

Advisory Committee Meeting Minutes

Meeting Date - February 10, 2022

Remote Meeting via Zoom

In Attendance: J. Strehle, G. Danis, N. MacDonald, D. Anderson, B. Black, D. Cooper, R. Curley, K. Dziergowski, M. Goulet, C. Kirk, A. Macdonald, A. McElaney, S. Melia, E. Sheehan, Town Accountant S. Nickerson.

Absent: T. Sherwood

1. Call Meeting to Order

At 7:02pm Chair Strehle called the meeting to order and read the following statement:

“This meeting is being held remotely as an alternate means of public access pursuant to an Order issued by the Governor of Massachusetts dated March 12, 2020, Suspending Certain Provisions of the Open Meeting Law. You are hereby advised that this meeting and all communications during this meeting may be recorded by the Town of Hingham in accordance with the Open Meeting Law. If any participant wishes to record this meeting, please notify the Chairman at the start of the meeting in accordance with M.G.L. c. 30A, § 20(f) so that the Chair may inform all other participants of said recording.”

2. Comments from the Public Regarding Items Not on the Agenda

None

3. Budget Hearings:

a. Weir River Water System

Mr. Sheehan presented this budget. WRWS Superintendent Russell Tierney presented the Weir River Water System mission, key initiatives, and benchmarks. Mr. Sheehan observed that the WRWS is an Enterprise Fund and as such has no implication on the Town budget; expenses are paid by rate payers. The WRWS requests a budget for salaries of \$257,380, contract services of \$5,082,605, property taxes/insurance of \$980,325, other expenses of \$583,700, and debt service of \$5,977,432. Mr. McElaney questioned the water bill for the fire department and SSCC. Mr. Tierney offered that the SSCC does not use WRWS for irrigation and that the Fire Department uses a lot of water because the fire personnel live in the stations. Ms. Nickerson explained that the Emergency Water Budget covers the water in the fire hydrants. Ms. Dziergowski asked about the Proceeds from Bond Sales and asked if it is that the amount referenced in Article B. Mr. Tierney deferred to Ms. Monsegur who was not present at the time. Mr. Sheehan recommended a total budget of \$12,881,442.

b. DPW Budget Update

Chair Strehle provided an update on the DPW budget. The DPW salary total decreased by \$10,000 because of a reimbursement from the WRWS as payment for the DPW Superintendent backup availability.

4. Warrant Article Hearings and Potential Votes

Article V: WRWS: Appropriation of Bond Premium and Excess Bond Proceeds

Ms. Dziergowski presented an overview of this Article. The Article asks to appropriate money for capital improvements, specifically a new tank design, rehabilitation of the Turkey Hill tank, and other capital improvements. She noted that when we did the initial borrowing in 2019, it included the funds for these improvements; this article appropriates

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the funds for the specific uses and that there is no tax impact or effect on water rates. Mr. Curley asked if this is in addition to the \$2.2M in capital improvements that was built into the initial investment. Mr. Anderson said this is correct. Ms. Nickerson explained that the bond premium is the extra money that a bank pays for our bonds and that it is used to pay the rating call, the bank, Bond Counsel, etc. The excess bond premium may be applied to bond cost. Ms. MacDonald asked about the location of the new tank. Mr. Tierney explained that the site has not been finalized. Mr. Tierney provided budget numbers for the 3 projects: the new tank is budgeted at \$4.2MM, the repair of the Turkey Hill tank is \$2.1MM, and other improvements of \$950,000. Mr. Curley noted that the reason a vote is required is because the Town will assume the debt service if for some reason the WRWS was not able to repay the loan. The Article was approved by roll call vote 13-0.

