

**TOWN OF HAMILTON  
FINANCE & ADVISORY COMMITTEE  
JANUARY 12, 2015**

The Finance & Advisory Committee met at the Hamilton Senior Center at 6:04 p.m. on Monday, January 12, 2015 with Rick Sprenkle, Nancy Gerardi-Walsh, Charles Chivakos, Michele Stecyk and Nick Tensen present. Finance Director Deborah Nippes-Mena and DPW Director Bill Redford also present.

**Call to order**

Rick Sprenkle called the meeting to order at 6:04 p.m.

**Announcement of upcoming meetings**

A joint FinCom meeting with Wenham and HWRSD leadership is scheduled for Thursday, January 15 at 6:30 p.m. at Buker Elementary School multipurpose room. A joint meeting with Board of Selectmen is scheduled for Saturday morning January 17 at Hamilton Town Hall at 8 a.m. Also, a CPC meeting with pool presentations is scheduled for January 22 at the Senior Center. A February 10 joint departmental meeting is scheduled with Wenham Finance Committee at 6:30 p.m. at Wenham Town Hall (snow date is February 11) where there will be a joint recommendation for pool. Finance Director Deborah Nippes-Mena's last day is January 30 so she will be handing off materials for the February 10 meeting to Hamilton's FinCom Chair. Also, there will be an upcoming CPC meeting on joint projects and articles between now and when hearings occur and ATM warrant goes to print. She will provide FinCom with a list of its meetings moving forward to ATM. Nippes-Mena will write the Finance section for FY'14 for annual report that will be sent to FinCom for review.

**Approve minutes of December 18, 2014**

Charles Chivakos moved to approve the Finance & Advisory Committee minutes for December 18, 2014. Nancy Gerardi-Walsh seconded the motion. VOTE: Unanimous.

**Vote on Reserve Fund transfers**

The request for \$1,400 from the Police Department for vehicle leasing will be addressed on January 17.

Work session for Fiscal 2016 Budgets

Town operating and capital

Discussion ensued about the HWRSD proposed budget being lower than anticipated impacting projected rate for taxes for next year, and a BAN versus bonding will be used for elementary school boilers. Bonding will occur in FY'16 and payment will be in FY'17. Annual real estate taxes from the Tom Ford (\$200,000) Canterbrook (\$200,000) and Patton property (\$100,000) projects will help absorb some of the additional costs associated with growth and long term will help pay for operating budget once these projects are approved, receive permits and construction is done. Discussion addressed how many school aged children these projects would add to public school enrollment. Also noted was that the FY'16 increase in HWRSD cost for Hamilton is .6% and increase for Wenham is 5.5% due to shift in enrollment. The net HWRSD assessment with debt included will increase by 2.2%.

Discussion addressed return to team teaching at Miles River Middle School which required an additional two FTEs in the level services budget. Also mentioned was the reduction in health insurance costs and BCBS solutions possible with MIIA for future reductions. This could help the Town as well if HWRSD employees and Hamilton's employees are in one insured group.

At the Saturday meeting, Nippes-Mena will present a status summary of FY'15 budget and last few fiscal year budgets. Discussion will focus on budget roll-up and specific department questions will be answered by FinCom with back-up from Town officials. An updated CIP will also be presented.

The CPA coalition has opined that \$200,000 for record retention is not eligible for CPA funds since this operational expense should be paid for with general fund budget. Also, a Town Hall addition would not be paid for by CPA funds for historic preservation. Record retention has to be done before the Town Hall building could be renovated. Town officials are working toward understanding exactly what projects could be funded by CPA. Discussion addressed whether or not \$100,000 could be funded for next fiscal year for record retention and impact on proposed tax rate of \$17.95 to \$18.02 based on today's property values (up more than 1.5% this year) that were certified in October, and overall value of Town has gone up 4.67%. Discussion ensued to use 1.5% and 3% increase in property value trends.

Also addressed was for operating budget the Town uses actual capital expenditure numbers and CIP uses actual fiscal year numbers from FY'15 and going forward.

### Waste enterprise

Discussion ensued on waste, recycling and landfill relative to transfer to waste enterprise where in FY'15 \$294,000 was budgeted and in FY'16 more is budgeted. This number should be higher since Town is not selling as many bags (\$80,000 in revenue is expected and \$52,000 to \$63,000 is being received) and new rates have been negotiated with Weilabrator (\$16,000 is coming from them in April which will cover shortfall). The recycling numbers are up, solid waste tonnage is down and organic recycling is working well but cost structure is tight. Research will be done to identify who controls price increase for bags (i.e., Selectmen and/or Town Meeting) in preparation for Saturday meeting. Discussion addressed how there is currently no charge for residents' bulky items to be picked up. Also, that money was raised on recap to cover deficit for waste enterprise.

