

RECEIVED
TOWN CLERK'S OFFICE
HAMILTON, MA
HAMILTON FINANCE AND ADVISORY COMMITTEE

Minutes of Meeting
2019 JAN 31 AM 10 50
January 9, 2019

Members Present: Darcy Dale, John Pruellage, Phil Stearns (Chair), and Nick Tensen.

Others Present: Marisa Batista (Finance Director)

This Hamilton Finance and Advisory Committee meeting was called to order at 7:03 pm at the Council on Aging Building.

Public Comment

Discussion regarding establishment of an OPEB Irrevocable Trust Fund.

Marisa Batista said the process included creating a trust agreement, which would specify that the Town wanted to set up an irrevocable trust naming the trustees. Ms. Batista did not know if the fund needed to be brought back to Town meeting as the trust had already been established and the Town had accepted the law. Darcy Dale noted that the Statute had to be accepted but the trust details such as the trustee had to be accepted at Town Meeting as well. It was unclear if the Town Meeting Article named a trustee or how the funds would be invested. If not, a new Warrant Article was required. After Town Meeting authorization, the trust agreement needed to be executed by the Selectmen and the trustee(s). Hopkington's trust agreement was distributed.

Donna Brewer would be contacted by Marisa Batista to find out the parameters of the previous Town Meeting Warrant vote, then Joe Domelowicz would present the agreement to the Selectmen. Ms. Batista would copy Shawn Farrell regarding the issue.

School Budget Discussion of Performance Metrics and Financials Including Budget Actuals.

Nick Tensen said he had analyzed comparatives of various school budgets to determine the relationship between per pupil costs and efficiency excellence via SAT scores. Phil Stearns referred to the State data base RADAR report where one could compare up to ten school districts for financials, MCAS scores, State scores, and cost per student. Mr. Tensen said he could not find a relationship between funding and SAT scores and said Hamilton was high but not the highest price in terms of cost per student for the previous two years. Mr. Tensen found the analysis inconclusive.

Phil Stearns said the RADAR link showed the relative wealth of a district. While "1"

was average, Hamilton was "1.25." Mr. Stearns thought it was a good metric to compare districts. Size was another comparative of value as larger school systems were more efficient in terms of facilities, which would lower the cost per student. Hamilton had five schools for 2,000 students. John Pruellage referred to Hamilton's ample open space and small downtown, which was seen in few other communities, making the tax base different. Mr. Stearns added that 61A properties paid limited tax for their open space. Mr. Pruellage wanted to look at what the Schools were spending and understand the relationship between the limited tax base and the price per student. Nick Tensen said it was not a higher per student cost but a higher per household cost. Mr. Pruellage said the Schools were doing all they could to obtain higher test scores. Mr. Tensen said high value communities had higher income houses and wondered if Hamilton would start falling behind. The Town should invest in the Schools as part of the Town's selling point. Mr. Pruellage added that the Schools were luring young families into town but what might persuade or dissuade them might be the Schools' ranking, scores, and taxes.

Phil Stearns discussed the non-controllable portion of the budget including 60.9% for salaries. The teachers' contract was for a 2.25% increase. Out-of-district tuition increased \$900,000. 10.7% of the budget was for healthcare and 2.3% was for transportation. In total 81.9% of budget was uncontrollable. It was determined that only 1.6% of the budget allowed for small control. Nick Tensen asked if there was an appropriate ratio of teachers and administration. Mr. Stearns would ask for clarification. Administration costs had increased 8.6%. Mr. Stearns wondered why the increase occurred while enrollment was declining. John Pruellage wondered how many students had been lost in the last five to six years.

Phil Stearns said discussion would include administration, extended responsibilities, the 10.4% increase for specialist teachers, 21% for the new librarian, Winthrop School pre-school team chair increase of 15.2% while no full-time equivalent increases were included in the budget. It was agreed that the percent increase appeared high while the actual cost was about \$1,000 to \$2,000. Nick Tensen noted the 31% increase in out-of-district tuition. Transportation in-district increased 8%. Marisa Batista added that the transportation contract was up.

The previous year \$71,000 had been approved for a full-time team Special Education chair, two full-time equivalent high school teachers for \$60,000 and one half-time special education reading teacher for \$30,000. Members of the FinCom wondered what the status of the project was and how many students were kept in the district due to the program's availability. Members wondered about the law and if the local school had the right to stop a student from attending another school if an appropriate program was

available in-house. John Pruellage said school choice would cost \$5,000 while going to Landmark would cost between \$50,000 and \$70,000 per year. Mr. Pruellage and Phil Stearns agreed that the program would pay for itself. Darcy Dale said that if a school could prove that it had an appropriate program, the school district would not pay for the out-of-district program but if the school did not have what the student needed, they were obligated to pay for the student's education elsewhere.

