

**TOWN OF HAMILTON  
FINANCE & ADVISORY COMMITTEE  
JANUARY 15, 2013**

The Finance & Advisory Committee met at Hamilton Town Hall at 7:32 p.m. on Tuesday, January 15, 2013 with Chair John McWane, Scott Maddern, Nancy Gerardi-Walsh, and Rick Sprenkle present. Town Manager Michael Lombardo and Finance Director Deborah Nippes-Mena also present.

**Call to order**

Chair John McWane called the meeting to order at 7:32 p.m. He noted that Richard Boroff was recording the meeting.

**Discuss and vote on a recommendation for the Town's Free Cash**

Discussion ensued with Town Manager Michael Lombardo and Finance Director Deborah Nippes-Mena about draft financial policy related to the Town's Free Cash. Lombardo said the Town wants the policy to set a goal for reserves of 5% as an ongoing minimum balance.

Nippes-Mena said the reserve policy is part of all financial policies created for the Town. She noted that the purpose of the financial policies is to provide fluency as people in the roles change. She explained that the reserve policy constitutes General Fund reserve which is where Free Cash sits, and the General Fund reserve account is used by the Finance and Advisory Committee.

The Town does not have a Capital Reserve Fund which would be a good practice for the municipality to have. Lombardo suggested this would be good for the Town but dealing with the community's capital is a huge undertaking. It would be established and funded so it can regenerate \$80,000 to \$100,000 to be spent annually. Lombardo thought any Town cost under \$25,000 should be funded as an expense. He said this would be defined as land and buildings or other infrastructure. Nippes-Mena said infrastructure tends to run on a 30-year cycle.

The intent is so the Town could pay for a \$90,000 truck rather than use bonding. Lombardo said many times when there are multiple projects they are bundled to get a preferred finance rate. He said the Town is in the process of identifying a replacement cycle similar to what is being done now with police cruisers.

Lombardo summarized that Tom Catalano from the Community Preservation Committee was willing to assist the Town pro bono with planning for future renovation of Town Hall building but this would not be considered for a few years. Nippes-Mena mentioned how the financial policies also address the Stabilization Fund and OPEB.

Town officials noted that they were in favor of a General Fund balance of 5% versus a range of 5% to 10%. Nippes-Mena recommended if the Town were to receive windfall revenue it should bank the funds. Scott Maddern concurred with Lombardo and Nippes-Mena's suggestion for fund balance and said a capital fund could be developed once a capital plan is in place.

FinCom Chair John McWane stated that how the Town would reach or exceed the 5% would be dependent upon the financial circumstances Hamilton is experiencing at the time. He suggested the Town have a statement on how it would do this relative to the current economy. He noted that the Town presently has \$2 million in Free Cash, 5% is \$1.3 million so the Town has to decide what to do with \$700,000. Lombardo said he was in favor of using some of that to buy down the tax rate but he noted there are capital items. He suggested the Town officials and FinCom meet with Capital Management Committee to identify capital needs.

Nippes-Mena said budget appropriation approval by Town Meeting would be needed to transfer, for example, \$100,000 of Free Cash to the Stabilization Fund as was done in prior years. She explained that to establish a capital reserve fund or general reserve fund, an additional stabilization fund would be created, since the state allows municipalities to have multiple stabilization funds.

Lombardo noted that the Town is at a critical point with the budget and it might want to use some Free Cash to offset the tax rate. Nippes-Mena described how the allocation is part of the Town's cash management. McWane asked the Town officials to redraft this financial policy with discussed amendments (i.e., Town manager's allocation relative to reserve fund and Town Meeting approval) so the FinCom could vote on it at the Committee's next meeting.

#### **Discuss options for the ECO for FY 2014**

Lombardo updated Committee about action taken at last night's Selectmen's meeting relative to Town's decision about whether or not to join the regional dispatch center in Middleton. He described a meeting he had with Hamilton's

public safety officials and representatives from the regional dispatch facility where details about the center were discussed including the steering committee for the center.

Lombardo summarized that he had confidence in the regional dispatch center's reliability when 911 calls would come in from Hamilton. However, he noted that call takers directing calls to dispatchers would no longer be used as previously proposed. This confirms that if Hamilton went to Middleton the same radio frequencies would be used but one dispatcher would be used for Hamilton and Wenham and likely a third municipality. In addition, the facility would migrate to a unified system in five years which Town officials think should be done initially when the center is up and running.

He described how operationally the facility would work for Hamilton. But he noted if Hamilton opts to join the Middleton center this would result in a need for staff coverage at the Town's public safety building from 4 to 8 p.m. on weekdays and some weekend hours that would create an additional expense for the Town. Lombardo said the Town officials do not see any compelling benefit for joining the regional facility and they continued to have concerns about the lack of safeguards against future costs at the Middleton center.

He summarized that there remain a lot of unanswered questions. The Selectmen are inclined to send the decision to the Annual Town Meeting for a vote about the \$180,000 in additional cost to the Town since Wenham is leaving the ECO to join the regional facility.

