

HAMILTON FINANCE AND ADVISORY COMMITTEE
Minutes of Meeting
March 13, 2019

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

Others Present: Marisa Batista (Finance Director) and Joe Domelowicz (Town Manager)

This Hamilton Finance and Advisory Committee meeting was called to order at 7:00 pm at the Council on Aging Building.

Public Comment

Dave Thompson (103 Essex St.) commented that the FinCom did great work and contributed to the Town. Mr. Thompson questioned the ability to obtain the Appendices and wondered how the FinCom could vote without information. Phil Stearns said he went directly to the sources, including having Rick Mitchell (Hamilton Development Corporation and Planning) attend a FinCom meeting and verbal discussion with Russ Tanzer (Chairman, Affordable Housing Trust). As a taxpayer, Mr. Thompson wanted to be educated in regard to the Affordable Housing Trust Budget and wondered what had been done in the last few years. Joe Domelowicz responded that Version 5 of the Warrant with Appendices would be available the next day. The last day to publish the warrant was Saturday March 23, 2019.

The Town Clerk would post it on Tuesday after Monday's Selectmen meeting. The Planning Board would need to vote on their Warrant Articles with the Selectmen making a recommendation on Town Meeting floor. David Thompson suggested having the Warrant and Appendices available 30 days earlier next year. Joe Domelowicz said having the Budget ready for the joint meeting in January was time consuming and the delay evolved from that point. Next year Mr. Domelowicz thought the process would be sooner. Phil Stearns added that this year was ahead of last year. The Budget process, which was driven by the Selectmen, began before Thanksgiving, according to Mr. Stearns.

Process planning for assigning and writing the FinCom recommendations for available Warrant Articles including voting on remaining articles.

Article 2-1. Phil Stearns amended the explanation to include that prior year bills were not paid in the correct year because they were not submitted by the vendor in the correct year. Joe Domelowicz had asked Town Counsel if the Town was obligated to pay the bill but language was not found to indicate payment was not necessary. The term: "because the invoice was not received" was removed and the sentence saying the vendor was not paid in FY18 would remain.

Article 2-2. Marisa Batista discovered the School Resource Officer was listed as a part-time employee in the Compensation and Classification Table when they were a full-time employee. The term: "and a School Resource Officer" was added. Ms. Batista wanted to clarify that the

full-time Human Resource person was “shared” so it did not appear to be a full-time position for Hamilton.

Article 2-3. Marisa Batista would check the numbers. Dave Thompson was given a copy of the explanations report on the Warrant, which outlined what the articles were and what the FinCom’s position was for each article. The document was meant to educate the residents and would be mailed separately from the Warrant on the same day. The Capital Plan would be attached. Joe Domelowicz said the Five-Year Capital Plan was in the Budget but it would be pulled out of the Green Book and included as Appendix J. Phil Stearns would include the reference to Appendix J in the explanation. The Selectmen had recently established a Capital Planning Committee to bring citizens into the process but the concept would not be introduced at this Town Meeting. The Committee would review expenditures and funding as well as prioritize projects. The Committee would make recommendations to the Selectmen and the FinCom. Mr. Stearns would add: “The Board of Selectmen have recently established a Capital Planning Committee (CapCom) to bring citizens into the process of developing a Five-Year Capital Plan. This committee will review expenditures, funding, and prioritize projects based on capital planning policy and make recommendations to the Town Manager, Board of Selectmen, and FinCom regarding the Capital Plan or regarding those subjects.”

Article 2-4. Phil Stearns would scale down the Assistant Public Works Director description and note that the Human Resource Director position was shared. The School Resource Officer was included. The FinCom did not vote on the article previously because the new number did not match. Marisa was thinking about reformatting Appendix B as it was causing confusion. Ms. Batista said the numbers would not match as it was a separate article for what was presented. Ms. Batista said Article 4 would tie to the total financial article on the Warrant due to transfers to the Capital Stabilization Fund, OPEB Trust Fund, and the Hamilton Development Corporation account, which were all separate until the total was reached. Ms. Batista thought it might be easier to have a total for Article 4 as it was causing confusion as Appendix B didn’t tie to the Budget. Nick Tensen suggested having a subtotal for Article 4 and the total Budget below it. David Wanger questioned the description that the OPEB responsibility was that of the Town but funding was through the School. Mr. Wanger thought it was a misconception that it appeared the School was spending its own money when in fact, it was the Town’s money. Mr. Stearns would add: “This obligation will fall to the Towns if the District does not provide adequate funding although all District funding comes from the Towns anyway.”

David Wanger moved for favorable action on Article 2-4.

Nick Tensen seconded.

Vote: Unanimous in favor.

Article 4-15. School District Capital Expenditures. The text would reflect how disappointed the FinCom was that the School did not present a Capital Plan. The FinCom recommended no action as no money had been requested.

Article 2-6. Water Enterprise Budget. Nick Tensen said the Town should anticipate a water rate increase. Marisa Batista agreed adding that the Water Enterprise Fund had been using retained earnings to balance the Budget. Joe Domelowicz said he already advised the Selectmen to advise residents of the rate increase. Ms. Batista suggested including that the rates had not increased since April 2015. The Article was previously voted upon.

