## Hamilton Capital Committee MINUTES OF MEETING Joint FinCom/CapCom Via Zoom call June 1, 2021

## Attendees:

Finance and Advisory Committee:

John Pruellage, Chair Christina Schenk Hargrove, Vice-Chair David Wanger Nick Tensen

Members Present:

Heather Ford, Chair Jack Lawrence, Vice-Chair Dave Thompson Bill Wilson Bob Woodbury

- 1. Heather called the CapCom meeting to order at 6:04 PM and John called the FinCom meeting to order at 6:05 PM.
- 2. The purpose of the joint meeting was to discuss future spending projects and Town forecasting models that integrate inputs from both Committees.
- 3. On May 22, 2021, Heather had forwarded to the CapCom the draft summary budget forecast that she received from John Pruellage. The spreadsheet was displayed on the Zoom call for all to see and served as a topic of conversation. John explained that the forecast was completed using historical budgets rather than actual as the methodology is more consistent in the historical budgets and thus is a better forecasting tool. The forecasts included multiple versions based on different assumptions and showed the impact on the next three-year tax rates, and Proposition 2 ½ taxes on median Hamilton home. School spending above 3% increase results in overrides. The historical percent increase has been 4-5% so there is high likelihood of Proposition 2 ½ overrides going forward.
- 4. David Wanger described how the information around COLA and other pay increases at the schools is typically privileged information. Joe Domelowicz needs to keep these salary negotiations in mind during collective bargaining to ensure overall increases remain below the critical 3% level. It is important to educate the public on this topic via social media or meetings.
- 5. David asked if an annual \$500k for Town capital expenses was reasonable. Heather acknowledged that it is hard to say but there are certainly some large expenses coming.
- 6. Specific to the Schools, Bill stated that their capital expense projections are \$2.5-3 million over the next several years. David added that we can reasonably expect a new school in the next 5 years and that he wants a school capital spending report to

disseminate to the BOS. He felt it should also be given to the School Committee to get their reaction.

- 7. Nick noted that the schools have not had a capital budget that they've adhered to.
- 8. HWRSD Schools had a surplus in 2021 that will either be refunded to the Town or allow spending at a greater level.
- 9. John asked how we can integrate the capital expenses to this spreadsheet and that the FinCom needs to extend its projections to 5 years like the CapCom and include debt service. It was suggested that we could input the CapCom data directly to the Capital Expenditures line of the FinCom projections rather than the current flat \$500k.
- 10. Jack proposed the concept of getting Gordon-Conwell taxable as their apartments could have a big impact on tax revenue and achieve 40B safe harbor. Gordon-Conwell negotiations need to be accelerated.
- 11. The importance of forwarding these projections to the BOS and the School Committee was discussed. Also, the coordination among Hamilton, Wenham and the Schools was noted.

## 12. Other Business

- a. Next steps were determined to be:
  - i. Invite Joe and Alex (new Hamilton Finance Director) to the next FinCom meeting
  - ii. BOS should review the FinCom spreadsheet
  - iii. Blend in the CapCom data on capital expenditures
  - iv. Get School Committee thoughts on the timeline for a new school. Grant money would cover about 40% of a new school. No site has been identified yet.
  - v. We need to engage the School Committee this summer and help bring CapCom-like discipline to their Capital subcommittee.
  - vi. John, Heather, Joe and Jim Purdy (Wenham FinCom chair) to approach the School Committee to get them involved.
  - vii. John is ready to present the forecasting model to BOS.
  - viii. John will speak with Joe within the next 2 weeks and get Alex involved.
    - ix. Heather and Dave will speak with Joe and Tim Olson about the water topic.
    - x. John will try to get the forecast on the June 7 BOS agenda or at least forward the projections to them by that date.
- 13. Adjourn: The meeting CapCom meeting was adjourned at 7:19 PM.