

HAMILTON BOARD OF SELECTMEN
HAMILTON FINANCE AND ADVISORY COMMITTEE
Minutes of Joint Meeting
January 26, 2019

Selectmen Present: Shawn Farrell
(Chair), Allison Jenkins, Scott Maddern
(9:30), and William Olson.

Finance Advisory Committee Members Present: Darcy Dale, John
Pruellage, Phil Stearns (Chair), and
Nick Tensen.

Town Manager: Joe Domelowicz.

Others Present: Marisa Batista
(Finance Director) and Tim Olson (DPW
Director).

Chair Shawn Farrell called the meeting to order for the Board of Selectmen at 8:10 am. Chair Phil Stearns called the meeting to order for the Finance and Advisory Committee (FinCom) at 8:10 am in the Hamilton Town Hall Memorial Room.

Budget Review and Workshop

Joe Domelowicz presented a power point printout of the FY20 Budget proposal, which totaled \$33M for the Town and the School. The total increase was \$2,336,603 for both the School (\$782,000) and Town (\$1.5M). \$900,000 would be transferred from Free Cash to the newly established stabilization funds. The Town increase without the transfer, totaled \$661,797. The Water Enterprise Fund increased \$67,000 from the previous year for a total budget of \$1.87M. Budget increases included a contingency for contract negotiations for three bargaining units.

The Assistant DPW Director position and shared Human Resource position were in the Budget. The Human Resource position would be in the Hamilton Budget with Inter-Municipal Agreements (IMAs) outlining the shared position. Two-thirds of the cost would be reflected as revenue from the other two towns. Joe Domelowicz said if the other two communities did not sign the IMAs, he would contract the service out for one year until the IMAs were signed. Mr. Domelowicz noted the rising cost of trash and recycling, health and life insurance, employee retirement plan, and debt spending related to the Capital Improvement Plan.

Joe Domelowicz referred to the expenditures and revenues, both of which increased by 7.6% over the FY19 Budget. The Budget breakdown showed the Town spent 60% of its Budget to date including debt service. 15.2% of the Budget was for unclassified expenses, which the Town had no control over. Mr. Domelowicz noted that 87.4% of the Budget was funded through property taxes and 3.2% was funded from excise taxes. The FY20 Capital Budget

Town would be informed at Town Meeting with any information that was available. To date, \$50,000 had been spent on the Owner's Project Manager's services, design, HAZMAT, and soil studies. Mr. Olson added that an application to the Community Preservation Committee had been filed for additional design and service funding.

Tim Olson described the work at the Water Treatment plant. The project was 99% complete with good quality water being generated from the plant. The original plant was not designed to remove organics and the organic levels had increased over time. Water needed to be pre-treated to remove the increased organics. There were two alternatives. The first was \$1.5M but a small project might achieve the same effect, according to Mr. Olson. An engineer was hired to make the decision. Joe Domelowicz said he anticipated using retained earnings to make a Bond Anticipation Note payment this year and in FY21 would bond the project.

Discussion ensued regarding the water rate and billing. Currently \$60 was charged per meter. Allison Jenkins suggested charging \$60 per unit for multi-family households that were on one meter and Gordon Conwell that was on fewer than ten meters. The 211 apartments at Gordon Conwell would pay \$85,000 per quarter. It was noted that Gordon Conwell received \$2M in profit.

Tim Olson discussed the need for an Assistant DPW Director. The employee would need to be able to be out in the field, to assist Mr. Olson in the office, and to cover for Mr. Olson while he was at a meeting or conference. The employee would assign work and work with crews. More work could be accomplished in-house. Mr. Olson said he was also the procurement officer, which was time consuming to keep the Town in compliance with MA law. Mr. Olson noted that smaller towns had an operations manager or assistant director. Allison Jenkins supported the position as there were efficiencies to be gained by using computer based programs. Mr. Olson responded that the work order system could be improved. Bill Olson agreed another person was needed but using a resource loading chart to illustrate how many hours or tasks were needed would be useful. The position would negate the need to access union workers for overtime pay. The LED streetlight issue was used as an example of how an Assistant DPW Director would have saved the Town money. Mr. Olson also noted that the new Stormwater permit from EPA was time consuming. Joe Domelowicz recalled the water culvert funding reimbursement issue when time had lapsed without anyone being able to keep track of the timeline. The position would be a Step 3, starting at \$83,000. Shawn Farrell noted having the position would be spending money to save money.