Article W: WRWS: Capital Projects

Ms. Kirk presented an overview of this Article. The Article asks for funds for capital improvements in the WRWS in the amt of \$2.7MM for FY22 and FY23, respectively. The financial model used for the purchase included these investment amounts for water mains and other needs of the system. This requires additional borrowing of \$5.4MM but will have no impact on the Town budget. Mr. Curley asked if this is a re-appropriation or a new ask for money. Mr. Tierney says it is part of the original budget. The allocation was left out of last year's Warrant and there is no change to the FY22 budget. Mr. Tierney noted that there is no rate increase again this year. Ms. Strehle asked if we should expect this Article in the Warrant going forward; Ms. Nickerson said yes. The recommended motion was approved by roll call vote 13-0.

Article X: High School Tennis Court Rehabilitation

Mr. Danis presented an overview of this Article which is a joint article from the School and the Recreation Department. The Article asks for \$860,000 to rehabilitate six tennis courts at the High School. These courts are used by the tennis team and the public; they have been rehabilitated over time, but they are now beyond repair. Mr. Danis explained that there are two surfaces for tennis courts - asphalt or post tension concrete. He presented information that showed that the second option is more expensive initially but more cost effective over time. Mr. Curley inquired about the borrowing language in the Article. Mr. Danis offered that this language could change based on how it is funded. Mr. Macdonald asked when these courts were constructed and wonders if a 25-year life span is realistic. Mr. Danis offered that we were last repaired in 2008. Mr. Ferris noted there was a \$48,000 repair in 2012. Ms. Kirk inquired as to why this a separate Warrant Article. Mr. Danis explained that this is more than the School Department budget can absorb in their budget. Mr. Goulet asked if citizens ask if the tennis courts will be profitable. Mr. Thorell said that the open facilities are not scrutinized in the same way as other facilities. Ms. Melia asked if there will be Pickleball lines included in the design. Mr. Thorell offered that it is a priority of the Town, but the HHS courts will be tennis only given they will be used for the tennis team matches. The Article was approved by roll call vote 13-0

Article Y: PRS Windows Project - Funding Source

Mr. Sheehan presented an overview of this Article. The Article last year was written just before Town Meeting and included incorrect borrowing language from the MSBA. The Article corrects that language; the Town's Bond Counsel discovered that the reference does not reflect the intent of the Town. Mr. Curley believes the comment should reflect that this is now non-excluded debt, and the amount is within our non-excluded debt

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capacity. Ms. Black believes that we should add what the funding source will be once that is determined. The Article was approved by roll call vote 13-0.

Article Z: Five-Year Lease for Special Ed School Transportation Vehicles

Ms. Cooper presented an overview of this Article which authorizes the School Department to enter a 5-year lease. Mass State law requires Town Meeting approval for leases greater than 3 years. She noted that these vehicles are used for OOD placement students primarily and that vans are more economical. She also noted that the funding for the lease comes through Capital Outlay. The Article was approved by roll call vote 13-0.

5. Review of Funding Mechanisms for Warrant Articles

Town Administrator Tom Mayo presented suggested funding sources for Warrant Articles which included borrowing options and use of fund balance. Chair Strehle reminded the committee that there are two types of debt that the Town can assume - non-excluded debt (borrowing that falls within the levy) and excluded debt (borrowing outside the levy). All borrowing needs 2/3 approval by Town Meeting; excluded debt requires approval by ballot vote. In summary, Mr. Mayo recommends the following uses of excess unassigned fund balance (i.e. the amount of unrestricted fund balance which exceeds 20% of total annual expenditures as defined in the Financial Policy), which is \$12,083,036 as of 06/30/2021.

