costs.”

The expected request is \$579,122 and is anticipated to come from Certified Free Cash, so it will not impact the tax rate.

The Finance and Advisory Committee recommends favorable action (5-0) on Article 2-14)

ARTICLE 2019/4 2-15 *Grant Appropriations*

This article is another “house-keeping” item that will close out old funds, or close deficits in old funds, and/or take any other action that is relative thereto. These grant(s) are all prior to FY14. The specific grant deficit that will be closed out is part of the “E911 Support and Incentive Grant” and the amount needed to close out this deficit is \$4,396.94.

Accounting rules dictate that these funds are already netted out of the Certified Free Cash.

The Finance and Advisory Committee recommends favorable action (5-0) on Article 2-15.

ARTICLE 2019/4 2-16 *Personnel Service and Union Contracts*

This article represents a set-aside of funds for personnel contingencies related to levels of compensation.

The Finance and Advisory Committee recommends favorable action (5-0) on Article 2-16.

ARTICLE 2019/4 2-17 *Debt – Water Distribution System*

Over the past several years the DPW has been upgrading the town's water distribution system, storage tanks and facilities (well houses & treatment plant). To support this capital investment the town authorized borrowing \$5,000,000. Each year a portion of the ask has been used on various phases of the project. There is approximately \$1,600,000 remaining in the authorized borrowing.

Planned FY20 projects include water main work on outer Woodbury & Partridgeberry, fire hydrant replacement along Bridge Street and valve work off the water storage tank. As of this writing, the cost has not been determined.

Water system upgrades are funded through bonds. This bond will be paid out of the Water Enterprise Fund. As discussed in Article 2-6, the Water Enterprise operating budget is supported by water bill collections. Similarly, the bonds are also paid out of the Water Enterprise Fund. Since the Water Enterprise is self-funded, there is no impact on the tax rate, but there will be impact on the water rate.

The Finance and Advisory Committee recommends favorable action (5-0) on Article 2-17.

ARTICLE 2019/4 2-18 *Debt – Water Treatment Plant*

A couple of years ago the water treatment plant's filtration system was reworked. The current system is an Electromedia system that is very good at removing elements like iron, magnesium, arsenic and other metals.

Electromedia is an effective purification system but it is not designed to remove organics (leaves and plant matter) from the water. Recently, the Ipswich water basin has been accumulating larger amounts of organic matter. The materials tend to clog the filtration system and retard the metal cleaning process.

This water treatment plant investment is designed to pretreat the raw river water, remove the organics and prepare the water for an efficient metal purification process.

Like the Water Distribution System upgrades, the bonds are also paid out of the Water Enterprise Fund. Since the Water Enterprise is self-funded, there is no impact on the tax rate, but there will be impact on the water rate.

The Finance and Advisory Committee recommends favorable action (4-0) on Article 2-18.

ARTICLE 2019/4 2-19 *Debt - Chebacco Road Paving Project*

This article proposes appropriating \$1,000,000 to fund the pavement of Chebacco Road in Hamilton. Pursuant to the Town's Capital Improvement Plan and in accordance with the Town's financial policies, it is recommended that this appropriation be funded through bonding and/or available Chapter 90 funds.

Every year the Town spends a considerable amount of money in regrading Chebacco Road due to the erosion and wear that occurs as a result of normal use, weather and plowing. Often times the road must be re-graded several times a year. In addition, heavy rains and other melting have caused erosion that over time has changed the path of the road out of the Town's right-of-way, which will be rectified during the paving. There has been discussion about the possibility of using this right-of-way for laying water pipe to Manchester-by-the-Sea as a way to relieve some of our water needs. If this proceeds, the right-of-way offers sufficient space without disturbing the proposed paving.

Although significant funds must be spent upfront to pave the road, bonding the project and the use of Chapter 90 funds allow for the cost to be spread over a number of years and better track the annual savings in not having to regrade the road. It is anticipated that the paving of Chebacco Road will result in an increase in traffic on this road; however, the vast majority of residents on Chebacco Road are strongly in support of having the road paved. Accordingly, we recommend that the town invest in this project.

The Finance and Advisory Committee recommends favorable action (5-0) on Article 2-19.

ARTICLE 2019/4 2-20 *Town Hall Improvements*

As beautiful as our current Town Hall is, especially from the outside, it needs significant work to serve the needs of the Town into the 2020s and beyond. In its current state, the building poses health and safety risks to town employees and

parts of the first floor, the second floor and basement are not ADA compliant. Residents are encouraged to visit Town Hall and see for themselves the current state of offices and storage.

