

HAMILTON FINANCE AND ADVISORY COMMITTEE

Minutes of Meeting

Via Zoom 895 0626 6765

Password 478905

October 14, 2020

Members present: Valerie McCormack, John Pruellage (Chair), Christina Schenk-Hargrove (Vice Chair), Nick Tensen (6:45), and David Wanger.

Others present: Marisa Batista.

This Hamilton Finance and Advisory Committee (FinCom) meeting was called to order at 6:30 pm via Zoom. Roll call: Christina Schenk-Hargrove – aye, John Pruellage – aye, David Wanger – aye, and Valerie McCormack - aye.

Public Comment Period

Discussion and potentially voting on recommendations with respect to Warrant articles for Special Town Meeting, including:

Overview of Warrant articles to be voted on at STM

2-1. Prior year bills. There were only one or two unpaid bills, including the Staples invoice for \$209.

Motion made by Valerie McCormack to recommend favorable action assuming additional information would be provided.

Seconded by Christina Schenk-Hargrove.

Members discussed that due diligence be done regarding the services and products being provided. The Selectmen would vote on the article the following Monday. Members agreed to wait until the information was available before voting.

2-2. Members discussed the items on the list: \$54,000 for stormwater compliance, \$250,000 for fuel system replacement in the DPW yard, \$4.7M for the Town Hall Renovation, \$1M for the water treatment plant, \$100,000 for a water supply feasibility study, \$55,000 for the Police SUV, and \$65,000 for ECO repeaters. Vests for the fire department should have been part of the operating budget. \$15,000 water meter/hydrant replacement had been funded at ATM (they were struck out) and the \$30,000 for the water storage tank was funded at ATM.

The Capital Plan included all capital needs but some could be funded through other sources such as grants. The CapCom would make recommendations and the Selectmen, FinCom and Town Manager would determine how to fund it. The requests for the Patton Park drainage system (\$50,000), HVAC boiler system (\$70,000) and potentially the police cruiser had been removed. Members discussed the policy decision to spend Free Cash for capital items. It was noted that borrowing would cost the town more due to interest and issuance costs. The Town Hall and water treatment projects would be funded through borrowing.

Members discussed that if items were funded through raising and appropriating funds, the \$147,000 capacity would be passed as \$512,000 would need to be raised. The previous Town Meeting heard a resident concerned with putting money aside. The Capital Stabilization Fund was overfunded because no funds had been spent on capital items. The calculation was based on the previous year's (2019) financial statements, which would change for 2020. The minimum set aside was \$1.2M and the Town was currently at \$1.4M. David Wanger wanted to have a comment in the commentary that funding through Free Cash was a concern. Free Cash should be used for one-time purchases. Some items might not be eligible for borrowing. A lease/purchase option might be appropriate for the Police SUV.

A model for the cost of borrowing including reasonable assumptions, issuance costs, principal and interest on various assumed amounts had been provided to the Committee. The Town had a large borrowing capacity and would determine what level of debt it was comfortable with.

Members questioned why the feasibility study needed to be done now and if it should be funded as part of the Water Enterprise Fund. The patrol car could have been funded through a lease/purchase agreement. The patrol car needed to be treated as a capital expenditure as it was depreciated, but appropriated as part of the police budget. Members discussed which projects should be done now or delayed.

2-4. If the \$1M moved forward, the water project would be bonded. Water rates would be re-evaluated the next year. If the infrastructure fee were to cover the debt service cost, the fee would need to increase as the current fee would not cover the \$1M project cost. Water rates would also increase in 2021. The water budget had not been balanced with using retained earnings and the retained earnings would run out in about two years. Consumption might go down once people went back to work. The policy indicated that retained earnings should be 20% of the annual budget. By 2021, \$300,000 would be needed to balance the budget. The policy could be set to match the rates to the operating costs.

Discussion regarding Master Plan funding.

The Master Plan would be funded from Free Cash. Members discussed deferring the plan's development until a tripartite approach with Wenham and the Schools had been agreed upon. Wenham was not ready to revise their Master Plan and the Schools were doing their own. All three entities agreed to cooperate and collaborate with the writing of the Master Plan. Delaying the plan, would delay the collaboration.

