

HAMILTON BOARD OF SELECTMEN &  
FINANCE ADVISORY COMMITTEE  
MINUTES OF JOINT MEETING  
December 4, 2017

Selectmen Present: Chair Bill Wilson, Shawn Farrell, Allison Jenkins, Scott Maddern,  
Jeffrey Hubbard

Finance Committee Members Present: Chair David Wanger, Nicholas Tensen, Phillip  
Stearns, John Pruellage, Darcy Dale

Town Staff Present: Director of Planning & Inspections Patrick Reffett

At 7:04 p.m., Chair Bill Wilson called the meeting to order for the Board of Selectmen (BOS) and Chair David Wanger called the meeting to order for the Finance Advisory Committee (Fin Com).

**Tax Classification Hearing**

Director of the Assessors Tina Zelano introduced members of her team (Steve Ozahowski, Peter Kane, and Tom Hogan) and said the purpose of the annual public hearing was to record the BOS's vote on four Classification Options, each having the potential to impact Hamilton's FY 2018 tax rate.

**Option 1: The determination of a discount factor of up to 25% for all land classified as Open Space.**

*The Board of Assessors has determined that there exist no vacant land parcels in Hamilton that meet the statutory definition of open space (chapter land is specifically excluded from open space qualification). Consequently, the adoption of an open space discount by the Selectmen would fail to provide any taxpayer benefit. For this reason, the Board of Assessors recommends that the BOS vote no on the adoption of an Open Space Discount.*

**Decision:** Scott Maddern made a motion that the BOS vote no on the adoption of an Open Space Discount. Shawn Farrell seconded the motion. The BOS voted no on the adoption of an Open Space Discount (5-0).

**Option 2: The determination of a Residential Exemption of up to 35% of the mean residential valuation.**

*Adoption of this exemption is typically found in communities with a high percentage of second home properties (ex. Nantucket) or communities with a high percentage of investor-owned residential properties (ex. Cambridge). The exemption is designed to provide a measure of tax relief to owner occupants of residential property by shifting the tax burden to non-domiciled residential property owners. However, the overwhelming majority of Hamilton residential property owners consider their homes to be their principal residence. For this reason the Board of Assessors recommends that the BOS vote no on the adoption of a Residential Exemption.*

**Decision:** Mr. Farrell made a motion that the BOS vote no on the adoption of a Residential Exemption. Mr. Maddern seconded the motion. The BOS voted no on the adoption of a Residential Exemption (5-0).

**Option 3: The determination of a Small Commercial Exemption of up to 10% of the valuation of eligible parcels.**

*This exemption is designed to provide a measure of property tax relief by shifting the tax burden to owners of large commercial/industrial properties. The Town of Hamilton simply lacks the diversity of commercial/industrial properties necessary for the effective implementation of this exemption. Consequently, the Board of Assessors recommends that the BOS vote no on the adoption of a Small Commercial Exemption.*

**Decision:** Jeff Hubbard made a motion that the BOS vote no on the adoption of a Small Commercial Exemption. Mr. Maddern seconded the motion. The BOS voted no on the adoption of a Small Commercial Exemption (5-0).

**Option 4: The adoption of a Residential Factor by the Selectmen is required for the purpose of determining the percentage of the tax burden to be borne by each class of property.**

*Adoption of a factor of "1.00" results in a single or uniform tax rate for all classes of properties while adoption of any other factor will result in both a lower residential rate and a higher commercial rate than would be realized under the uniform tax rate approach. Dual tax rates structures are typically found in municipalities with significant percentages of commercial, industrial, and personal property (CIP) valuation (ex. Beverly). However, only 4 percent of the total taxable valuation of Hamilton is comprised of CIP valuation. For this reason the Board of Assessors recommends that the BOS maintain a single tax rate by voting for a Residential Factor of 1.00.*

**Decision:** Mr. Hubbard made a motion that the BOS vote yes, in favor of a Residential Factor of 1.00. Mr. Farrell seconded the motion. The BOS voted unanimously to adopt a Residential Factor of 1.00 (5-0).

Ms. Zelano reviewed the FY 2018 Tax Rate Summary report. The total residential value is \$1,503,224,000. With the Town's commercial, industrial, and personal property added, the total is \$1,578,350,094. The FY 2017 tax rate was 16.81. The rate for FY 2018 will be 16.22.

**Further Discussion:**

Mr. Wanger said at Spring Town Meeting they calculated the tax rate to be about 16.67. The Assessors discussed possible reasons for the higher figure. For example, Mr. Hogan asked if Fin Com had factored in a property appreciation factor because when you raise values, the tax rates drop.