Financial reserves were discussed. Marisa Batista said Free Cash was certified on September 20, 2018 at \$1.7M. \$900,000 would be used, leaving \$1.8M. General Fund Budget policies adopted a target rate of 5%. The amount after the transfer would remain at 5.7%. The \$900,000 would be transferred to the General Stabilization Fund and the Capital Stabilization Fund. \$321,963 would be added to the General Stabilization Fund (3.5% of the General Fund Budget). The policy stated that .5% of the total Budget be placed in the Stabilization Fund but the Town was starting with 1% rather than .5%. 3% of the General Operating Budget would be targeted for the Capital Stabilization Fund net of debt on capital investment allocations. The Capital Stabilization Fund would be funded with \$507,659 from Free Cash as the policy targeted the

specifically for salary. Ms. Jenkins responded that most towns used the grant money for a newsletter rather than salary. Ms. Jenkins wanted to change the Town Clerk classification from an elected position to an appointed position. According to Ms. Jenkins, the current Town Clerk had not fulfilled the agreement to provide hours out of the office in writing. The change would require Town Meeting action. While MGL only required one day of work for an elected Town Clerk, the office not being opened also affected the unionized staff in the office. Ms. Jenkins said most towns started the position as an elected one but have moved to a more professional appointed employee. It was noted that the matron was the only employee not on the salary grid.

John Pruellage left the meeting at 9:44 am.

Joe Domelowicz discussed the hiring process of the Patton Homestead Director. \$101,000 would be transferred from the General Fund to the Homestead. Some of the money would go back to the General Fund for direct or indirect costs such as insurance if the new director chose to take it, according to Marisa Batista. Ms. Batista noted the \$30,000 of unreserved fund balance, which carried from year to year. The Facilities Director spent eight hours a week at the Patton Homestead, the cost of which would return to the General Fund. The Finance and Public Works Director each spent time on the project and those costs would be returned to the General Fund. The calculations of the costs were provided.

Scott Maddern suggested explaining that the \$150,000 in revenue was due to selling the gifted property but Marisa Batista responded that she would not be able to add that as specific revenue for the Budget as the funds went into the General Fund. Shawn Farrell suggested having a pie chart of real estate revenue, which would be presented by Carin Kale. Joe Domelowicz added that the property was owned by the Town and benefits beyond the revenue stream from Patton Ridge were inherent. The Historical Society would be inhabiting the building in February, which would save on vacant property insurance costs. 80% of the first floor would be occupied and the property would be open to the public. The director would be planning festivals and events. The Hamilton Garden Club, Nordic Ski Club, and Parks and Recreation Departments would be making use of the property.

Local receipts were estimated to be \$1,000 but were actually \$10,000 due to the Host Community Agreement. Other revenues included the Gun Club and Beauport ambulance. The Manchester pump station and Hamilton Housing Authority were PILOTs. The Hamilton Housing Authority had been underpaying, (\$2,000 when should have been \$8,000) a year due to a revision in the agreement. Marisa Batista noted the increase in the FinCom's Budget due to the creation of the book of recommendation's printing and distribution. The Planning Department had a line item for the Historic District Commission's request (\$15,000) to hire a consultant to develop guidelines. Shawn Farrell wanted to understand the need. Allison Jenkins suggested having the Commission adopt other town's guidelines. The Historic District Commission would need to bring the request to the Selectmen and the FinCom for review.

Marisa Batista noted there were no new revenue sources. Air B&B was a potential source. The time frame for the AMERESCO project would be checked. The tax status of solar facilities had changed. Donna Brewer would be consulted.

