

HAMILTON BOARD OF SELECTMEN &
HAMILTON FINANCE AND ADVISORY COMMITTEE
MINUTES OF JOINT BUDGET MEETING

TELECONFERENCE

January 29, 2022

Select Board Present:	Chair William Olson, Jamie Knudsen, Darcy Dale, Rosemary Kennedy, and Shawn Farrell
Finance and Advisory Committee Present:	Chair Christina Schenk-Hargrove, John Pruellage, David Wanger, Nick Tensen, and John McGrath
Town Manager:	Joe Domelowicz Jr.
Others Town Staff Present:	Finance Director Alex Magee, HR Director Michellelee Maloney, Director of Planning & Inspections Patrick Reffett, Department of Public Works (DPW) Director Tim Olson, Building Inspector Rich Maloney, Police Chief Russell Stevens, Fire Chief Ray Brunet, Health Director & Inspector Dennis Palazolla, Council On Aging (COA) Director Theresa Woodbury, Library Director Kim Butler, Recreation Director Sean Timmons, and Patton Homestead Director Holly Erickson

** This meeting was conducted solely on Zoom due to a snowstorm (blizzard).*

AGENDA

FY23 Budget Presentation and Discussion

Town Manager Joe Domelowicz Jr. and Finance Director Alex Magee had prepared what they said is a preliminary budget. Their presentation, which began at approximately 9 a.m., was displayed onscreen. Goals are to deliver a "level service" budget, avoid a Prop 2½

override, not add any additional programs, and make targeted operations changes, including slight reorganizations where savings or efficiencies may be achieved. COVID-19-related pressures were discussed as well as budget information that remains in flux.

David Wanger commented that the Town lives within its means but the School District does not seem capable of matching that.

Mr. Domelowicz said total spending for the Town and Schools, which includes Essex Aggie [Essex North Shore Agricultural & Technical School], is \$36,837,226. The Town portion is \$14,122,187 (up by \$596,461 over last year) and Schools portion is \$22,715,039 (up by \$927,686) representing a 4.3% increase over FY'22. The proposed budget meets the required amounts of funding per financial policies and includes moderate Capital Improvement spending of \$836,015. He noted the boards received the Capital Plan info. this past week.

Mr. Magee explained how they arrived at the \$36,837,226 budget figure. He reviewed the Revenue Summary onscreen, which included the tax levy, budgeting for uncollected tax revenues, and State aid. He discussed projected motor vehicle excise tax, local receipts, and meals tax, as well as transfers to the Water Enterprise Fund, Free Cash, and Stabilization funds offset by grant funding. The total revenue projection for FY'23 is \$945,818. He offered a revenue breakdown showing local taxes as the primary revenue source followed by local receipts, State aid, Free Cash, and transfers and other funds. Mr. Domelowicz emphasized that 97.45% of the Town's revenue, almost all of it, comes from local sources.

Mr. Domelowicz reviewed the FY'23 General Fund Projected Budget Expenditure Summary/Breakdown, which showed the following: General Government (\$2,253,114.83), Public Safety (\$3,502,800.27), Public Works (\$2,189,675.94), Health & Human Services (\$335,470.00), Culture & Recreation (\$1,082,247.12), Schools (\$22,715,039.00), and Unclassified (\$4,758,878.76). The percentage change for each category was also cited as well as what percentage of the budget each category accounted for. Schools accounted for 61.66% of the budget (almost \$23M). He recapped that the budget showed a 4.3% increase over last year. Mr. Wanger asked for the figure showing the Town's overall increase exclusive of the Schools; Mr. Magee said it was about 4.5% but did not have that figure handy. Mr. Knudsen said he did the math and it was around 4.4%. Mr. Magee said this budget was a correction of the trajectory the Town had previously been on. Mr. Domelowicz said the two biggest budget areas were Unclassified and the Schools.

