

HAMILTON FINANCE AND ADVISORY COMMITTEE  
Minutes of Meeting  
March 4, 2020

Members present: John Pruellage, Valerie McCormack, Christina Schenk-Hargrove, Nick Tensen, and David Wanger.  
Others present: Larry Sargent

This Hamilton Finance and Advisory Committee (FinCom) meeting was called to order at 7:00 pm at the Council on Aging Building, 299 Bay Road, Hamilton.

**Public Comment**

**Discussion regarding all proposed Warrant articles for ATM including discussion with any proponent and opponents of articles, and potential voting of FinCom recommendation on the same**

1.1, 1.2, and 1.3. Articles to be on the consent agenda would be determined at the Joint Meeting with the Selectmen.

2.1 Prior year bills. None had been submitted to date. A hold was placed on the article.

2.2 Compensation Table. David Wanger noted that non-union employees received the same increases as union employees based on union collective bargaining agreements.

Motion made by John Pruellage to recommend favorable action on article 2.2.

Seconded by Valerie McCormack.

Vote: Unanimous in favor.

2.3 Capital expenditures. The Town would be using free cash in FY21 instead of borrowing for capital expenditures. The use of free cash would not cause the account to be below the recommended financial policy amount. Discussion ensued regarding the progress of the joint fueling facility at Iron Rail. The HVAC system at the Public Safety Building was included. Nick Tensen recalled that the HVAC system had not been working adequately. David Wanger suggested a hold on the system request. The police cruiser was part of the regular schedule. John Pruellage noted that the National Pollution Discharge Elimination Project was required for compliance. Patton Park redevelopment and drainage was being proposed by the Parks and Recreation Department. Mr. Tensen thought it was to remediate the drainage issues at the children's playground. Repeaters were needed for the ECO. Larry Smith said replacement parts for the current system were unavailable and it was decided that it was easier to replace the repeaters.

David Wanger said the FinCom had minimal knowledge for most requests and that information could be heard on the March 16, 2020 Joint Meeting. The FinCom would vote to recommend favorable action but reserved the right to amend their vote after receiving more information.

Motion made by John Pruellage to recommend favorably action on article 2.3.

Valerie McCormack seconded.

Vote: Unanimous in favor.

Christina Schenk-Hargrove said two items were being leased while all other items were being purchased through free cash. The two items were \$40,000 and \$16,000 but the lease was for \$234,000. Nick Tensen suggested the Town might be authorizing the items for three to five years with \$234,000 being the purchase price. John Pruellage noted it may reflect municipal accounting practices and that the line item in the budget was for \$39,655. The question would be answered at the Joint Meeting.

2.4. General Town Appropriations. The article was for the first of the two Schools articles. The first article included the Town's budget with a 2% increase and Schools' budget with a 5% increase for operating expenses. David Wanger noted that Hamilton's share of the 8.57% increase was 8.25%. The difference was due to Hamilton's and Wenham's assessments. The total Town expense for the proposed FY21 budget was \$12,770,000 but only \$12,440,004 was listed in the Warrant. Christina Schenk-Hargrove noted the missing \$330,000. The total budget would \$14,100,000 but capital was listed separately.

Motion made by John Pruellage to recommend article 2.4 favorably subject to clarification of any discrepancies between the expected amounts as stated in the article text and information that had come to the FinCom previously. Christina Schenk-Hargrove said she was unsure if she wanted to vote on only approving a 5% increase for the Schools until discussion ensued regarding having one article. David Wanger noted the figure for article 2.4 was for funding up to a 5% increase. The number in the Warrant (\$20,138,176) was different from the one provided by Marisa Batista (\$20,227,883). Once debt service and the cost of the vocational school was added, the cost would reflect an 8.25% increase or \$20,745,261. Article 2.5 would be to approve \$607,400 in addition to the number approved in article 2.4. Reportedly the language reflected that of Wenham's Warrant. Mr. Wanger hoped to obtain clarification of the different figures.

Motion made by John Pruellage to recommend favorably article 2.4 subject to clarification between the inconsistency between the prior figure and the current language.

Seconded by Christina Schenk-Hargrove.

Vote: Unanimous in favor.