Article 2-7. The financial actions were considered all set.

Article 2-8. The Community House request was for \$197,000, and community housing was \$150,000. The total for all requests would be \$571,000. Phil Stearns would make the corrections. Marisa Batista suggested adding a comment that the Community Preservation Committee (CPC) was using all of their funds with no funding available for future projects. The FinCom was concerned that the CPC was allocating funds while having no reserve. Ms. Batista said the 2% created a Budget of \$450,000 with less than \$70,000 in State matching funds before Boston joined. The match would be less this year. The Town Hall project would request funding but nothing would be available as there was no reserve. Ms. Batista said citizens always point to CPC funds as a source of revenue so the community needed to know that funding was less. Ms. Batista said many towns accumulate funds for big projects. Dave Thompson said the unused 40B funding should go back to the CPC. Ms. Batista said it was in the Affordable Housing Trust Fund and would not go back to the CPC. Joe Domelowicz explained that a certain percentage had to go to housing.

The Sagamore Hill debt payment would continue for 20 years through 2032. Marisa Batista said there was administrative support to pay for the coordinator and minutes secretary. The CPC had close to \$400,000 for projects each year. While Ms. Batista said there could be a time when there were more requests than funding, David Wanger responded that it was within their discretion. Nick Tensen said best practices would indicate they should accumulate reserves. Joe Domelowicz suggested alerting residents that a large project could not be funded unless the current practices of spending were changed. Phil Stearns would add the concern to the explanation. The Article was previously voted upon.

Article 2-9. Joe Domelowicz liked the treatment of the article by the FinCom. Phil Stearns recalled that the Hamilton Development Corporation had spent time and effort hiring a landscape architect to create a beautification plan for Railroad Ave. Elevations of the redevelopment area were on the Town website. It was agreed that the Willow St. parcel would be easier to sell with permits in place. The value of the parcel would also be increased and securing the Hamilton Development Corporation's vision would be ensured.

Phil Stearns recalled that once the Willow St. project was sold, the focus would be on the downtown streetscape to improve the shopping experience of Railroad Ave. The \$73,880 article had previously been voted upon. The revenue source was the Meal's Tax. Marisa Batista noted that the transfer of \$65,000 had occurred since 2010 despite how much had been collected in

Meal' Tax. \$74,000 had been collected in FY18. Nick Tensen noted they had a \$168,000 balance in their fund. Darcy Dale said it had been nine years and nothing had been done. Ms. Dale suggested benchmarks be put in place to measure progress. David Wanger suggested making the topic an agenda item in the future rather than approaching the subject at Town Meeting. Nick Tensen said repairs were listed as \$12,000 with interest and principal listed as \$36,000 not including government fees and taxes. \$10,000 was forecast to be returned to the Town. Rental income was collected at \$32,000. Carrying costs totaled \$14,000 to \$15,000. Joe Domelowicz recalled the Corporation used money for the landscape architect. Funds might be needed for matching grants for work downtown. Mr. Tensen noted that if they sold the parcel, they would have \$500,000 available.

Article 2-11. OPEB Trust Fund. Marisa Batista noted that the active employee contribution for health insurance was 75/25 and the retired employee contribution was 55/45. The last actuarial study was July 1, 2017. After retirement, employees paid 100% for dental and 45% for life insurance. Ms. Batista said the more money transferred to OPEB, the better. Nick Tensen recalled the Town started with \$50,000 with the hope to grow the fund investment to \$125,000. The vote had previously been taken on the article.

Article 2-12. The FinCom had previously voted not to make a recommendation because they felt that they had asked for something and didn't want to keep giving money without seeing milestones. Marisa Batista said \$86,342 was the new number with direct and indirect costs representing health and life insurance for the Director and DPW Director's time at the Patton Homestead, which would all be directed back to the General Fund. Joe Domelowicz announced that the Patton Homestead Director was working on a Business Plan with revenue projected for the next three years. Recommended fees would be provided.

Phil Stearns said the FinCom was not voting against it but Joe Domelowicz wanted there to be an opportunity to have the project get off the ground. Dave Thompson suggested a dissertation that explained the FinCom did not receive enough information to take a position. The townspeople could decide their own position. Mr. Stearns would write that "The Finance and Advisory Committee voted 5-0 to not make a recommendation on Article 2-12 as we would like the voters to make their own decision." David Wanger said the FinCom had made the decision to be sensitive to the Patton subject matter but it was a business. John Pruellage had previously made a presentation that granted funding but wanted specific markers set, which had not been done. Mr. Wanger said the FinCom could have voted unfavorable action. The FinCom had decided to vote not to make a recommendation and let the voters make their own decision.

Article 2-14. Stabilization Fund. Marisa Batista would go through the numbers.

