

HAMILTON FINANCE AND ADVISORY COMMITTEE
WENHAM FINANCE AND ADVISORY COMMITTEE

Minutes of Joint Meeting
October 23, 2019

Hamilton members present: John Pruellage, Christina Schenk-Hargrove, Valerie McCormack, Nick Tensen, and David Wanger (Chair).

Wenham members present: Alex Begin (Chair), Carrie Jelsma, David Molitano, Jim Purdy, and Mike Therrien.

Others present: Marisa Batista (Hamilton Finance Director) and Catherine Harrison (Wenham Selectman).

This Hamilton Finance and Advisory Committee (FinCom) meeting was called to order at 7:00 pm at the Council on Aging Building, Bay Road, Hamilton. The Wenham Finance and Advisory Committee meeting was called to order at 7:00 at the Council on Aging Building, Bay Road, Hamilton.

Discussion with Wenham FinCom regarding collaboration between the two committees, specifically addressing:

a) HWRSD FY21 budget planning and related issues and FY20 budget deficit.

David Wanger noted that the School had a deficit of \$309,000. A circuit breaker, which was related to special education was a state reimbursement program. The circuit breaker, which could be carried over from year to year, would not cover the deficit. The cost of out of district Tuitions were unfavorable by \$500,000 and if reserves are required to be accessed, they would be depleted. The options to reduce the deficit were to use reserves for operation, consider staff reductions with a hold on spending, or reduce spending in certain areas. No one knew if the School Committee had depleted their reserve.

Alex Begin noted that there were four new placements (\$434,000) that required transportation (\$107,000) for a total of \$540,000. There was a current savings of \$172,000 due to administration changes. There were five new employees and their need for health insurance was unclear.

David Wanger hoped to maintain the current positive relationship with the Schools and make suggestions on how to deal with the FY20 situation with longer term objectives for the next year in mind. Suggestions included using existing revenue and curtailing expenses. Capital planning needed to be understood. Mr. Wanger was optimistic that a Capital Plan would be solidified. Reportedly the superintendent was exploring ways to reduce expenses such as replacing teaching assistants. In previous years, \$177,000 was

added into the budget to pay for sports fees. John Pruellage said if the additional cost did not increase participation, it should be reconsidered as the Town was subsidizing residents who were already paying for sports.

Michelle Bailey (School Committee) reportedly requested having quarterly reports. Alex Begin recalled that it was a requirement of the joint agreement that the Schools provided monthly financials, which had not been provided. David Wanger assumed the Schools had the information but had not shared it. Marisa Batista said she could generate system reports from her software. As the Schools' budget was one with a bottom line only, it may not contain the level of detail desired. It was agreed there should be an understanding how much was being spent. John Pruellage said if the Schools did not have sufficient reserves, the Town became their reserves. Ms. Batista would collaborate with the Wenham Finance Director and the Schools' Finance Director (Vincent Leon) to discuss the topic. Ms. Batista would bring the Town of Hamilton's template. The FinComs hoped to see current budget actuals compared to the established budget, including budget drivers. Members wondered what systematic matrix was used such as dollars per student or dollars per teacher and while working on a strategic plan, were the Schools using dollars to performance or dollars by priorities. The FinComs hoped to see a tracking of dollars to goals and outcomes that were meaningful.

Discussion ensued regarding the out-of-district tuition costs and the \$2M to develop a reading/language based program to reduce the number of students leaving the district. Reportedly an upfront investment to identify and remediate issues by third grade would reduce secondary (such as emotional) problems later. MA recently passed an early screening law for dyslexia. The Schools said they did screening but one member disagreed. The member indicated that some reading materials were used, which were not evidence based and were not shown to be helpful to mitigate reading problems.

David Wanger said the \$2M program investment had not been evaluated as to how much money was saved by keeping students in the district. Nick Tensen recalled that an administrator and teacher were hired so one child did not move out of the district. Mr. Tensen wanted to understand the return on the investment as part of the quarterly reports. There were twelve pending placements at a cost of \$600,000 to \$960,000 combined. Mr. Tensen suggested creating a language based program in house. Mr. Wanger said if the Schools become known for developing expertise, people would move here for the program. John Pruellage wanted an analysis over the last ten years for all out-of-district placements completed to determine which category to invest resources in. The FinComs hoped to understand the Schools' strategic vision of the issue and what potential solutions were available. Members wondered that if the program was not a success, what was learned. Mr. Tensen noted that the same money was funded for each year onward.