Level services were proposed for the Town but Marisa Batista said the increase would be more than the previous year and more than 5%. Phil Stearns added that the increase was consistent with the Schools' increase. Mr. Stearns questioned the \$1M listed in the "other" category and agreed with Ms. Batista that the Schools were able to move costs around within the budget. The Town was not able to move costs around.

The drop in the Schools' debt service was \$1.7M but State reimbursement for the debt decreased \$1.1M. Of the \$600,000 difference, Hamilton's share was \$400,000. The debt was for the middle/high school construction with the last payment due in FY19. The reimbursement was via MA School Building Assistance (MSBA) but reimbursement was not given on any other debt. Nick Tensen said it would be seven to ten years before any building could be constructed and reimbursement would be received. There was a possibility that Longmeadow would be purchased for a possible elementary school site. There was at least a five-year lease term for Winthrop School. Cutler School had ledge on-site so any further construction would need to be done on the ballfields. Darcy Dale said constructing an elementary school at Longmeadow would free up Town-owned land for other taxable uses.

According to Phil Stearns, last year the Schools wanted a debt exclusion of \$2.6M, which was voted down at Town Meeting. The current capital plan was considered a placeholder. This year there was a \$3M ask, the next two years would experience a \$300,000 ask with a \$22M ask after that. Some of the asks were considered recurring expenses and it was believed they did not belong in the capital plan. A four-year recycle of chrome books, laptops, hardware refreshing, iPad recycling, and the refinishing/relining of the gymnasium floor should be considered operating expenses. Nick Tensen suggested establishing a fund for some of the items. Marisa Batista responded that the items were technically capital expenses. Ms. Batista didn't know if the Schools didn't have a capital fund or if they were precluded from having one. Mr. Tensen questioned paying for the items when the need would not be for four years and that replacing 25% of the technology every year might be more prudent. It was agreed it should not be in a bond package under debt servicing. Ms. Batista said there were capital items on the Town's budget, of which some were recommended as debt service and some were funded through

the Operating Budget.

Nick Tensen referred to the money for security, keyless entry, security cameras, and the School Resource Officer. Phil Stearns said people were not good at assessing risk but worried about what if an incident ever happened as the Town was statistically safer than ever. Mr. Tensen questioned the administrative costs in the past and wondered if the Town should evaluate the risks and administration by cutting back and putting more money in teachers. John Pruellage said once the administration was added, it would not be reduced no matter how many students were lost. Marisa Batista said State requirements such as procurement had become so prevalent, that administration was required. While the School Resource Officer was a State requirement, Darcy Dale stated that it did not need to be an armed officer but could be a school therapist given extra responsibilities, which would be less expensive. Ms. Dale referred to the year 2000 when a high school student committed suicide due to the intervention of the School Resource Officer and principal. Ms. Dale found armed officers in public schools ugly. Ms. Dale noted the issues with the previous Police Chief and did not want the police to run the town. Mr. Tensen responded that the Student Resource Officer was a funded State mandate being pushed by the current Police Chief who was sincere.

Budget Discussion including Meetings with the Department Heads

Marisa Batista said the retirement system numbers had arrived and she had met with Wenham regarding the joint program revenue sources. The indirect cost on water had been finalized. Ms. Batista had met with the CPC Chair and the Patton Committee to discuss budgets. Ms. Batista noted the delay in hiring the Patton Homestead director. Ms. Batista said she needed the total Operating Budget number to calculate the Stabilization Fund number. Joe Domelowicz would present the Budget to the Selectmen on January 22, 2019. The FinCom would meet the following day and then meet with the Selectmen on January 26, 2019.

Health insurance estimates were discussed with Marisa Batista saying the MIIA representative suggested there might be an estimate of below 10% increase. The Veterans' and Essex Regional School funding were only estimated. There was a large increase in retirement. Three new staff positions had been added including the Patton Homestead director, a human resource person (shared), and the DPW position. The finance position was not new but was unfilled currently. The School Resource Officer was also new. Marisa Batista noted the increased cost due to insurance needs, especially if family plans were needed. Phil Stearns said he thought the School Resource Officer should be within the Town's Budget as it was a summer police position. Ms. Batista said care was needed regarding timing, as funding was not specifically timed. Ms. Batista

thought the position should be filled once funding was received. Mr. Stearns recalled the Schools wanted the position to be filled this summer. The Host Community Agreement agreed to fund \$75,000 one year before operations began. The facility did not yet have their permits. Ms. Batista said the Town received \$10,000 and once permits were pulled, the Town would receive \$20,000. Once licensing had been issued, which could take a year or more, the Town would receive the remainder of the funds. According to Ms. Batista, Joe Domelowicz thought the building permit would be pulled in FY19.

