

HAMILTON FINANCE AND ADVISORY COMMITTEE

Minutes of Meeting

Via Zoom 834 1880 5891

Password 358135

September 2, 2020

Members present: Roll call vote to order: Valerie McCormack, John Pruellage (Chair), Christina Schenk-Hargrove (Vice Chair), Nick Tensen (6:40), and David Wanger.

Others present: Joe Domelowicz, Michael Lucerto, Kaleigh Pare, and Marisa Batista.

This Hamilton Finance and Advisory Committee (FinCom) meeting was called to order at 6:30 pm via Zoom.

Call to order/Pledge of Allegiance.

Public Comment Period

Discussion with Kaleigh Pare and Michael Lucerto regarding Patton Homestead licensing opportunity

Michael Lucerto said he combined history with modern technology to create co-working spaces. Mr. Lucerto would launch the spaces in Lynn and Hamilton, then Salem and Marblehead. Mr. Lucerto explained that not more than 25% of the members would be present at any one time. Dorchester had 119 members with no more than eleven present at any time. While most spaces were in urban areas, members would be attracted to the tranquil escape offered at the Patton Homestead. Members would need a space to meet with clients or work away from their families during the pandemic. According to Mr. Lucerto, the 9-5 model of working in the city was lost. Suburban locations were preferred and the historic prestige of the Patton Homestead was perfect for lawyers, CPA's, or real estate agents. The office space would appeal to mid-career employees who had gone out on their own and offer an expansive network based on the membership.

Michael Lucerto said the Patton Homestead was "off the radar" for most people. It needed updates. The barn and stable were the potential money generators. marketing for the Co-working space would generate awareness of the entire site. Mr. Lucerto thought the property would be revenue positive eight months after the pandemic was over. Mr. Lucerto explained how the soft farmhouse feel would be enhanced and be suitable for cozy conferences or business meetings.

While the Town would be responsible for the bathroom and accessibility upgrades, Michael Lucerto would be responsible for technology, furniture, artwork, painting, and rug removal. Mr. Lucerto projected that capital costs for barn improvements could be paid for within three to five

years. The goal was to create a self-sustaining property, which allowed community use. The co-working space was the first step. Improvements in which the Town was responsible for were verbally quoted at \$7,000 per bathroom or \$35,000 total. Electrical upgrades in the stable would begin in September once Northern Essex Regional Technical School returned to session.

Michael Lucerto would invest \$50,000 in new furniture, wifi, printers, computers, TV's, and other technical supplies. Mr. Lucerto was responsible for marketing. While some tenants had expressed interest, it would be six months before being able to engage anchor tenants. Once operating costs were covered, the profits would be split between Mr. Lucerto and the Town of Hamilton.

In accordance with the procurement law, three quotes would be solicited for work under \$50,000. Three of the five bathrooms would be improved. Once KP Law finished the agreement, three quotes would be sought. It was believed that the work would not trigger ADA compliance as improvements had to equal at least 33% of the value of the property. The building did not need to be fire-sprinkled as business memberships were under a license agreement rather than a lease agreement.

Members discussed who would be responsible for insurance and maintenance as Michael Lucerto would be the tenant. Mr. Lucerto would be subletting to others. Kaleigh Pare would represent the Town and would contact the DPW for issues. Mr. Lucerto thought the co-working business would bring in \$6,000 to \$8,000 per month while costing him \$2,500 to \$3,000 per month after the six months start up time. The balance would be split. Mr. Lucerto thought rental of the stable would create even more income. Mr. Lucerto said his expenses were spread out over twelve months and he would be willing to share his LLC expense report with the Town.

Michael Lucerto budgeted \$1,000 a month for heat but noted other aesthetic needs. Members discussed that some residents believed the Town should not own or manage land due to ongoing expenses. The \$35,000 in renovations would be paid for out of the \$196,000 in the Capital Fund. \$5,000 would be needed for students to finish electrical upgrades.

Discussion with Town Manager regarding Health Department reorganization.

A new public health nurse would be sought. At this point, the Town did not intend to move forward with reorganization.

