

HAMILTON FINANCE AND ADVISORY COMMITTEE

Minutes of Meeting

March 6, 2019

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

Others Present:

This Hamilton Finance and Advisory Committee meeting was called to order at 7:01 pm at the Council on Aging Building.

Public Comment

Discussion and vote concerning the use of FinCom Reserve Funds for New Town Hall e-mail subscription and migration.

A request had been made to transfer funds from the FinCom Reserve Fund in accordance with Chapter 40 Section 6 of MGL. All documentation was attached for the \$11,576 request. The present balance was \$5,020. The previous budget allotment for e-mail was \$1,500 of which \$832 had been spent. The migration (\$8,800) was a one-time fee and the transfer would cover monthly operating costs for e-mail and archiving services (\$1,500) through the end of FY19. Four months of service would cost \$1,840.

Motion made by John Pruellage to approve the request to transfer funds from the FinCom Reserve Fund to be used for e-mail migration, monthly cost of e-mail, and archiving services for the remainder of FY19.

Nick Tensen seconded.

Vote: Unanimous in favor.

Approve minutes from January 23, February 5, February 6, February 11, and February 20, 2019.

Darcy Dale requested adding that Arlington had 30,000 residents to the February 20, 2019 minutes and that Jeff Sands was speaking in the February 5, 2019 minutes.

Motion made by Darcy Dale to approve the minutes with the aforementioned changes on February 5 and February 20, and as presented for January 23, February 6, and February 11, 2019. Nick Tensen seconded.

Vote: Unanimous in favor of voting members for January 23, February 5, and February 6, 2019 (3-0-2) with John Pruellage and David Wanger abstaining due to absences. Unanimous in favor of voting members for February 11 and February 20, 2019 (4-0-1) with David Wanger abstaining due to absence.

Process planning for assigning and writing the FinCom recommendations for available Warrant Articles.

Discussion ensued regarding the timing of the Warrant mailing, which had a legal time restraint compared to the FinCom recommendation and fiscal impact document. The FinCom would expand on the Selectmen's brief summary and offer a rationale. It was agreed that a binder

would make a nice presentation for the residents but would cost more to mail. The possibility of using the FinCom Reserve Fund for its production and mailing was suggested.

Phil Stearns would write a preface to the document.

Article 1-1 did not need an explanation.

Article 1-2. Phil Stearns would offer a report, which might be part of the preface wherein he would recap key points in the document.

Article 1-3 did not need an explanation, as the items within the article were non-controversial consent items. The Selectmen were recommending which items would be included.

Article 2-1 was the funding for trash and funding for a late bill (\$4,750). Nick Tensen would explain and make a recommendation.

Motion made by David Wanger to approve Article 2-1.

Seconded by Darcy Dale.

Vote: Unanimous in favor.

Article 2-2 was the Classification and Compensation table. David Wanger expressed his concern that Town employees were not given the same 2.5%, 2.25%, and 2% increases as the School employees had received. It appeared that the table had been updated for collective bargaining agreements and personnel contracts settled after Annual Town Meeting. Allison Jenkins reportedly did not vote on the article as she wanted more accurate numbers. Discussion ensued for a separate fund being set up in the event negotiations specified a greater than 2% increase. Mr. Wanger reiterated his concern for fairness between Town and School employees. Darcy Dale would follow up to determine which contracts were to be negotiated. It was agreed to hold the vote until more information was obtained.

Article 2-3. The Committee agreed to wait and get more information regarding Capital Expenditures and the Capital Improvement Plan. It was agreed that \$900,000 was put into the Capital Stabilization Fund and the \$308,000 was part of the Capital Budget. The original \$902,000 was increased to \$941,000 for funding Stabilization Funds plus \$4,000 to fund a grant deficit and pay a prior year bill. Changes for information and voice services were among other changes since the Green Book. The \$68,000 for the School Resource Officer had been added. Phil Stearns explained that an existing officer would be trained to work with the students and his empty position would be backfilled by a less experienced officer at the lower rate. The extra person would also save on overtime in summer. The Police Chief had previously stated that the incremental cost would be \$73,000. Darcy Dale wanted to see the numbers in writing. John Pruett responded that the numbers would be in the Police Budget.

The Patton Homestead transfer was discussed. The amount had been reduced from \$101,000 to \$86,000 as salary funding options were being obtained elsewhere. The issue would be a separate Warrant Article. Wenham's assessment regarding library payments increased by \$40,000 to pay for retirement sick and vacation buy outs. The yearly variations of legal fees was discussed. There was no change from FY19 to FY20. \$42,000 was allotted for the retainer with a \$95,000

addition for litigation for both years. Actuals for FY18 were higher and for FY17 were lower. David Wanger would follow up for analysis and review of the item.

