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HAMILTON, MA

**TOWN OF HAMILTON
FINANCE AND ADVISORY COMMITTEE
Minutes of Meeting**

2021 SEP 20 PM 2: 15

July 14, 2021

8:00 am.

**This meeting was held remotely via Zoom
8905350995**

Members Present: Christina Schenk Hargrove, John Pruellage, and David Wanger.

Others Present: Alex Magee (Finance Director), and John McGrath (pending member).

Call to Order

The meeting was called to order by Christina Schenk-Hargrove at 8:04 am with a quorum established. Roll Call – David Wanger - present, John Pruellage – present, and Christina Schenk-Hargrove – present.

Public Comment

FinCom Membership

Discussion ensued regarding the pending membership of John McGrath, which had been delayed until the proper procedures were completed. Alex Magee would check with Joe Domelowicz and Carin Kale regarding the status. The need for two associate members would be advertised with the Select Board. John McGrath would be treated as an assumed member for assignment purposes until his appointment had been completed.

Discuss Committee's 2022 Goals and Projects.

Schools – John McGrath and all. The Select Board wanted to re-open the regional agreement. While the School Committee chair, Dana Allara was appointed, the Superintendent was retiring and Wenham was in transition. Once everyone was settled, a committee would be established. In the interim, Christina Schenk-Hargrove would speak with the Select Board to ensure a member of the FinCom was appointed as a member of the regional agreement committee.

Alternative revenue. Exploring the topic is a major project. The Master Plan process will be a separate forum for exploring alternative revenue.

Projection Model – John Pruellage The topic would include all information sharing and presentation.

Gordon/Affordable Housing Project (previously PILOT) – John Pruellage. David Wanger wondered if a member of the FinCom should be on the committee in an effort to drive the housing side of the issue to a conclusion. If Affordable Housing projects were to be completed, it would affect the Master Plan. The significant development would change all affordable

housing issues as 40B would be off the table if the development occurred. Christina Schenk-Hargrove might bring the topic up with the Select Board to determine a strategy. Mr. Wanger noted that one member of the Select Board had a relationship with the seminary.

Master Planning Process – David Wanger and all.

Hamilton’s Umbrella Group – Christina Schenk-Hargrove as chair. The projection model should be a significant topic of the committee as it went forward. Christina Schenk-Hargrove and John Pruellage would attend but not together to avoid creating a quorum.

Town Meeting and STM attendance would be removed.

Patton Homestead. The plan had already gone to a decision point and the topic would be removed.

Committee Members’ Liaison assignments.

John McGrath and David Wanger would be liaisons to the Schools. The Schools were the biggest line item on the budget with the most political consideration. Christina Schenk-Hargrove would introduce John McGrath to Dana Allara (School Committee Chair) the following week. The importance of building a strong relationship with the Schools was noted.

Christina Schenk-Hargrove would become the liaison of the previous chair’s groups, including: the Hamilton Foundation, Hamilton Housing Authority, Veterans’ Services, Culture and Recreation, General Government. Ms. Schenk-Hargrove would be liaison to the Patton Homestead and Board of Health as well.

John Pruellage would become liaison with the Capital Committee (CapCom) to work on the projection forecast and Christina Schenk-Hargrove would work with their chair, Heather Ford. The CapCom was a significant non-budgetary item. Mr. Pruellage would be the liaison to the Planning Board.

David Wanger would remain liaison to the Umbrella Committee, Hamilton Development Corporation, Zoning Board of Appeals, and Council on Aging.

Nick Tensen would remain liaison to the Building Committee, Public Safety, Public Works, Water Enterprise, and Hamilton Affordable Housing Trust.

John McGrath would also become liaison to the Conservation Commission, Community Preservation Commission, Historical Society/Historical Commission, Historic District Commission, and Essex Technical High School.

Review and Approval of Available Minutes

Motion made by David Wanger to approve the minutes of March 24, April 7 (with a typographical correction), April 15, and April 27, 2021 as well as the joint meeting with the Select Board on April 12, 2021.

John Pruellage seconded.

