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**TOWN OF HAMILTON  
FINANCE AND ADVISORY COMMITTEE  
CAPITAL COMMITTEE  
Minutes of Meeting  
Via Zoom  
89787480201  
Password 912397  
October 6, 2021  
6:30 pm**

**FinCom Members Present:** Christina Schenk-Hargrove (Chair), John Pruellage, Nick Tensen (6:52), and David Wanger.

**CapCom Members Present:** Heather Ford (Chair), Jack Lawrence, Dave Thompson, Bill Wilson, Bob Woodbury.

**Others Present:** Alex Magee (Finance Director).

**Call to Order**

This CapCom meeting was called to order by Heather Ford at 6:35 with a quorum established via Zoom Roll Call: Heather Ford – present, Jack Lawrence – present, Dave Thompson – present, Bill Wilson – present, and Bob Woodbury - present. This FinCom meeting was called to order by Christina Schenk-Hargrove at 6:35 pm with a quorum established via Zoom Roll Call: John Pruellage - present, David Wanger – present, and Christina Schenk-Hargrove – present.

**Public Comment**

**Forecasting Model Update and Discussion with CapCom**

John Pruellage shared his screen and offered an overview of updates since the model's last distribution. The updated Capital Plan had been rolled forward and plugged into the plan. The CapCom would work on a separate sheet to make updates that could be incorporated quickly. Another change was the addition of School capital items and their assumed debt. The items would not be treated or controlled by an increase in School expenditures.

In the future, School capital items would be treated the same way that Town debt funded capital item as it would flow through the debt schedule. The 64% apportionment would be included as part of the scenarios instead of being under the general School expense. If a large expense item were proposed, the priority would be noted and the item (including annual increases) would flow through the model without being affected by other assumptions. Members discussed that many items were small and aggregated as one. The School had a hierarchy of capital needs and Bill Wilson would add rows in the model with totals at the bottom to list the requests.

The assumed 2% Community Preservation Act assessment was layered into the model to give an accurate view of a tax bill. Members discussed that if an item flowed through to debt service, it would affect the tax rate and possibly initiate the need for a Proposition 2.5 override,

but if the item were paid through debt exclusion, it would be outside the Proposition tax limit. John Pruellage did not know all of the items in the Schools debt schedule and what was tied to the debt schedule and when they would roll off. Alex McGee would work with Hilltop Securities to clarify what was on the School's debt schedule.

The Capital Plan had been rolled forward and prioritizing would begin once the department head reviews had been received. Informal department head discussions would begin within two weeks. Project ID's would be kept. The Tax rate on houses was shown. Priorities would be set with anything above a certain number being funded.

Consistency would be important so the CapCom would adopt the four point priority system. The CapCom would take the narrative pieces and shift their priorities into a priority of one through four. An item with a priority of one was an absolute necessity, a regulatory requirement, or should be required. If an item were to be funded outside the model, the priority would become higher.

The model allowed for debt service costs to be calculated year to year. John Pruellage explained the process including the source of funding, the year, and priority. Debt service costs were shown. If the debt service was under \$10M, the term would be fifteen years, and if over \$10M, the term would be thirty years. The 64% Hamilton assessment applied only to School debt. Town expenses would go through at 100%. Water debt would be outside the levy as it was an Enterprise Fund. Caution should be used when considering Water Enterprise funding. Water costs could be incorporated into the model in a manner similar to the average home value. Water debt would not affect the tax rate but water rates would go up. Town funds would be listed as a different line item. If a \$20M water project were partially funded through the Water Enterprise and partially funded through taxes, it would need to run through the tax model. While some residents did not participate in the water system, they did pay a \$25 hydrant fee. Some residents had a supplemental well. Infrastructure would still be assessed.

Members discussed the presentation of information at Town Meeting. A narrative or visual explanation would be presented instead of the model. Members agreed that a \$9M project would cost more than \$9M and the presentation could explain how much more it would cost based on the length of debt service and other expenses. The model can help deliver the message of various assumptions including an expense increase of 3%. While the model could be used to inform residents, a graphic form of information based on the model would be more beneficial. The model would be used to show what a specific item would cost the town.

Members discussed the limitation of the model as residents used it. The umbrella group would be the next to experience the model. Committee members would be introduced to the model after which, the public would be invited. The model would need to be owned by the FinCom and the Finance Director. The CapCom would own the five year Capital Plan. Version control was discussed as there would be a need to lock certain tabs/cells and ensure the variables could be reset to maintain a Master copy. Members agreed that graphing would help make the

information meaningful. The model would help understand that level services and level funding were not the only options.