Personnel for FY'23 showed a 2.20% increase and Operating Expenses, a 22.24% increase. Budget drivers were an increase in consultative services to assist with grant management and modest decreases in equipment leases, food supplies, and training. Mr. Olson cited that the Town saw a return on money invested in the grant process fairly quickly. Mr. Domelowicz said the Town could seek more grants if it had more assistance in that area. Ms. Dale asked for information regarding what percentage of the grants this year would cover their cost and how much grants contributed overall. Mr. Magee explained that the kinds of grants they apply for generally have a component (between 15% and 25%) that can be applied to the overhead/management of the grants.

Mr. Magee reviewed each budget by department, starting with those making up the Finance operation. He noted a raise for Dyan Katz, Assistant Finance Director, increases in some audit expenses, IT services, a regional IT grant program, and shifting some portions of the Town Manager's budget into Finance. He discussed the reorganization of the Assessors Dept. with an increase for Jane Dooley promoted to Assistant Assessor. He took questions from the board.

Ms. Dale asked the cost for an audit; Mr. Magee replied it was about \$7,500. Mr. Olson asked what happens to salary budgeted for positions not filled. Mr. Domelowicz said it goes to Free Cash. Mr. Olson asked if it were tracked. It is, but is not part of this presentation, according to Mr. Magee. Mr. Domelowicz explained what would be spent out of free cash, which is about \$1.6M. Mr. Wanger asked what percentages of that money was from salary budgeted for positions not hired; Mr. Magee replied about 40%. Mr. Wanger asked if that constituted over-budgeting. Mr. Magee said he didn't think so. He cited staffing challenges. Mr. Olson said it was actually under-budgeting because the Town needs the resources but isn't hiring people because it is not paying enough.

Mr. Domelowicz talked about how projections were made last year and unexpected things that occurred due to the pandemic. He said they had kept their expectations for revenue to a conservative level. John Pruellage said data on the actuals this year regarding Free Cash sources will be helpful for them to examine in making projections for next year. Mr. Magee agreed.

Assessors Dept.: Discussion centered on how having a regional director would affect the budget. Ms. Dale asked if there was a Plan B if such a director was not found to which Mr. Domelowicz replied that Plan B was to shift money and invest in training Ms. Dooley in the Assessor's role.

Human Resources: HR Director Michellelee Maloney said in response to a question from David Wanger concerning what responsibilities she had undertaken that 12 Town positions were filled exclusive of the Health Dept. They are doing second-run interviews for police officers and seeking a public health nurse. She said 13 municipalities are currently looking for assessors. Her department brought in Zoom trainings and a BOS retreat pertaining to diversity, unconscious bias, and inclusion as a preview to bring to other boards.

Town Clerk: Carin Kale was away on vacation so Mr. Magee discussed her department. Budget drivers were State mandates requiring more money be dedicated to postage (including vote by mail), increased police details, and elections software. Ms. Dale voiced concern that Ms. Kale have all the resources she needs so nobody can question elections. Mr. Domelowicz said everything requested was included in the budget. Mr. Wanger noted there has been discussion of not going forward with a Special Town Meeting (STM) every year and the savings that would produce. Mr. Domelowicz and Mr. Magee both embraced the idea, but said it was dependent on circumstances. Mr. Pruellage suggested there could be a reserve transfer used in the event that a STM was needed. Mr. Magee said the largest

cost was tent rental for the outdoor meetings. Mr. Domelowicz said Town Meeting this year will be the first Saturday in April, often a cold day.

Planning & Inspections: Mr. Domelowicz noted a salary increase for the Director of Planning & Inspections Patrick Reffett. Mr. Reffett said personnel expenses in his department increased about 2%. He said Conservation Agent Brian Colleran is advising there is probably about 25% more work per week than he can get to. That is due to a large project submitted for Conservation Commission (ConCom) review. His time allotment now is 19 hours. If they increase it, it would become a benefitted position.