According to Marisa Batista, Finance Operating Expenditures had increased over \$30,000 for VISION software for the assessor's office. The OPEB actuarial report was also due. Allison Jenkins requested a better e-mail system. Joe Domelowicz said the current provider was going out of business and a new system would need to be found at an increased cost, which would be funded through the FinCom Reserve Fund. Ms. Jenkins suggested building the cost into the Budget. Ms. Jenkins would quote out a price for 250 users.

The increase in the Police Department was due to a retirement payout for sick and vacation time. The Fire Department increase was due to the lease-to-own payment for a fire truck (\$66,000), which would be explained at Town Meeting. The increase in Inspectional Services was estimated at \$19,000 for Wenham's shared services. Waste increases were related to the contract. \$1,300 was received in revenue for waste stickers, according to Marisa Batista. \$30,000 was received in previous years and \$13,000 in FY18 for blue bag fees, but \$10,000 was received in FY19. This year \$9,900 had been received to date. The \$15 price compared to the tipping fee cost for heavy items was discussed. The library assessment estimate was for a 6% (\$45,000) increase. Allison Jenkins said the three union contracts that were currently up had already mentioned the teacher's contract. Celebrations and the Legion's estimations were discussed.

The Hamilton Development Corporation and Meals Tax were discussed. The estimated FY20 revenue was \$68,000. Historically \$65,000 had been transferred to the corporation with the remainder of actual collected taxes being deposited into the General Fund, which eventually turned into Free Cash. Marisa Batista investigated the two Articles for Meal Tax adoption and the creation of a Meal's Tax Stabilization Fund, which was not created. The purpose was to support economic development in the Commercial District. Starting this year, the Town would transfer what had been received for the prior two fiscal years.

A consultant was looking at the structure of the Finance Department to determine efficiencies and determine operational changes. A plan would be developed based on the consultant's recommendations. Allison Jenkins wanted to see the report before it was public as she had unique insight into the department.

The Capital Budget would address larger needs in the future as well as this year with vehicles for the Police and Public Works departments. A new Capital Improvement Committee would start to look at needs. Joe Domelowicz noted the Town had a five-year plan but not a plan on how to pay for it. The 18 year old voting machines were noted as not being efficient. Allison Jenkins referred to the aged hydrants. The goal would be to keep hydrants in the Operational Budget. Ms. Jenkins added that the Assistant DPW Director would be available to track and report on items so decisions could be made.

Funding for Chebacco Road was discussed. Joe Domelowicz said paving might be \$70,000 but setting the road in the right of way and tree removal might require multiple funding sources. Mr. Domelowicz suggested forming a committee to get information out to support the project. An engineer was currently looking at the six year old estimate and adding in the water pipes to determine a more current cost. The FinCom recommendation packet was considered as a source

to inform residents of the Capital Forecast/Plan and Budget. A regional (Hamilton, Wenham, School) approach was considered appropriate.

The School was 70% of the Budget but their increase was less than the Town's. The School's Capital Plan, which was not formalized, was a concern. Phil Stearns said there was nothing in the Budget that he was opposed to even though the totals were high. Scott Maddern wanted to ensure that the FinCom was heard. John Pruellage, Phil Stearns, and Dr. Harvey would attend a Selectmen's meeting for a synopsis. There would be a joint meeting with the School on February 5, 2019. Shawn Farrell suggested creating separate articles for capital and operating expenditures for the School. Mr. Stearns noted that a capital item would become a debt exclusion so it would need to be a separate Warrant item. Darcy Dale suggested the School prioritize their capital items.

Adjournment

Motion to adjourn by Allison Jenkins.

Bill Olson seconded.

Vote: Unanimous in favor to adjourn at 11:07 am.

Motion to adjourn made by Darcy Dale.

John Pruellage seconded.

Vote: Unanimous in favor to adjourn at 11:07 am.

Prepared by:

Marcie Ricker



Attest

03-07-19

Date