

TOWN OF HAMILTON
BOARD OF SELECTMEN and FINANCE ADVISORY COMMITTEE
FEBRUARY 9, 2010

The Board of Selectmen and Finance Advisory Committee met at the Hamilton Town Hall at 5:00 p.m. on Tuesday, February 9, 2010 with David Carey, William Bowler, Jennifer Scuteri, and Arthur Oberheim, Bob Bullivant, and Kalil Boghdan present. Finance Director Deborah Nippes-Mena and Town Administrator Candace Wheeler also present.

Budget Overview

Selectmen and Finance Committee members discussed the FY'11 budget with total revenue of \$2.7 million, an \$11,000 difference from last fiscal year. Wages and salaries at \$3.6 million are a \$5,000 deduction from the prior year. Operating expense is \$4.6 million, an increase of \$224,000 from FY'10. The total budget, \$8.2 million, is going up between the revenue and expense changes by \$218,000 on a gross basis. A 2.7 percentage increase in the overall Town operating budget concentrated in operating expenses is up slightly more than 5 percent.

Discussion was on the expected amount of money the Town would receive in FY'11 from the Gordon Conwell Theological Seminary. Hamilton received \$100,000 in FY'10. David Carey agreed to call the seminary and have a meeting. He thought the seminary might be able to sustain this amount for FY'11.

Bob Bullivant addressed the EMT stipend and Quinn bill payment for the police officers. This is involved in police union negotiations and is unsettled. Mediation with the union is about the FY'10 budget. There will likely be an offset for Quinn.

The FY'11 budget, has a \$5,000 reduction in wages and salaries, eight step increases have been built in along with contractual increases in compensation. There is a reserve for the Town manager salary. No colas are in the budget.

No discussions have occurred between Town officials and union representatives regarding the FY'11 budget. On February 18, Town officials hope to wrap up three union negotiations for three Town unions in regard to impact bargaining on particular issues. There would be zero cola for FY'10. Labor Attorney Jack Collins has been working with the Town to get the union contract for the fire union underway. The

Town won't begin FY'11 contract negotiations with the police union until mediation issues are completed.

For FY'11, there will be no colas. The Town manager's position is in the budget for \$125,000, an increase from \$98,000 for the Town administrator. The combination of step increases and other contractual obligations comes to \$35,000 in increases. These were offset by decreases primarily in the emergency center and police department where more junior officers are receiving lower salaries, a net \$5,000 reduction.

Arthur Oberheim said the overtime hours seem reasonable to the Finance Committee. The Town would like to pursue issues in the strategy for overtime.

FinCom was asked to increase the administrative assistants' hours for the Town clerk and collector by 2.5 hours per week or \$2,500 a year per office. In general increases such as these have not been supported in a difficult fiscal year, although both are justified.

Deborah Nippes-Mena said all three assistants on the first floor would be working the same number of hours so this would take away friction between departments with the workload issues. In the Town clerk's office, the 2.5 hours compensates additional hours for website posting that will occur to support the new Open Meeting Law requirements. The Town wants all information posted and available. Selectmen asked that the Town clerk and collector (who has done so) submit the request for more hours in writing.

Discussion on Council on Aging wanting administrative person, historically funded by a grant, to be made an employee. This year, the FinCom doesn't think it should be done. The economic impact is if there were increases in the future this position in the Recreation department would get funded.

The part time assistant in the Recreation department would pick up hours to serve as the administrator for COA. In the past, the COA was funded with \$10,000 of expense money from the tax base budget and as much as \$8,000 in grant money from the state's Elder Affairs division. A separate person was paid entirely by the grant.

Now the proposal is to use the grant money to pay for the elder van and pay the person in Recreation to do administrative duties for COA. It would be a more efficient use of the \$9,200 available after last year's budget cuts. COA wants the \$800 restored. That has not been done in the FY'11 budget. The money for the elder van would go to salaries to support Diane Brown, who would work dedicated hours for COA. There was a \$1,000 stipend for Melissa Roy as Recreation director but she gave that up.

FinCom did not add an employee to the Town's payroll. The person will continue to be funded by the grant money on an informal basis for this year. Discussion on how grants aren't guaranteed so if a position were added it would be hard to change and it would have to be funded. Bullivant said Theresa "Mimi" Fanning from the COA said this is a 50 cents per senior rolling charge, part of the state grant money received every year.

Fiscal Budget Strategies

Discussion on budget decisions with risk included the 4% reduction on the cherry sheet revenue versus 8%, the unknown Hamilton-Wenham Public Library budget (slightly more than \$500,000 or 12.6% of the budget, the state has asked that the library not be cut back more than other departments), police department expense of \$14,000 for FY'11 related to retirement buyback in the police budget (includes Quinn and sick days) and it could be higher, and the veteran's budget is difficult to project until closer to Town Meeting.

