

HAMILTON FINANCE AND ADVISORY COMMITTEE  
HAMILTON BOARD OF SELECTMEN  
WENHAM FINANCE AND ADVISORY COMMITTEE  
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HAMILTON WENHAM REGIONAL SCHOOL DISTRICT SCHOOL COMMITTEE  
Minutes of Meeting  
February 7, 2018

Hamilton

FinCom Members      Darcy Dale, John Pruellage, Phil Stearns, and Nick Tensen  
Selectmen Members      Shawn Farrell, Alison Jenkins, and Scott Maddern  
Others Present:      Michael Lombardo, Town Manager

Wenham

FinCom Members:      Alex Begin (Chair), Michael Therrien, Carrie Jelsma, Jim Purdy, and David Molitano.  
Selectmen Members:      John Clemenzi and, Catherin Harrison  
Others Present:      Peter Lombardi, Town Administrator and Leslie Davidson, Finance Director.

Hamilton Wenham Schools

Committee Members:      John Liebow (Chair), Michele Bailey, Jeanise Bertrand, Gene Lee and Stacey Metternick.  
Others Present:      Michael Harvey, Superintendent of Schools; Jeff Sands, Assistant Superintendent for Finance and Administration; James Goudie, Student Representative (left 9:41).

The Hamilton Finance and Advisory Committee, Hamilton Selectmen, Wenham Finance and Advisory Committee, Wenham Selectmen, and Hamilton Wenham Regional School Committee meetings were called to order at the Buker School, Wenham, MA at 7:09 pm.

**Review of HWRSD FY19 Budget**

Jeff Sands indicated the level service budget was enhanced with the investment in critical priorities. Mr. Sands recalled that the Schools had not requested a meaningful amount of funding over level service since FY15. Mr. Sands said the Schools were at a critical juncture and the leadership team decided to make an investment in certain areas. Level service translated into a \$1.1M or a 3.56% increase over the current year's budget.

Key Assumptions included salaries, operating costs, and excess and deficiencies (E&D). Union negotiations prohibited discussion regarding salaries. The budget incorporated steps and degree changes as well as an additional first grade teacher. Due to retirement, there was a staff savings of \$144,000 due to replacing staff at a lower level on the salary scale.

There were no new services or programs in the operating costs. While the budget was level funded, healthcare costs had increased 6% or \$143,000. Out of district tuition costs increased \$168,000 or 6%. Special education transportation costs increased 26% or \$129,000 and district insurance increased 21% or \$36,000 due to Worker's Compensation insurance increases. School Choice costs increased 109% or \$47,000. E&D was certified at \$347,000 for next year.

Mike Harvey recommended investment priorities to include student achievement, lessening out of district placement and user fee relief. The FY19 recommendations were a \$577,143 increase over level service. Student achievement included new math resources for students K-8, early

completed to determine how to fully fund the liability and that an \$800,000 annual contribution would be needed for 30 years. Mr. Maddern said it was time to educate the public about the risk and obligation.

The School Committee noted that user fees had the most taxpayer responses and that there was a lot of value in athletics being provided to the student. Athletic participation was 70%, which was the highest in the Cape Ann league.

#### **Review of Wenham FY19 Budget and Potential Operating Override**

Peter Lombardi said he had worked with Department Heads for a level service budget. A 2% COLA for staff and town expenses caused an increase of 2%, assuming that Wenham would pay off the capital items with \$200,000 free cash as was done in FY18. Wenham could accommodate a 2.5% net operating expense. The proposed School budget would increase the Town of Wenham budget by 5.4%. Mr. Lombardi said the entire School budget was in the operating budget and if passed, Wenham would be over the levy limit and responsible for funding the School Budget within the levy limit. Article 1 would be a levy limit budget with 2% increase in Wenham Town expenses and 2.5% increase in School expenses. Article 2 would use \$750,000 to balance the levy limit budget. Article 3 would approve using \$365,000 to fund the balance of the School budget. Articles 4 and 5 would pay for the two School debt exclusions of \$1M for Winthrop School and \$2.6M for the other projects.

Leslie Davidson described the tax rate impact of various scenarios. If the FY17 levy limit budget passed, the tax increase would be 2.9% or \$291 for an average house tax bill. If the School Operating Override is passed for an additional \$365,000, an additional \$239 would be added to the average tax bill. If the debt exclusion budget of \$3.6M passes an additional \$171 would be added for a total of a \$701 tax increase for a median household.

Catherine Harrison noted the importance of explanation at Town Meeting regarding the need for the projects. Jeff Sands responded that the Schools would be disadvantaged and that declining education would mean declining home values. Mr. Sands said if the override did not pass, staff would need to be cut. Ms. Harrison suggested the Schools be prepared to supply information regarding how much staff would be cut. Ms. Sands said the sprinkler system was required by the Fire Chief, who could close the building. The funding for the sprinkler system could not be paid out of E&D as a school policy. Jim Purdy said that Wenham always supported previous School overrides, but this was a big number for Wenham. Mr. Purdy hoped that in FY20, the Schools would be able to say the School Budget would be more level service given the investment of FY19.