Discussion regarding Warrant articles related to the Town Hall renovation project.

Members discussed the 30 year bond versus a 20 year bond. The 30 year bond estimated tax rate impact would be \$.22 on a thousand dollar valuation. The 30 year interest rate was 3.25% while the 20 year rate was 3.00%. The longer bond would allow the Town more flexibility with a lower payment.

Discussion regarding the CPC Warrant article

Town Counsel reportedly wanted to change one section of the Special Act and the Assessor was reportedly reviewing the changes. If more than 75% was changed, it was recommended to rescind the original By-law and bring forth a new one.

The \$5,600 for the DPW employee was for accrued sick and vacation time. The Pool Revolving Fund deficit for \$800 had been inadvertently omitted from the current edition of the Warrant. While the Assessing Department software and election equipment were operating items, it was unclear if the items would be funded through Free Cash or appropriation.

2-1. The vote would be held until more information regarding prior year bills was forthcoming.

2-1. The capital expenditures went with the line items previously discussed. While members were resigned to use Free Cash, they agreed that the policy moving forward would be to exclude funding operating expenses with Free Cash.

2-3. Water treatment.

Motion made by David Wanger to recommend favorable action on article 2-3.

Valerie McCormack seconded.

Valerie McCormack was concerned that money was being spent on water improvements that might be obtained from another source in the future. John Pruellage noted that if Manchester shared their water source, half of the Town of Hamilton would still be using the current source and if Beverly shared their water it would be years away. The water pipes would still need to be used.

Roll Call Vote: Valerie McCormack – aye, Christina Schenk-Hargrove – aye, David Wanger – aye, and John Pruellage – aye. Unanimous in favor. Nick Tensen had left the meeting.

2-4. The article would remain on the Warrant.

Motion made by Christina Schenk-Hargrove to recommend no action for \$600,000 for water improvements.

David Wanger seconded.

Roll Call Vote: Valerie McCormack – aye, Christina Schenk-Hargrove – aye, David Wanger – aye, and John Pruellage – aye. Unanimous in favor.

2-5. The CPC article would be divided into three separate articles, one for each project.

Members discussed the concern regarding the First Congregational Church's project and the implication of a religious building being funded by CPC money. The grant had been lowered to \$75,000 to ensure that only improvements funded would be the clock and the belfry, which were historical in nature. Town Counsel had reviewed and approved of the issue. The Town Hall and Affordable housing were the other two items. Members delayed the vote.

Members discussed the Town Hall Building Renovation project. Valerie McCormack noted that the space was not conducive to modern day office use and wished there were better alternatives. John Pruellage responded that the estimate for maintaining the building if it were not used as a Town Hall would be \$50,000 per year over the life of the project. Town land was not available

to build another Town Hall. Members discussed the value of planning with the Schools in an effort to stop planning in a vacuum.

2.8, 2-9, 2-10. Motion made by David Wanger to recommend favorable action on articles 2-8, 2-9 and 2-10 based upon the funding pursuant to raise and appropriate. No vote was taken due to some concerns due to funding sources.

3-1. The COA by-law was discussed but the vote was held as the COA had increased the number of voting members and the Selectmen needed to ensure that the revision regarding Board appointments was written into Section D.

3-2. The language was unclear. A vote was not taken.

3-2. The PILOT for the Public Safety Building roof would not move forward. The roof was structurally sound and the surface was fine but the roof would need to be redone in ten years. The solar array would last 20 years so it had been recommended that the roof be redone before the solar array was installed.

3-4. The article would be held until all Town Hall articles were voted upon.

3-5. The Citizens' Petitions (garbage and the Board of Health) needed to remain on the Warrant. The proponents would likely recommend no action.

Adjournment.

Motion made by David Wanger to adjourn the FinCom meeting.at 9:22 pm.

Christina Schenk-Hargrove seconded.

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

Prepared by:

Marcie Ricker



Attest

Date