Alex Begin hoped to understand the policy, vision, or philosophy as it related to the Schools' budgeting. The circuit breaker, which was a subset of SPED needed to be understood. The policy regarding reserve funds, capital planning, OPEB, union contracts (or personnel strategy), enrollment trends (including School Choice) and the metrics by which an evaluation on the strategic plan could be done needed to be presented to the FinComs. Marisa Batista did not believe the FinComs would be receiving answers as the School administration had lost seven to nine employees with many new hires (finance director, accountant, human resources, and assistant superintendent) in the learning process. It was agreed that both the administration and the School Committee, who had institutional knowledge, should be approached simultaneously. A meeting would be set up with the School Committee to discuss regular financial topics and a second meeting to discuss broader subjects. The most important discussion would focus on the special education reserves and the metrics used. Discussion would include the initial investment into the special education projects to determine what worked and what did not.

Discussion ensued regarding the level of administrative support related to curriculum. It was noted that some department heads taught minimally. An example was given wherein a teacher was limited by the administration in regard to a tutoring plan they had developed. The increase in the level of bureaucracy over the last five to ten years might need to be reevaluated. Catherine Harrison suggested looking at level services and building the budget on that as level services and administrative costs had grown over the last five to six years. Even though the student population was decreasing, the administration was increasing. The level of administration should be compared to the State mandate.

Nick Tensen recalled asking the School what would be cut if the budget were to stay flat, but the Schools would not comply with the request. The strategy plan would help determine where the best value for investment would be found and a prioritization could occur. John Pruellage said the strategy plan might only include facility planning, which would not include the topic of administration. David Wanger said it should include longer term items such as OPEB and athletic fields. Reportedly one School Committee member had taken a tour of the schools and was shocked by the physical condition. The member was pushing for consolidation. Alex Begin wanted the items on the agenda for the Joint FinCom and School Committee meeting for an initial discussion regarding long term topics, which could be rolled in the FY21 budget.

The latest estimate for the Schools' OEPB obligation was \$37M, of which Hamilton was responsible for \$25M. While it was critical for the Schools to set aside funds, it would be suggested that the Schools pursue the funding through existing revenue sources. In the beginning, funding should be less aggressive than previously requested. David Wanger said he was supportive of the initiative, but understood Wenham's financial situation. Alex Begin did not agree with the superintendent's declaration that the cost had increased

exponentially because it was not funded the previous year. Mr. Begin hoped the liability would be funded through existing revenue and not tacked onto a level service budget. Mr. Begin hoped to see an effort to control level services then fund OPEB. The Town of Hamilton originally funded \$25,000 then \$50,000 but currently funded \$125,000. The Town of Wenham's fund increased \$10,000 per year and would gradually increase to \$100,000 to keep bond rating secure.

b) Potential for additional shared services between the towns.

Additional shared services included fire service as it was increasingly difficult to have call fire fighters. Alex Begin said there had to be a desire for residents to merge because the cost savings were not what policy makers had thought. The Hamilton fire department recently rebuilt the garage with doors that would not allow Wenham's fire trucks to fit into it. David Wanger recalled that both department heads were supportive of the concept. Mr. Wanger suggested beginning now to assess how to establish a permanent department and the possibility of a merged department due to the long range problematic future reliance on call firefighters despite a recent internship program, which generated a new group of firefighters. John Pruellage discussed the ambulance services, which was a viable service in Wenham. The first vehicle was purchased at a low cost but had been replaced recently for \$50,000. Catherine Harrison said the service was successful at generating revenue.

David Wanger noted the joint library, recreation, and inspection services. Discussion ensued regarding the potential to share health services or human resources. Mr. Wanger said Hamilton had engaged with two other communities for part time human resources. Marisa Batista said the agreement was not yet signed but was in process. Ms. Batista added that health insurance could be shared between the two towns and the Schools. Some towns created a co-op to buy insurance together. Essex, Ipswich, and Topsfield could be approached. Trash could be included. Hamilton was working toward a pay as you go for trash through bag purchase for higher users. Two to three years of the current ten-year contract had passed, eliminating the opportunity for a joint trash program. Alex Begin said there were insufficient revenue from sticker sales at Pleasant Pond, which did not cover the costs of a lifeguard. A change to the service would be considered.

c) Additional areas of collaboration.