Roll Call Vote: David Wanger – aye, John Pruellage – aye, and Christina Schenk-Hargrove – aye.

Discussion of any Finance Related Updates with Town Manager and/or Finance Director.

Alex Magee announced that the search for a Director of Assessing continued and that if a potential candidate did not present him/herself, the position might be scaled back with a consultant filling in the necessary workload. The full time assistant position would remain. Other alternatives might include offering a higher salary or potentially sharing with Wenham. The Board of Assessors conducted valuations, set the tax rate, discussed issues, and made decisions.

Alex Magee said there would be Free Cash from FY21 but an exact number would not be known until the audit in September. An estimate would be provided upon the closing of the books in August.

Alex Magee said he tried to prioritize some of the items mentioned at the last meeting but there were many challenges, which had presented themselves in running the Finance Department. Challenges included coordinating the final payroll of the year and closing the books. Mr. Magee noted how helpful Dyan Katz had been. In response to David Wanger's offer that the FinCom prioritize the goals, Mr. Magee said it would be helpful but that coordination with the goals of the Town Manager needed to be considered. Mr. Magee added that the obligation within his office had to be met first and that Hamilton had many generalist positions rather than specialists positions typical of a larger town. Mr. Magee needed to determine structurally what the Finance Department should be doing.

FY 2021 Preliminary Budget Report

Expenses – Alex Magee showed the Munis report and noted that the expenses looked good. The highlighted line showed the item absent the money that needed to be encumbered. Mr. Magee thought there would be a surplus once the encumbrances were deducted. The Capital items, such as the \$150,000 for the Master Plan, would be carried over until the projects were completed.

Revenues – The revenues came in over forecast due to conservative budget practices. The amount would contribute to Free Cash. Alex Magee said the revenues and expenses were both healthy.

Capital – There were \$479,000 in expenses. The magnetic swipe card would be closed out and some of the excess would go to Free Cash. The money for the gas tanks would be carried over until the project was completed. National Pollution Discharge Elimination System (NPDES) pretreatment work would also be carried over. Alex Magee would work with department heads to determine if work still needed to be accomplished and what could be closed out.

Alex Magee said the Town would be hiring help to close the books (scheduled for August 23 or August 24) to make sure there were no issues. Once the books were closed, then the audit could occur, after which the State would certify the Free Cash number. Mr. Magee noted there were few changes except for encumbrances and journal changes to cover departmental shortfalls and expenses. Journal changes would be covered within the same department. A packet would be distributed once the audit was completed.

Alex. Magee did not think anything would be highlighted as unusual. Legal expenses were \$79,000 for the year, which was not a large amount as there was no attorney on staff. The gas tank expenses (\$250,000) were deferred due to its association with the Town Hall Building Project. Discussion regarding sharing tanks had occurred with Wenham who had operating tanks. Tax revenue came in over the anticipated amount due to conservative budgeting. The Building Department permits created high revenue due to residents renovating their homes in response to pandemic conditions. John Pruellage thought revenue would be short due to the pandemic. However, a surplus was not a surprise given the fact that building increased and the housing market was great.

Trust Funds. – Alex Magee said the interest bearing accounts, (\$4.2M) did well last year, gaining \$243,000 in interest. Funds that benefited from the market growth were the Stabilization Funds, General Fund, Recreation Fund, Capital Fund, and Other Post Employment Obligation Fund (OPEB). Mr. Magee said he intended on reviewing banking relationships as the Town had several different banks for different needs. Discussion ensued regarding if the Town was meeting its pension or OPEB targets. Mr. Magee would review the historic contributions. An OPEB actuarial study was conducted every two years. Another study would be conducted this year with adjustments proposed to ensure compliance with the funding goals.

John Pruellage suggested discussing the revenue and expenses in August to determine if anything was returning to Free Cash. The over budgeted item would be considered for future planning.