The difference between the \$12,444,004 number generated by Marisa Batista and the \$12,770,621 listed in the Warrant might be due to transferring funds to the Capital Stabilization Fund but would still be missing \$30,000. Christina Schenk-Hargrove said the proposed budget was \$31.67M while the prior year's budget was \$29M. The increase was \$2.5M. Hamilton's share was \$1,541,000 or an 8.25% increase over the last year. It was agreed that \$607,000

seemed like a small difference between a 5% and 8.25% increase. Members discussed the difference between an increase of 5% of the total Schools budget and an increase of 5% of Hamilton's share of the budget. Another question to be resolved at the Joint Meeting would be in regard to the Hamilton Wenham split of the 5% increase if Hamilton's share was only 4.9% and Wenham's share would be 5.1%. Valerie McCormack said it would be a good argument for offering 5% of the total budget. Ms. Schenk-Hargrove said Hamilton's share in FY20 was 64.05% and in FY21 was 63.86. John Pruellage agreed saying one town might not approve enough of the apportioned amount to pay their individual bill.

Clarification regarding coordination with Wenham would be sought at the Joint Meeting. The vote would be contingent on if doubts remained with the FinCom reserving the right to reconsider. David Wanger noted that no tax impact had been included on the article.

2.5. The second Schools article represented an increase of \$607,085, which represented a 3.25% increase over Hamilton's share of last year's School budget. Valerie McCormack noted that the article should include the word "balance." The tax rate impact calculation was present in the article. While Hamilton's increase would be 8.25%, Wenham's increase would be 9.1%. Nick Tensen noted that the dollar amount was small but the future of restricting growth and reducing overrides was at stake. Hamilton's increase would be \$1,541,000 with a total budget of \$31,000,000.

Motion made by Nick Tensen to recommend favorable action to article 2.5 subject to the same verifications.

Seconded by Valerie McCormack.

David Wanger said the FinCom had a responsibility in its recommending capacity to send a message to Hamilton residents. If Wenham abdicated its responsibility, Hamilton didn't need to follow. Mr. Wanger hoped to educate the public as to the inevitable if the increases continued. Larry Sargent said the message was that the Town was comfortable with a 5% increase. Mr. Wanger said even if the town voted for 2.5 but the margin of approval was less than approval of article 2.4, a message to the Schools would be sent. Christina Schenk-Hargrove thought a message could be sent without the confusion of presenting two articles. The Selectmen had decided to separate the two increases. The FinCom would be supporting that decision by voting to recommend the article.

Vote: Unanimous in favor.

David Wanger said the FinCom had voted favorable action on article 2.5 subject to the same calculations and provisos applied to article 2.4. Mr. Wanger thought the vote suggested the FinCom was prepared to recommend the \$600,000 and that the motion acted upon should be withdrawn and the FinCom could bifurcate and have two motions.

Motion made by Christine Schenk-Hargrove to withdraw the immediate prior motion.

Nick Tensen seconded.

Vote: Unanimous in favor

Motion made by Nick Tensen that the FinCom recommend favorable action on article 2.5 to the extent that it realizes for separate consideration some amount of money above the 5% stated in article 2.4.

Members discussed if they wanted to have a separate article proposing funds above those included in article 2.4. While members had not discussed the substance of article 2.5, David Wanger said by adopting article 2.4, the FinCom had implicitly adopted the mechanism for separating the two articles.

Motion made by John Pruellage to favorably recommend a separate article for any school appropriation in excess of that provided in article 2.4.

Nick Tensen seconded.

Vote: Unanimous in favor.

David Wanger said the FinCom had three options 1) the FinCom would not recommend article 2.5 because 5% was the proper amount to spend for a level service budget and that managerial actions should trim costs, 2) the FinCom was not in favor of 3.25% but would agree to something less, and 3) the FinCom favorably recommended the additional 3.25%. Mr. Wanger said he found 5% reasonable, noting it was double the increase of the Town. Mr. Wanger said the FinCom was not anti-education and wanted to be supportive of the value of schools to the community but the FinCom needed to support public services at 2%. The Town was unable to make an operational judgement as the statutory authority of Town Meeting was either to approve or not the budget with the Schools being able to spend the money in any way they wished.