When asked if the Fire Chief's order had been appealed, Jeff Sands responded that in not one instance in MA where a local authority has given an order to install a fire suppressant system had the Fire Marshall's office ruled against the decision.

Discussion ensued regarding how the Schools could run more efficiently, such as consolidating elementary schools for the decreased enrollment. It was determined that funding through the Massachusetts School Building Authority was not likely as the School's condition ratings were good, in the 2's and 1's out of 1-4. A new school would be at least ten years out.

#### **Review of Hamilton FY19 Budget**

Michael Lombardo outlined the level service budget with no more than 2% increase in controllable costs. There was an increase of 3.2% for staff due to COLA and the proposing of two positions being increased from part time to full time (recreation and finance departments) at an increased cost of \$44,000. Mr. Lombardo noted there was no Human Resource or Procurement Officer in the Town. The Town was implementing a purchase order system, which was not reflected in the budget. Town wide controllable operating expenses increased .88% and OPEB funding increased 25%. The overall budget increase of 4.1% did not include School debt. The Town used \$255,000 of free cash to offset taxes. The budget included \$473,000 in capital and \$1.2M bond for capital. The proposed capital might be cut in half if there was another approach to purchasing a pumper truck estimated at \$600,000. There were \$400,000 in improvement for storage units at the Senior Center. Revenue was flat with a 2% increase assumed.

The Town of Hamilton had a proposed budget with a level 16.49 tax rate projected, which would increase with added debt and priorities. Hamilton had a \$2M levy limit. The Town of Hamilton

had a \$972,000 total debt service for FY19 including a bond. Scott Maddern referenced the Town Hall renovation project, which could cost \$5 to \$8M.

Phil Stearns mentioned the COLA differentiation between School and Town employees. A member of the School Committee responded that the Town paid for a larger portion of the healthcare costs and teachers could not work overtime like the police. The School Committee didn't want to lose teachers to other towns. Allison Jenkins responded that the Town did not want to lose their employees either and that benefits should be similar when paid by the same people.

Michael Lombardo said the Town would provide the residents with two articles. The Town had been working hard to reduce the tax rate. The residents would have a say in what they wanted to pay for. The School Committee had a right to propose a budget, but the Town had a right to put it on the Warrant. The School did not like the precedent. Wenham was forced to present the articles due to their levy limit, while Hamilton was taking the responsibility away from the School Committee to put forward the budget they wanted to present to the town. The School Committee thought the Town of Hamilton was trying to force their will on them and had overstepped their authority. A School Committee member said the School Committee wanted to work together and come up with equitable solutions for everyone but the Town should respect where their authority ends and others began. Allison Jenkins responded that the Towns had \$30M over their head with no control for OPEB. Ms. Jenkins said the School Committee was not addressing their obligation. Nick Tensen added that the OPEB liability was not just the School's liability, it was the Town's liability.

Phil Stearns said Hamilton was giving voters the same structure as Wenham voters and were giving the voters a chance to approve what they would be paying for, which made sense. A member of the School Committee said the two articles indicated that the Hamilton Board of Selectmen did not support the School budget and called it optically deceiving. A member of the School Committee suggested that the communities work together instead of fighting between each other and figure out a way to come together to talk to the legislature about what that they promised to provide while they distributed money to cities where they have the most votes.

Scott Maddern said the Board of Selectmen vote was unanimous regarding the multiple articles and that residents were clamoring for a lower tax rate. At the beginning of the budget season, the Schools were informed about a 3% budget, so the Town's response should not be a surprise. If there would be savings by doing the critical projects, that should be the focus.

Allison Jenkins said the School Committee had made the decision to reduce user fees by 50% based on feedback from the residents. Ms. Jenkins said the Board of Selectmen receive daily feedback for tax relief, which was not a response against the Schools.

**Adjournment**

Shawn Farrell made motion to adjourn the Hamilton Board of Selectmen meeting at 9:56

Seconded by Jeff Hubbard.

Vote: Unanimous to adjourn.

John Pruellage made motion to adjourn the Hamilton Finance Committee meeting.

Seconded by Nick Tensen.

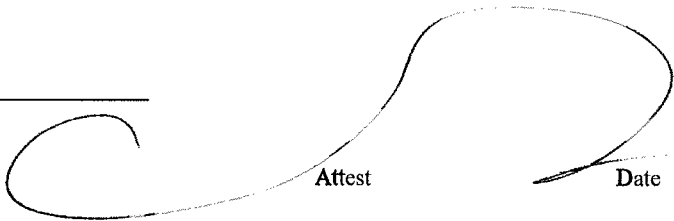
Vote Unanimous to adjourn at 9:56.

Prepared by:

\_\_\_\_\_

Marcie Ricker

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 A large, stylized handwritten signature in black ink, starting with a large loop and ending with a horizontal stroke.

Attest

Date

5/17/18