Discuss Town Forecasting Models – Compare FinCom’s and Finance Director’s Models

John Pruellage commented on the complexity of Alex Magee’s model. Members discussed the work needed to convert Hamilton’s information into the Lowell model. Two years of history and the current year’s information would be needed for forecasting purposes. Mr. Magee thought the generalist nature of Hamilton made forecasting via this model difficult. John Pruellage’s model allowed for a higher level view with enough detail provided to analyze a question based on assumptions, while looking at various scenarios. The ability to look at long term impacts of decisions could be accomplished. Mr. Magee said the higher level model would be easier to create and maintain as a tool. The FinCom could own the project model and Mr. Magee would guide them. David Wanger suggested disseminating the model to committees and the public in the future. Mr. Wanger thought the Master Plan consultant should be given the model as well. Patrick Reffett would be contracted to transfer the information. Mr. Pruellage would distribute the model after he altered some of the details.

The CapCom plan was forecasted for five years but the FinCom would work with them while they prioritized the projects. Once the costs were identified and priorities set, the FinCom would process the flow of funding for projection purposes. In general, larger items would be financed by debt, which then would flow through the model. Free Cash would affect the Free Cash line item and debt would affect the debt schedule, debt service, and Free Cash. The FinCom would look at scenarios of funding all projects versus one priority. Discussion would be about the assumptions and the outputs of the assumptions rather than the details. Assumptions would be discussed at the next meeting. A joint meeting with CapCom would be planned for within the month to review the model.

David Wanger asked about the median home value, which was currently \$549,000 and if there should be an adjustment under some assumption. Mr. Wanger also questioned if the water capital needed to be in the Town debt rather than the Water Enterprise. John Pruellage responded that it needed to be discussed as it was a big assumption. Normally the debt would be through the Water Enterprise, but if it became too large, it could be funded through the General Fund Debt Service. Mr. Wanger also noted that the capital needs did not include those of the Schools. John McGrath and Mr. Wanger would discuss capital needs with the Schools. The Schools did have a model but it was inconsistent with capital requests. Members agreed that a longer term look at the Schools' capital needs would be beneficial.

While the assumptions would be discussed at the next meeting, John Pruellage needed help from Alex Magee on the debt schedule to determine debt service accuracy. Mr. Pruellage wanted to consider debt retirement and was looking for orders of magnitude. Mr. Magee said he would engage Hilltop as they were experts who would offer good information. A meeting would be set up.

Christina Schenk-Hargrove would arrange a joint CapCom meeting in the next month.

Discussion of School Superintendent Position.

The Superintendent was retiring in October and the treasurer position was vacant currently. A date for a joint meeting with Wenham and the School Committee had not been set. Christina Schenk-Hargrove would meet with Dana Allara the following Tuesday.

Review Legal Services Costs.

Two years prior, the Town changed Town Counsel. The Town Manager had indicated that he would supply the FinCom with invoices outlining expenses every two years. There was an absence in carrying through with the promise. Alex Magee reviewed the FY21 KP Law expenses, which were \$35,198 for a variety of routine legal matters. The cost included cable negotiations by Epstein and August for \$14,000, discussion of a property owner's appraisal for \$22,000, and \$2,007 for remaining expenses for the previous Town Counsel. The total was \$79,419. Joe Domelowicz managed the legal matters but Mr. Magee was trying to become involved. Christina Schenk-Hargrove would meet with the Town Manager and ask for the invoices.

Review and Discuss Special Town Meeting Calendar.

Special Town Meeting date had been set for October 23, 2021 and the agenda would be set in a couple of weeks.

Determine/Discuss Agenda for the Next Meeting.

The topics were listed for the Thursday, July 29, 2021 meeting, which would be in person at the Council on Aging Building. Alex Magee would not be available.

Other Topics Not Reasonably Anticipated as Determined by the Chair.

Adjournment

Motion made by David Wanger to adjourn at 10:02 am

Seconded by John Pruellage.

Roll Call Vote: David Wanger –aye, John Pruellage – aye, and Christina Schenk-Hargrove - aye.

Unanimous in favor.

Documents:

Respectfully submitted as approved at the September 8, 2021 meeting.

Marcie

Submitted by N. TENSEN 9/20/21