Mr. Reffett discussed that Hamilton is the lead in overseeing Regional Inspectional Services. Mr. Wanger asked if it had produced enhanced revenue. Mr. Reffett said many people made home improvements during the pandemic and people took advantage of low interest rates and therefore, revenue from permit fees did increase. Building Inspector Rich Maloney said 961 permits were issued last year. Mr. Magee thought it was about a 5% increase in revenue. Mr. Olson talked about how some larger projects coming up would span multiple years that could help fund the department. Mr. Wanger asked Mr. Reffett if he were satisfied with the ability to track and not miss the need for permitting by residents. Mr. Reffett said there are now eyes in the field that are more assertive and focused than in the past. He said Mr. Maloney has been good about helping people obtain permits rather than dealing with punitive kinds of things. Mr. Olson requested they provide a chart of permitting revenue over the past 10 years.

Some history of the Master Plan process to date was given. The first consultant had family issues she was dealing with. Ms. Kennedy said Jim Reardon who is now in charge is getting them back on track.

DPW: Tim Olson said he and Assistant DPW Director Pete Cobb had assumed the duties of Marc Shaw who retired and are comfortable absorbing those duties. In Public Works, there are some salary increases. Highways is level-funded with just some increases to salaries. Snow removal is the same, but went up in salaries. The mechanic is the same budget, except for an increase in fuel costs. They are advertising for another laborer to handle the cemetery as well as parks. That person could also help with Water and Highway. In Sanitation, they have had some favorable recycling value so he was able to reduce some of those costs. Parks is about the same except for salaries. Mr. [William] Olson asked when the contract with Casella was up; Mr. [Tim] Olson replied 2026. Mr. [William] Olson asked about obtaining plow drivers for snow removal; Mr. [Tim] Olson said the Town had to increase its rates, but has been able to get the drivers it needs. One employee retired yesterday so there is one opening. Mr. Magee said that Massachusetts allows for deficit spending on snow and ice, so that you can overspend during a bad winter and then pay oneself back three years following. Mr. [Tim] Olson discussed an increase in vehicle maintenance. He said they are discussing a fuel facility and whether to build one. Mr. Domelowicz said Wenham had expressed an interest in sharing new fuel pumps, but it is now agreed that Iron Rail is not the ideal location for that. The EPA [Environmental Protection Agency] mandated the removal of steel tanks, but have not mandated the removal of fiberglass tanks. The Town is paying a premium for insurance for its tanks that

are more than 30 years old. He is doing some research on that. Mr. Tensen asked about investing in electric vehicles. Mr. Domelowicz said he would like to see that as a goal for FY'24 and will continue to look at it. Mr. [Tim] Olson said that most of the Town's vehicles are heavy equipment. The cruisers they have now are hybrids.

Water: Mr. [Tim] Olson said there were some salary increases in the Water Dept. He said they are putting \$30K (\$15K each for hydro replacements and meters) into their operating budget rather than as a capital request as they had done in the past. Mr. Pruellage said he wasn't sure why the balance went up in FY'22. Mr. Magee said that is because the retained earnings used to fund the Enterprise Fund were not needed last year. Mr. Magee said the financial policies require 20% in retained earnings. If that starts sliding back, they will look at whether to increase the water rates. Mr. [Tim] Olson said once they get the collection from the third quarter, they will have a better idea of where they stand. Mr. Wanger said FinCom had spoken about using the infrastructure amount of the bills and setting that part aside for capital. Mr. [Tim] Olson said they are still proceeding with that plan.

Police Dept.: Chief Russell Stevens said there are 14 full-time police officers and they are down to five part-time officers, which will probably further decrease to three. With a new Police Reform Act, all part-time officers have to go to a full-time academy. If they don't get the part-timers, that puts more pressure on the full-time officers and they have to pay them overtime. They have two hybrid vehicles. One works well and one has been having problems. Topsfield has a full electric vehicle that has been in operation for about six months. They will look at how that works out over the whole year. There were some decreases in salary expenses due to the retiring of some senior officers. They are replacing some firearms this year, which is \$8,500. The amount was paid through operations. Without that factored in, they would have gone down in operating costs. They got nearly \$55K in State grants. Overtime is being driven up because he is losing reserve officers. He has one leaving in three months and another leaving in July. He has to back-fill with full-timers who are paid at a higher rate.

