

**TOWN OF HAMILTON  
BOARD OF SELECTMEN  
And  
FINANCE & ADVISORY COMMITTEE  
FEBRUARY 6, 2016**

The Board of Selectmen met with the Finance & Advisory Committee at Hamilton Town Hall at 9:20 a.m. on Saturday, February 6, 2016 with Selectmen: Scott Maddern, Shawn Farrell, Jeff Hubbard, Bill Wilson, Marc Johnson, and Finance Committee: Rick Sprenkle, David Wanger, Nick Tensen, Joe Hughes, John Kain present. Town Manager Michael Lombardo, Finance Director Brian Connolly, Fire Chief Phil Stevens, Fire Department mechanic Jay also present.

**Call to order**

Scott Maddern called the BOS meeting to order at 9:20 a.m. Rick Sprenkle called the FinCom meeting to order at 9:20 a.m.

**Review FY'17 Expense budgets**

\$15,000 FinCom reserve fund transfer

Discussion ensued about request for a \$15,000 FinCom reserve fund transfer to cover the cost of new diesel motor installation in the Fire Department squad truck. The truck has 25,000 miles on it and the chassis and brakes are still good. The expectation is that the truck could last another 10 years with a new motor. Discussion addressed the process for taking \$15,000 from Free Cash which would require a Town Meeting vote and use of these funds is supposed to be for catastrophes. While the FinCom reserve is intended for the requested capital expense. The Town has budgeted \$8,000 in its FY'17 budget in capital expense for repairs to the truck. Discussion was on number of recent FinCom reserve requests and how there are no extra funds budgeted for unexpected expenses.

David Wanger moved to transfer \$15,000 from FinCom reserve fund to line item 520043 for the replacement of engine on Fire Department squad 5 truck. Nick Tensen seconded the motion. VOTE: Unanimous.

Discussion addressed a projected increase in revenue (i.e., local receipts higher than expected), possibility of applying \$500,000 in Free Cash to the tax rate, and level service budget with controllable expenses equal to or less than 2%. Salaries are based on contracts and approved COLAs and includes steps. Wage adjustments were done with prior contracts settled this year which increased cost. Also included is implementation of the wage and classification study for \$170,000. This will allow 2% increases between steps. Increase in health insurance cost is projected at 11%. Retirement cost is up considerably. The controllable expenses were kept to 1.36%

increase. In addition, that any revenue from Patton and Canterbrook developments would be in FY'17 and FY'18.

Discussion was on Free Cash (\$2.5 million certified) and \$500,000 from Patton development is projected as revenue. Also noted was additional \$250,000 from Patton land sale that could roll into general fund unless it is defined for a specific purpose by Town Meeting vote. Town officials agreed that moving forward the Town should not consider Free Cash as a revenue stream its intent is for catastrophic events. The budget process is focusing on what projects the available staff can realistically do. Looking ahead Town officials noted that a smaller amount of Free Cash can be used so in future years services might have to be cut if expenses becoming increasingly more expensive than revenue coming in to Hamilton. In addition, if contract negotiations have to handled differently moving forward relative to amount of COLA increases.

Discussion ensued about deficit in staffing support in the Finance Department where the Finance Director should not be expected to work 65 hours a week on a regular basis. Proposal is to budget for FY'17 a 19-hour a week assistant accountant/bookkeeper to do analysis for the FinCom and do journal entries, cash reconciliations, accounts payable, update spreadsheets in MUNIS, reconcile grants, general ledger activity, warrants, and payroll. This would allow data collection to be delegated to the assistant Town accountant. A third of the funding for the permanent part time position (\$25 to \$27 an hour, \$27,000 annually, possibly part of bargaining unit), will come from the water enterprise fund. In-house training may be needed on MUNIS.

Discussion addressed how Town officials would like to review the Town's municipal organization chart to identify reporting structures and possible areas to increase efficiencies. There was mention of consideration of consolidating inspectional building services with Hamilton, Wenham and Danvers to improve efficacy. Shawn Farrell left the meeting at 10 a.m.

Discussion was on consideration of a HSA/high deductible plan since Town is currently paying \$26,000 per employee enrolled in a family medical plan for HMO Blue. Harvard Pilgrim is the only health care insurance provider that bid on the Town's health care service and it matches the cost of the MIIA plan. Tufts, Fallon and Blue Cross Blue Shield did not bid. Also mentioned that as part of a new wage and classification structure for the Town could be a change in cost share for medical insurance with the Hamilton's contribution being smaller and employee's cost share going up. This would require collective bargaining.

