

**TOWN OF HAMILTON**  
**Board of Selectmen, Finance and Advisory Committee**  
**AUGUST 22, 2015**

The Board of Selectmen met at Hamilton Town Hall at 8:12 a.m. on Saturday, August 22, 2015 with Scott Maddern, Marc Johnson, Bill Wilson. Finance Committee members Chair Rick Sprenkle and David Wanger. Finance Director Brian Connelly present.

**Call to order**

Scott Maddern called the BOS meeting to order at 8:12 a.m. Rick Sprenkle noted that FinCom did not have a quorum.

**3 year budget forecast, Capital Improvement Plan (CIP), FY'17 budget parameters**

Discussion ensued about data analysis of population by age group, building permits, number of teachers, student/teacher ratio, student enrollment, declining population. Comparative analysis was done with data on Masconomet regional school district and adjacent towns. Total district enrollment for HWRSD was 2,200 and it is now 1,860. Hamilton's share of the school budget relative to Town budgets for FY'16, FY'15 and FY'14 is \$16 million, \$14 million, \$12 million not inflation adjusted. The total could be flatter because Wenham has had an increase in enrollment. The Town's budget is climbing with HWRSD district enrollment dropping and it was noted importance of how HW School Committee is going to address this trend (i.e., student/teacher ratio) and manage costs.

Discussion addressed public policy relative to if the HW School Committee has this situation in control, and if the level of services should reflect a contraction due to declining enrollment. It was noted that 80% of HWRSD's budget is fixed so head count and programs would have to be reduced, and there would be a resulting increase in number of students per class. Town officials mentioned how to encourage people to move to Town would not be by reducing school services while addressing high tax rate. The HWRSD is looking at how it could reduce headcount while keeping school services high. Town officials want to make sure HWRSD is managing its budget responsibly while being aware of issues. Models from other communities (i.e., Belmont and Masconomet) where excellent school services are being delivered at a lower cost than HWRSD were cited.

Total teachers and student/teacher ratio were looked at where the number of HWRSD teachers has dropped from 160 to 145. The student/teacher ratio has gone from 14:1 to 12:1 with population dropping as fast as the number of teachers (i.e., school enrollment and teachers have dropped 10% in the last 10 years and 11% further drop is expected in the next 10 years).

Discussion was on how historically Hamilton has had a much lower turnover of housing compared to the state (50 to 60 sales a year), and when recession occurred the market to sell was impacted so more houses are selling now due to better economic environment. The total Town population dropped in 2010 and has gone up again for all ages. At the same time the Town is losing kids in the schools perhaps due to students going to private schools, population is aging on average four years, and there is an ever increasing need for more senior services in Hamilton.

Analysis was done on building permits and in 1993 there were approximately 18 new single family dwellings, while in the last 15 years there has been five new houses built in a year. So there is relatively no new growth (1/2 of 1%) while other towns in the state have had both residential and commercial growth. In 2012, the Town had seven knock downs and rebuilds which is equivalent to new family dwellings. This represents a net increase to the tax rolls (i.e., \$100,000 house demolished and \$500,000 house constructed) with marginal impact compared to a totally new dwelling.

The Chapter 40B units will be tracked separately (i.e., Junction). The Patton Homestead property will add 12 new dwellings but with a total of 2,768 houses in Town this will not change the character of Hamilton but will provide revenue growth rather than escalation of taxes. Discussion was on how families buy houses in Town, send their kids to school, and many stay in Town after the kids are educated, although there has been a recent exit from Hamilton. It was noted if Hamilton was more affordable to younger families then this would average out population buying and selling houses over time. Also, some of the new growth has been additions or improvements (i.e., porches) to existing houses.

The data analysis is being done to compile relevant information that can lead the Town to policy decisions or actions to keep Hamilton sustainable. Moving forward this data could be potentially be kept up-to-date by clerk on Board of Selectmen. This information can be used to educate the public about leadership policy using budget projections from Town officials and HWRSD during the summer which would be updated with actuals in fall. Budget analysis will be done relative to Town spending issues/benchmarks such as CPI to determine wage growth/inflation (i.e., 2.5% COLA for

teacher salaries) in regard to impact of current 5% unemployment rate. Healthcare and utility costs would also be part of this equation. Also addressed were the lower costs associated with bringing in younger less expensive public employees who are trained and move on to other jobs before the municipality incurs much of their pension/OPEB costs.

Discussion ensued about reduced P.I.L.O.T. (i.e., \$75,000 versus \$100,000 annually from GCTS) and costs the Town incurs to educate more than 40 children of seminarian students from tax-exempt Gordon Conwell Theological Seminary. The Town has not had any success getting P.I.L.O.T. from Pingree School.

