

**TOWN OF HAMILTON
BOARD OF SELECTMEN & FINANCE & ADVISORY COMMITTEE
JANUARY 13, 2014**

The Board of Selectmen met at Hamilton Town Hall at 7:00 p.m. on Monday, January 13, 2014 with David Neill, Jeff Hubbard, Marc Johnson, Scott Maddern and Jennifer Scuteri present. Town Manager Michael Lombardo, Finance Director Deborah Nippes-Mena, Finance & Advisory Committee members: John McWane, Chair, Charles Chivakos, Jeff Stinson, Rick Sprenkle and Nancy Gerardi-Walsh also present.

Call to order

Marc Johnson called the Board of Selectmen's meeting to order at 7:00 p.m. John McWane called the Finance & Advisory Committee meeting to order at 7:00 p.m.

Terry Hart, Veterans Agent

Terry Hart, Veterans Agent, explained that the town of Newbury had become part of the district so he presented the Town with a rebate check since Hamilton's assessment will be less with another member town added to the district. He also summarized the services his office provides to veterans and widows of veterans.

EXECUTIVE SESSION

Marc Johnson entertained a motion for the Board of Selectmen to go into Executive Session to return to open session pursuant to M.G.L. c.30A, Section 21(a) for the purpose of discussing strategy with respect to setting guidelines for collective bargaining with all municipal unions. Jennifer Scuteri so moved. Jeff Hubbard seconded the motion. Roll call vote: Jennifer Scuteri, yes, David Neill, yes, Marc Johnson, yes, Jeff Hubbard, yes, Scott Maddern, yes.

John McWane moved for the Finance & Advisory Committee to enter into Executive Session to return to open session pursuant to M.G.L. c.30A, Section 21(a) for the purpose of discussing strategy with respect to setting guidelines for collective bargaining with all municipal unions. Charles Chivakos seconded the motion. Roll call vote: John McWane, yes, Charles Chivakos, yes, Jeff Stinson, yes, Rick Sprenkle, yes, Nancy Gerardi-Walsh, yes.

The Board and FinCom returned to open session at 7:39 p.m.

AGENDA

Detailed discussion of the Town of Hamilton FY'15 Budget between the Boards

McWane presented an overview of level services budget process worked on between Town officials and department heads. Consideration is being given to how much Free Cash should be applied to the tax rate, \$330,000 in Free Cash is down from \$595,00 due to drop in revenue, and status of school budget.

The preliminary Town budget does not include any wage increases for HW Public Library but this line item should be going up more than in previous years due to bringing that staff to market wage. The Town budget reflects the same number of FTEs although Town officials have received several requests for increasing hours for part time staff as well as reclassification of some positions.

Town officials would like to conduct and have budgeted for a wage and classification study that will also include workflow analysis to understand that the system is balanced, there is internal equity and fairly compares to market wages. This would be done before any changes are made regarding staffing and restructuring will be considered to identify efficiencies.

Discussion summarized budget rollup with \$330,000 from Free Cash to support general fund budget. A slight reduction is predicted for local receipts (i.e., burn and building permits, licenses, excise taxes and GCTS annual gift), and \$65,000 is budgeted for Meals Tax to be allocated to Hamilton Development Corporation. Other items are water enterprise, grant money associated with ECO and elder van. Discussion ensued about whether or not effort to make downtown retail-friendly could increase Meals Tax revenue. Also mentioned was that Town staff is compiling comparative data on Town fees to decide whether or not they should be increased. The Town is currently projecting \$320,000 reduction in revenue this fiscal year and the changes in the budget (25% increase in tax rate) could amount to \$30 more a year in property taxes for a median priced home.

Town manager – a step increase for the administrative assistant and projected COLA are included as well as \$40,000 as an estimated cost for wage and salary classification study.

Finance Director – the MIS contract is being consolidated with HWRSD, the administrative assistant position in the Assessors' office is currently open and will be filled at a lower salary (training cost for new staff is budgeted), also budgeted in Treasurer/Collector's office are funds for updating payroll software and adding human resource software.