McWane described how the dispatchers at the Town's ECO need to know now what Hamilton's decision is on the matter so they can make employment decisions for themselves in the midst of the uncertainty about the future of Hamilton's ECO. These employees may have the option of interviewing for positions at the Middleton facility. McWane noted that the cost for the Town to maintain the ECO independently is \$50 a year in additional property tax for a median priced home in Hamilton.

Lombardo explained how there remains plenty of room at Hamilton's ECO for Manchester and Ipswich to come on board. At this point it is a political decision for these communities to keep their dispatch services status quo rather than join with Hamilton. Discussion ensued about how it is unlikely that Wenham would reverse its decision to join the regional center but that option would be left open

to the community to return to Hamilton's ECO. Lombardo plans to revisit a joint arrangement with Manchester after that community's town administrator retires.

Discussion also addressed the actual costs for ECO if Hamilton goes it alone (i.e., \$366,000 annually), how much money was budgeted for unemployment (\$51,000) if Town opts to join Middleton regional center and number of Town's dispatchers that could potentially get jobs in Middleton. Town officials noted that at Town Meeting voters can put a hold on the warrant article that addresses maintaining the ECO and related budget.

### **Review the draft FY 2014 Town Budget**

Discussion ensued about how this budget includes the HWRSD budget and addressed amendment to revenue budget line item. Also mentioned was that new software for permitting is being considered for the Town and that expense for caretaker at the Patton property who does maintenance is budgeted at \$16,000 for the year. It was noted that having a person in the building offsets the insurance costs for the Town by \$13,000 annually.

McWane explained that the tax rate will go up \$1.13 to \$18.30. Also, the amount of Free Cash in the budget is \$350,000 to offset the tax rate and \$81,000 will be going to the Hamilton Development Corporation.

Nippes-Mena described how the FY14 budget would be adjusted for money being used that the Town already owns such as Free Cash by \$450,000. She referred to the 5% of General Fund that is \$1.3 million and identified grants and pooled cash. Similar practices for reserves would be used for water and waste enterprise funds. Also, that cash used in Stabilization Fund has to be returned.

Discussion ensued about years when Town voted overrides and how Stabilization Fund and RAN were used to pay the Town's bills. Nippes-Mena explained that once the Bridge Street project moves forward the Town would borrow funds but is expecting \$1 million in federal dollars.

Discussion continued about how the Town has cash reserves (\$141,000 in general fund reserve) but there has been no revenue coming in due to the cycle when tax dollars come into the Town. Also mentioned was that Free Cash certification is done after the Town covers all of its deficits. The Town officials emphasized the importance of understanding Hamilton's cash management. In addition, that tax revenue comes into the Town quarterly and that the HWRSD is paid monthly.

Lombardo noted that the HDC is getting established and plans are being put in place to move that forward without using Town staff to serve the function and that contract staff could be used.

McWane noted that Wenham is up against its levy limit and community could be facing a tax rate of \$19.61, has organization issues relative to fire department, and it may be asking voters for an override.

### **Review of the draft FY 2014 HWRSD budget**

He explained that school budget is misleading since it is down \$770,000 because one time expenses from last year are not in the budget this year. Discussion ensued about law requiring HWRSD to incorporate capital budget into operating budget. Also mentioned was possibility of four FTEs being reduced in school budget. McWane said Superintendent and School Committee chair were taking a thoughtful approach to budget where out of placement costs for SPED are huge and are an opportunity for savings and that HWRHS would not be restructured until new principal is hired. He noted that there is \$200,000 in additional expenses HWRSD wants included in budget. Discussion ensued about Assessors analyzing 2012 sales numbers where some properties are selling for less than their assessments.

Also addressed was if future Town budget meetings should be scheduled. Lombardo said there are placeholder dates including January 26, February 1, February 11 and the HWRSD budget will be voted on February 14.

Discussion ensued about whether or not new hires in Town would be done related to retirements, and if outsourcing should be used. Also, if the Town had any interest in cutting the level of services provided in Hamilton. McWane noted that there is a joint finance meeting with HWRSD on January 30. Lombardo mentioned that there is one-time capital items such as a pumper truck that the Town needs to purchase that could possibly be addressed with some Free Cash. McWane set a meeting for Tuesday, January 29 for the Committee's next budget discussion.

### **Reserve Fund Transfers**

The FinCom did not have any Reserve Fund transfers.

**Annual Town Meeting warrant articles**

Discussion ensued on ATM warrant articles where Selectmen had nixed any nuisance bylaws, that there would be debt exclusion, Home Rule petition, and possibly Patton Park pool project proposal depending upon timing that committee can arrive at recommendation. Also mentioned were senior tax exemption and water department transfers. The FinCom will make its recommendation on ATM warrant articles in February during the Board of Selectmen's meeting, possibly on the 29th.

**Approve minutes of previous meetings**

Maureen Hickey, administrative assistant, to the Town manager will print out the final minutes for the November 14 and December 13, 2012 for McWane's signature at the FinCom's next meeting.

McWane entertained a motion for the FinCom to adjourn at 9:07 p.m. Maddern so moved. Sprenkle seconded motion. VOTE: 4-0.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST: John McWane Chairman  
Clerk