

**TOWN OF HAMILTON
FINANCE AND ADVISORY COMMITTEE**

2021 SEP -7 PM 2:43

Minutes of Meeting

July 29, 2021

6:30 pm.

**This meeting was held at the Council on Aging Building
Bay Road, Hamilton**

Members Present: Christina Schenk-Hargrove, John McGrath, John Pruellage, and Nick Tensen.

Others Present:

Call to Order

The meeting was called to order by Christina Schenk-Hargrove at 6:35 pm with a quorum established.

Public Comment

FinCom Membership

John McGrath had been appointed as a full member. The Committee still sought associate members. Associate members would attend all meetings, be included in discussions, but would not be allowed to vote.

Finalize FinCom's 2022 goals, projects, and liaison assignments.

Nick Tensen was not available at the last meeting and the Committee wanted to ensure that he was in approval of the assignments. Mr. Tensen was happy with the liaison assignments as previously discussed at the last meeting. Members discussed that the PILOT project had been replaced by the Affordable Housing at Gordon Conwell and Mr. Tensen was happy to accept the assignment. Mr. Tensen decided to keep the Police/Fire/DPW and John Pruellage would keep the Planning Board. Mr. Tensen thought the Water Enterprise might create the only budget issue. The DPW was comprised of separate line items such as roads and cemeteries. There were also many employees with increasing labor costs. Members discussed potential regionalization to offset costs and the danger of when towns opted out of the agreements. Regionalization with Wenham was noted as having a possible negative impact rather than having a cost savings.

Members suggested that John McGrath select which School Committee meetings he should attend, which should be based on their relevance to financial concerns and the budget rather than curriculum or back to school issues. Mr. McGrath will also be able to watch zoom recordings as well as the hwcam.org or You Tube channel before, after, or instead of reading the minutes. A new superintendent would be hired and the Regional School Agreement would also be opened up for review. The prime issue would be financial sharing and refinement of member sharing. The apportionment three year average would be revised to allow for less of a swing in

costs for both towns. John Pruellage thought it would be beneficial to have a longer period but it should not be a windfall for either town. Mr. Pruellage thought it would be about financial sharing and process layers. Nick Tensen noted that most of the school-leased land was in Hamilton and there was a tax loss due to the inability to tax the non-profit lots. The School Finance Director would remain in his position. Christina Schenk-Hargrove said she met with Dana Allara a few weeks prior and Ms. Allara would meet with David Wanger and John McGrath soon.

The MBTA, Metro Area Planning Association, and Community Access would not be assigned due to their lack of financial impact. The Board of Selectmen had changed their name to the Selectboard.

Discussion of any finance related updates with the Town Manager and/or Finance Director.

The Finance Director had a planned absence. Liaison updates would be added to future agendas.

Finance related updates were discussed under the topic. Christina Schenk-Hargrove had met with the Board of Selectmen* (*The Board of Selectmen is informally known as the Selectboard), who were voting last Tuesday whether or not to open the Regional School Agreement. Dana Allara was reportedly open to discussing the potential of changes to the agreement.

The fuel tank behind Town Hall was discussed. Members discussed if the PILOT sharing with Wenham would be a better use of money appropriated versus conducting the replacement of the fuel tanks. The PILOT worked well to date, but the previous winter was not severe and would not be a good indicator of how well the system worked. Christina Schenk-Hargrove thought the Selectboard were probably planning on replacing the tanks. John Pruellage thought there might be a cost savings working with Wenham. The current tanks were at Iron Rail in Wenham, which created a distance consideration. More clarity was needed. Wenham may not be in a position to do the new fuel tanks. Hamilton's tanks were inoperable. A local gas station was not an option as local stations were not open 24 hours. The original decision was related to the Town Hall Renovation project, which would not occur in the immediate future. Another year PILOT with Wenham might be an option. Nick Tensen would follow up.

Water usage at Asbury Grove was discussed. Three new meters had separated the pool (1) and two year round houses (2-3) from the seasonal housing areas. The Selectboard had not approved other requested changes to date. There was a backflow valve issue that could cause dirty water to be mixed into clean water. Tim Olson reportedly said the new developer of a nearby development might be putting a new valve in or the Town might use the American Rescue Act Fund to pay for the improvement. Asbury Grove and the Patton condos had a single meter for rate calculations and therefore paid a higher rate.

David Smith (committee for the PILOT for Gordon Conwell) met with Gordon Conwell to discuss Harborlight's acquisition of the graduate student apartments. As the project appeared to

overwhelm Gordon Conwell, only two buildings would be considered for conversion at a time. Christina Schenk-Hargrove recalled a previous discussion with Rick Mitchell, who had offered his concern regarding the financial viability of Gordon Conwell. Mr. Mitchell had suggested that the Town consider planning changes that might accommodate potential changes to the area. Mr. Mitchell reportedly thought that the bank, who held mortgages on the property, might be selling the buildings if the college shut down and relocated to one of their other sites. Nick Tensen said he thought it would be a great revenue producing commercial site for an office complex. The traditional "Not in my back yard" philosophy would be minimized as the property had been developed for years and was not right on local roadways. Members would discuss the potential at the next meeting.