Town Counsel – budgeted at \$90,000 from \$70,000 last year to increase Donna Brewer's rate beyond retainer, for labor services, land use and water attorneys. Hubbard asked for a breakdown of legal costs (i.e., Patton Homestead and Pirie property). Discussion was about how a typical average legal contract is from \$140,000 to \$200,000, and how Brewer is extremely fair with her charges.

Town Clerk – Elections are up by two this year for a total of four and expenses reflect that. Discussion ensued about how Town Clerk had requested additional assistance and how wage study could result in a needed change that would be addressed at STM in fall.

Conservation Commission – increase is COLA for Conservation Coordinator.

Planning Director – budget increase for new Step 1 position that depends on finalist's experience, that is same level as Finance Director; discussion addressed how an extra computer would not be supplied for this position. When the position is filled in the remainder of this fiscal year it will use some of the amount already budgeted.

Chebacco Woods – budget could possibly increase from \$1,600 to maintain trails and markers.

DPW – hours will be set same as FY'14 and last year two positions were not filled so seasonal help was used more and interim director recommends positions be added back.

Facilities management – Discussion ensued about \$35,000 being annual cost for Patton Homestead and how caretaker performs functions and keeps insurance costs lower.

Discussion addressed how 14 FTEs are in the public works department and actual hours worked during regular time, over time and seasonal as well as educational category for maintenance support at HWRSD. Discussion ensued about using employees more effectively across DPW functions rather than using

over time and getting more support from seasonal help. Increases in this budget are due to FLSA driving up the cost for employees with longevity being added to regular wages as part of over time calculation.

Also mentioned was management of personnel costs with consideration of pension and active as well as retiree benefits and long term liability. Discussion addressed management concept of hiring people with a higher skill set for entry level positions so they would be inclined to stay in the positions from three to five years versus decades. This does result in managers having to train new employees more. Hubbard suggested that natural attrition could be used (i.e., outsource help in DPW). Town officials noted that Hamilton should receive Collins report shortly that will help Town address how to best use staff.

Discussion ensued about how \$50,000 was budgeted last year for sidewalks and that this will be reviewed with interim public works director. Also mentioned was the right of way analysis done on Essex Street sidewalk proposal and how this would be reviewed as part of broader capital discussion. In addition, downtown maintenance was reviewed and this will be built into work schedule with seasonal employees. Also mentioned was that a list from Hubbard on this topic could be addressed during the Selectmen's meeting on January 27.

Also noted was that no budgeting is being done for deficit number for snow removal. Discussion was on how this could be funded by FinCom reserve fund transfer or Free Cash. Also addressed was Health and Human Services – cemetery hours are down and being shifted to park and highway. As well as for waste enterprise, this year the Town finished paying for the trash/compost barrels and tonnage is down so the Town is realizing a \$40,000 decrease.

Protection of persons – increase in budget beyond COLA and step increases is for police department's interest in joining a mutual aid collaborative. In addition, number of patrol cars will be reduced by one and plan is to replace one squad car annually and every three to five years police chief's car would be replaced.

Fire – oxygen bottles need to be replaced, and assessment of apparatus is being done to provide analysis relative to vehicle replacement.

Street lights – discussion ensued about consideration of installation of LED street lights and that validation is underway with National Grid about whether or not the poles are owned by the Town or the utility. MAPC is supposed to provide

staff support to do analysis. The same dollar amount will be budgeted for electricity.

Board of Health – this budget is stable.

Council on Aging – a part time administrative support position will not be filled and funding will be applied to programming (the Town gets some of this back due to collection relative to programs).

Veteran's benefit – this may be adjusted down.

Joint departments – the ECO will be moved into public safety section of budget.

Library – Wenham will provide information to Hamilton.

Elder van – This will be taken off of the budget next year since the Town no longer provides this service in conjunction with Wenham. This transportation service is now provided to Hamilton by Beauport ambulance.

Recreation – new administrative employee.

Communications/newsletter – Discussion ensued about need to generate this communication vehicle to keep citizens informed relative to meetings and agenda topics, by hiring or contracting out the work to have someone talk to department heads every two weeks so the Town becomes a source of information for the public. Lombardo will research costs. This work would be done to generate content for Town website (i.e., issues that Hamilton boards are addressing). Discussion was about Town's use of press releases.