Mr. Hubbard asked when the new value becomes official and was told in January. Mr. Wanger asked about Hamilton's system for mitigating the tax system based on age and need. Ms. Zelano discussed Chapter 91, instituted in Hamilton in 2012. The deadline to apply for relief is Jan. 31.

Mr. Maddern said the Town is currently considering a three-year spending forecast and five-year capital plan and valuation is key. He wondered if the Assessors would expect that a 5% increase in home values might continue. Ms. Zelano said it was a tough question. She said each year the Assessors make the best projections they can based on historic trends. Mr. Hogan added home sales have to happen so they can do their analysis based on sales data. This year's figures are based on Calendar Year 2016 sales and the value appreciated over that 5%. He now has 11 months of 2017 sales in a spreadsheet and said they are probably going to see a larger increase, more than the 5% in assessed valuation, for FY 2019. Mr. Maddern asked why the commercial property piece has only increased 2% compared to the residential property that has gone higher when there is not much commercially developable land available. Mr. Hogan said most of the commercial properties in Town are mom-and-pop-type operations.

**Changes to Building & Inspection Fees—First Reading**

Mr. Wilson asked if Fin Com was prepared to discuss the Building & Inspection fees. Mr. Wanger replied that Fin Com has been working on the project for well over a year with Darcy Dale as a lead person and at no time did anyone say it wasn't within their wheelhouse, so they would like the courtesy of finishing the project and then coming to the BOS with their recommendations. Mr. Maddern said the BOS has a practice of having two readings of policies, to get them introduced, so that they're the subject of a conversation with the board members providing their input. Mr. Maddern said that with Patrick Reffett, Director of Planning &

Inspections, in attendance, talking about the matter and getting feedback would be good so the BOS can provide guidance along the way instead of waiting until the project is completed. Mr. Wilson agreed with Mr. Maddern. Mr. Hubbard said he agreed that because Mr. Reffett was in attendance they should discuss it; however, he didn't think it should have come to this point. Mr. Wanger said this is a matter of mutual respect and he thinks Fin Com ought to be accorded the opportunity to finish the project before holding a first reading. After some discussion and debate, the BOS turned the podium over to Mr. Reffett, who said the BOS and Fin Com are all on the same team and he never meant any disrespect to Fin Com, but time is of the essence.

Mr. Reffett said he's done calculations that illustrate that based on 10 months of permitting, every week that the Town doesn't avail itself of a new fee structure, it loses about \$1,200. He introduced Jim Butler, Building Inspector, and Dennis Curran, Electrical Inspector. He said he couldn't find the last time that Hamilton had adjusted building permit fees. He distributed a memo that included a look at surrounding communities and noted Hamilton charges about half of what everybody else charges. The philosophy, according to the memo, is to make Hamilton's fees in range of other communities' fees, not significantly higher or lower. Fees collected this year to date were about \$52,132.00; fees that could have been collected are \$103,250.10. Hamilton's current building permit is a \$40 minimum fee; \$100 per square foot of total construction cost, and then \$5 for each additional \$1,000 of construction costs. As just one example of the disparity—Newburyport and Newbury charge \$50 for the first \$1,000; \$10 per each \$1,000 afterwards. Mr. Reffett mentioned it says under Section 4 of the last iteration of Town bylaws that local building permit fees should be set by the Building Inspector with approval of the BOS. That's what was followed, he said of the proposal.

Nick Tensen noted the calculations for additional revenues are based on all the new fee projections, not just building permit fees. Also the two boards discussed that if they had more of the Building Inspector's time (he's currently only works part-time), more unpermitted work might be found. All work done without permits is subject to triple fees. Mr. Wanger said giving the Building Inspector more hours would be a fruitful investment, particularly if the work includes educating people on the need to get permits. If there were a stronger presence by the Building Inspector up front, violations would drop over time, he said. Mr. Reffett said the Town could fully occupy a Building Inspector's time full-time and is recommending a move toward making it a full-time position. Phil Stearns asked whether the new fees, if approved and collected, would support the cost of a full-time Building Inspector. Mr. Reffett said he thought they would.

### **Further Discussion**

The two boards discussed fines for violations and the distinction between oversights and ignoring the bylaws. In some instances, work is obscured and it's tough to permit something that can't be seen. The boards discussed that the DPW and Police Department often come across unpermitted work being done, and so do residents, so there should be a method for reporting that, especially as the Town moves toward a system that allows people to do permits online. The DPW's new Geographic Information System (GIS) should be useful in helping with the retrieval of records.

