

**TOWN OF HAMILTON  
FINANCE & ADVISORY COMMITTEE  
JANUARY 23, 2016**

The Hamilton Finance & Advisory Committee: Rick Sprenkle, Nick Tensen, David Wanger, John Kain met at the Hamilton Town Hall at 9:03 a.m. on Saturday, January 23, 2016. Town Manager Michael Lombardo, Selectman Bill Wilson, Director of Planning and Inspections Patrick Reffett, Finance Director Brian Connolly, Town Clerk Andrea Carlson, Recreation Director Sean Timmons, DPW Director Bill Redford also present.

**Call to order**

Rick Sprenkle called the Hamilton Finance & Advisory Committee meeting to order at 9:03 a.m.

**Chairman comments**

Sprenkle noted goal to conclude today's meeting at 12:30 p.m.

**Public Comment**

None.

**Minutes Approval – December 8, 2015**

David Wanger entertained a motion to approve the December 8, 2015 meeting minutes. Nick Tensen seconded the motion. VOTE: Unanimous.

**Review and vote on reserve fund transfer request**

Discussion ensued about how ATM will be held in the High School/Middle School gymnasium. This space accommodates up to 1,100 people. There will still be overflow in the multipurpose room. Bill Melville can stage the microphones but is not trained on the Ferrini auditorium light board so the issue is training not the availability of projectors. Chris Shailor who manages technology in the Ferrini auditorium is not available on Saturday, April 2. Training additional students and staff to operate would mitigate the need for alternate locations in the future. To bring a company in to stage the projectors (6,000 to 7,000 lumens each) and screens it costs from \$1,800 to \$2,400 for each event since the HWRSD does not have this equipment. The reserve fund transfer is to purchase two projectors and two screens for \$18,000 rather than paying for use at each event.

The use of two screens with projectors in the gymnasium make it possible for meeting attendees to see presentations. The Committee discussed possibility of trying rented equipment in the gymnasium one time before expending funds for screens and projectors. If the equipment is purchased, Bill Melville could manage it and also use it for HWRSD purposes. Discussion was

## **Hamilton Finance & Advisory Committee, January 23, 2015**

on strategy for purchase of this equipment that could be specified as a capital item and could also be part of a larger budget plan possibly done in concert with the HW School Committee. Sprenkle entertained a motion for an amended reserve fund transfer of \$2,500 for staging of the ATM in the High School gymnasium. Wanger so moved. Tensen seconded the motion. VOTE: Unanimous.

### **Working Session for FY'17 budget**

#### Town Operating

For the FY'17 level services budget with general expenditures there is control from 1.44% to a maximum of 2%. There is an increase of 3.7% overall for expenditure budget. Cost increases are tied to retirement, healthcare insurance (an agent is seeking quotes from insurance companies), cost of living and step increases. Also included is a placeholder for salary adjustments for COLA and implementation of wage and classification study conducted last year for \$170,000. Therefore, personnel cost is budgeted at 6.3% (same number of FTEs and work hours). Revenues are up this year (\$170,000 in permits) and are projected similarly for next year (\$101,000 in permits since July). Local receipts were budgeted flat.

A zero based approach is used for department budgets based on contract and equipment costs. The Town has \$2.5 million in certified free cash. Hamilton is targeting using \$500,000 of free cash this year to bring down the tax rate with consideration for reserving free cash savings relative to the Town's credit rating (AAA bond rating). Focus is to have an operational surplus be \$100,000. Also noted was how no more excess E&D funds from HWRSD will be coming to the Town this year to be applied to the budget and manage tax rate. The HWRSD budget for this year has a 5.1% increase due to operation increase and drop in E&D revenue. The Town Manager and Finance Director monitor all large purchases in Town, and report that the department heads are conscientious about spending Town funds.

If the budget was held to last year's amount of \$27,865,631, about \$700,000 would have to be cut to stay flat with last year. This would equate to 12 to 15 positions, or push out capital costs to the future.

