

Advisory Committee Meeting Minutes

Meeting Date – March 01, 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

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. Review and Approval of Minutes from February 15 and February 17, 2022

Meeting minutes of February 15, 2022, approved by roll call vote, 13-0

Meeting minutes of February 17, 2022, approved by roll call vote, 13-0

4. Warrant Article Hearings and Potential Votes

Article CC: Transfer Care, Custody, and Control of a Portion of Transfer Station Site to HMLP

Ms. Black prepared the comments for this Article. HMLP General Manager Tom Morahan, representatives from LIG Consultants (Engineering and Design), Tighe & Bond (Environmental Permitting), and Duncan & Allen NE (Legal and Regulatory) gave an overview of the proposed project which is a second substation in Hingham which will include a new 3.7mile underground 115 kV transmission line connecting the Eversource system in Weymouth to the Hingham substation for system reliability in Hingham.

The group provided the following information on the project: the Town is currently serviced by two transmission lines on a single set of towers; these towers are susceptible to contingency events that could result in a total loss of power for the Town; the proposed line would interconnect with the existing Eversource system in Weymouth and terminate in a new substation at the Transfer Station; the project will also help the Town meet Net Zero goals; construction is proposed to begin in 2024/2025 with the system coming online in 2025/2026; the estimated cost is \$55-60MM for project components, including permitting and contingency costs; the site selection process began in 2018 and several sites were considered including near the shipyard, South Hingham, the old HMLP facility on Cushing Street, and sites near the existing substation (preferred); siting approval process with the State is a minimum 18-month process. Last year, HMLP came before the Select Board and the Advisory Committee asking for the transfer of a different parcel of land as a proposed site for the substation; that request was withdrawn because of community input. This Article proposes an alternate site location within the Transfer Station. Mr. Curley stated support for this Article and is pleased with the responsiveness to the community's feedback last year.

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Mr. Curley asked about communication with Weymouth regarding the parts of the project affecting their infrastructure. Mr. Morahan noted that HMLP is working with Weymouth and that they have had several meetings discussing the best route for the lines. He also noted that Weymouth will most likely request contingencies such as curbing and streetscape enhancements once the line is put in. Mr. Morahan noted that there are contingencies in the budget to satisfy these requests as they are typical for this type of project. He noted that HMLP is currently waiting on Eversource for the design of the Tap Station which will be on Broad Street adjacent to the Connell Memorial Rink and Pool and that most of the project will be underground. Mr. McElaney asked if the concessions to Weymouth should be considered remediation and if there are linkage payments as part of the agreement. Diedre Lawrence (Duncan & Allen NE, Legal and Regulatory) noted that there are no linkage payments associated with this project. Mr. McElaney inquired about the impact on citizens if the property were deeded to HMLP. Ms. Lawrence explained that utility projects are considered for the good of the Commonwealth and per MGL, municipalities own the land for utilities and concede custody and control of the land; once control is granted, the land cannot be taken away until no longer needed by the utility. Mr. McElaney asked if there is a disadvantage to having the substations so close to each other. Mr. Morahan noted that it is a benefit. Mr. McElaney inquired about the security of transformers in light of terrorist attacks. Mr. Morahan said there is security at all the stations. Ms. Black asked about the confidence in the project cost estimates of \$55-60MM. Mr. Morahan noted that this is based on an engineering estimate and that HMLP is confident in it with the caveat that current economic conditions have caused cost escalations for all projects. Ms. Kirk asked about the reliability of Weymouth's system and noted that during the last major storm the town of Weymouth had significant power outages. Mr. Morahan noted that Hingham's lines are very reliable because of our line maintenance in Town; he further explained that our current infrastructure is also attached to Eversource's Weymouth station. Ms. Kirk asked about the impact of the project on rates. Mr. Morahan believes it will be minimal; he explained that the cost for the Tap Line will be annualized over the life of the station - typically 40 years. Mr. Danis asked if there are infrastructure funds that could mitigate the costs to rate payers. Mr. Morahan is not aware of funding that covers this kind of project but that they are always looking for additional funding sources. Ms. Black noted that the language in the recommended motion was approved by Town Counsel. The recommended motion was approved by roll call vote, 14-0.