The Water Department would issue potential capital requests. One request would be for the pretreatment program as the previously approved article did not fund enough money for the better option as voted upon by the Selectmen. Phase 4 of water system improvements had previously been appropriated and bonded. The contractor would begin work the following week. Additional work would cost \$600,000 more. The Water Enterprise Fund received \$850,000 while the debt would be \$895,000 a year. Rates or infrastructure fees would need to be raised to fund the increase in debt service. The Town may eventually merge with either Beverly or

Salem, but as the only current water source, it was considered important to keep improvements current.

Discussion with Finance Director regarding fourth quarter report and any other finance related updates.

The General Fund revenue was within \$39,000 from the estimate. Real estate tax revenue was not met. The previous year, revenues were over the estimate by \$450,000. Motor vehicle excise tax was \$58,000 over estimate. Other charges and services were \$48,000 over estimate. License and permit fees were \$104,000 over estimate due to the surge in renovations. Estimates were based on the last three to five years.

Expenditures were \$1.3M under budget due to expenditure freezes and personnel turnovers within the town. The FinCom would return \$85,000 to the Town. The conversion to Patriots software (Assessor's Department) would save \$50,000. Health insurance had only increased 7% rather than the estimated 10%, creating a savings of over \$1M.

A request for capital project funds (\$531,000) for Chapter 90 money was already submitted. The Town had already received \$100,000 and the balance was being sought. Reporting and submission for Free Cash would be done in September. The Water Enterprise Fund was \$28,000 over its estimate. Town Meeting voted to use \$330,000 of retained earnings, which would be taken out of the balance, leaving about \$700,000 higher than expected. Water user charges were \$1.6M, which would be reflected in the first quarter of FY21. The audit would be conducted in the end of September.

Discussion regarding potential warrants for Fall STM, including THBD and CPC.

The Warrant would close on September 14, 2020

Committee member and liaison updates.

Nick Tensen would recirculate the latest version of the Five-Year Plan. The CapCom would be invited to a future meeting. The CapCom did not consider the Town Hall Building project in their list of priorities or analyze potential limits in borrowing capacity as the project was already in process. The CapCom would meet again before meeting with the FinCom and determine if they agree with the project or not. The Capital Plan would be integrated into the Five-Year Plan and then with the School Budget to obtain an overall picture.

If water pipes were completed for two additional streets, the cost would be \$600,000 while pretreatment benefits would be shared by the entire town. The cost for pretreatment would also cost about \$600,000. Members discussed that it was important to keep water enterprise infrastructure to cover capital costs and debt service while rates would cover other expenses. Members agreed that the General Fund should not be used and policy should not change. The Selectmen would decide which ask to bring to Town Meeting.

Members discussed Covid-19 and the water ban. Annual Town Meeting would be May 1, 2021. Wenham would have Town Meeting the same day. The Selectmen did not take action on trash changes. Weekly pickup would continue. Composting was encouraged. The CPC granted a \$3M request for Town Hall renovations, which would be considered at Town Meeting. Special Education costs increased by \$1M and would be discussed at the next meeting. The Superintendent would be contacted and a walk through of the FY20 End-of-Year Report would be requested.

Next meetings

The next meetings would be on September 16, 30th and October 14, 2020.

Determine/Discuss agenda for next meeting

The Assessor would be invited to discuss revenue on the September 30, 2020. The Five Year Plan would be discussed on September 30, 2020. A larger base for evaluations might be experienced due to the turnovers from Covid-19. The average house value increased \$20,000 to \$30,000 from the previous year. The FinCom wondered what the lag would be before a higher assessment would be established. Special Town Meeting would be held November 14, 2020. The Warrant would be sent to the printer on October 30, 2020. The evaluation increase might mitigate the potential override.

Adjournment.

Motion made by Christina Schenk-Hargrove to adjourn.at 8:38 pm.

Nick Tensen seconded.

Roll call vote: Valerie McCormack -aye, Christina Schenk-Hargrove – aye, Nick Tensen – aye, and John Pruellage – aye. Unanimous in favor.

Prepared by:

Marcie Ricker



Attest

Date

10/28/20