One major goal for the Town budget is to contain the Town's expenses and keep the tax rate growth as low as possible. The FY'11 budget has a 2.7% increase that will impact the tax rate. Oberheim described possible operating expense reductions including that the department budgets could be reduced by \$50,000. There could be a safety-oriented risk in services as the result of cuts.

Leasing vehicles in the budget rather than purchasing them could save \$40,000 for the Town this year. In regard to health insurance, the MIIA agent told the Town to expect a \$50,000 increase. A hedge of \$25,000 was put in the budget because the Town could implement a new health insurance program by July 1. If this occurs an additional \$25,000 could be backed out of the budget.

Also, in the Stabilization Fund is health insurance for retirees, the obligation for the Town is \$4.3 million. The unfunded liability on an annual basis for Hamilton is under \$300,000. When the Hamilton portion for the unfunded liability for the schools is included it comes to \$500,000. If the Town does not fund this for three years, Hamilton's bond rating will go down.

Selectmen and FinCom thought all of the recommended operating expense reductions should be implemented with the exception of the post-employment benefits other than pensions, the health insurance for retirees for \$35,000.

Oberheim said when the departments were asked the impact of reducing their budgets by 10%; the DPW thought this would require the loss of one job. So there is a possibility of reducing staff. Most cuts would be done in overhead costs; hours have been reduced

for administrative assistants in the Town clerk's and Assessors office. Through attrition there are fewer staff working for the Town than in the past.

Discussion on overtime costs, the DPW gets a stand-by stipend to be available for snowplowing and sanding. All union contracts have language that specifies that four hours minimum has to be worked overtime. Efficiencies have been built into the budget to reduce overtime (i.e., filter replacement at the water treatment plant so it runs more consistently). Shared services are being considered between Hamilton and Wenham police departments when an officer calls in sick where one town would cover for the other to cut down on overtime costs.

Discussion on policies and services that might have to be cut, the fire department would be giving up coverage on the weekend and during the summer when the volunteer firefighters are less available.

Oberheim said a public meeting should be held where Town officials discuss the service that would go down to prevent the tax rate from going up. Some of these cuts could increase risk to the Town (i.e., sending out the sanding trucks slightly later than has been done in the past) or rather than doing this with safety, as a consideration, the Town could cut leaf and grass pickup.

Discussion on budget details addressed changes in fire and EMS being down \$28,000, cruiser cost will go down \$30,000 due to leasing, \$30,000 for DPW related to cemetery and perpetual care funds, snow removal increase of \$25,000 in operating expenses, Town manager expense -- increased consulting money to hire help to implement changes/studies related to personnel.

For office supplies, the \$10,000 stays the same this year and Town counsel expenses were level funding related to litigation and employment contracts, the Essex Regional Retirement Board increase is \$26,000 and the \$35,000 increase in the Stabilization Fund for retirees.

For FY'11 planning, cemetery transfers are normally \$12,000 a year, depending upon interest income but could be increased by \$8,000 or more. For the water enterprise the income is not there to amortize the debt as expected so a two- to three-year note would be considered but this does not impact the tax base.

Balancing the Town/School Budget

This year the Town's strategy for the school and town operating budgets is to try and not use as much of the Proposition 2 ½ increase and new growth as it could. Many

communities are trying to keep this at zero and use the tax levy to offset revenue shortfalls and increases where there is no control such as retirement. FinCom is hoping to fund less than 1% using the 2 ½ percent.

Discussion on strategy relative to schools is the school department needs as much help as Hamilton and Wenham can give this year. The town with the most restrictive budget will determine what the schools get.

One issue is the enrollment shift where there will be more students in the school system from Wenham. For this year's school budget, Hamilton's contribution goes down \$99,385. Wenham needs to come up with this amount. Selectmen thought the revenue shift would be the major part of the contribution from Wenham. This is how Wenham has treated the shift that started two years ago.

Based on enrollment projections the shift could turn around in 2014. Nippes-Mena said money should be set-aside in the levy and not spent to accommodate the enrollment shift back to Hamilton. The student population is going down significantly.

Last year Hamilton settled on a 2% increase in the school budget. Bullivant said Wenham is planning severe reductions in its budget and is recommending a .25% increase in the school budget. This needs a lot of discussion.

Oberheim moved to adjourn the Finance Committee at 6:18 p.m. Bullivant seconded the motion. VOTE: Unanimous.

Selectmen signed cemetery deeds and December 15, 2009 minutes. The Board adjourned at 6:21 p.m. VOTE: Unanimous.

Respectfully submitted by Jane Dooley, Minutes Secretary

ATTEST: _____
Clerk