

Advisory Committee Meeting Minutes

Date: February 11, 2020

Place: Town Hall

In attendance: Committee Members Victor Baltera, Bob Curley, Julie Strehle, Tom Belyea, Eryn Kelley, George Danis, Libby Claypoole, Evan Sheehan, Andy McElaney, Davalene Cooper, Dave Anderson, Nancy MacDonald, Ed Gaydos, and Town Accountant Sue Nickerson.

Absent: Eric Haskell, Kathleen Almand.

Chairman Baltera called the meeting to order at 7:30 pm.

Comments from the public regarding items not on the Agenda None

Approval of Minutes from January 28, 2020 meeting

Minutes of the Meeting held on 1/28/2020 were approved with revisions by a vote of 8-0-1. Dave Anderson, Tom Belyea, and Nancy MacDonald joined the meeting after the vote.

Warrant Article Hearings and Votes

DD – Hingham Cemetery Expansion – Andy McElaney provided an overview of this Article, Comment, and a favorable recommendation. This article asks whether the Town will permit the Hingham Cemetery Corporation to use for burial purposes a 2,700 square foot parcel of land abutting the Cemetery that the owner, Jonathan Bouve', has agreed to donate to the Cemetery. Massachusetts General Law requires the Town to give the Cemetery Corporation permission to use the parcel for burial purposes. The Planning Board has reviewed the plan that would create the Donated Parcel from the existing parcel known as 24 South Street and endorsed it "Approval Under The Subdivision Control Law Not Required". The Board of Health hears the plan at its meeting on 2/20/2020, in order to determine the water level and other conditions that are appropriate to use this land for burial plots.

The Committee decided to defer voting on this Article until after the Board of Health hearing.

Y – Solar PILOT Agreement MBTA Nantasket Junction Station – Bob Curley provided an overview of this Article, Comment, and a favorable recommendation. This Article asks the Town to approve a PILOT (Payment in Lieu of Taxes) agreement for the power-generating photovoltaic cells at the Nantasket Junction Station. A formula was employed to determine the payment amounts to the Town on a set schedule, with the first payment of \$8,568 to be made in FY20, then increasing up to \$9,498 in 2039. Payment will be due even if the facility is not generating electricity.

The vote to approve the recommendation was 12-0.

Z – Solar PILOT Agreement MBTA West Hingham Station - Bob Curley provided an overview of this Article, Comment, and a favorable recommendation. Like Article Y, this Article recommends that the Town This Article asks the Town to approve a PILOT (Payment in Lieu of Taxes) agreement for the power-generating photovoltaic cells at the West Hingham Station. A formula was employed to determine the payment amounts to the Town on a set schedule, with the first payment of \$5,601 to be made in FY20, then increasing up to \$6,111 in 2039. Payment will be due even if the facility is not generating electricity.

The vote to approve the recommendation was 12-0.

Liaison Report

Capital Outlay - Libby Claypoole

The Capital Outlay Committee ("COC") voted its recommended budget on 2/10/2020. The COC originally expected the Town Administrator's capital outlay target, from the tax levy, to be \$2.6 million but it was reduced on the most recent forecast to \$2.5 million. The recommendation is for just under that revised forecast amount, at \$2,487,066. In addition to the tax levy, the COC recommends \$58,500 from the waterways fund balance (for the Harbormaster), \$3,251,000 from User Rates/Charges (Sewer, SSCC, Recreation and Building Dept), and \$390,000 from Available Reserves, for a total recommended capital budget of \$6,186,566.

There are currently eight capital related Warrant Articles. The COC Report in the Warrant will reference each of the capital articles, including the SSCC Maintenance Shed of \$2,200,000 contained in the User Rates/Charges amount noted above. This is expected to be a borrowing article with the debt service paid annually to the Town from SSCC User Rates/Charges.

