

HAMILTON FINANCE AND ADVISORY COMMITTEE
Minutes of Meeting
November 30, 2016

Members Present: John Pruellage, Phil Stearns, Nick Tensen (7:07), and David Wanger (Chairman)

Others Present: Jeff Hubbard and Carin Kale

This meeting was called to order at 7:05 pm at the Hamilton Council on Aging Building.

Public Comments

None

Patton Homestead Status

Carin Kale offered her appreciation of the FinCom's work and recapped the history of the Homestead, including that the historically significant property was on a designated scenic road.

The gift of the Homestead was accepted in 2012 and was amended in 2014. A consultant was hired in 2014 who recommended creating a non-profit to manage the property with operating expenses being the responsibility of Town Hall. Programming and upkeep were two distinct costs, according to Ms Kale. Five members were appointed to establish a 501-C3 in December 2015. In November 2015, the Town closed on the \$1M sale to Berry Construction with \$250,000 dedicated to the Homestead and additional funding to the Affordable Housing Trust.

Carin Kale recalled that Essex County Greenbelt constructed the Riverwalk. Ms Kale said the frustration of the Town was due to the inaccessibility of the property. A facility study indicated that a 20 year capital improvement program would bring the property into compliance with public building laws and regulations. In April 2016, another \$250,000 was dedicated via Town Meeting for the Homestead. The study indicated that a cost of \$4M was needed, which Ms Kale thought was overpriced. The costs included the need for an elevator, but Ms Kale thought \$900,000 was a more reasonable estimate. David Wanger recalled the money recently approved at Fall Town Meeting for the dormers. Ms Kale noted that once the property became a public facility, costs for ADA and other public needs would become relevant. Recently, the Planning Board approved the parking area. Even if the house was not usable, the landscape could be used if parking was provided, according to Ms Kale.

David Wanger asked what the report provided. Carin Kale responded that the report included the decision to create a non-profit as the proper form of management when the Homestead was compared to other historic properties. Ms Kale said the non-profit was in charge of the programming but Town Manager, Michael Lombardo had decided that any contract or agreement must go out to bid. The RFP was not just for programming but for property rehabilitation and management. The non-profit was not planning on bidding on the RFP, according to Ms Kale.

David Wanger wondered what would happen if no one responded to the RFP. Carin Kale referred to the Stevenson estate in North Andover that had Town employees running the property. Nick Tensen asked if the Stevenson Estate was a drain on the taxpayers. Ms Kale answered that it was profitable. Phil Stearns asked if it would be profitable without a substantial investment in the property, to which Ms Kale said the outside area could be used, but the inside

of the building needed to be brought up to ADA standards. The property was not ready for public use to date. Jeff Hubbard asked how much the property would charge for outside events. Ms Kale responded it was variable depending on what the property had to provide, such as chairs and facilities. The Wenham Museum was the only one who had rented the outside of the property to date.

Carin Kale said \$30,000 in taxes had been collected on the property before the gift was accepted, but now that the homes had been built and sold, the taxes would produce \$150,000 in revenue.

Other income included \$6,000 from Gordon College and excise taxes from homeowners' cars, which would create a net of about \$92,000 per year. \$37,000 was estimated for the upkeep of the home per year, according to Ms Kale.

John Pruellage asked what would happen to the non-profit if someone responded to the RFP.

Carin Kale responded that the group would disband. Phil Stearns wondered if it would be possible for the Town to manage the upkeep and rehabilitation and let the non-profit manage the programming for the property. Ms Kale said that was what the Board has assumed would happen but there was a disconnection. It appeared to be the Town Manager's decision.

David Wanger said he was confused as to why the RFP was drawn without the Board of Selectmen's approval, which discouraged home based consideration for dividing the planning from the rehabilitation aspects of the project. Carin Kale said the RFP stated the Board of Selectmen had voted that the property was not available for municipal purposes, but several Selectmen did not recall voting on the topic.

The Planning Board had approved a parking area so events could begin. The construction would be paid for by the \$500,000 dedicated to the Homestead. \$156,000 was donated to the Affordable Housing Trust when Berry Construction proposal calculations were completed.

There seemed to be tremendous opportunity for fundraising for the property, according to Carin Kale.

Formulation of FY18 Budget Calendar

David Wanger wanted to create a reasonable list of requests for the Finance Director and wondered if the Department Heads had received communication about the scheduling of the budget. The Budget Calendar should be set by December 5th. Phil Stearns recalled the prior year template to review where the Town was, but it was the Finance Director and Town Manager's job to schedule. David Wanger said he would e-mail the Town Manager to request that the Town provide a calendar before December 5th when the Selectmen next met, expecting that the FinCom would participate in the budget process by sitting in with the Town Manager and the Department Heads. Mr. Wanger noted that recently, the FinCom entered the process after the budget was preliminarily printed instead of being available to probe what would be considered for FY18.