- Fire Department capital expenditures (use in FY23 - \$2,230,000
- HHS tennis courts (use in FY23) - \$864,000
- Offset Foster debt impact (use in FY26-28) - \$4,700,000
- Offset PSF debt impact (use in FY26-28) - \$2,300,000
- Remaining excess fund balance - \$1,989,036

Mr. Mayo noted that the decision-making process was to fund mission critical and medium cost capital expenditures. Assistant Town Administrator for Finance Michelle Monsegur gave a presentation on how the Town can use unassigned fund balance to offset the tax burden that the upcoming proposed major capital expenditures would incur. Mr. Curley wondered why we would not use unassigned fund balance for the pool project. Mr. Mayo does not recommend dropping our fund balance below 20% TAE and that in previous years our citizens have been told that the excess fund balance would be used to offset the tax impact of the Foster School and Public Safety Facility excluded debt. The plan is to commit \$7 million of the excess fund balance to those projects which will reduce unassigned fund balance by that amount. Ms. Kirk wondered if we should officially ear mark fund balance for capital expenses in the out years in case an emergency comes up. Mr. Mayo responded that he is trying to be responsive to the Town's desire to know what the unassigned fund balance will be used for. Mr. Mayo does see a path forward to a balanced budget without using fund balance or an override. Ms. Cooper is glad there is this excess fund balance as Capital Outlay cannot fund the more expensive projects. She supports formalizing the use of the excess. Ms. Kirk asked why excess fund balance is not always applied to Capital Outlay. Mr. Mayo said traditionally we have reserved unassigned fund balance for larger requests like the tennis courts or police cars. He noted that Capital Outlay is another structural deficit. Ms. Nickerson noted that we used to use unassigned fund balance for Capital Outlay and got dinged by the rating agencies. Mr. McElaney believes noted that, while annual increases to Fund Balance are described as one-time occurrences, such annual assignments to Fund Balance are regular and predictable. From 2011 through 2021, the annual revenue

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surplus assigned to Fund Balance was \$1.7MM and the annual budget surplus was \$1.9MM. Mr. McElaney believes we should be aggressive in using excess fund balance. Ms. Nickerson noted that we budget at 99% accuracy. Mr. Danis believes that we have benefited from high growth, but that is slowing down. He believes this proposal is using the excess fund balance in targeted and meaningful ways and likes the mitigation of taxes. Mr. Anderson wonders if it is not better to use the funds immediately instead of four years from now and does the taxpayer see the benefit of holding on to the funds that long. Tom said that they did talk to Capital Advisors and they like this plan. Ms. Melia wonders if we can apply a portion of the excess to the pool and that she is frustrated that CPC did not allocate more to the pool. Mr. Mayo said that was considered, but it did not fundamentally change the impact on the taxpayer. Mr. Sheehan believes we should use the excess fund balance to pay outright for several projects including the pool and the wharfs. Mr. McElaney is a proponent of aggressively using the funds but also believes we should take the guidance from the Town's financial consultants regarding requirements of rating agencies. Mr. Goulet understands that the trend of the fund balance is more important than the balance itself. Mr. Mayo said the highest score is given based on the overall wealth of our community and the fact that we live within our financial policy. Chair Strehle wondered if we can use grants and federal funds for infrastructure projects. Mr. Mayo indicated that the guidance on the infrastructure bill is still being determined.

6. Liaison Reports

a. Capital Outlay

Ms. Cooper noted how the group categorizes different needs. Annual expenses, Priority 1, 2, and 3. She noted that they try to fund all annual and Priority 1 needs; they usually do not get to priority 2s and 3s. She is hoping to finalize decisions at next week's meeting.

b. ACES

Mr. Anderson discussed Dr. LaBillois's presentation to the School Committee earlier in the week. He noted that it affirms the decision to add the additional resources last year but that there is still work to be done. He also noted that Governor Baker changed the mask requirement at schools as of Feb 28 and that it gives the district the option to change their existing policy. The School Committee is meeting Friday to discuss.

7. Warrant Process Update

Chair Strehle clarified how to denote vote count in the Article.

8. Discussion of Advisory Committee Housekeeping Items

Chair Strehle noted that the AdCom will not meet during School Vacation week.

9. Matters not anticipated within 48 hours of meeting

None

10. Adjourn

The meeting was adjourned at 10:05pm by roll call vote 12-0.

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Documents Distributed for this Meeting

- Agenda

Respectfully submitted,

Nancy MacDonald
Advisory Committee Secretary

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