Phil Stearns thought that since Hamilton was pushing the need for a School Resource Officer, it should pick up the cost and not put the risk onto the Schools. The 30% Wenham share would be \$26,000. Darcy Dale suggested hiring another police officer for the town and allow the Schools to fulfill their own needs. Ms. Dale noted the cost of benefits for the five year duration. Discussion ensued regarding if the \$73,000 included benefits and if the position would save the Town money as it would cover overtime needs for summer police work. An experience police officer would be used for the School Resource Officer position and the lower cost police officer would be used to backfill the vacant position. Marisa Batista said the cost of a family insurance plan was \$20,000 of which the Town paid 75% or \$2,100 per month. The issue had not been brought to the FinCom before the agreement had been signed. Ms. Batista said the Town might receive the additional \$20,000 but it was unknown when the remainder of the funding would be available. Concern was issued that payments were set up for the calendar year, which did not correspond with the fiscal year. While the funds would be available for the second year, the first year was a concern. The agreement read the funds would be used for the School Resource Officer or other individual to provide drug abuse and prevention in the town. Ms. Batista was concerned if the position was hired and put in the Budget, the Town could not count on when the funds would be available.

The new Assistant DPW Director position was discussed. The department was being restructured and instead of hiring a high-level position, a labor position would be hired. The working supervisor would spend 75% of his/her time in the field and 25% in the office. The labor position would be in the field completely. The restructuring, which required union approval would save the Town money. Tim Olson would continue to be the procurement officer for the Town.

The self-sustaining Patton Homestead Director would eventually be funded through fund raising and events. Marisa Batista said fund raising would be used for capital purposes.

Discussion of Items from FinCom Annual Report, Final Draft Due January 30, 2019.

Phil Stearns would work on the first draft. The list of topics would include: financial policies, trends of increasing numbers of seniors and decreasing number of students (age friendly community), certified tax rate and taxes, Schools Budget, PILOT payments, Host Community Agreement with Green Meadows, Patton Homestead, affordable housing, Longmeadow, and shared program with Wenham such as inspections. Accomplishments would be highlighted and needs would be focused upon.

This year's assessments had increased and Marisa Batista was concerned about FY20 as she did not believe the tax rate was sustainable. Nick Tensen noted his taxes increased 15%. Phil Stearns believed open space and 61A properties placed the tax burden on residents.

The report would be distributed to members with discussion scheduled for the next meeting. FinCom's position would be noted on key topics. Nick Tensen asked that the review be quantitative as well as qualitative. The carrying costs of Longmeadow, which would be off the tax rolls for seven to ten years, should be considered. Darcy Dale said the Longmeadow acquisition would allow for current school properties to be placed on the tax rolls. Phil Stearns said the Schools needed a facilities plan to put the concepts together. The Schools would be asking for \$22M for a turf field, tennis courts, and amenities, which did not include school buildings. Nick Tensen did not believe the Town needed top facilities to have successful programs. Marisa Batista added that the Town Hall renovations would be forthcoming. The architects would be doing a financial analysis of the \$6M to \$8M project.

Review and Approve Minutes from November 28, December 4, and December 12, 2018.

Motion made by Nick Tensen to approve the minutes of November 28, December 4, and December 12, 2018.

John Pruellage seconded.

Vote: Unanimous of voting members in favor. Nick Tensen recused himself from the vote for the December 4, 2018 minutes, as he was not present.

Other Topics Not Reasonably Anticipated by the Chair

Updates by Committee Members

The Town Hall Building Committee had an engineer look at the existing Town Hall structure to determine that it was not in bad condition. The Owner Project Manager (OPM) was on board and LLB Architects had conducted a feasibility study for conceptual designs for consideration. Town employees had been surveyed for their needs. A

HAZMATT study was in process. The Topsfield Town Hall incurred an increased cost of \$800,000 to \$1M due to lead paint, which had been scraped into the soil surrounding their recently renovated Town Hall. The soil needed to be removed and sent to a HAZMATT site in Canada. The State required clean up once the situation was known. The Town Hall Building Committee needed to educate the Town about the renovation possibilities in an effort to have funding voted upon in the future. An update would be given at Annual Town Meeting. The CPC would be asked to give \$150,000 to have the OPM ready the concept for Town Meeting.

Nick Tensen reported that he had spoken with the Police Chief regarding the School Resource Officer and that the Patton Homestead committee were still interviewing for the Director position. Darcy Dale announced that she intended to run for one of the two open Selectmen seats.

Discuss/Determine Agenda for Next Meeting.

Discussion regarding Other Post-Employment Benefits and the FinCom report would be added to the usual agenda.

Adjournment

Nick Tensen made motion to adjourn.

Seconded by Darcy Dale.

Vote: Unanimous to adjourn at 9:05 pm.

Prepared by:

Marcie Ricker

Darcy Dale 01-29-19

Attest

Date