Unclassified – Discussion ensued about abatements, how there are no changes in celebrations and debt service, level-funded state assessments, retirement fund is up, level-funded unemployment, PNC and Medicare tax.

Discussion addressed \$25,000 that the Town has been allocating annually for the last few years to fund OPEB and that the unfunded liability of \$25 million for Hamilton includes its responsibility for the Town and HWRSD and how this would work with the other two entities. Also mentioned was that Legislature is looking at unfunded OPEB liability for municipalities and whether or not bonding would be allowed and if so, at a low rate while investing could be done at a higher rate. In addition, that a Home Rule petition might be considered.

Discussion addressed how there are different needs for potential borrowing and the Town has BANS for construction projects (i.e., water infrastructure and landfill) and that bonding will be done in the next 18 months. In addition, consideration was given to having FinCom members in Hamilton and Wenham potentially create a subcommittee to address the OPEB issue. It was noted that actuarial firms could assist the Town after budget season is completed. Also reiterated was placeholder of \$65,000 until a decision is reached about HDC.

The total Town level-services budget is \$9.1 million representing a 3% increase, with a \$600,000 swing due to Free Cash being lower, increased expenses associated with step and COLA increases, new police mutual aid agreement, and wage study.

Discussion on HWRSD addressed the \$164,000 certified free cash overage for 3% E&D, \$1 million excess funds for health insurance costs resulting in \$2.7 million unallocated costs with \$1 million authorized and \$1.5 million unallocated.

Discussion ensued about a conversation between officials from Hamilton and Wenham suggesting to school department personnel that some of the unallocated funds should be returned to the supporting communities. The HW School Committee did not approve the return of \$500,000 to the towns in November (if this had passed it would have allowed Hamilton to reduce its tax rate by 80 cents).

The schools department's plan is to use the \$1.5 million to reduce the assessments to the towns for FY'15 and there would still be an increase in the base school budget by \$1 million that will be addressed by towns next year. The increase in spending is over \$2 million and there will not be the cash that the HWRSD has this year to apply to the budget. Discussion ensued about how the school department is looking at \$1.5 million in new programs including funding full day kindergarten to keep school children in the district at a cost of \$322,000, and that a conversation is needed with counterparts in Wenham and HWRSD.

Discussion addressed how the HW School Committee has to deliver a budget that Hamilton can afford. Also mentioned was that a policy should be defined about giving back excess school funds to the communities and there was reiteration of need for a budget that considers per pupil cost and what communities can afford.

In addition, Town officials noted that the HWRSD school population is declining by 1% annually. Discussion ensued about community interest in budget

transparency with HWRSD, that continuity is needed in how the budget numbers are applied (i.e., health insurance costs) especially regarding returning money to the towns, better management of E&D is needed, and required decision about whether or not three elementary schools is most cost effective education approach given facilities maintenance spending and diminishing enrollment.

Also addressed was that FinCom chairs from both towns could come up with a strategy relative to what education is needed cognizant that HWRSD defines programs implemented, and what is the net dollar amount affordable for the towns regarding the tax rate.

Discussion questioned if HWRSD was held to a 3% level services budget increase would this result in employee layoffs relative to what level of service the community wants to pay for and what are the right educational services for the community. Also, education on E&D would be useful for municipal and school committee officials to understand how the three entities should move forward.

Town officials noted that an all boards budget discussion meeting is scheduled for February 6 at HW library at 6:30 p.m. and that HWRSD plans to have a final budget in three weeks. Also addressed was that tax rate could go as high as \$18.10 due to increases in budget and if property values go down.

McWane entertained a motion for the Finance & Advisory Committee to adjourn at 9:59 p.m. Sprenkle so moved. Chivakos seconded the motion. VOTE: Unanimous.

The Selectmen discussed how they would meet tomorrow at 6 p.m. to take care of housekeeping issues.

Johnson entertained a motion at 9:59 p.m. to adjourn the meeting. Hubbard so moved. Maddern seconded the motion. VOTE: Unanimous.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST:


Clerk