Also addressed was the historical averages for local receipts. In the expenditures budget, there is a \$176,000 salaries reserve including a percentage for COLA since many union contracts are under negotiation as well as implementation of wage and classification study (\$130,000 impact to the Town). Some of the consulting service costs are down. Advertising cost is up as part of recruiting for positions. Office supplies and equipment is down by \$5,000. In addition, legal counsel's retainer was increased by \$3,000 in anticipation of more work and hours. The \$7,000 retainer for labor counsel is for updating policies, interpretation of contracts and labor law.

## Hamilton Finance & Advisory Committee, January 23, 2015

For the Selectmen's budget, \$11,570 is budgeted for minutes secretary where more meeting minutes are being produced. In addition, \$9,500 is budgeted for social media and funds from ISP could be used to expand position to a web and social media role. The Town is currently paying \$7,000 a year for a static website which could be spent on a more dynamic website providing timely information. The FinCom could funnel information (i.e., OPEB, audit) through Finance Director to social media representative.

In the Finance Department budget the permanent wages are up 2% and Town Accountant is getting a step increase and the 2% COLA. Professional staff training costs are up due to MUNIS classes and rates going up. Audit investigative services for \$44,000 includes IT penetration study per auditor as management request. Consulting services are for IT personnel (\$34,000 year) and costs are going down. Discussion addressed revisiting having HWRSD oversee IT for the municipality or finding a local consultant as well as human resource services via HWRSD. Also mentioned was funding for digitizing records. There are small increases in cost of assessing software. There is no net change in the Finance Committee's annual reserve.

In the Assessors Department there is a COLA for non-union staff, and one-year agreement with AFSCME union. In addition, recertification of staff is happening this year. Another increase is due to the return to quarterly rather than bi-annual property tax billing. A 3% increase is budgeted for the library for COLA and step increases. A 1% increase is expected on state assessment. Retirement cost is up 11.6%. Debt service includes quint fire truck. Funds are carried in a placeholder for unemployment claim. If these are not used it flows back to free cash. The Town is seeing shifts in health insurance from individuals to family plans as new employees are brought on board through attrition. Hamilton does offer an opt-out plan for employees regarding health insurance. Property/casualty insurance is budgeted to actual cost. Also, \$81,000 is budgeted for Chapter 111F costs based on prior injury rates.

### Water Enterprise

The water enterprise fund bills customers to pay for expenses. Some of the services are provided by town staff and resources, and charging this back to the town results in a net revenue of \$300,000 transferred to the town.

### Waste Enterprise

The Town transfers \$329,000 into the waste enterprise annually. The receipts for bags (less than \$100,000) is included but does not cover costs. Discussion addressed how this enterprise fund was not set up as a true enterprise account so the program needs to be restructured or it should become part of the DPW budget. There is a joint contract with Wenham so \$30,000 a year is saved working with trash hauler Hiltz.

## **Hamilton Finance & Advisory Committee, January 23, 2015**

Other costs include: OPEB - The annual budget has been increased from \$25,000 to \$75,000 a year. A warrant article would be needed to set up a trust/interest bearing account. Discussion addressed how this could be managed by a professional who reports to FinCom. Meals tax - \$65,000, and \$2,000 for celebrations have also been budgeted.

For the Town clerk's budget there was a change of \$50 for dues, books, and subscriptions. In addition, step and COLA cost for two employees at a 4.4% increase with no headcount or hours change. There will also be a postal increase for mailings. Discussion was on elections for the year and staff requirement for primary and presidential (this will be held at the HW Recreation Center and food needs to be ordered). Also, \$2,500 was budgeted for the Town Clerk to attend four conferences as part of certification process. Another change was additional clerk dues.

In the Recreation budget, 80% of cost is for employees. Other costs include utilities, custodial services, and office supplies. There is training and dues for staff. The joint department shares a general fund budget with Wenham which is down from last year by \$800. Discussion addressed items not in the budget including Wenham's request of Hamilton to oversee Pleasant Pond (this could include oversight of lifeguards). Data on how many Hamilton and Wenham residents buy tickets to use the pond is needed since it is not currently part of the joint recreation agreement. Also mentioned was that the pool operations should fund the pool costs but this is a build year so supplemental adjustment from revolving fund or program fees might be necessary. There is a separate pool agreement (3-year rolling average based on net assessment) with Wenham so this is a shared cost. The total assessment from Wenham is going to go up slightly (\$67,800). Weather permitting the pool is expected to be open this summer (i.e., July). Also noted was the current administrative assistant for the department is enrolled in family health insurance versus individual plan which costs the Town an additional \$16,000 annually. The Recreation budget does not include health insurance. Information is needed on the Recreation department allocation with Wenham.