Nick Tensen said each member in their liaison roles had backgrounds that would assist in formulating budget objectives. Mr. Wanger said he wanted to be more vigilant in FY18 because of what happened in FY16 with unanticipated revenue and appropriations with significant excess paid by residents through taxes. Mr. Wanger wanted the FinCom to become more involved in the budget process. Phil Stearns said once the first pass of the budget was made, the FinCom would have the opportunity to look at what was budgeted for FY17 and proposed for FY18, which could be reviewed in a FinCom meeting. Nick Tensen wanted to look at actuals for FY15 and FY16 and get an explanation of the differences to get an understanding of what was going on in the budgets.

Phil Stearns wanted to know where the free accounts were including the Patton and turf field accounts, but Nick Tensen asked if they were part of the budget process. Phil Stearns added that without predicting revenues and understanding where the free cash existed, it would be hard to

get an overarching view of the budget, especially with a big hole for capital improvement with funding from bonding and free cash. John Pruellage wanted to look at the budget holistically by getting informational requests before decisions were made.

It was determined that once the Department Heads received their calendar, the liaisons would meet with Department Heads. Nick Tensen said that in the past, the FinCom had met with them ahead of time to determine objectives before the budget meetings and then they would go with the department to meet with the Town Manager. John Pruellage suggested having the liaison at the Town Manager meeting with an informal department meeting ahead. David Wanger would draft a concept and distribute it to the Committee.

Information Request for Finance Director

David Wanger wanted to be definitive in an electronic trail of asks. Nick Tensen wanted to have the first quarter FY17 actuals including revenue and expenses and FY15 and FY16 actuals. Phil Stearns added actuals for FY14 and FY15 as well as the budget for FY16, actuals for FY16 and the budget for FY17 for expense and revenue, which should be outlined in Munis reports. Mr. Stearns said he didn't have the current cash accounts and the reports didn't show Fall Town Meeting changes. All the little accounts, cash accounts, free cash, money for turf field, and Patton Fund needed to be located. Jeff Hubbard suggested adding CPA account allocations.

Balance sheet accounts were needed, according to Mr. Tensen. The Capital Plan needed a five year plan showing funding sources and if bonding occurred, what funding sources were there.

The goal of all that information was to have the forecast tied to the tax rate. David Wanger asked the Committee if they believed the FY17 budget cured the problems of the FY16 budget or if the budget continued the problem. Phil Stearns said the total didn't go down in FY17. Mr. Wanger asked if DPW projects were completed in FY17, would there be more than \$200,000 as an acceptable variance. The Town property valuation was recently published. Mr. Wanger asked if the tax rate had been set. The tax rate recapitulation statement would be issued to the State.

Wenham FinCom Joint Meeting Topics

David Wanger said he was happy to have a joint meeting. Based on the Wenham Selectmen decision, there would be no discussion about share services. The gestalt of the agenda would be to commence a relationship with Wenham FinCom and in particular, create a united approach about being vigilant with the school budget. Mr. Wanger noted that neither the Board of Selectmen, nor the FinCom had the power to propose changes the regional agreement. Such proposals apparently originate from the School Committee or by citizen petition, with respective Town Meetings having the authority to approve or not such changes.

Phil Stearns noted some of the recommendation of the school study provided places where funds could be found. Jeff Hubbard said there were cash accounts that were used. The Police and Fire department sharing services with Wenham departments was reviewed but it was determined in the study that Hamilton had so many volunteers, the cost would increase for Hamilton. Nick Tensen wondered if there were other places that volunteerism could replace costs.

PILOT Findings and Recommendations

A formal policy for participants to generate discussion with arguments for both sides was presented by John Pruellage. Mr. Pruellage used Gordon Conwell as an example with a potential to have property donated in consideration for affordable housing.

Committee Member Comments/Reports

Phil Stearns indicated that the Affordable Housing Trust would be discussing the COA property.

FinCom Member Vacancy Discussion

David Wanger would write a letter to the Chronicle as well as utilizing social connections in Town, with a goal of finding a finding a female candidate to create some balance. Mr. Wanger said a potential candidate's engagement with the Town was more important than a financial background.

FinCom Projects

David Wanger had written down potential projects including fees and fines for FY14. Annual receipts for each category were requested but had not been received. Mr. Wanger suggested engaging a business school student in an attempt to develop the information such as fees established, limits in each category, increases in each category and a comparison to other towns.

Minutes

To be completed at a future meeting.

Future Meetings

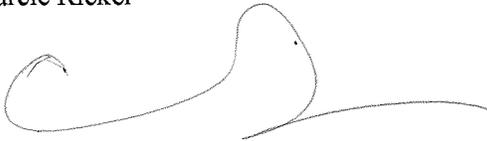
On December 6, 2016, the FinCom would meet with the Wenham FinCom and another meeting would be held on December 14, 2016. Allison Jenkins had sent recommendations from the State issued in 2008, which could be useful for future agenda items. Water infrastructure would be a future topic. Stormwater might be a capital expense as a State mandate had been set for which Wenham had dedicated \$90,000. Waste enterprise, COLA, PILOT, and OPEM were discussed to be future topics.

John Pruellage made motion to adjourn
Nicholas Tensen seconded
Vote Unanimous to adjourn at 9:24

Prepared by:

Marcie Ricker

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Attest

Date

11/5/17