

HAMILTON FINANCE AND ADVISORY COMMITTEE

Minutes of Meeting

April 17, 2019

Members Present: John Pruellage, Phil Stearns (Chair), Nick Tensen, and David Wanger.
Others Present: Marisa Batista (Finance Director), Darcy Dale (Selectmen), and Rick Mitchell (HDC and Planning Board)

This Hamilton Finance and Advisory Committee meeting was called to order at 6:58 pm at the Hamilton Council on Aging Building, Bay Road, Hamilton.

Public Comment

Audit Report/Management Letter. Review and Discuss

Marisa Batista said she considered the Management Letter to be very clean as work had been done to improve some of the previous items from audits in the past. The Veterans' Memorial Pool comments had more points noted from the previous year's audit. Ms. Batista said the Town might not be able to implement all of the recommendations on best practices because they might not work for the Town. Reconciling pre-numbered cards was one thing the Town could not do as membership cards to the pool were reused. Auditors liked to see pre-numbered cards that could be reconciled to cash receipts but the receipts were being reconciled in a different way. The other comment was in regard to log-ins. The pool hired numerous part-time employees, most of which were college students that worked three hours a week. Log-ins for each individual would not be practical. One log-in was being used by multiple employees so if there were a need to reconcile cash receipts, it would be difficult to pinpoint the person responsible.

Information technology had become a hot topic with auditors focusing on the subject. Marisa Batista said she spoke with Andy Wood who said some things could be implemented such as password protection for screen savers. Laptops were not encrypted and the Town would need to decide if it wanted to do so. Water billing adjustments were a repeated comment. Two issues were noted, the first being the number of bills being estimated. Currently 99% were based on actual readings. Tim Olson had implemented controls that if bills were estimated one quarter, the second quarter would be an actual reading. Some meters were inaccessible as they were underground or construction occurred with access to the meter blocked off. Previously the water clerk was able to make adjustments. A water utility module for MUNIS was considered. Tim Olson and Gail Hannibal (water clerk) looked at the complicated model and decided it would not be beneficial to the Town. A higher cost was associated with the purchase. Mr. Olson said he would sign an approval every time a water billing adjustment needed to be done, before the water clerk was able to post the adjustment. It would appear as though the water clerk was still able to do the adjustment as the signature would be obtained outside the computer system but when the Auditors visit next year, they could be asked to make a selection to determine if Mr. Olson's signature was present.

A new comment was cash receipts, which was not unusual. The Auditor suggested that all cash receipts should go through the treasurer/collector's office instead of individual departments. Some towns had a resident pay the treasurer/collector's office and then go to the department with a receipt. Anytime there was physical cash, there was a concern for the Auditors. The treasurer/collector's office would have a safe and would make daily deposits making them more secure. Cash was collected at the Town Clerk's office, the pool, and possibly the DPW. The drop in fees for the pool would be difficult to pay at the treasurer/collector's office. The risk assessing and monitoring comment was one to expect every year, according to Marisa Batista. 95% of MA communities had the comment and solving it was a big project. Marisa Batista considered the Management Letter to be a good one.

The Financial Statements were discussed. The Bridge St. culvert project (\$163,000) was still an issue. The Master Plan needed to be updated to request funds from FEMA. The Plan was updated at the onset of the project. Due to delays in the project and being over-budget by the time the Town went back to FEMA for additional funding, the Plan had expired. FEMA would not reimburse the Town until it had an updated Master Plan. Free cash was reduced by any permanent deficit such as the Bridge St. culvert project. The project was paid for by FEMA (75%) and Chapter 90 funds (25%). Chapter 90 would also fund the deficit. Marisa Batista said FEMA would possibly fund the deficit if the Master Plan was complete. Liquidated damages were part of the settlement with the contractor so the Town paid less than the budgeted amount. The project took a year longer than expected. The settlement amount was less than the deficit. Marisa Batista said the contractor would never have agreed to pay the total overage on the project. Ms. Batista would provide information as to the settlement date. The settlement cost was about \$100,000. Not all charges were the contractor's fault, according to Ms. Batista. The contractor had been paid but the \$163,000 was listed as a balance cost associated with the project. It was unclear what the status of the Master Plan was.

The Auditors would arrive April 29, 2019 for an exit conference. The newest actuarial study was provided last October.

Review/Debrief Annual Town Meeting

While 75 people created a quorum, 182 people were present at Town Meeting. David Wanger wanted to engender more interest. Darcy Dale said Joe Domelowicz wanted to have a newsletter on the website and a column of what was happening with the Boards. Rick Mitchell said the public did not understand they had an obligation to attend Town Meeting and did not show up unless they were aggrieved. Mr. Mitchell said a tyranny by minority would dictate what the outcome would be. Mr. Mitchell suggested sending a postcard to residents explaining the website and links. Phil Stearns suggested adding important dates such as Town Meeting be listed. John Pruellage noted process and how last minute changes affected confusion at Town Meeting. Marisa Batista agreed that the Warrant was already outdated by the time it was mailed.

Ms. Batista was forced to re-do all the numbers the last week before the Town Meeting date. Darcy Dale said the changes and different amounts hurt the Town's credibility.