The COC total priority 1 recommendation is \$2,877,066, so in order to stay within the Tax Levy target of \$2.5 million, the committee recommends funding the purchase of a new ambulance for \$390,000 from Available Reserves. The COC requests that Ambulance Fees (from Available Reserves) be used to fund the ambulance for a couple of reasons: 1) Due to a policy change at Linden Ponds, management is now required to call an ambulance for any medical call, rather than use in-house triage, which has significantly increased Hingham Fire Department ambulance call volume to Linden Ponds; and 2) Mutual aid to surrounding communities is on the rise. Both of these circumstances are resulting in higher Ambulance Fee revenue to the Town. While the Town Administrator has indicated that these fees have been accounted for elsewhere in the budget and cannot be used to fund an ambulance purchase, the COC feels any additional cuts to the capital outlay budget would affect the various departments' ability to perform their core responsibilities. As a result, the COC consulted the Town's Financial Policy (Financial Management #7) regarding appropriate uses for Excess Unassigned Fund Balance, and felt this capital request for an ambulance meets the criteria. The final recommendation is subject to BOS and AdCom approval. Some funding sources may be updated based on changes to capital Warrant Articles. The recommendation from the Tax Levy is not expected to change.

The Committee took a brief recess at 8:02 pm to relocate and attend a joint hearing with the Board of Selectmen and School Committee.

Joint Hearing with Board of Selectmen and School Committee

The Advisory Committee reconvened at 8:04 pm in a joint session with the Board of Selectmen and School Committee.

Forecast Update

Town Administrator Tom Mayo presented the Five Year Forecast, dated 1/29/2020. Based on the current recommended budget for FY21 (with Town Administrator recommendations for additional requests for the municipal budget, and the School Department request of "status quo" plus "most critical needs" for an increase of 6.15%), there is a \$1.7 million deficit that will need to be closed. These numbers will continue to be fine-tuned over the course of the budget process before Town Meeting.

FY21 Municipal Financial Update

BOS Member Mary Power presented a Town Revenue and Expense Analysis, which includes sources of revenue, operating revenue growth trends, expense categories, operating budget trends, and a five-year forecast. The Town's revenue growth is slowing down, because real estate growth is down, permit fees are lower, and an old reimbursement from MSBA school projects is ending. The Town has taken steps to grow revenue.

The operating budget has increased with an average annual percentage change of 4.3% over the past ten years, and, 3% annual percentage change in the past three years. The Education budget in 2019 was 52.1% of total spending. Based on FY21 recommended budgets, and expense assumptions for FY22 and beyond, the Town expects a budget shortfall of \$3.4 million by FY25. Additional budget considerations include many large capital projects under consideration, which cannot be absorbed into the budget without reducing services. If a debt exclusion is considered as another funding option, then that will result in a 20-year tax increase. The presentation concluded with statistics on investment in town assets from 2000 - 2018, and the balances of five education revolving funds.

A comment from School Committee member Liza O'Reilly pointed out that for several years, the Report of the Advisory Committee in the Warrant has stated that "The Town would benefit from a long-term financial management plan, including an examination of capital priorities and service levels, all the while being mindful on the impact on taxpayers and rating agencies". Ms. O'Reilly asked, with this long standing recognition of the need for a financial plan to deal with increasing costs and decreasing revenue, what are potential solutions instead of only using the revenue forecast? Selectman Mary Power replied that the financial modeling program created a couple of years ago by an AdCom financial working group has helped the BOS make decisions, and that the BOS has been holding off on creating a long-term financial management plan until certain upcoming decisions with financial impact have been made. These include the MSBA decision on whether to accept Foster School into the building program, and the results of the Town's Master Plan. Other speakers asked about the potential need for an operational override to increase the tax levy.

School Budget Presentation

School Superintendent Dr. Paul Austin presented the Review of FY21 Budget with Town Officials. Slides include HPS Mission and Core Beliefs, Guiding Principles of the FY21 Budget Development, and Enrollment Data; Student Performance Data; Special Education Overview and Enrollment; Facilities Challenges; Historical Budget Changes; and a tiered budget request, with levels of "Status Quo Base Budget" (budget increase of 4.4%), "Tier 1: Most Critical Needs" (6.15% increase), "Tier 2: Highly Critical Needs" (6.78% increase), and "Tier 3: Critical Needs" (8.73% increase).