The Capital Stabilization and Stabilization Funds were separate articles but part of the Budget. While funding for them was considered a source of revenue, the source was considered a transfer.

It was determined that the contracts for Police, Fire and Administration are in negotiation now and would expire June 30, 2019. DPW and ECO would expire June 30, 2020. Salaries were listed under General Fund Expenditures in the Green Book. John Pruellage noted the permanent Budget had a reserve fund associated with it for the contingency of bargaining that might result in an increase of over 2%. Once the issue was resolved, it would be listed as permanent wages rather than the reserve fund.

John Pruellage explained the town-wide rolling schedule of sidewalk improvement. David Wanger noted the Hamilton Development Corporation and whether it was prudent to infuse them with Meal's Tax money year after year when not much had happened in terms of downtown development. Phil Stearns said the \$308,000 from the General Fund would pay for the voting machines, Fire Department pick-up truck, Police Department SUV, DPW dump truck, sidewalk repair, and a concession stand at Patton Park. Other capital items would be bonded. The source for the \$308,000 in the Capital Plan had not been decided but had been listed as coming from the Operating Budget. The Patton Park concession stand (\$50,000) might be funded from the General Fund or the Community Preservation Act. The stand could not be paid for out of the Recreation Revolving Fund, which was only allowed to pay for more programs. Darcy Dale suggested fund raising for a 50% portion of the cost. Ms. Dale thought more questions should be asked about the request. The need for restrooms for the park was discussed as the current ones had been vandalized and the pool ones were not open to the public. John Pruellage would write up a summary for the article. The vote was held off until the next meeting.

Article 2-4. General Town departmental appropriations showed changes due to a \$10,000 savings for Vision software and a \$20,000 additional cost for the e-mail server and monthly expense. The School Resource Officer (\$68,000), inspectional services (\$6,000), and an additional Veteran benefit (\$1,800) were increases while there was a \$28,000 savings from the Essex North Shore Vocational School. The library retirement vacation and sick time buy out was listed in this article as were the interest on temporary loans and benefits for new employees.

Phil Stearns would double check for the correct numbers as one document was a newer version than what the Selectmen had discussed.

David Wanger noted the separation of the School Budget as Wenham would be doing, recalling that last year 82 people were not counted or did not vote when the Budget was approved as one article. Wenham would be separating the article to avoid an override the Town Budget vote and the Committee discussed whether Hamilton should also separate the article. Phil Stearns and John Pruellage responded that they had met with the School and were convinced that it was a

good Budget. They had great respect for Jeff Sands who understood the reasoning for everything within the Budget. Mr. Stearns added that the Town's Budget increased more than the School's Budget for the last three years with last year being the exception. Mr. Wanger wondered what the School would do if they had to level fund their Budget. Mr. Stearns responded that the School had gone through the exercise and provided a document to the School Committee.

Discussion ensued regarding the teachers' salary increase and if it was justified. Phil Stearns noted the School said it was underpaying their teachers compared to neighboring districts. Mr. Wanger said the information shown was what the union was advocating, which was subjective in an effort to justify increasing above 2%. It was agreed that the School employees should be paid in accordance with the Town employees but the School had a much stronger union than the Town, which could not afford a professional negotiator. Mr. Wanger added that if there were an extra fund, it might mean 2% was more a pro-forma exercise allowing for an eventuality of more than a 2% when contracts were bargained. If there were an ancillary fund, Mr. Wanger would be less concerned.

According to Phil Stearns, last year a message was sent to the School when the Town voted not to approve the District's Capital Plan. John Pruellage said this year, the process was much better with more transparency. Mr. Stearns added that the School could have done better with the capital items. Wenham would split articles for the School. The Town of Wenham would fund its own Operating Budget, which left \$135,000 for the School and then request an override for the balance or \$560,000 to pay the School Budget. Jeff Sands reportedly felt the School was a part of the Town and the Town should have assumed a 50% share of the override along with the School having 50% share of the override. David Wanger thought there may be value in supporting Wenham's approach as Marisa Batista had warned the FinCom that Hamilton was getting closer to the maximum taxing capacity in which case, they may be looking for an override in the future. It was decided that if the Wenham override failed, the School Budget would fail and need to come back to the Towns of Hamilton and Wenham.

In Hamilton, the tax rate would be going up to 16.97 and valuations would be going up 5% from last year. The Town budgeted for 3.5%. In Wenham the projected tax rate would be 19.80. Hamilton's free cash would be 5.7%. 5% to 10% was the acceptable scale. There would have been more in free cash, but it was transferred to the Stabilization Funds.

Article 2-5. The School Capital Plan was not expected after having been defeated last year. The School Committee would not be meeting again until after Town Meeting. To date no priorities had been set. Reportedly Scott Maddern wanted the article to remain on the Warrant with an expected zero dollar request to make the point that the School did not do their job prioritizing the capital needs. Phil Stearns would write the explanation of the article.