Discuss Town forecasting models – Compare FinCom's and Finance Director's models

John Pruellage had not heard back from Bill Wilson (CapCom) but hoped to meeting with him the following week to make any changes needed. John McGrath said he thought the model had the right level of detail and complexity balance. The CapCom would determine the priorities and the FinCom would determine funding possibilities. Spending levels would be determined by how many items would move forward. Members agreed that a School capital plan was needed. While large items such as a turf field and new facilities were more obvious needs, other items such as furniture, i-pads, or a boiler would accrue for a couple of years and then be brought to the Town as a large need. Members hoped the School would plan for the smaller needs as well as the larger ones. The capital needs flowed through the Schools' annual budget and were bonded with debt exclusions but the debt service was still the Town's responsibility. Donations and grants would also affect the budget. John Pruellage suggested that the Schools consider a model similar to the one used by the Town Hall Building Committee. Nick Tensen agreed and thought using a capital committee and the model would take the burden away from the School Committee. The land leases for the Schools would be up in a couple of years.

While David Wanger had reportedly been anxious to have the forecasting model distributed to committee heads, members thought more focus needed to be placed on the assumptions and scenarios to determine if their bands were too narrow or too wide. Alex Magee would be consulted to determine the depth and breadth of assumptions. One assumption considered was property valuation, which was generated by a market rate and out of the control of the Town, while spending was controlled by the Town. Capital expenditures hovered around \$500,000 per year. The CapCom would determine priorities and John Pruellage hoped the CapCom would agree to the approach. Members would defer to Mr. Magee to determine if a 5% increase in property evaluation was possible after a historical view of the last five to ten years was considered.

Christina Schenk-Hargrove suggested presenting the forecasting model to the Hamilton Leadership Committee (previously Umbrella Committee) and/or other users. John McGrath suggested a workshop. Nick Tensen said stakeholders at the workshop could suggest what assumptions should be included. Alex Magee, Bill Wilson, and Heather Ford would be invited to the next meeting for further discussion. The meeting could be held at the Patton Homestead.

Review Financial Policies, including withdrawing funds from the Stabilization Funds.

According to Christina Schenk-Hargrove, Joe Domelowicz asked the FinCom to consider how much money could be withdrawn from the Stabilization Funds now that they had reached their goal. Mr. Domelowicz had considered using the funds to pay for a portion of the Town Hall Building Renovation project. Members discussed that Town Meeting voted for the project, but that funding it was voted down at the election. Bonding the money would need to be approved at the polls while spending money from the Stabilization Funds only required Town Meeting approval. Nick Tensen said the process might circumvent what the Town voted for. Unless the entire project was reduced to zero, a request would still need to be approved at the polls. Members discussed the problem with doing the work piece meal was that ADA compliance and building code compliance would kick in based on the percentage of the building. The value of the building was very low and any work would likely require compliance. Some Town offices were located upstairs without an elevator and the fire suppression system was lacking. Private fund raising would be sought to reduce the cost to the residents but the cost would have increased since the last estimate.

The general question would be once the funds reached a certain level, how much should be available for use, how would the fund be accessed, and how would the purpose be determined. A policy needed to be created to define best practices for putting money into the fund and best practices for its removal. John Pruellage noted that the policy to remove funds would be difficult to separate from a project. By funding the Town Hall Building Renovation project by \$1M, the debt service could drop from 5% to 1 to 2%. Members agreed that before determining if there was a level of withdraw from the Stabilization Funds they would support for the project, a policy needed to be written. Policies were under the Finance Department.

Alex Magee would be consulted at an upcoming meeting. Nick Tensen suggested looking to the State regarding their best practices for removing funds. Five policies had been implemented to date and Mr. Magee's list would be reviewed to determine which policies should be worked on in the future. It was noted that Mr. Magee's priority list had diverged from the previous Finance Director's list. John Pruellage suggested deferring to the Finance Director for operational items.

Review legal services costs.

FinCom had not yet received the bills.

Review and discuss Special Town Meeting calendar and warrants.

Nothing had been determined to date.

Review and approval of available minutes.

Minutes were not approved.

Determine/Discuss agenda for next meeting.

The next meeting would be at Town Hall with virtual abilities. Town Hall policy was that physical access was limited to Board members and applicants. Masks would be worn. State rules would be checked. The next meetings would be at the Council on Aging Building.

Other topics not reasonably anticipated as determined by the Chair.

Adjournment

Motion made by John McGrath to adjourn at 8:36 pm.

Seconded by John Pruellage.

Vote: Unanimous in favor.

Documents: Forecasting Model

Prepared by:

Marcie Ricker

7/26/2021

Attest

Respectfully submitted as approved at the 8/25/2021 meeting.

[Signature]