In response to Wenham not approving the OPEB request for the School Budget, Marisa Batista said the Town received a revised Budget from the School. The Town of Hamilton's share was about \$160,000. Ms. Batista suggested that the Town bring an article to Special Town Meeting to reduce the appropriation because Hamilton over appropriate the amount. The funds could go into free cash or a Special Town Meeting could be held to reduce the line item by \$160,000, which would be reflected as \$.09 off the tax rate. \$16.81 would be the new estimated tax rate. John Pruellage said doing the change at a Special Town Meeting would also highlight the disappointment that it was removed from the Wenham Budget. The School's OPEB obligation was \$35M and zero had been set aside. One year \$50,000 was originally in the Budget. \$10,000 went to a playground and \$40,000 disappeared. David Wanger said the deficiencies would need to be paid by the Town. Darcy Dale said Wenham passed the School Resource Officer cost of \$75,000, which was part of the School Budget when it had been removed from the School Budget and paid for in the Hamilton Budget. John Pruellage thought the School Resource Officer was on the same article as OPEB and the article didn't pass. Phil Stearns thought it was separate.

David Wanger asked how close the Town was to the taxing capacity limit. Marisa Batista estimated about \$1M but would not know until the tax recap was approved in December. Articles for Special Town Meeting would change the tax rate. Ms. Batista said the Town was not taxing to full capacity. Nick Tensen said if the Town spent more than 2.5%, it was cutting into the capacity every year. Phil Stearns noted last year 8% was spent including the School and reserve transfers. David Wanger added that some of the increase was beyond the Town's control because of School spending. 60% of the Town Budget was the School Budget. The Stabilization Funds would give more room in future years as money from these funds could be used to keep the Town below 2.5%. Ms. Batista said it was best to keep to the financial policies. Ms. Batista added that each year, there would be free cash due to vacancies but the Budget was tighter so less free cash would be generated.

Phil Stearns noted that some residents moved to town for the Schools and don't plan on staying afterward. Rick Mitchell noted that the average residency was 14 years but did not have a comparison to other towns. David Wanger stated that the population was aging and housing was harder to find in town when one aged. Mr. Mitchell noted the conflict between low density and housing needs. Mr. Mitchell said senior housing finally passed once residents realized housing would bring in more tax dollars without using resources. 85% of the Town's revenue was taxation, according to Marisa Batista with only \$850,000 received in State aid. Mr. Mitchell said Canterbrook would produce \$350,000 in taxation without much cost to the Town. David Wanger noted the PILOT issues.

Discuss strategy and invitations for:

Town Counsel and other litigation cost review.

Rick Mitchell asked how much the cell tower litigation costs were. It was unknown. Phil Stearns suggested Town Counsel's firm prepare a litigation cost summary by project for FY18 and FY19 to date. Special Counsel was also retained. 550 Highland St. would need to return to the Town for another vote, according to Darcy Dale. Marisa Batista would speak with Joe Domelowicz about litigation costs and would send the Committee what she had. Total expenditures and year to date with most projects would be included but Ms. Batista recalled that some projects were listed as "special matters." Ms. Batista would sort out what she could and provide an Excel spreadsheet of the information to the Committee. David Wanger wanted to determine retainer work versus other work. Ms. Batista said the Budget to actuals were lower than last year. The Town was at 49.9%. The revised Budget was \$95,000 and to date the expenditure was \$47,000.

Patton Homestead Business Plan Review

Phil Stearns said the Patton Homestead Director and Town Manager would be invited. Nick Tensen would do the invitation with a copy to Carin Kale (President of Patton Homestead, Inc.). The Committee hoped to review the Business Plan. David Wanger wanted careful assessment of what the Business Plan hoped to achieve. Mr. Stearns said a Marketing Plan would be forthcoming.

Hamilton Development Corporation (HDC) Business Plan Review

Phil Stearns noted that Darcy Dale was the member who was most interested in the review. David Wanger said he would hope to see the goals that had already been achieved. Mr. Wanger was not disapproving the beautification to create an environment conducive to people coming to the downtown area but questioned if a yearly investment would achieve that goal. Mr. Wanger asked how other communities stimulated commercial growth. Rick Mitchell said analyzing communities like Hamilton would need to be reviewed but not many communities this size had established a non-profit corporations.

Rick Mitchell said the HDC had a sound approach to developing the downtown that relied on 59/63 Willow St. The HDC was hoping to develop it into a high value project to be sold at a profit to create funds to invest in downtown improvements. The idea was to be an engine to make this happen without tapping into Town bonding, reserves, or cash reserves. Mr. Mitchell said under Site Plan Review, the Planning Board could not deny the project but could condition it as long as it met the uses within the Mixed Use Zoning By-law. Mr. Mitchell said the members of the HDC were new to managing a public non-profit development corporation and the lack of understanding on how to operate politically and what the process was both limited the potential of the development in the past. The HDC was sidetracked by the need for a wastewater treatment facility and did a study to determine that the facility would be about \$10M to service a small area. The HDC looked at options for what could be done downtown. MAPC did a study of what the downtown could look like and another group did a cost analysis of development and

revenue yields. The first Request for Proposal (RFP) for Willow St. received no response and the second was after the approval for a Mixed Use By-law. The only response for the second RFP was from Harborlight.