Motion made by David Wanger to recommend favorable action on Article 2-5.

Darcy Dale seconded.

Vote: Unanimous in favor.

Article 2-6. Nick Tensen would write the information for the Water Enterprise Fund Budget. Key points would be highlighted including that retained earnings were being used to support the Budget. Expenses were higher than revenues due to water restrictions as residents were not using as much water due to conservation efforts. There was a revamping of the Water Enterprise Fund about five years prior with a five-year promise not to raise rates. Current water rates would not be impacted but rates would be higher in the future.

Motion made by Darcy Dale to recommend favorable action on Article 2-6, the Water Enterprise Budget.

Seconded by John Pruellage.

Vote: Unanimous in favor.

Article 2-7. Darcy Dale would write the information for Annual Financial Actions. The Clark Property Fund was approximately \$1,300 from twelve months of interest, which was expected to be used to reduce the tax rate. The cemetery generated \$2,000. One would go to the General Fund and the other would be an annual transfer.

Motion made by John Pruellage to recommend favorable action on Article 2-7.

Nick Tensen seconded.

Vote: Unanimous in favor.

Article 2-8 was in regard to the Community Preservation Committee (CPC) Budget. No exhibit was available. Jay Butler had previously presented the topic and nothing had changed. The Community House request was for \$293,000 of which \$197,000 was Hamilton's share, Wenham was asked to contribute \$80,000 but voted to appropriate \$50,000 with \$30,000 being acquired by fund raising. The Town Hall Building Committee requested \$150,000. The Open Space Bond (\$41,200) for the Donovan Fields and the Sagamore Field Bond (\$112,300) needed to be paid. Administration for CPC was \$23,000. Community House restoration was \$47,000. The Selectmen had asked the CPC to prioritize the requests. The CPC was running out of funds and the 19% match from the State kept decreasing. The annual income was \$500,000 from the 2% and State match. Sagamore Hill and the Town Hall would be ongoing debt. Nick Tensen would write the explanation.

Motion made by David Wanger to recommend favorable action on Article 2-8.

Seconded by Nick Tensen.

Vote: Unanimous in favor.

Article 2-9 was for the Revolving Funds. There was a request to increase the Recreation Revolving expenditure cap as more revenue was being generated by the pool. The current cap was \$250,000. The Recreation Department was close to exceeding the cap and had requested it be raised to \$300,000. John Pruellage would write the explanation.

Motion made by John Pruellage to recommend favorable action on Article 2-9.

Darcy Dale seconded.

Vote: Unanimous in favor.

Article 2-10. Darcy Dale thought the Hamilton Development Corporation was an experiment that had failed. Ms. Dale said each year the Town gave them money and now they were

requesting more. Ms. Dale suggested the Food Tax go to the General Fund. Ms. Dale compared the Corporation's activities to that of the Patton Estate, which she said had been going on too long with nothing to show for it. Ms. Dale said the money given to the Corporation was used to pay the mortgage for the purchase (\$600,000) of the McRae property with no benefit received. Ms. Dale said they were receiving \$1,700 a month renting the house out back, which Ms. Dale did not believe was a useful asset. David Wanger wondered how much of the \$75,000 went to the property mortgage payment and how much went to paying for activities such as flowers. Nick Tensen would follow up with Brian Stein.

Article 2-11. The OPEB Trust Fund was discussed. There were no issues. David Wanger would write the explanation.

Motion made by Nick Tensen to recommend favorable action on Article 2-11.

Darcy Dale seconded.

Vote: Unanimous in favor.

Article 2-12. Phil Stearns explained that the \$152,343 Patton Homestead total budget was comprised of an \$86,000 ask and \$42,292 of that was for indirect and direct costs including Town employees time, which would come back to the Town. Discussion ensued regarding if the FinCom wanted to give the Patton Homestead another chance after they had missed critical deadlines for an expected calendar, business plan, and the hiring of a Director. David Wanger said the list of expectations had not been met. Nick Tensen said missing the deadlines did not mean the FinCom would defund them. The hiring of the Director had fallen through but one was hired two months after the anticipated deadline. Phil Stearns recalled that the FinCom had directed them not to return to another Town Meeting until a Business Plan and revenue sources were in place. Mr. Wanger added that the Gift Agreement to the Town envisioned a failure because of a provision for the sale of the property. Mr. Pruellage would write the explanation, outlining what the Town thought the Patton Homestead Inc. was committing to at the previous Town Meeting when the Town spent \$90,000 and their expectations had not been met.