The PILOT program was discussed. John Pruellage recalled that Gordon Conwell sent 45 to 50 students into the Schools due to married housing, which was paid for by the Town of Hamilton. Originally Gordon Conwell had agreed to pay for the students but had never done so. The original PILOT of \$100,000 had dwindled. Wenham said they had a long standing relationship with Gordon College in regard to emergency response. Residents also had limited use of the college facilities such as the pool and walking track. DPW and public safety between the two towns were both available for back up support. David Wanger noted the Schools pickup trucks could be shared. Cemeteries were part of

the DPW department and were partially funded through trust funds. It was agreed that the current educational formula, especially special education funding should be pushed legislatively.

Adjournment of Joint Meetings

Motion made by Christina Schenk-Hargrove to adjourn the Hamilton FinCom from the joint meeting at 8:40 pm.

John Pruellage second

Vote: Unanimous in favor.

Motion made to adjourn the Wenham FinCom from the joint meeting at 8:40 pm.

Seconded.

Vote: Unanimous in favor

This Hamilton Finance and Advisory Committee (FinCom) meeting was called to order at 8:40 pm at the Council on Aging Building, Bay Road, Hamilton.

Discussion with Finance Director and/or Town Manager regarding any Special Town Meeting or finance related updates.

Marisa Batista provided the Quarterly Report for the first quarter of FY20 and the fourth quarter of FY19. Ms. Batista said she did not see anything alarming but had not reviewed it in detail. Questions would be answered at the next meeting. Ms. Batista hoped to have Town Manager Budget Guidelines soon. All departments would submit their budgets by the end of November.

Marisa Batista requested a FinCom Reserve Fund transfer for Tim Olson for a cemetery records vendor as the one currently used was going out of business. The quote from a Boston computer scanning company included the information conversion for a onetime fee of \$4,829.50, which would be paid for the first year. The annual cost would be \$1,200 thereafter (or \$2,400 if the contract included mapping). Tim Olson would choose which option. Currently the Town was paying \$500 for the service. The \$500 was already appropriated but needed to be supplemented for FY20. Tim Olson had researched service providers and chose this company. Currently there was standard pricing for cemetery lots but the cost for computer scanning service was part of the IT budget, which fell under the Finance Department. John Pruellage thought it was an appropriate use of the FinCom Reserve Fund but suggested reviewing plot sale prices in the next year's budget. The funds were being requested from the FinCom Reserve Fund as Ms. Batista was unable to sign the contract without having funds available. The FinCom Reserve Fund currently held \$100,000.

Motion made by John Pruellage to approve the transfer from the FinCom Reserve Fund as requested.

Seconded by Nick Tensen.

Vote: Unanimous in favor.

Discussion regarding recap of Special Town Meeting and any follow-up items.

Marisa Batista was concerned about the quorum in that a small group of residents were making decisions on the town's behalf. Ms. Batista thought the Town Hall funding article was confusing. Discussion ensued regarding the need for a Special Town Meeting (STM). The Town Hall project would have been delayed if Town Meeting were only once a year. Prior year's bills and water improvement articles also required a STM. Ms. Batista said some towns had a STM and Annual Town Meeting (ATM) on the same day. Tim Olson reportedly wanted to start the water improvement project as soon as bonding occurred.

Discussion ensued whether choosing Option B would delay the Town Hall Building project as the project might need to go back out to bid and fuel tanks would need to be removed. Nick Tensen was concerned that the article only offered the chance to vote on money and not the option but David Wanger responded that it became an indirect vote for either option. As the increased amount of money was approved, Option C, which was a hybrid of Options A and B, could be considered. Reportedly, Mike Toomey said if Option C was built, extensive renovation to the main building to bring it up to code would not need to be done, which would allow for cost savings. Mr. Tensen added that if a second building was constructed, employees could be moved into it while the existing building was renovated, which would save money. David Wanger said building new was less expensive. It was agreed that it was inappropriate for the FinCom to take the lead on the motion to approve other than the Option being proposed.

