

**Advisory Committee
Meeting Notes
August 30, 2022
Hingham Town Hall**

In Attendance: G. Danis, N. MacDonald, T. Sherwood, C. Kirk, A. Macdonald, A. McElaney, S. Melia, K. Curley, J. Price. C. Tully, K. Dziergoski, J. Griffin, Town Accountant S. Nickerson

Absent: B. Black, D. Cooper, L. Kruzer

Call meeting to order 7:03pm.

This meeting is being held in person and/or remotely as an alternate means of public access pursuant to Chapter 107 of the Acts of 2022 and all other applicable laws temporarily amending 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 chair 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.

Questions from the public on items not on the agenda

None

Approval of Minutes from August 16 and August 23, 2022, meetings

The August 16, 2022 meeting were approved 10-0-1 by roll call vote.

STM Article C: Transfer of Unassigned Fund Balance to New Stabilization Fund: Hearing and Discussion

Chair Danis read the Warrant Article.

J. Griffin noted that the Article seeks to create a Stabilization Fund to transfer up to \$7mm to pay down the debt service for the two capital projects; Foster and the Public Safety Facility Building. .

C. Kirk distributed a document with the components that the liaisons believe should be covered in the Article: "Article C – Key Components of Article".

- The fund name is important for legal reasons
- This money exists – we are not trying to raise new money
- Identify the use of the funds: for debt service for the Public Safety Facility Building and Foster School financing to mitigate impact to the tax payer
- Identify, with specifics, that these funds would be used over a particular period of time
- Planned usage and amounts planned are consistent with our financial policy

- Compliant with policy and thresholds for Unassigned Fund Balance will not be eroded by this fund
- Even when it is established and funded, the actual expenditure of the cash needs to be approved each year by a 2/3 vote at Town Meeting

The Advisory Committee engaged in a discussion of thoughts and questions regarding the comment for the liaisons consideration.

- The fund is being established to mitigate the impact to taxpayers when the borrowing for these projects occurs. The fund is not expected to be a long-term fund, rather the expectation is that it will be used within the first 3 years of the borrowings.
- We would be able to show charts on how this will impact the taxpayer, but we need to understand how we are going to structure the debt; whether it is 20 or 30 years, level payment or level principal, how many years of BANS, etc. We will know more about our approach starting after the 9/13/22 presentation. Also, we may be fluid on how we apply it, so we are not determining in advance exactly how much and when we will be using the money.
- The use of money from the Stabilization Fund will require a 2/3 vote at Town Meeting. It will be an annual decision depending on our debt schedules and how much money is in the account. Adding money to the Fund in the future would only require a majority vote.
- The benefit of putting money into a Stabilization Fund formalizes the intent of the use of the funds as a way to smooth the tax impact for Hingham residents. However, the Stabilization Fund is flexible and the money could be voted back into the Town budget by Town Meeting.
- Explain why the number for the Fund is set at \$7mm or if that number is fluid, and why.
- Be clear that we have intended to use the unassigned fund balance for this purpose and that is why that balance has been growing.
- Will we use language like we do with borrowing and say, “not to exceed” or will we use a specific number.
- Is this Fund being set up in perpetuity? Will it be used again for future projects? Would it be closed after the money is used for Foster and the Public Safety Facility Building?
- What happens with this article if one or both of the building project articles do not pass at the Special Town Meeting.
- T. Mayo (Town Administrator) pointed out that J. Coughlin (Town Counsel) and R. Manley (Bond Counsel) are available to help the liaisons with the Article comment.

Presentation And Discussion of preliminary financing options for funding the proposed new Public Safety Building and Foster School

A presentation was given by Tom Mayo (Town Administrator) and Michelle Monsegur (Assistant Town Administrator for Finance): “Financing Considerations: Foster School and Public Safety Facility Debt Exclusion Projects and Next Steps 8/23/22”

This presentation focused on the work that has been to date, that will lead up to a recommendation from the Finance Team for the Select Board on 9/13/22 who will vote to approve it. When the time comes to do the borrowing, there will be some dependence on market conditions at that time, and it will be up to the Select Board to sign off on the issuance. The finance team is working through multiple scenarios to look at the impacts and outcomes for the different decision points. The Town Administrators office is working on a public awareness campaign that will include project overviews and tax impact information for Hingham residents.

Debt structing considerations include: project cash flows, BAN vs. bond, credit rating, competitive vs. negotiated sale, term – 20 to 30 years, repayment structure, Town financial policy guidelines, existing and future debt capacity, market conditions, legal restrictions, tax payer impact, and use of Unassigned Fund Balance to offset tax impact.

Discussed the Jon Asher Financial Planning Model (FPM) and how it is being used to model multiple scenarios with updated financial information. The model will be updated and available on the Town website as we get closer to Special Town Meeting. The Town is also working on a simple tax impact model for citizens to use, as the FPM is very complicated.