The FinCom discussed if they were disappointed enough not to recommend favorable action or if an abstaining vote would be appropriate as the commitment had not been met. The FinCom questioned whether they wanted to make a recommendation to expend more money without having the benefit of what was promised to the Town last time. The FinCom thought it would be best if the Town decided. David Wanger suggested stating that the FinCom had concerns about continuing to invest taxpayers' money and since markers were not met, could not recommend favorable action given the nature of the subject matter. The FinCom appreciated the citizens' understanding of the subject asset analysis, the Patton heritage, and significance to the Town of Hamilton so the FinCom did not want to make that judgement. Darcy Dale suggested adding what expectations should be met going forward. Mr. Wanger wanted to have the markers that were set, delineated.

Motion made by John Pruellage that the FinCom make no recommendation on Article 2-12.

Darcy Dale seconded.

Vote: Unanimous in favor.

Article 2-13. Phil Stearns would write the explanation of the Stabilization Fund. 2-13.

Motion made by David Wanger to recommend favorable action on Article 2-13.

Nick Tensen seconded.

Vote: Unanimous in favor.

Article 2-14. Phil Stearns would write the explanation for the Capital Stabilization Fund.

Motion made by Nick Tensen to recommend favorable action on Article 2-14.

John Pruellage seconded.

Vote: Unanimous in favor.

Article 2-15 was a housekeeping article for transferring misc. funds in Grant Appropriations.

Darcy Dale would obtain more information before writing the explanation.

Motion made by Nick Tensen to recommend favorable action on Article 2-15.

Darcy Dale seconded.

Vote: Unanimous in favor.

Article 2-16. Personnel Service and Union Contracts.

Motion made by David Wanger to recommend favorable action on Article 2-16.

Darcy Dale seconded.

Vote: Unanimous in favor.

Article 2-17. Nick Tensen would review the Capital Improvement Plan for the Water Distribution System.

Motion made by David Wanger to recommend favorable action on Article 2-17.

Darcy Dale seconded.

Vote: Unanimous in favor

Article 2-18. Nick Tensen would write up the explanation for the Water Treatment Plant. Mr. Tensen said the money must be appropriated initially, then a Bond Anticipation Note (BAN) would be used until finally, after enough debt accumulated, a Bond would be used to fund the project. Mr. Tensen would determine if the payments would be paid from the Enterprise Fund. Darcy Dale said \$195,000 was the payment for the water pretreatment phase and \$1.5M would be used to treat for organics for water safety. Phil Stearns explained that water from the Ipswich River and Wenham Swamp was not as clean and organics were being sucked up into the water, which would ruin the filtration sand. Pretreatment before running through filtration was necessary. Mr. Tensen said the Water Enterprise would be doing the bonding. John Pruellage added the fiscal impact was zero. Mr. Tensen said Article 2-17 was already money borrowed. Mr. Stearns called it a line of credit and would be paid for through higher water rates rather than taxes. Mr. Tensen would follow up with Tim Olson regarding pretreatment and if the request would be handled through the Water Enterprise Fund.

Article 2-19 was in regard to Chebacco Road paving. John Pruellage would write the explanation. The residents reportedly wanted the road paved even though it would change the nature of the road and that the road had migrated onto residents' properties. Thousands of

dollars were currently being spent grading the gravel roadway. Nick Tensen mentioned the water treatment plant and Manchester pumping station at the far end of the road. A water line would be installed along with the roadway in the event Manchester would share the water rights in the future.

Motion made by David Wanger to vote favorably action on Article 2-19.

Darcy Dale seconded.

Vote: Unanimous in favor

Article 2-20. Phil Stearns said The Town Hall Building Committee requested \$700,000 of which \$150,000 would be funded through CPC. This request was the remaining \$550,000 to get the project to a stage where it could go out to bid. John Pruellage said the fiscal impact had not been calculated to date but would be available by Town Meeting. Nick Tensen asked what would happen if the Town chose not to do the project. Mr. Stearns said Town Meeting would need to appropriate \$6M to \$8M for the project. Mr. Stearns thought the need was clear as the building was out of compliance and capacity was almost full even though two new employees were being hired. Mr. Stearns noted the fire proof vault the size of a closet where voting machines needed to be stored. Darcy Dale asked about temporary quarters for employees during construction. Mr. Stearns would follow up.

Update on liaison assignments and committees.

Nick Tensen noted that he went to the fire station to find that the garage doors were not sealing properly, allowing heat to leak out. Repair costs had not been budgeted. The Fire Department might request the FinCom support them with the \$7,000 estimated cost.

Other topics not reasonably anticipated by the Chair.

Determine agenda for the next meeting

Adjournment

Nick Tensen made motion to adjourn.

Seconded by Darcy Dale.

Vote: Unanimous to adjourn at 10:03 pm.

Prepared by:

Marcie Ricker

 04-29-19

Attest

Date