Christina Schenk-Hargrove suggested using the same calendar for ATM as the timing was appropriate. David Wanger suggested offering a survey to determine what day or time would stimulate attendance. Valerie McCormack suggested using Survey Monkey. Members discussed how to inform the public by using The Chronicle, Facebook, or the sign in front of the Public Safety Building. Marisa Batista said the calendar put too much pressure on her by submitting articles by August 6 because June 30 was the year end and July 15 was the last Warrant. By July 30, Ms. Batista was not finished closing out the previous year or opening the new year before needing to be ready for STM within three weeks. Depending on the articles, Ms. Batista said it was an unrealistic expectation. STM was previously in November, then the end of October but was now mid-October. Ms. Batista had to do numerous calculations for three union contracts required for budget adjustments on one article. Ms. Batista requested having STM a few weeks later when financial articles were being proposed.

ATM was typically the first Saturday in April. John Pruellage thought STM should be a weeknight while ATM should not be a week night. As ATM had been a week night but was moved so seniors could drive to the meeting, alternatives such as providing a bus from the Council on Aging building were discussed. Ms. Batista said she usually prepared for the budget beginning in November.

A joint Selectmen/FinCom meeting would be scheduled. Christina Schenk-Hargrove suggested educating and rallying residents to come to Town Meeting. John Pruellage added that it should be in collaboration with the Selectmen. David Wanger and Ms. Schenk-Hargrove suggested involving students in the process in the hope they would involve their parents. Having a mock article was an idea broached with the prior superintendent as a way to engage the students with Town government. The concept which included a proponent, opponent, and a vote did not go anywhere. The civics teacher and volunteers could become involved if the concept was adopted.

Committee member and liaison updates, including discussion of assignments.

John Pruellage was the liaison with the Planning Board. Nick Tensen was the liaison with the Town Hall Building Committee, Patton Homestead, Public Safety, Recycling, Waste Enterprise and the Hamilton Development Corporation. Christina Schenk-Hargrove was the liaison to the School Committee, Council on Aging, and Veteran's Services. Valerie McCormack would be liaison to Culture, Recreation, Board of Health, Hamilton Foundation, Hamilton Housing Authority, Conservation Commission, Hamilton Historic Society, Hamilton Historic District Commission, and Community Preservation Commission.

Nick Tensen said the FinCom had sought Patton Homestead quarterly reports including budget versus actuals and recommended a three year turn around. David Wanger thought the Town might recommend selling the property. Mr. Tensen thought no one would want to use the facility unless an investment was made to improve the property. Mr. Wanger was not supportive of further investment of Town money. Mr. Tensen said there were two pieces of Town property including the actual homestead, which was managed by the Town and a separate fund raising group, who worked cooperatively yet independently of the Town. If the foundation was successful raising money for renovations, there might be an opportunity. Mr. Wanger hoped to get started with periodic reports and an invitation to the Director, Kaleigh Pare would be extended so she could provide information and answer questions.

Discussion of FinCom goals and projects for FY20.

David Wanger listed the projects as: Schools, Patton, Hamilton Development Corporation, Waste Enterprise and the concept of having an umbrella super committee. The super committee would be a periodic meeting of the chairs of various committees to share agendas and activities in an effort to develop a common movement within separate goals. John Pruellage suggested adding a way in which to increase town participation in process and meetings. The voting system might tie in as well as it might pilot in the spring. Mr. Wanger would incorporate the topic into general government.

Review and approval of available minutes

Motion made by Christina Schenk-Hargrove to accept the minutes of September 12, 2019 as revised.

Nick Tensen seconded.

Vote: Unanimous in favor.

Motion made by Christina Schenk-Hargrove to accept the minutes of October 2, 2019.
Nick Tensen seconded.
Vote: Unanimous in favor with David Wanger abstaining due to his absence at the meeting.

Motion made by Nick Tensen to accept the minutes of September 18 as revised.
Seconded by John Pruellage.
Vote: Unanimous in favor.

Determine/discuss agenda for next meeting.

The next meeting would be November 13, 2019. The night before Thanksgiving may be removed from the calendar.

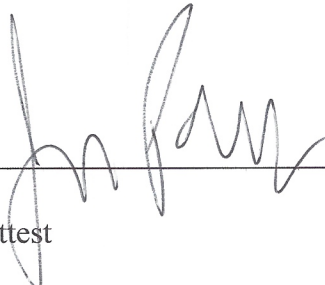
Other topics not reasonably anticipated as determined by the Chair.

Adjournment

John Pruellage made motion to adjourn.
Seconded by Nick Tensen.
Vote: Unanimous in favor to adjourn at 9:51 pm.

Prepared by:

Marcie Ricker



Attest

Date

11/20/19