The Chief discussed two new programs: an Autism Outreach program and Silver Alert program, which focuses on individuals with memory issues who may wander away from home. That is being offered in conjunction with the COA. He discussed crime in Town, including an attempted murder on Railroad Ave., and some breaking and entering incidents. Elderly scams are up, including IRS scams.

Ms. Dale asked about having an IMA [Inter-Municipal Agreement] for the police. The Chief responded he would be happy to have the conversation. He said the problem would be in answering to two different regimes with different uniforms and different policies and procedures. A full-time dispatcher resigned. He added \$1,300 in training for a dispatcher (which is required) to the budget. The State receives about \$40K in grants from State 911, but they are limited in what they are given for training. Mr. Domelowicz commented that some other towns had expressed an interest in regional dispatch, but by the time they reached out, public sentiment had gone against it. Mr. Tensen asked if there was any savings for Hamilton to leave the IMA it has. It was discussed they have some health

services going through dispatch. The reply was that it would take some time to figure that out

Fire: Chief Ray Brunet said the Fire Department has 5 full-time employees and 28 part-timers. He believes they are keeping the budget as low as they can. Budget drivers were salaries. He also discussed EMS [Emergency Medical Services], money for PPE [Personal Protective Equipment] due to COVID-19, and a need for replacing some reporting software when the company they use was bought out by another company. Mr. Magee noted fuel costs are another budget driver, but that wasn't included in the handout. Mr. Wanger asked what proportion of calls are fire vs. medical. He said medical calls are higher than fire calls now, which is happening as population is aging. The Town currently uses Beauport Ambulance Service, but might have to look to going to its own ambulance service.

Public Health: Mr. Domelowicz introduced Dennis Palazzo, the new director who joined the staff in November. Some part-time clerical was added to that budget as well as some consulting services. There are no full-time employees in the department. A regional health nurse, Rachel Lee, was hired from within at the beginning of January, so now they are in search of a public health nurse for Hamilton to assume Ms. Lee's responsibilities. Mr. Wanger asked what services are provided. Mr. Palazzo said food inspections, permitting for animals, pest control, septic inspections, and inspections for local establishments. Pool inspections will be coming up. COVID-19 compliance has taken up 90% of the department's resources. Every complaint needs to be investigated and reported. Mr. Domelowicz said Ms. Lee will be able to identify areas where they are lacking and meet those needs within a shared environment.

Mr. Reffett said another ongoing responsibility of Health Department is to assist the Board of Health. Mr. Wanger asked if there was an intention to make the expanded services known to the public. Mr. Domelowicz said yes, they are trying to make them more visible in moving them to the COA building since the demographic that most needs public health is served by the COA.

COA: Mr. Domelowicz introduced Theresa Woodbury, the new director, who started in December. She was director in West Newbury, has more than 16 years of experience, and is Mass. COA Director-certified. He said the budget was developed with her assistance. She said the department is looking to get more programming started in March and April. She and Tim Morris, the COA Outreach Coordinator, are looking at offering yoga classes and more presentations, and getting department heads in there to let residents know what services are available. She met with Lt. Janes recently about the Silver Alert program. Ms. Dale asked if they'd seen an increase in participation since Ms. Woodbury came on board. She responded that things are bustling, but the mornings are quiet, so she hopes to get some activities in there in the morning. She will be implementing "100 Cups of Coffee," a program that invites members of the community to come in and have a cup of coffee or tea with her and let her know what they can bring to the Senior Center.