The CapCom would provide the revised priority scheme after their next meeting. Christina Schenk-Hargrove would set up an umbrella committee meeting to introduce the model. John Pruellage would add the School debt service, debt exclusion, and put a toggle on the model. Wenham was not involved but eventually both FinComs would meet and discuss involving Wenham. The coordination would be helpful regarding School discussions. Members discussed that similar to the Schools, the library and recreation departments were shared with Wenham and the model might present Hamilton's share of those costs. A total cost and percentage could be layered in to ensure consistency.

Members wondered if the Schools would use the model or continue to give a one line item final amount. The model might be an opportunity for the Schools to understand the impact and encourage them to commit to an average spending increase over a period of time (for example: a 3.5% spending increase over a five-year plan). The model allowed the Town to stop being reactive to a single year but would help everyone understand where the Town and Schools were going over five years.

Motion made by Heather Ford to adjourn the CapCom meeting at 7:45 pm.

**Discuss any finance related updates with the Town Manager and/or Finance Director**

Alex McGee said the Finance Department had been busy with State reporting to get information into the DLS gateway. The Finance Department had uploaded the Treasurer's and Assessor's data but was waiting for the audited financial statement to introduce those numbers into DLS Gateway. Mr. McGee had been working on a strategy to implement policies, including the antifraud policy, which the Board of Selectmen had reviewed. After the Board of Selectmen make a recommendation, the FinCom would be asked for their input. Budget meetings with departments would begin soon. The Quarterly Report would be provided soon as Mr. McGee was implementing the previous Finance Director's template.

**Status of Legal Services Invoices.**

Christina Schenk-Hargrove reported that John McGrath had reviewed the invoices and created an excel spreadsheet. Mr. McGrath would discuss his findings at the next meeting.

**FinCom Book of Recommendations.**

Members discussed the article for the tax refund at 550 Highland St. The figure \$13,256 included all taxes paid since 2015. The amount did not include two, \$10 penalties. There were no refunds on penalties. Members discussed that the refund would be funded through the Overlay Fund and discussed the definition of the term. \$13,232.38 was listed in the Warrant. The refund would not change the tax rate. The issue was of long standing dispute and without resolution, the Town would be exposed to additional costs.

Members discussed Article 2-2. The article was due to a previous over-appropriation of funds. The passage of the article would not affect the tax rate but if the article was not passed, the tax rate would be higher and would require an override. Members discussed the phrasing of the recommendation. Members agreed that they should be informed as to last minute changes to the Warrant so they could amend their recommendations and not provide inaccurate information during their presentation.

It was unclear if the Town would be reimbursed by the State for election staffing costs. \$14,000 was being appropriated. Election costs were \$8,700 per election and there was a primary and final election with some overlapping costs in the near future. Members agreed that asking for \$14,000 appropriate.

The unanimous vote was removed from the report regarding Articles 3-1 and 3-2 in an effort to be consistent with other article recommendations that did not have votes provided.

National Grid had a license but was requiring an easement to access utilities lines before engaging the cell tower. The Board of Selectmen had the authority to negotiate terms of the easement. Members discussed that if the article were not to pass, the project would not be held up. Conversely a no vote would cost the Town additional money and ultimately would not defeat the project.

**Liaison updates.**

Nick Tensen reported that he had spoken with Russ Stevens (Police Chief), who said the Student Resource Officer had reduced the overtime budget by \$7,000. Vacation time was also reduced but exact numbers were not available.

**Determine/Discuss Agenda for Next Meeting**

The next meeting would be held a few days before Special Town Meeting. The script would be discussed. The meeting would be held in person. The Patton Homestead would be on the agenda.

**Adjournment**

Motion made by David Wanger to adjourn at 8:55 pm.

Seconded by John Pruellage.

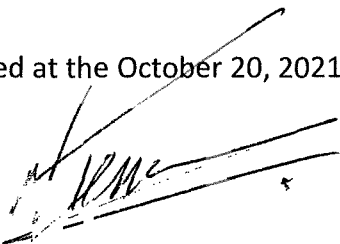
Roll Call Vote: David Wanger – aye, Nick Tensen – aye, John Pruellage – aye, and Christina Schenk-Hargrove – aye. Unanimous in favor.

**Documents reviewed**

Forecast model via Zoom.

Respectfully submitted as approved at the October 20, 2021 meeting.

Marcie Ricker



NICHOLAS TENSEN  
11/1/2021