David Wanger said at Town Meeting, the town was told that the Patton Homestead would be self-sustaining in three or four years and wondered if downtown improvements would come to fruition in a specific time frame. Mr. Mitchell said the site plan would be done by November or December and an RFP could be issued for a designed and permitted project in January 2020. The sale would be the vehicle for funding downtown development. The price would determine what funding was available for downtown. Then matching funding would be sought. The goal was to redo Railroad Ave. and the crossing over Bay Road, which would take five years. The State Highway Department would be involved due to the crossing for Bay Road. Mr. Wanger asked if there were markers set along the way to determine the viability of the project. Mr. Mitchell said the HDC did not have the expertise to develop a Master Plan but might hire a consultant. Nick Tensen said the process would be similar to that of the Town Hall Renovations project.

David Wanger said there would be pressure regarding the use of Meals' Tax year after year so it would be helpful to have some recognizable point along the route to say the HDC was making reasonable progress in a reasonable time standard so they should continue to do it. Mr. Mitchell said the intent of the Meals' Tax was to go to downtown development. Mr. Mitchell said the money could not be used to fund the operation of Town. Mr. Wanger said Mr. Mitchell was suggesting the Meals' Tax was immutable and could not be altered and thought there might be pressure in the future to change the initial objective to a more generic Town Budget infusion. Mr. Wanger said the way to avoid that would be to show progress. Nick Tensen said many people thought progress was taking a lot of time. Mr. Mitchell said no one had come to an HDC meeting asking what was happening. Mr. Mitchell wanted to know where the information was coming from.

David Wanger said another argument was that taxes were too high. Nick Tensen said he liked the ideas presented but thought the beautification might be too small of a project. Rick Mitchell said there was an active business group downtown who would become an advocacy group. Mr. Tensen wondered about the relationship to revenue and perhaps the sewer system would make a greater impact. Mr. Mitchell said some people didn't want things to change. Mr. Mitchell said the cost of property and getting through the permitting process were hurdles. Discussion ensued regarding other areas of town that could be used for commercial uses such as the landfill and Gordon Conwell. Mr. Mitchell said the area could be rezoned and the HDC could float a revenue bond. Phil Stearns asked if the landfill could become a trash transfer station.

The HDC put together a timeline of what was accomplished over the last five years, which had been posted on the website. John Pruellage asked for resources that the FinCom should investigate before Rick Mitchell returned to the FinCom. Mr. Mitchell provided the FinCom

with the HDC Budget and timeline. Nick Tensen suggested that Mr. Mitchell provide what the HDC would have accomplished by Special Town Meeting and Town Meeting with a decision time to determine what would be done with the funds once the Willow St. property was sold. Mr. Mitchell would provide what could be accomplished annually. Mr. Tensen asked Mr. Mitchell to include the 2020 Budget. Mr. Mitchell estimated the costs of permitting Willow St. to be about \$80,000. What next steps would be discussed by the FinCom after reviewing the HDC website.

Liaison Assignment and Committee updates.

Approve Minutes for March 6, March 12, March 13, March 16, and March 20, 2019.

Motion made by Nick Tensen to approve the March 6 minutes with changes, March 12 minutes as presented, March 13 with changes, March 16 with changes, and March 20, 2019 with changes. Seconded by John Pruellage.

Vote: Unanimous in favor.

Other topics not reasonably anticipated by the Chair.

John Pruellage said he would continue to serve on the Committee if his limited time available was not a problem and a qualified person who could devote more time did not present themselves. Phil Stearns noted the amount of time spent on the FinCom and thought he might not seek reappointment. The priority would be to fill the empty slot created by Darcy Dale becoming a Selectman. David Wanger encouraged both members to seek reappointment as the FinCom had an opportunity to advance its goals and be a contributor to the welfare of the Town. Nick Tensen and Mr. Wanger acknowledged the importance of Mr. Stearns' and Mr. Pruellage's role in the process. Mr. Stearns thought of discussing the position with David Smith and Allison Jenkins. Mr. Wanger wanted to encourage a woman to apply. Nick Tensen mentioned Rick Sprinkle.

Motion made by Nick Tensen to appoint John Pruellage as secretary.

Seconded by David Wanger.

Vote: Unanimous in favor.

Determine agenda for next meeting.

The next meetings would be May 8 and May 29, 2019. Patton Homestead Business Plan and Town Counsel litigation costs would be discussed at the next meetings.

Adjournment

Nick Tensen made motion to adjourn.

Seconded by John Pruellage.

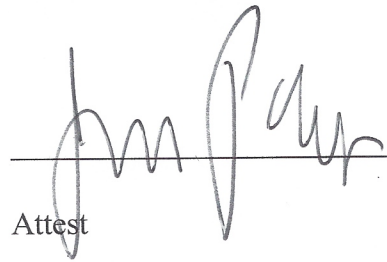
Vote: Unanimous to adjourn at 9:32 am.

Prepared by:

Marcie Ricker

Attest

Date

 5/8/19