Library: Kim Butler said most of the increases are in salary. The operating budget is down slightly. They need to upgrade the public internet service (they only have a small

bandwidth from Comcast that is a courtesy account), but with a decrease in janitorial services, it will be a wash. Mr. Magee explained that the Town of Wenham sends Hamilton an assessment. Salaries include healthcare costs, retirement costs, etc. Mr. Wanger inquired about the status of the roof. Mr. Domelowicz replied that if the bid comes in over what they've put aside, they can deduct out the flat roof over the recreation building. In response to a question by Ms. Dale, it was discussed that Energy Manager Vicky Masone is involved with the solar part of the project. At her suggestion, they brought in a roofing architect. Roofing construction costs are up, which is why they are making the shingle roof the priority. If they were to put solar on the roof without doing the repair work, they would have to take the panels off later at a cost to the Town.

John Pruellage asked if the way IT is budgeted is included in assessment. Mr. Magee said no, it will be handled as a capital request, and they are exploring funding it through a grant program to offset the ask. Ms. Schenk-Hargrove asked what the indirect costs; the reply was Medicare tax, health insurance, OPEB, which make up about 30-40% of an employee's total salary plus a 10% fee that Wenham charges to administer the joint program. There was a question regarding the State contribution line. Mr. Magee explained that it is received from the State, but is put in as a cost because it comes in to Hamilton and goes to Wenham.

Recreation: Sean Timmons discussed contractual obligations and step increases as well as replacing the ceiling fans in the gym. User fees and rental costs of the gyms will be used to repay that cost. The fan project was taken out due to COVID, but put back into the budget. The issue will be discussed at the next FinCom meeting.

Schools: It was discussed that Hamilton had asked the Schools to come down in their budget. They are contributing \$2M to OPEB [Other Post-Employment Benefits] this year. They would be using E&D toward OPEB. They are using E&D toward OPEB and some operating costs. The true operational increase in the budget is much larger because it is subsidized this year by the E&D that won't be there next year.

Ms. Kennedy said she would encourage the Schools to think of the needs of both towns and think regionally, not "us vs them." She advocated finding creative, non-financial ways to meet expenses, such as by reaching out to area college students who are looking for certification and placement to be TAs (teacher aids). Another simple idea was to not have the lights on in the parking lot 24/7, which she said was a small thing but a change in mindset since the schools energy consumption continues to increase.

Ms. Dale asked if there had been any movement in opening up the Regional School Agreement. Mr. Domelowicz said the Schools had voted to propose a warrant article proposing a minor change to the agreement for this year to make adjustments to the way School Committee members are elected. Ms. Dale asked if they could have a citizen's petition to open up the agreement. Mr. Domelowicz said he didn't think it would be binding because the agreement has to be opened up by all three parties. Hamilton has asked for it. They need Wenham and the Schools to take the same vote. Ms. Schenk-Hargrove said judging by her conversations with the chair of the School Committee that the Schools are open to the idea, but need to get the momentum going. At the five chairs meeting there was

discussion about how the entities will work together. The three entities are essentially funded out of two budgets.

According to Mr. Domelowicz and Mr. Magee, Hamilton is going to move its budget process forward by about six weeks so that it can be more in step with the Schools. It was agreed by those present that there seems to be more willingness on the part of the Schools to come toward the center and develop an effective working group. Ms. Kennedy said they need to develop the relationship before they can hit the hard data, but she is hopeful it can be done.

Unclassified Expenses: Three unions are up for negotiations. They have budgeted at 2.5% knowing 2% is likely. There is a decrease of \$122K. In FY22, they had budgeted for Town Hall and are not carrying that number right now. Also, one of the landfill loans came off the books. Mr. Wanger said OPEB is subject to an every-two year actuarial study. He asked if the decrease was consistent with what the consultant had recommended. Mr. Magee said they have an actuary doing audit right now. \$55K was transferred to the Hamilton Development Corporation (HDC) for the meals tax. Mr. Wanger asked if that was what was actually collected in the prior year. The response was that the actuals for the full year aren't reported yet. The budgeted amount was dropped down so that the HDC wouldn't spend more than it potentially had.