Discussion was on Council on Aging budget of \$94,518.81 that includes a 2% increase for salaries: (there is a 15-hour a week assistant), step increase and COLA. There will be a further request for funds since more residents are going to be aged 60 or older moving forward who could receive services. A \$12,000 grant is used to offset the director's salary.

Discussion was on the 4% increases that some employees are getting every year and how this would not be the case moving forward if contracts are successfully negotiated relative to results of the wage and classification study being implemented. It was noted that employees getting 4% step increases, in the current 7-step system, are also eligible for 2% COLA increases. Also mentioned was how a 6% annual increase is not comparable to annual increases that people are experiencing in the private sector (i.e., 1%). Also noted was that public sector salaries are typically lower than the private sector.

## Hamilton Finance & Advisory Committee, January 23, 2015

Also addressed affordability for the Town as a 3.2% annual budget increase without requiring an override. Town officials concurred that implementing the wage and classification study would create internal equity across positions and fair wages relative to public sector job market. Also, that some positions would be red-lined where wage increases would not be seen until other salaries catch up. In addition, once employees are at the top of their range they would no longer receive steps. Discussion was on if the Town continues to provide full services, revenues have to increase or decisions have to be made on how to cut costs (i.e., reduce headcount). Discussion addressed 2.3% wage increases across the departments which would include step increases and 2% COLA increases without wage and classification study implementation cost taken out. It was noted that the implementation of the study still has to be bargained with the unions. If it is implemented by ATM the breakdown could be wage and classification 4%, COLA and steps 2.4%.

John Kain left the meeting at 11:35 a.m.

The Planning and Inspections budget includes the following functions: planning, zoning, conservation, building department, Chebacco Woods, health department, and CPA. The entire department is not receiving steps but employees are eligible for 2% COLA including part time Conservation Agent. There are 3 full time staff, and 12 part time staff in the department. An increase in budget from FY'15 to FY'16 was due to creation of planning director's position (department head level position). Before the role was filled with a part time employee in a coordinator's position who also recorded minutes. The current budget includes \$3,300 for minutes recording.

Also mentioned was an initiative involving the state level (MAPC) to create a coalition that could include public health. Such a coalition could provide health agent and public health nurse services (beyond what is provided at the local level) with full time employees to multiple municipalities in the commonwealth.

In the building department the administrative assistant is the only full time employee working with part time inspectors who are paid for hours worked at a reasonable rate (the inspectors' rate was reduced from \$50 to \$25 an hour). Conversation has occurred with Wenham to identify if there are any efficiencies that could result from combining building departments in the two towns. It appears unlikely due to differences in hourly wages and zoning by-laws. Discussion was on \$2,500 annual cost for Chebacco Woods for upkeep of trails. For the Board of Health there is one full time administrative assistant, part time health agent, part time food inspector, part time public health nurse, and part time clerk typist. Animal inspection is being done through the police department.

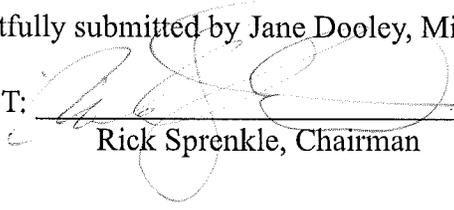
The FinCom took a break at 12:00 p.m.

**Hamilton Finance & Advisory Committee, January 23, 2015**

Sprenkle entertained a motion for the FinCom to adjourn at 2:15 p.m. Wanger so moved.  
Tensen seconded the motion. VOTE: Unanimous.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST:

 4/13/2015

Rick Sprenkle, Chairman