Allison Jenkins said it's her understanding that there have been delays in getting an inspector out to a home. She noted the Gas Inspector Kevin Dash's time is shared with the Town of Wenham. Mr. Curran said the only time there might be a delay is if Mr. Dash is on vacation. He generally works evenings and sets his own schedule. Mr. Reffett said perhaps the inspectors' availability and hours can be posted on the website so people know when they can schedule. Ms. Jenkins mentioned that the hours could also be supplied in the permit packages. Ms. Dale added that Mr. Dash is also the Town's Plumbing Inspector.

Ms. Dale said often homeowners do projects that involve needing multiple licenses and paying multiple fees. She thought there might be a way to streamline that and consolidate the fees, perhaps by offering a discount. This would also be to discourage people from doing things to try to avoid paying the fees. Also the two boards discussed that while the Massachusetts Electrical Code allows for homeowners to do things themselves, their homeowners' insurance policies won't cover this work.

Mr. Wanger thanked Mr. Reffett for helping the Fin Com articulate its project. Mr. Wilson mentioned there may be opportunities to charge fees for other things, such as permits for movie productions in Town. Ms. Jenkins said she would like to see the old and new fees side by side on a spreadsheet for comparison. She said residents will want to see this. She was told that the old

fees are posted on the website. Mr. Wilson said he liked Ms. Dale's idea about offering discount when projects are layered.

Mr. Hubbard asked if there were a way to tell how much of the permit fees are based on new homes vs. reconstruction. Mr. Reffett said most of the construction in Town is for rehabilitation projects. They do have "by right" projects from time to time, but the majority are reinvestments in existing property, a trend he expects will continue. Mr. Reffett said the number of permits hasn't fluctuated much from year to year, aside from the year of the colossal snowstorms, which exceeded all building permit records ever. Mr. Hubbard clarified that all the fees go into the Town's general fund. Mr. Wilson concluded by saying Fin Com could take the project from here, incorporating the input received.

**Review of the revised 5-year budget forecast and formulate an approach and direction for the joint meeting with the schools**

Mr. Wilson asked for recommendations on how they would like to approach the rather large schedule. Mr. Stearns pointed out that the number Finance Director Marissa Batista had used in the 2018 forecast is \$24 million lower than what the Assessors had said. Her calculation of the rate was 16.77; the Assessors had 16.22. Mr. Wilson said they could go back and adjust 2018, which would then ripple forward.

The two boards discussed the growth factor and perhaps changing it to 4%. Mr. Maddern said while property valuations can't be controlled, what can be controlled is spending and he thinks a 5% growth in spending over a five-year horizon feels too aggressive. Mr. Stearns suggested putting in a little more than 2.5% for next year, but beyond that to keep the amount low and flat. Mr. Wilson said they should apply a different growth factor between each year. John Pruellage agreed.

Mr. Wilson suggested they review Town expenditures from top to bottom, starting with Employee Expenditures. Mr. Maddern noted that the Police force had the highest growth. There was also big growth projected in the Library operating expenses. Mr. Wanger noted health insurance growth was projected at 6%, and Medicare and Unemployment costs were way above the growth factor.

Mr. Hubbard asked why Medicare/Unemployment and the OPEB Fund appeared under Operating Expenses rather than Personnel Expenses. The boards thought they should be moved to the Personnel category.

Mr. Wanger noted some categories where the growth factor was significantly less than the average and thought they should be looked at. Mr. Maddern agreed there were some erratic numbers, for example, under the Department of Public Works (DPW). Mr. Stearns thought this was because Ms. Batista had updated her presentation based on the fact that the BOS thought 3% was too large and had changed it to 2%. Mr. Wilson noted the Schools projected a 2.5% growth. Mr. Maddern said in the upcoming discussion with the Schools, they might suggest contract negotiations be kept at 2% growth.

The two boards discussed health insurance costs. Mr. Farrell said there had been talk about exploring combining insurance pools with other towns; Wenham wasn't amenable to it. Mr. Wanger pointed out a new actuarial study would be done this year. The boards discussed regionalization of the fire department. Mr. Maddern noted that Chief Phil Stevens will retire next year and maybe they won't need to replace him with a chief. They discussed advantages and disadvantages of merging some departments with Wenham and the sharing of equipment. Mr. Wanger noted Wenham is experimenting with running their own ambulance service and has begun the training. The boards also discussed upcoming capital expenses for the fire department.