Patton Homestead: Mr. Domelowicz noted Director Holly Erickson started in November. No transfers from the Town were taken last year to fund operations. Instead they used reserves from the Patton capital fund. Because that isn't available anymore, they are asking for a transfer from the General Fund. Ms. Erickson said she is challenged by the needs on the property. The Town absorbs the Historical Society, which is located there. The Wenham Museum also uses some space. Incubate has the most potential for generating revenue, but COVID-19 continues to suppress user-ship. She is encouraging use of the space for private functions and public events and has 40 events in the works. There is an opportunity to support veterans groups. She embraced Ms. Kennedy's idea of using non-financial means for creatively meeting expenses and said she looked forward to collaborating with a working group of five to put together a phased plan for making the property self-supporting.

Mr. Domelowicz shared one thing not appearing on the budget screen in that the Town received communication from Congressman Seth Moulton regarding money (\$55K) earmarked for groups that service veterans' needs, such as dealing with PTSD, and the Patton Homestead interior and exterior space could be used as a place for veterans' programs. Mr. Domelowicz credited Marc Johnson with doing the work on this. At this point, that amount isn't factored in but they are hopeful.

Mr. Wanger noted they are into their third year of understanding for the Patton Homestead to become self-sustaining and being asked to invest approximately \$100K. He questioned why initially they came in with \$45K and now it is \$75K plus the eradication of indirect expenses (having the DPW absorb maintenance costs), which puts it at \$100K. It was explained that the Homestead wanted to have a safety net to address any repair needs. Mr. Pruellage suggested they consider Free Cash or something outside of a general

appropriation—a one-time cost vs. funding at this level. Mr. Domelowicz and Mr. Magee said they would work on it. They had just wanted the budget proposal to be a starting point.

Left unfunded: Mr. Domelowicz noted the budget does not provide for everything the Town needs and went down a quick list of thing not funded, which included funding grants by hiring a consultant and Conservation Agent hours.

Mr. Wanger expressed appreciation to Mr. Domelowicz and Mr. Magee and noted Mr. Magee’s impressive degree of knowledge and commitment. Ms. Kennedy complimented Mr. Magee saying he made the budget presentation interesting and educational for her. Mr. Pruellage echoed their comments on the budget process, calling it a well-oiled machine. He said he wanted to highlight one thing from the FinCom—a projection tool they’ve developed, and said he would like to walk them through that model at a future SB meeting. He said the model looks five years into the future. They have some work to do to finalize it.

Adjournment by the FinCom

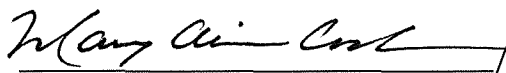
Mr. Tensen made a motion that the FinCom adjourn the meeting at approximately 12:38 p.m. Mr. Pruellage seconded the motion. A roll-call vote was taken with “ayes” from Mr. Tensen, Mr. Wanger, Mr. McGrath, Mr. Pruellage, and Ms. Schenk-Hargrove, (5-0).

Ms. Schenk-Hargrove noted she and Mr. Tensen had joined the meeting a few minutes after its start.

Adjournment by the BOS/SB

Ms. Dale made a motion that the BOS/Select Board adjourn at approximately 12:40 p.m. Mr. Farrell seconded the motion. A roll-call vote was taken with “ayes” from Ms. Kennedy, Ms. Dale, Mr. Farrell, and Mr. Knudsen, (*4-0). **It was noted Mr. Olson had left the meeting at 11:02 a.m.*

Prepared by:


 3-28-2022

Mary Alice Cookson Date

BOS/Select Board Minutes Secretary

as approved at 3-28-22 meeting

Attest:

 03-29-2022

Darcy Dale Date

BOS/Select Board Clerk

Documents Discussed at Joint Meeting:

- FY2023 Budget Presentation, Joe Domelowicz and Alex Magee