

Advisory Committee Meeting Minutes

Meeting Date – March 08, 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, T. Sherwood, Town Accountant S. Nickerson.

Absent: none

1. **Call Meeting to Order Joint Session with Select Board, School Committee, and Capital Outlay Committee:**

At 7:00pm Select Board Chair Joe Fisher called the Select Board 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.”

AdCom Chair Strehle called the Advisory Committee to order at 7:01pm and adopted the statement above.

FY23 Financial Forecast Update

Town Administrator Tom Mayo presented the final forecast showing a balanced budget with no additional requests. Assistant Town Administrator for Finance Michelle Monsegur presented the Forecast Summary Spreadsheet changes which has a deficit of \$3.2MM. She proposed to fill the remaining gap with \$1.5m in fund balance, using \$3,737,509 of one-time funds to from federal funds and fund balance. There was a robust conversation regarding the changes. Mr. Curley asked about the \$1.7MM in unspent education funds. School Committee Chair Kerry Ni noted that this is a preliminary prediction and still being analyzed and that the School Administration has been given guidance to try to use that money before the end of the FY. Director of Business and Support Services for HPS John Ferris noted the drivers for the current surplus include favorable hiring, the need to use federal grants, and age outs for out of district placements. He recommends \$325k be put into the SPED reserve fund and described its creation and purpose. He noted that the School Committee will address whether and how the \$1.7MM should be spent. Mr. Anderson noted that the Town’s forecast predicts an operating deficit of \$5.8MM for FY24 with no new adds; that the current excess fund balance is earmarked for upcoming capital needs; and once those are deducted, will be very little excess fund balance. Vice Chair Danis inquired about the assumptions built into the FY24 forecast. Ms. Monsegur noted that it assumes no new positions in FY23 or FY24, a 3% growth rate in salaries and 2% in expenses. Ms. Cooper and Ms. MacDonald asked about reallocation of the \$1.7MM before the end of the year, including hiring an art director. Mr. Ferris noted that filling a position that is not properly budgeted would not be prudent. School Chair Ni added that she too thought that is not a responsible way to budget. Mr. Ferris further noted that hiring mid-year is difficult. Ms. Kirk asked about the development of the FY23 budget. Mr. Ferris noted that everything in FY22 is in FY23 with contractual costs. School Committee member Nes Correnti asked for the current fund balance; Ms. Monsegur noted it is approximately \$12MM. Mr. Mayo noted the anticipated uses of Excess Fund Balance include offsetting the Public Safety Facility and

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Foster School borrowing; resurfacing the high school tennis courts; addressing Fire Department capital needs, and using a portion to avoid a budget deficit.

FY23 Capital Outlay Committee Recommendations

Capital Outlay Chair Eric Valentine gave an overview of the capital outlay process and the criteria used to assign priorities. The Committee begins by identifying annual items that are recurring needs for departments and then establishing 1, 2, and 3 priorities. This year only annual needs and priority 1 items were considered. Mr. Valentine noted that FY23 capital requests to be funded by the tax levy are \$5.2MM, but the Committee was able to fund only 52% of those requests for a total of \$2.7MM. The funded requests include

- \$915K annual baseline capital expenditures
- \$1.8MM for police priority items - police cruisers, dash cams, body cams
- \$220k of the DPW front loader
- \$180K for IT to upgrade switches in town
- \$884k (33% of total funding) to school department
- 89% of requests were existing; 11% were new requests

Mr. Valentine stressed that the Committee needs additional funding; that there are too many deferred requests; that capital outlay is currently at 2.7% of operating budget; that the backlog in 2019 was \$14.9MM and this year it is \$26.5MM; and that using unassigned fund balance is not a long-term solution. There was discussion about the deferred expenses. Mr. Mayo noted that the 10-year average for fund balance transfers is \$2MM. Mr. Valentine noted the need for a long-range capital plan.

2. Joint Session with the Select Board to discuss Warrant Article GG: Real Estate Transfer Fee

Select Board member Joe Fisher expressed his belief that this proposal is not ready to put before the voters but would like to hear the discussion. Mr. Curley thought that the fee is not fair in that the burden is imposed on a very small group. Ms. Dziergowski noted that an override is inevitable, but the Town still needs to look at alternative revenue streams as recommended by the Sustainable Budget Task Force. Mr. McElaney noted that a study on the consequences on residential and commercial property buyers should be done and that it does not seem equitable to have 400 people supporting \$2MM in capital expenditures. Ms. Melia believes the equity issue is addressed by the exclusion. There was additional conversation of the perceived consequences. The Select Board voted unanimously to open the warrant, remove the article, and close the warrant.

Chair Strehle recessed AdCom at 9:15

The AdCom meeting was resumed at 9:20pm.

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

None.

4. Review and Approval of Minutes from March 1 and March 3, 2022

Deferred.

5. Warrant Article Hearings and Potential Votes

Article GG: Real Estate Transfer Fee

No further discussion as this Article was removed from the Warrant by the Select Board.

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6. Discussion on FY 2023 Budget

Chair Strehle gave an overview of the current budget situation and in comparison presented the budget process during a previous year when the final forecast contained a small surplus. Curley noted the direct relationship between adding to the budget this year and the amount of potential overrides. There was a general discussion regarding the forecast for outyears, assumptions, and the possible solutions proposed in the Sustainable Budget Task Force Report. Mr. Curley noted that the \$1.7MM budget surplus identified by the School Committee may provide a path forward for addressing additional requests and that if some portion is returned to Fund Balance it would give relief. There was a robust conversation regarding the current budget deficit and potential ways to fund departmental additional requests, particularly the Sustainability Coordinator and the Fine Arts Director. Many members noted that, regardless of the merits of the additional requests, there is no sustainable revenue source to add these positions and that an override is necessary. Laura Burns (479 Main Street) noted that Representative Joan Meschino has filed legislation to earmark funding for a sustainability coordinator for Hingham and Cohasset but will not know the fate of her proposal before Town Meeting. Mr. Curley noted that the AdCom Report to the 2021 Town Meeting indicated that an override would be highly probable in FY23 and is disappointed it did not get done this year.

7. Warrant Process Update

Chair Strehle asked everyone to get their completed Warrant articles to the respective editor.

8. Discussion of Advisory Committee Housekeeping Items

Upcoming meetings:

Thursday March 10th -

- Article AAA, BBB,
- Report of the personnel board
- Salaries of town officers
- Budgets

Tuesday March 15th -

- Articles CCC, DDD

Town Meeting will most likely be Saturday April 30th

9. Matters not anticipated within 48 hours of meeting

None.

10. Adjourn

The meeting was adjourned at 11:15 by roll call vote, 13-0.

Documents Distributed for this Meeting

- Agenda
- Capital Outlay Recommendations
- Final Forecast
- FY23 Balanced
- Community Correspondence
- Draft Warrant Article GG
- Draft meeting minutes for March 01 and 03

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Respectfully submitted,

Nancy MacDonald
Advisory Committee Secretary

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