Discussion was on snow and ice deficit for FY'15 being \$105,000, the state reimbursed Hamilton \$35,000 which will appear in FY'16 budget. The FEMA reimbursement is not known. For FY'16, Free Cash and grant numbers were updated by a few thousand dollars, level funding used for water enterprise and cemetery costs, motor vehicle excise tax revenue is projected at \$1 million, and 2% COLA was included for personnel. Discussion addressed how the Town needs to be able to explain cost of delivery of service and that service is delivered efficiently based on head count. With the exception of the schools, Hamilton is below cohort towns in its number of personnel.

Also, with budget drivers the Town's revenue (not tax revenue) could go from \$3.5 million to \$3.8 million into FY'19 not counting CPA adjustments or new growth. Personnel expenses are \$4.3 million and expected to grow to \$4.5 million over the next couple of years. Non-personnel expenses such as healthcare and retirement costs are \$5.3 million going to \$6 million which will drive tax charges up. So over three years \$900,000 will be added to bottom line. Net Town expense will go from \$6.5 million to \$6.9 million by FY'19. The school (including Essex Tech) cost is \$16.6 million and with 3% driver which will present a burden on the HWRSD to justify cost with declining population bringing the cost to \$18.5 million. The total Town budget is \$21.5 million increasing to \$23.5 million. Hamilton is paying down debt and managing flat debt ladder.

Discussion addressed tax rate relative to property valuation with possible 4.5% appreciation. With a moderate amount of new growth and appreciation and increased costs due to health insurance and retirement costs the Town's tax rate should remain under \$18 per \$1,000 and tax bills on average for median house will be \$7,000 annually, and Hamilton will remain under its tax levy limit.

Discussion was on auditor recommending that OPEB costs other than pension need to be addressed and an escalator could be used to add another \$50,000 to \$75,000 annually (i.e., for next year add \$50,000 to the \$25,000 historically budgeted toward \$3.5 million obligation) to pay this off at a reasonable rate. Some communities have bonded to pay this expense. The HWRSD also needs to tackle its OPEB expense. For health insurance a large cost increase from MIIA (12%) is expected this year and this should drop in subsequent years. Study will be done on this line item and FinCom will develop a growth factor for health insurance based on Massachusetts rates. The retirement pension costs will go up which is currently 8%. It was noted that the Town is doing a quarterly newsletter to educate the public on these topics.

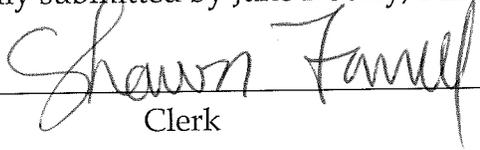
Discussion ensued on how the Town has a resistant segment of the population to new growth and the sustainability need for new growth in Hamilton (i.e., RFPs for solar array at former landfill site, cell tower rentals). Also mentioned was how the Town is rewriting the zoning by-laws as part of process to streamline efficiency in development permitting. Town officials spoke to importance for long term guidance needed for Hamilton that could influence policy. This could address how residents want to age in Town and their interest in seeing less expensive, smaller housing to reach that goal. Discussion was on how allowing a tenant to rent a room in a private residence is not currently done but could provide an avenue for a resident to continue to afford to live in Town. In addition, to get to a relevant price point for housing in Town more density is needed with new development than is currently allowed.

Another key item is facilities use and planning as this relates to proposal to digitize documents at Town Hall to reduce physical burden of paper files on second floor, potential for an addition to the building including an elevator and how this cost could be as high as \$6 million. Also, if action should be taken to preserve the Town Hall with CPA funds, meeting space identified at public safety building, school utilization issue addressed related to cost efficiencies based on number of buildings, and use of common assets across public works. These alternatives could be less expensive than renovation and are especially important based on five year capital/master plans specifically as this applies to the HWRSD's buildings. In addition, that budget for pool should include Wenham's CPA contribution as well as Hamilton's and include revenue offset for Wenham residents using the facility. Discussion addressed how changes are necessary to make waste enterprise fund truly an enterprise fund since Town is subsidizing the fund by \$80,000 annually. Also reiterated was how there is a nominal obligation for tax exempt properties in Town to contribute to Hamilton and if a percentage should be pursued as well as cost benefit analyzed for both GCTS and Pingree School.

Marc Johnson moved to adjourn the meeting at 10:54 a.m. Bill Wilson seconded the motion. VOTE: Unanimous.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST:

  
Clerk