Members discussed that even with a 5% increase, an override would need to be approved the next year. Nick Tensen said the separate article gave the town a chance to review the increase and give the School Committee an opportunity to explain the need for additional funding. If the town voted to spend more on the Schools, it would be approved, but the separation of articles might stop the steamrolling and allow for having a fuller discussion. John Pruellage noted the lack of ability to see a line item budget and inability to make a qualitative decision. Mr. Pruellage said the School Committee should need to justify their spending and layout the increase of their \$30M budget, which would become the base for the following year. Members discussed the use of an operational audit. Larry Smith recalled recommendations from the previous operational audit had not been completed.

David Wanger discussed the \$300,000 investment for special education and wondered what savings had resulted. It was suggested by the superintendent that \$700,000 in savings had resulted. Mr. Wanger had asked the Schools if they had contested parental requests for out of district placements with no response. Mr. Wanger did not feel the School Committee policed the budget, which became an aggravation to townspeople. Christina Schenk-Hargrove had met with Michelle Horgan who said the results of the two students served by the \$300,000 investment were hard to locate. John Pruellage said he would feel more comfortable approving the 8.25% increase request if it had been justified. Larry Sargent added that if article 2.5 did not pass, the

Schools would need to refine the budget. John Pruellage hoped to see the least amount spent for the highest level of quality education. Mr. Pruellage asked if the town could afford a high level of education and that the debate could not be had without information.

David Wanger did not feel the School Committee was cooperative in engaging in issues and that an 8.25% increase appeared out of proportion. Christina Schenk-Hargrove responded that the increase was due to required services of special education. Mr. Wanger referred to the compensation tables, which were 70% higher than the Town. Ms. Schenk-Hargrove didn't agree with sending a message by disapproving a budget that was necessary to running a school. Nick Tensen said the Schools would have Town Meeting support as parents did not want the budget voted down. Ms. Schenk-Hargrove said she was not supporting the budget only because she had children in school but would vote for a good budget and that she did not believe because the Schools may have given the teachers too much money in the past that it was a reason to vote against the budget currently. Ms. Schenk-Hargrove said she would not vote against the budget to send a message to the School Committee knowing special education costs had to be covered. Nick Tensen said splitting the articles and allowing people to vote would send a message to the School Committee, the Schools, and to the Town.

Christine Schenk-Hargrove said the Schools needed to understand something needed to be done about the special education requirements such as investing in programs to reduce out of district costs. Citizens needed to understand the Town budget was reduced to get to this point. Valerie McCormack was concerned that house values were tied to the value of the school system but the elderly were being priced out of town. Ms. McCormack recalled that a guest to the FinCom had experienced teachers at the high school referring to the school system as "Hamelot." Ms. McCormack noted the schools were falling apart and repairs would not get less expensive but the Schools did not have a plan. Ms. McCormack said if increases continued even she might be placed out of town. David Wanger said if families could not afford to be in town, the Schools would strangle themselves. The true problem was the funding issue with a lack of tax base and that perhaps the solution was broader such as at the State level.

Motion made by John Pruellage to recommend favorable action on article 2.5.

Christina Schenk-Hargrove seconded.

Vote: Minority in favor (1-4) with Christina Schenk-Hargrove voting in favor. David Wanger, John Pruellage, Nick Tensen, and Valerie McCormack voting nay.

2.6 was deferred until further discussion.

Nick Tensen distributed a report that applied FY18 to FY20 average growth factors. Mr. Tensen changed the one year of .03% negative general government to a 2% increase and the one year of 27% increase in Public Safety operating expenses were changed to 10%. Over the last four years, the Schools experienced a 6.4% total growth or 5.6% from a budgetary standpoint. After total revenue and offsets, the total FY22 budget was \$35M with a budget of \$36.7M. Revenue generated and the following line indicated a \$1.4M shortfall, which would require a future

override. Future tax rates would be 18, 18.46, 19.11, and 19.80, which were much higher than Marisa Batista had originally given the FinCom. Discussion ensued regarding the circulating cell calculations and the inability to trace changes on the Excel spreadsheet. John Pruellage noted that Mr. Tensen's calculations were correct. Ms. Batista had assumed a 2% increase for the Town and a 5% increase for the Schools, which were lower than historical averages. Property valuations were listed as 2% when historically they increased 3.5%, according to the assessor. It was agreed that the valuations would change the tax rates.