Some years ago, Town Meeting defeated a proposal to allocate funds to improving town hall because the proposal was vague and the request was substantial. Since then, the Town Hall Building Committee, which includes residents and Town employees, has hired an Owner's Project Manager and an architect. Significant work has been done to vet numerous designs that meet the growing needs of our Town while maintaining the historical nature of the building's exterior while improving the working conditions of our employees. At the time of this writing, the amount to be requested is uncertain as is the deliverable expected from this ask. Funding to complete the construction will be requested at a future Town Meeting.

The Finance and Advisory Committee declined to vote on Article 2-20 as we did not have final numbers regarding requested funding and will make a recommendation at Town Meeting.

ARTICLE 2019/4 3-1 *Sign Bylaw*

This article is to update our current Sign Bylaw to address issues that pertain to permanent and temporary signage in Residential Districts, the Historic District, and the Business District. This article describes where and under what circumstances signage is allowed, which signs require approvals, permits, special permits, and the number, size, location, whether motion of signage and which lighting applications are acceptable, and lists any other conditions that may apply. (See Appendix F for actual text.)

The Finance and Advisory Committee recommends favorable action (5-0) on Article 3-1.

ARTICLE 2019/4 3-2 *Inclusionary Housing Bylaw*

This proposed amendment to the current Hamilton Zoning Bylaw addresses Inclusionary Housing standard for the Area Median Income (AMI), to reflect the geographic area income limits for the town of Hamilton. There is also a change to increase payments for builders who do not contribute affordable units in their development plans. The current practice yields \$145,000 per unit in lieu of affordable housing and the amendment proposes to increase this payment to \$273,000 per unit. (See Appendix G for actual text.)

The Finance and Advisory Committee recommends favorable action (5-0) on Article 3-2.

ARTICLE 2019/4 3-3 *Wireless Facilities Bylaw*

This Bylaw proposes to institute laws and establish rules for the design, development, location placement, installation, operation, height, and aesthetics for Small Wireless Facilities (SWF) on public and private properties. In accordance to Appendix H, "SWF's shall be so designed and installed so as to minimize adverse visual effects through careful design and siting with an intent to preserve property values and the aesthetic character of Hamilton." (See Appendix H for actual text.)

The Finance and Advisory Committee recommends favorable action (5-0) on Article 3-3.

ARTICLE 2019/4 4-1 *Affordable Housing Trust Bylaw*

The proposed Hamilton Affordable Housing Trust Bylaw specifies that The Trust shall have five (5) voting Trustees at all times and the Board of Selectmen shall appoint the Trustees. All Trustees must be residents of the Town of Hamilton, Massachusetts at the time of appointment and at all times throughout the Trustee's term. At all times at least one of the Trustees shall be a member of the Board of Selectmen. In making such appointments, the Board of Selectmen shall endeavor to provide a broad-based membership including legal, banking, financial and real estate professionals, other members of the local business community and affordable housing advocates. The Town Manager shall serve as a sixth Trustee, without the authority to vote. Currently, the Bylaw states that the Town Manager is a voting member of the Trust, although the current Town Manager is not a Hamilton resident and neither was the previous Town Manager.

This bylaw revision would also change the number of voting Trustees required for a quorum from four (4) to three (3).

The Finance and Advisory Committee recommends favorable action (5-0) on Article 4-1.

ARTICLE 2019/4 5-1 *Establish OPEB Trust*

Having advocated, with Town Meeting concurrence, for an actuarially sound schedule for the annual contributions of funds sufficient to meet current and prospective costs associated with employee earned entitlement to certain insurance benefits upon their retirement (See: Article 2-11), the Finance Committee now recommends that such funds, as they accumulate in significant amount over the 30 year amortization schedule, be retained and expended solely for the intended purposes by adoption of available, lawful means designed to provide maximum protection from diversion. This will be accomplished by

establishing an Irrevocable Trust, pursuant to Massachusetts General Law, Chapter 32B, Section 20, as most recently amended.

The Finance and Advisory Committee recommends favorable action (5-0) on Article 5-1.

Respectfully submitted Hamilton Finance and Advisory Committee
Phil Stearns – Chair
John Pruellage – Vice Chair
Darcy Dale – Secretary
Nick Tensen
David Wanger