Discussion ensued about GCTS expense to the Town and if a percentage of rent paid for apartments should be directed to a property tax since this income stream for the Seminary is separate from the non-profit organization. In addition, that there are many children, including foster children, at GCTS who are being educated by HWRSD paid for by Hamilton taxpayers. Also, that \$100,000 in gift was agreed to between GCTS and Town and this year \$75,000 was the gift received by Hamilton relative to \$30,000 deficit in waste enterprise. Discussion addressed how conversation could occur at meeting with Selectmen on how to increase revenue stream for waste enterprise by \$10,000 (i.e., raise cost for bags or implement sticker used for bulky items) since this is dollar amount increase added to expense line.

Also mentioned was that wage and classification study should be done by February 10 relative to library staff wages and how there will likely be an pay increase based on recommendation in report. The library budget is being underspent now but there is enough funding for moving forward.

### Water enterprise

Next year's water budget will be \$1.6 million and at Saturday meeting a preview will be given on water rate changes to FinCom and Selectmen. Discussion ensued about service charge being increased to \$55 quarterly from \$20. The charge could change if restructuring occurs with customers in campus environments who have multiple buildings and should be paying more than one service charge.

Discussion addressed how residents with wells and their houses are connected to the Town's water distribution system are receiving a service charge, and that the whole

Town including well users benefit from hydrants in Hamilton. When the water treatment plant was built and \$10 million was borrowed by the Town it was agreed that the General Fund would pay 50% and Water Enterprise would pay 50% of the cost. This was not done with the \$5 million borrowed for water distribution since service structure was going to be changed. Discussion ensued about whether or not the Town wants to investigate possibility of implementing a universal service charge with all residences regardless of being tied into the Town's water system. This could possibly require a by-law change. The increase in service charge will raise \$600,000 annually. The Town will add another \$5 million at an upcoming Town Meeting for further water infrastructure improvements.

In addition, the operating cost for water enterprise will be between \$1 million and \$1.1 million which is paid for by water rates. This also includes capital for trucks and well refurbishment. Analysis of figures suggests increasing lowest end water rate from \$3.15 to \$3.30, next step from \$4.50 to \$5, \$7.50 to \$8, \$9.15 to \$9.80, \$10.50 to \$11.10 per thousand gallons. This would generate retained earnings to pay for subsequent capital without any major rate changes.

Also being discussed is \$55 service charge and water improvement tax surcharge at 3% that would generate \$600,000 to pay for debt and accumulate \$30,000 to \$40,000 a year based on current tax base. In this case residents without connections would be contributing and this is a tax deduction. A non-profit (GCTS and Pingree School) could be charged an industrial rate and charged their contribution through a service charge (i.e., per building) to help pay for debt. The surcharge would require Town Meeting and ballot votes. So a short term solution is to raise service charge and water rates and this can be done working with Board of Selectmen.

Discussion addressed how the 3% surcharge for the average tax bill of \$6,836 for \$400,000 home would be \$210 and is same cost as \$55 quarterly service charge. Discussion was on how the Town bills GCTS (master meter), Pingree School and Asbury Grove (master meter), the Junction and Canterbrook relative to possibility of meters installed on each building. The surcharge tax is the only mechanism that would enable support of operating cost for hydrant system by all property owners. The biggest benefit of the surcharge is to implement an industrial rate for non-taxable entities. Discussion ensued about if there was a possibility of using service charge (varying based on number of families at a dwelling and campus environment with multiple buildings) and tax surcharge to ensure all users are captured and paying for water usage. Also addressed was if future developments in Town would be using Hamilton's water infrastructure or if wells would be used.

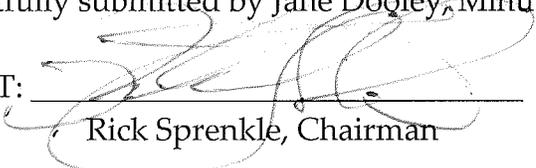
Revolving funds and Pool status

Information on revolving funds and pool status will be ready for Saturday meeting. Discussion addressed how it has been agreed that cost share for the pool project will be by population versus property valuations accommodating Wenham's request relative to the one-time construction cost. Michele Stecyk left at 8:07 p.m. Also on Saturday will be a water rate discussion on service charge versus tax surcharge that is equitable across all residences. Discussion was on how Town should have a complete understanding of how much water residents are using from watershed whether through Town's water infrastructure or private well; especially related to future housing and roadway development in Hamilton. A tax surcharge on this year's tax levy limit would be \$699,687. Also mentioned is if there was a possibility of charging residents not using Town's water system for potential use of hydrant system. The majority of the FinCom is going to recommend the \$55 service charge solution.

Charles Chivakos moved to adjourn at 8:25 p.m. Nancy Gerardi-Walsh seconded the motion. VOTE: Unanimous.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST:

  
Rick Sprenkle, Chairman