2.7 Final water rate and infrastructure fees options were never presented to the FinCom. An \$80 infrastructure fee and 3.9% increase had been proposed, according to Nick Tensen. Other operational costs could be covered by retained earnings. The increases would be approved by the Selectmen. The article was in reference to the operational budget. Motion made by John Pruellage to favorably recommend article 2.7. Nick Tensen seconded. Vote: Unanimous in favor.

2.8. Annual financial actions were a repetitive subject year to year. The Water Enterprise Fund would use indirect expenses. Motion made by Nick Tensen to recommend favorable action. Christine Schenk-Hargrove seconded. Vote: Unanimous in favor.

2.9. No projects were being requested this year but the operating budget and transfers to topic areas such as affordable housing, open space, and historic preservation would be covered. \$110,000 was listed in the appendix to cover the debt service of the Sagamore Hill acquisition. \$60,000 would go in the Community Housing Fund. Motion made by Nick Tensen to recommend favorable action on article 2.9. John Pruellage seconded. Vote: Unanimous in favor.

2.10. The budget for revolving funds was discussed. The Parks and Recreation Fund had been increased to \$350,000. The Council on Aging Revolving Fund remained the same as the previous year. Motion made by John Pruellage to recommend favorable action on article 2.10. Nick Tensen seconded. Vote: Unanimous in favor.

2.11. The article was in regard to the continuation of the Meal's Tax and the funding of the Hamilton Development Corporation. Motion made by Nick Tensen to recommend favorable action on article 2.11. Valerie McCormack seconded. Vote: Unanimous in favor.

2.12 The article allowed for the annual contribution to OPEB. The every-other-year actuarial study indicated that \$125,000 was deemed sufficient for the full funding schedule.

Motion made by Nick Tensen to recommend favorably action on article 2.1.

John Pruellage seconded.

Vote: Unanimous in favor.

2.13 Patton Homestead was requesting \$118,000 for its operating budget. The amount would be less as verified in an email from Joe Domelowicz. The net request was under \$75,000.

Members agreed that it was beneficial to continue funding for another year. John Pruellage wanted to ensure commentary was offered.

Motion made by Nick Tensen to recommend favorable action on article 2.13.

Christina Schenk-Hargrove seconded.

Vote: Unanimous in favor.

2.14. The Stabilization Funds included reserve funds in addition to free cash and the Capital Stabilization Funds. Nick Tensen noted the need to have a two-thirds vote to transfer funds. It would be necessary to amend the By-law to make it consistent with the statute. The Moderator would announce the two-thirds requirement.

Motion made by Christina Schenk-Hargrove to recommend favorable action on article 2.14.

John Pruellage seconded.

Vote: Unanimous in favor.

2.15 The Capital Stabilization Fund was funds set aside for anticipated borrowing costs in the future.

Motion made by Nick Tensen to recommend favorably article 2.15.

Christina Schenk-Hargrove seconded.

Vote: Unanimous in favor.

2.16. Personnel services and union contracts was money set aside for the purpose of funding whatever contract terms were agreed to subsequent to Annual Town Meeting but during FY21. Nick Tensen noted the number anticipated increases. John Pruellage thought the item appeared confusing and that the increase generated by the article would generate an increase to the tax rate by \$.03.

Motion made by John Pruellage to recommend favorable action on article 2.16.

Nick Tensen seconded.

Vote: Unanimous in favor.

3.1 The article would be held as it appeared the Planning Board did not have a consensus on the topic. It was noted that a two-thirds majority was required for Zoning By-law articles.

**Determine/Discuss agenda for next meeting**

Monday, March 9, 2020 was the next FinCom meeting. The FinCom would meet with the Selectmen on March 16, 2020.

**Adjournment**

John Pruellage made motion to adjourn.

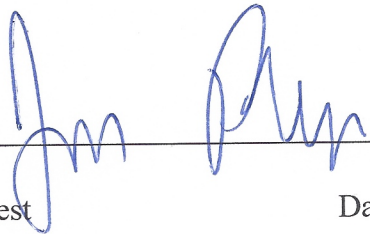
Seconded by Valerie McCormack.

Vote: Unanimous in favor to adjourn at 9:58 pm.

Prepared by:

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Marcie Ricker

  
\_\_\_\_\_ 5/14/2020  
Attest Date