Article 2-15. Capital Stabilization Fund. The current annual asset depreciation was calculated at \$880,000. Marisa Batista said per the FY18 statement, the total depreciation for the entire town was \$1.3M. \$880,000 was all government but did not include Enterprise Funds. The number

\$579,000 was based on General Stabilization Fund, Capital Stabilization Fund and a percentage of the Operating Expenditures, according to Ms. Batista. The General Stabilization was based on revenues. The policy was based on annual asset depreciation. Marisa Batista said the estimated tax rate impact was .06 per hundred thousand assuming valuations go up 3%. Phil Stearns said historically, valuations had increased 5%. The article was previously voted upon.

Marisa Batista discussed the communications grant for the Police Department. The deficit had existed since 2014. The article had previously been voted upon.

Article 2-16 was previously reviewed and accepted.

Article 2-17. Water Distribution System. The new summaries were written by Tim Olson. The numbers were the same but explanations had been included. The FinCom had already voted to recommend the article. Joe Domelowicz said the funds could be used for water distribution, plant, and the water tank. Marisa Batista defined it as water distribution and facilities. Ms. Batista said changes were needed because nothing was included for debt service as nothing was budgeted for it. It was not under a Bond Anticipation Note (BAN) or a Bond. This would just be an authorization. The Town previously approved two authorizations for \$5M each. The first \$5M was spent and the second \$5M was bonded for \$1.9M with a short term BAN for \$1.5M and another \$1.5M in authorization. Ms. Batista said there was nothing in the Annual Town Budget to borrow \$1.6M. The amount had been authorized but not bonded. Tim Olson would need to go to Town Meeting to borrow the \$1.6M then calculate the payment for the debt. This was not that request but only a change in language for authorization. Nick Tensen would be sent the language before rewriting the explanation. The Water Enterprise Fund would not be in the General Fund. Water rates would increase but taxes would not increase due to the article.

Article 2-18. Joe Domelowicz said the article referred to a specific project. Organics were mixing with the chlorine, which caused by-product levels to exceed the levels allowed. The public had to be notified. The project would help avert exceedance in the future by pretreating organics before adding chlorine, which would result in fewer by-products. Tim Olson would explain the project to Town Meeting. In response to David Wanger's question as to why the project would not be funded by the \$1.6M, Joe Domelowicz responded that much work was needed for water distribution. The \$1.5M was needed for the treatment of organics.

Motion made by David Wanger for favorable action.

Nick Tensen seconded.

Vote: Unanimous in favor.

Article 2-19. Chebacco Road. Phil Stearns questioned infringing upon property lines and the appropriation of funds. Joe Domelowicz said the road had meandered from the Town's right of way. The new road would be set on the right of way. Mr. Domelowicz did not believe any takings were necessary. The sentence would be stricken from the explanation. The word "infringed" was removed. There was no water service along the road. Dave Thompson said the

right of way was 40' and the pavement would be 24' allowing for water pipes in the shoulder of the roadway. Phil changed the explanation to include: "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 would be rectified during paving." The Article was already voted upon.

Article 4-20. Town Hall Improvements. Joe Domelowicz said the final number would not be \$550,000. \$100,000 was a placeholder. The Town Hall Building Committee was seeking money to complete design development for public input of the designs. The funds would get the Town to the point when a design could be presented at Town Meeting. Funding would then be requested to fund construction ready documents. The result would be to come to Town Meeting with an actual bid. The Committee was only asking for what they needed. Mr. Domelowicz was concerned that the School might ask for funding at the same time. It would cost \$550,000 to take the project through the bid plans phase. \$150,000 was asked of CPC and \$250,000 would be enough to work with until Fall Town Meeting. Something would be provided to the FinCom by Saturday for their vote.

Article 4-1. Affordable Housing Trust Committee. Joe Domelowicz said a "resident only" provision was included and the Town Manager was removed as a voting trustee. The requirement of having four members for a quorum was reduced to three members. One Selectmen was required to be on the committee. Phil Stearns would add the sentence: "This change would also change the number of voting trustees required for the quorum from four to three."

Article 5-1. It was questioned whether a 2/3rd vote was required for any appropriations from the OPEB Trust Fund to establish it, or accept it. Marisa Batista would confirm. [It was later determined that a 2/3rds majority was not required.] David Wanger suggested adding as the last sentence: "Acceptance of this statute requires a 2/3rds vote for Town Meeting." Ms. Batista said the reason for the article was to create an irrevocable trust. A trust document would need to be completed after acceptance. An additional sentence was added after the word diversion: "This will be accomplished by establishing an irrevocable trust." Ms. Batista said the irrevocable trust must be adopted by Selectmen.

Article 6-1. The Selectmen decided not to pursue the article but wanted it reviewed. David Wanger suggested sending Shawn Farrell an e-mail supporting the removal of the article from the Warrant. Phil Stearns would do so.

Update on liaison assignments and committees.
Other topics not reasonably anticipated by the Chair.
Determine agenda for the next meeting, if necessary.

Adjournment

Darcy Dale made motion to adjourn.

Seconded by David Wanger.
Vote: Unanimous to adjourn at 7:56 pm.

Prepared by:

Marcie Ricker

Mary Dale 04-29-19

Attest

Date