Mr. Wanger asked what topics the two boards wanted to put on the agenda for the joint meeting set for Dec. 7, with the two towns' BOS and Fin Coms and the Schools. The first item Wenham has on its list was for each participant to make a presentation of budget expectations and plans. Also, Wenham's Town Counsel would be on hand, which Mr. Wilson guessed was likely due to discussions about a potential override for Wenham. Mr. Wanger thought it appropriate that Town Manager Michael Lombardo be the presenter for Hamilton. The other board members agreed, although Mr. Lombardo has been out sick so they're hoping he will make a quick recovery.

Mr. Wilson wrote down the agenda items as the two boards agreed on them. Agenda items #1, #2

and #3 would be a report from each town, as well as the Schools, plus hearing from the Wenham Town Counsel. Item #4 would be capital funding plans and the source of the funding, including potential debt exclusion for the turf field. Item #5 would be next steps for the apportionment study. The proposed 2% growth factor was another proposed topic, with the purpose of this to show Wenham what Hamilton was expecting of itself in terms of budgeting.

Mr. Wanger mentioned Ms. Jenkins had found an old list of Wenham salaries. He would like to have Mr. Lombardo gently touch upon the fact that Wenham's contract increases appear higher than Hamilton's. Ms. Jenkins said she could ask Superintendent Dr. Michael Harvey for a recent list or obtain it from a public records request.

Maddern said he was concerned there wouldn't be time to get the apportionment study report ready for Spring Town Meeting. Wenham received a grant for another study. Mr. Maddern wants the towns to study the apportionment issue together.

Mr. Wilson asked if they should discuss and come up with a schedule for the submission of both town budgets and when they might hold meetings between the two Fin Coms. Mr. Wilson wondered if they wanted to ask for metrics—for example, cost per pupil, how many students attend the Vocational School, how many receive Special Education services, and a breakdown of where the taxes of each household are going. Mr. Stearns brought up the issue that Wenham's funding of OPEB has been significantly less than Hamilton's and thought this might be brought up at the meeting. Under the agenda item regarding capital plans, the two boards suggested having a discussion of the master plan for the Schools, which might include a discussion of the Longmeadow property as a potential site for their use.

#### **Selectmen/Fin Com Collaboration**

Mr. Wanger said tonight's meeting indicates the BOS and Fin Com can collaborate successfully, what's hard is scheduling the meetings. He proposed holding them quarterly. He said they've discovered potential entrepreneurial entities at Gordon College and Pingree School and are struggling with how they might approach them regarding tax questions. He said Fin Com is interested in taking the lead on waste management and how to make it self-sustaining. Mr. Farrell noted Gretel Clark said the pay-as-you-go method seems to make the most sense as a plan for reducing the amount of waste and increasing recycling. Education on the topic is also an important component. Ms. Jenkins pointed out the public isn't happy with the new \$15 fee for the pick-up of bulky items.

Ms. Dale mentioned bringing solar power to municipal buildings. She said 5.5% of all the schools in the country are solar-powered. Mr. Farrell said the BOS had some of the roofs assessed, but they lacked the structure to support the weight of the panels. Mr. Wilson said when roofs are being replaced, work could be done then, for example, a new roof for the high school.

Mr. Wanger mentioned Fin Com is currently involved with drafting financial policies and is working with the Division of Local Services. Mr. Maddern said the BOS should prioritize the financial policies needing to be addressed and in what order. He believes the BOS needs to give those to Mr. Lombardo and Ms. Batista to do. By law, it's their job, he said. Mr. Wilson agreed to put that on the list for future discussion. Mr. Tensen said there is a State-wide finance handbook that outlines what finance committees should be doing in their communities and wants to look at various elements of that.

Mr. Stearns was interested in talking about shared services, for example, Information Technology (IT). Other towns are doing some fairly creative things, he said, and there are grants available. Mr. Wanger said despite expressions of desire for the two town Fin Coms to get together, it hasn't happened. He'd like to continue discussions about that as a future agenda item.

#### **Adjournment**

Mr. Farrell made a motion to adjourn the meeting of the BOS at 9:28 p.m. Mr. Hubbard seconded the motion. The BOS voted unanimously (5-0) to adjourn the meeting. Mr. Stearns made a motion to adjourn the meeting of the Fin Com. Ms. Dale seconded the motion. The Fin Com voted unanimously (5-0) to adjourn the meeting.

Prepared by:

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Mary Alice

Cookson

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Attest

Date

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5/17/18