Questions from the BOS included the impact on the municipal budget of additional personnel (such as medical insurance), which Dr. Austin will research and report back. The BOS also asked whether any current school programs merit cuts or replacement. Dr. Austin replied that the School Department will review in the future but is not able to address any program reevaluations during this budget cycle. Revolving Funds were discussed, and whether any balances can be applied to the budget or expand services, how much money should be in these funds, and whether those dollars are being put back into the community. The BOS asked whether there are opportunities to share personnel between the School Department and other Town operations. An audience question addressed the need for a new location for the Hingham High School TRACES program, and Mr. Mayo replied that there is a possibility that this program can be relocated to the old HMLP building on Cushing Street.

Following the joint meeting and a brief recess, the Committee reconvened at 10:35 pm to continue its meeting agenda.

II – Transfer of Insurance Funds Related to High School Fire – George Danis provided an overview of this Article, Comment, and a favorable recommendation. This Article provides for the transfer of insurance funds related to a fire at Hingham High School in May 2019. Damage was caused by both the fire and the water used to extinguish the blaze, and the total cost of repairs was in excess of \$150,000. Massachusetts requires Town Meeting approval to transfer insurance recoveries of that magnitude. The School Department paid for the required repairs, and this Article asks the Town to send insurance funds back to the School Department when they become available. The exact amount of the insurance settlement is not known at this time, but will be identified by Town Meeting. The Committee decided to defer the vote on this Article until the total insurance amount is determined.

JJ - Transfer of Insurance Funds (East School) - Discussion and vote on this Article was deferred until the exact amount of the insurance settlement is known.

Historic Preservation Special Funds Interest

During the budget hearing last month for the Historic Preservation department, Andy McElaney questioned the low investment earnings reported on the Special Fund Revenue and Expenditure Worksheets for the Preservation Project Fund and the Greenbush Preservation Trust. After consultation with Historical Administrator Andrea Young and Treasurer Jean Montgomery, it was determined that the date range used to calculate the original worksheets was incorrect. New worksheets were provided for the budget books.

Liaison Report

Planning - Eryn Kelley

The Planning Board reduced its number of Zoning By-Law Articles for Town Meeting to four, with the withdrawal of Article AAA, Lot Coverage. Article BBB, site plan review, has been approved by the Planning Board. It is anticipated that the remaining Articles will be ready for AdCom hearing by March 3rd.

Warrant Process Update

Victor Baltera and Bob Curley will determine the process of updating the WASS and which Articles will be reviewed by each Editor (Nancy MacDonald and Davalene Cooper). Mr. Baltera will start circulating the WASS after the meeting on Thursday. If anyone has any problems getting information about certain articles, let Victor know.

Additional emails came today in support of an increase in the Education budget.

Discussion of Advisory Committee Housekeeping Items

The next AdCom meeting is on Thursday, 2/13/2020, to hear articles M (Community Preservation , plus a separate Article on CPA funds for the Benjamin Lincoln House), S, N, and CC. The hearing on Article O will be pushed to the first week of March.

Matters Not Anticipated within 48 Hours of the Meeting - None

Adjourn - 11:00 pm.

Respectfully submitted,
Julie Strehle, Secretary

List of Documents Distributed at this Meeting:

Agenda

Draft Minutes of Meeting 1/28/2020

Five Year Forecast 1/29/2020

Articles DD, Y, Z, II, JJ, KK

Memorandum to Hingham Board of Selectmen and the Advisory Committee from The Hingham Cemetery Corporation

Town Revenue and Expense Analysis

Hingham Public Schools Review of FY '21 Budget with Town Officials

Email correspondence from a proponent of increasing the School Department budget

Replacement pages for Budget Books

Historic Preservation Special Fund Revenue and Expenditure Worksheet FY21 (Preservation Projects)

Historic Preservation Special Fund Revenue and Expenditure Worksheet FY21 (Greenbush Historic Preservation Trust)

AdCom approved 02/25/2020