Discussion was on how the waste enterprise is not self-sustaining and options are to either put waste hauling cost in general fund, use private trash hauling where residents pay directly for the service versus through real estate taxes, or run a fully funded enterprise fund with revenue coming from increased blue bag fee or sticker fee for all trash including bulky items (i.e., average user would be billed \$129 a year). Using increased revenue approach or private trash pickup service would positively impact the

tax rate. Also mentioned was if large apartment buildings with more than four units (i.e., Hamilton Housing Authority) or commercial users could be billed at a commercial rate for trash pickup. Town officials will provide tonnage charts, what would constitute a true waste enterprise fund so the shift to the tax rate can be identified. This topic will be an agenda item at a future BOS meeting.

Discussion ensued on salary steps and COLA that are negotiated and how those would be managed moving forward relative to incremental income costs and services provided. Also mentioned was administrative alignment (i.e., efficiencies with attrition such as when a fire chief retires use one new hire in a regionalized function for Hamilton and Wenham). In addition, discussion was on the ECO and if there is any possibility for Wenham to come back to the dispatch center. Ipswich and Manchester are not interested in joining Hamilton's ECO. Conversation is occurring by Hamilton officials with Danvers with intent to have dispatch services provided by that community. Marc Johnson left the meeting at 10:40 a.m.

Discussion addressed how financial numbers on cost savings and efficiencies related to regionalized services could facilitate conversation with Wenham. The BOS recently discussed HW School Committee's suggestion to revisit the regional school district agreement in light of the fact that Wenham is facing large percentage increase this year for its school costs. It was noted that real cost savings would come from eliminating duplicate administrative overhead costs. Also mentioned was that the HWRSD has a large unfunded OPEB cost which will likely be passed on incrementally to the supporting communities. Also noted was positive result that could occur if a department of public safety versus discrete police and fire departments for the two towns was created. In addition, that existing municipal contracts are analyzed to determine most cost effective bids.

Discussion was on how the FinCom had asked HWRSD to provide information on headcount relative to steps and percentage of pay increases. Also, if HWRSD should do level services or level funded budgeting, and if fewer teachers could teach larger classes with the same course offerings without the school district cutting capital maintenance dollars. Also mentioned was when the two towns could approach the HW School Committee and HWRSD (late spring, early summer – May/June) to have the school district use more insight in it budget models presented (i.e., cost per pupil, student/teacher ratio).

Discussion ensued about how the pool project is intended to be self-funding. Also, the water enterprise budget will not experience rate increases. A staff report will be produced on \$5 million spent to date for water infrastructure outlining work done and what future work is expected using the additional \$5 million appropriated. The indirect cost formula for administrative costs in the water enterprise was updated with current numbers. These numbers are being audited in the Town's annual audit. Analysis is being done on the water storage tank at GCTS as part of work underway to project future capital costs associated with water supply and infrastructure. Also noted was the

1.5 certified employees who can run the water plant and how much money is budgeted for overtime. Discussion was on OPEB unfunded liability for water department employees and how actuary will be consulted for amounts to understand if water enterprise could fund any of the unfunded expense.

Also mentioned was the increase in cost for the Council on Aging which is a combination of COLA, steps, and increase in hours related to expanded services. The director will create a five-year model associated with aging demographics and changes in programming. In addition, that budgeting for healthcare insurance is anticipating higher participation including family plan enrollment. Also, that budgeting for property and casualty insurance is based on actual spend.

Another topic addressed was how many administrative, public works, and police employees are at the highest point in their wage scales and many union employees will not be receiving step increases. In addition, that large increases have been seen for fire department employees as the result of contract negotiations and bringing wages to market rate. Discussion was on how digitizing of records project is stalled due to capacity and if budgeting for it should continue. Also noted was that the parks and fields expense was largely a seasonal cost for grounds keeping.

Other items discussed were the \$75,000 annual gift from GCTS (state mandates that education be provided locally to students which is thought to be as many as 60 children of seminarians), P.I.L.O.T. of \$38,000 from Manchester, and no contribution comes to the Town from Pingree School and the school rents fields to the youth leagues, Essex Tech assessment and 1% increase in number of students (\$20,000 per pupil cost).

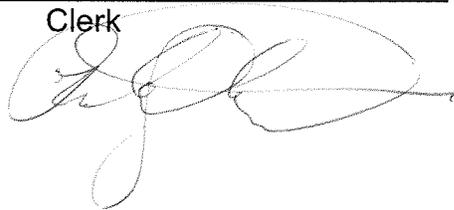
Maddern entertained a motion for the BOS to adjourn at 12:11 p.m. Wilson so moved. Hubbard seconded the motion. VOTE: Unanimous.

Sprenkle entertained a motion for the Finance & Advisory Committee to adjourn at 12:11 p.m. Wanger so moved. Tensen seconded the motion. VOTE: Unanimous.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST: \_\_\_\_\_

Clerk

*Chairman:*  2/13/2016