The Sustainable Budget Task Force presentation, available on the Select Board home page, is a valuable source of information that shows the history of Hingham's budget, comparison data for our 19 comparable towns and possible scenarios for the future and their impacts. Also, the state DOR database has a great deal of information for analysis on debt exclusions and overrides throughout the state.

The Town does not have concerns about these projects impacting our debt limit. The Water Company and potential Foster debt (due to the fact that it is an MSBA project) are considered outside the debt limit, but even if included, these projects would not impact the Town's future capacity for borrowing against our debt limit. It's possible to have a meaningful amount of outstanding debt, but only a modest amount is subject to the debt limit. The debt limit is an old-fashioned construct and it rarely comes into play, more often when a very small community must do a very large project, like as an example, the construction of having to build a wastewater management plant.

We have made a lot of progress and credibility with our budget process through the Sustainable Budget Task Force's work in having a partnership across different committees who have committed to a 3.5% growth rate for the future. We also have the precedent of the FY21 Management Plan. Now we are talking about right-sizing the budget with a potential operational override, and then we must grow responsibly after that. There are a lot of examples from other towns and communities who have made these same commitments.

Review and Discussion of the recent presentations to AdCom by the Public Safety and Foster School Building Committees

The Advisory Committee will be asked to vote on the Public Safety Facility Building and Foster School Building projects at the end of September. We've met with each of these building committees twice and had detailed presentations with question and answer sessions. Is there additional information that we need in order to come forward with our recommendations for the voters? Do we need any of these committees to come back?

There were some general questions that require some answers, particularly looking at comparison data for buildings in other towns. It would be helpful if we could get those answers back.

N. MacDonald noted that the Public Safety Facility met with Planning Board last night and got an affirmative vote on the application for Planning Board approval. That approval now allows them to go forward with construction cost estimates which should be ready in 7-10 days, which means we should have that information for the 9/13/22 meeting.

Chair Danis noted that there was a recent Conservation Commission meeting with the Foster School Building Committee. Conservation has a lot of questions about the project and is looking for additional information. There is a follow up meeting next Wednesday. They have concerns about climate change, and flooding. It is a difficult issue and the Town is building for 50 years - realizing that climate change may have a future impact. The Conservation Commission is looking at what steps can be taken to remediate the impacts of climate change and make that building as secure and safe as possible.

General consensus from the Advisory Committee is that we do not need to bring the building committees back, unless there is a material change in the project costs.

Review and Discussion:

First draft of the comment for the proposed new Foster School

- This is the first stab at formatting the major points.
- It would be valuable to point out that the MSBA cap of \$360 for the reimbursed amount per square foot cap is low and the MSBA does that on purpose in order to fund more projects in more communities. We don't want the Town to believe we are overspending on the per square foot cost, and we want to make that clear in the article. Is that \$360 the number that has been used historically, or has it changed over time.
- Operating costs coming down is positive, but we need to talk about the initial investment we are putting into the mechanical systems to make them Net Zero, that will reduce costs over time.

Second draft of the comment for the proposed new Public Safety Building

- We will review the comment at September 13th meeting.

Liaison Reports

Country Club Pool: The project is moving forward. The project got Planning Board approval. The Country Club signed a new contract with the OPM and they are doing site engineering to keep the project costs to the \$8.5mm – some estimated project costs are coming in higher, and they are doing mitigation to keep the costs down. The new pool is scheduled to open July 2023.

Affordable Housing Trust: The initial estimates for what Affordable Housing Trust will apply for CPC budget for 2024 is approximately \$300k. The AHT will be submitting a recommendation to the Planning Board related to Accessory Dwelling Unit stand-alone opportunity to be used for affordable housing rentals.

Discussion of Advisory Committee housekeeping items

- Next meeting September 13, 2022.
- Meeting on Wednesday September 28, 2022, with planned vote these three Warrant Articles and finalize comments. Possible meeting on Thursday September 29, 2022, to finalize the vote and comments on the Warrant Articles.
- The year-end AdCom appreciation event is held in early to mid-June to celebrate the hard work that is done by the Town Depts and Committees. Traditionally, it is planned by the new members of the Advisory Committee.

Matters not anticipated within 48 hours of meeting

None

Adjourn

The meeting was adjourned at 9:15pm by roll-call vote.

Documents Distributed for this Meeting:

AdCom Agenda August 30, 2022

Debt Exclusion Financing Considerations PPT for SB 8.23.2022

Article C - Transfer of Unassigned Fund Balance to New Stabilization Fund

Article C – Key Components of Article

STM Article A - Foster School - AdComm Draft 1

Respectfully submitted,
Tina Sherwood
Advisory Committee Secretary