Article EE: Foster School Funds for Pre-Construction Costs

Mr. Macdonald prepared the comment for this Article. School Building Committee member Ray Estes provided an overview of the suggested changes to the comment that he provided to the draft. Mr. McElaney asked about the raising of the property due to anticipated sea level rise. Mr. Estes explained that the design calls for using fill from the hill on the property to create the rise; he noted that there is currently a 7-8' grade difference from south to north on the site; the lot will be raised along this grade and the building will be built on a slab. He noted that some of the options considered geotechnical piers, but the current option does not require this. Ms. Cooper asked that comments be specific when referencing previous Town Meetings. The recommended motion was approved by roll call vote, 13-0

Article GG: Real Estate Transfer Fee

Ms. Dziergowski prepared the comment for this Article and provided an overview. She noted that earlier in the evening during the Select Board hearing a new version was submitted with updated language (distributed to AdCom via email). Ms. Dziergowski explained that the Article asks the Town to authorize the Select Board to submit of a "home rule" petition to the State legislature requesting a special act to permit a real estate transfer fee on real estate

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sales in Town. She noted that the proposed fee will be paid for by the buyer and will be 1% of the purchase price above a defined exemption amount calculated as 80% of the median real estate sales of the previous year; the calculated exemption based on last year's sales would be \$560,000. Ms. Dziargowski noted that the idea for this Article came from the Sustainable Budget Task Force Report as a potential new revenue source. She noted that municipalities in the Commonwealth must petition the Legislature to adopt this fee. She explained the process for collecting the fee: the buyer would be responsible for paying the fee and would obtain a certificate from the Town that would be filed with the Registry of Deeds; if the certificate is not registered with the deed, it would not invalidate the deed but the Town would be able to put a lien on your property. She noted that currently the only town that has successfully implemented this fee is Nantucket; they have a 2% landbank fee that is used specifically for open space preservation. Ms. Dziargowski noted that the original version of this Article put the fees in the general fund and the use of the monies collected was unrestricted; the current version restricted the funds to certain uses under MGL chapter 44, section 7; the current thought is to earmark the funds for infrastructure projects with a useful life of more than 5 years. Ms. Dziargowski noted that currently all other towns that have applied to the legislature have tied the use to affordable housing support, and thus far no petitions have been approved; Hingham's petition would be first for broader use. Mr. Curley believes there may be a legal question with this article in that if the money is put into the general fund, it can be argued that it is the Town's attempt to get around the restrictions of prop 2 1/2. Ms. Dziargowski clarified that the latest version of the Article would put the money in a Stabilization Fund so that is no longer an issue. Mr. Curley referenced a memo received from previous AdCom Chair Victor Baltera that articulated an equity issue that Mr. Curley agrees with; he believes the Article works against our diversity goals as it puts a burden on the buyer with an additional cost, making it more prohibitive to move to Hingham. He wondered if the burden should be on the seller rather than the buyer. Mr. Curley believes the Article needs further review before being acted upon by the Town. Mr. Anderson expressed concern that this source of revenue would remove capital outlay from the operating budget which is already underfunded. Mr. Anderson asked about the mechanics of the Article. Town Counsel John Coughlin explained that the proposed special act proposes that the Registry of Deeds would be prohibited from registering the deed without the certificate; if somehow the deed is registered without the certificate the Town has recourses similar to those for unpaid property taxes. Ms. Sherwood asked if input was received from realtors in town. Ms. Dziargowski was not aware of any. Ms. Sherwood wonders if this should be a regional effort amongst South Shore towns so that it is not viewed as a Hingham. Ms. Black confirmed that if the property value is less than \$582,00, the transaction is exempt. Ms. Dziargowski clarified that that amount is 80% of the median assessment so it will fluctuate year-to-year. Mr. Coughlin clarified that the amount the buyer pays is based on the amount of the sale above the exempted amount. Ms. MacDonald inquired about expected sales and revenue. Town Administrator for Finance Michelle Monsegur noted that the Task Force used a number of 475 sales a year and estimated the proposal would have added \$2.2MM in revenue for FY23. Mr. McElaney found Mr. Baltera's letter to be persuasive and believes that it is a tremendous burden on 400 people/families to bring in \$2.2MM of revenue and poses a particular burden on young couples. He also noted that the towns listed in the Article - Nantucket, Chatham, and Provincetown are communities with a large number of second homes which is not comparable to Hingham; other communities that have made petitions are much larger than Hingham. Ms. Kirk also expressed concern with comparing Hingham to Nantucket. Ms. Kirk inquired about citizens that move within the Town. Mr. Coughlin noted that the fee would be for all real estate transactions in Town. Ms. Cooper believes the proposed home rule petition would keep existing affordable homes affordable and does not believe it would impact people's

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decisions to move to Hingham. She also noted that people often site the schools as the reason they move to Town and that this fee will help fund the schools. Mr. Danis thinks the \$2mm is a significant benefit and does not believe that it will burden the buyer as the fee will be amortized over the life of the mortgage. Ms. Kirk asked if the fee can be rolled into a mortgage. Mr. Coughlin said that would be determined by the lender. Mr. Anderson expressed support for the Sustainable Budget Task Force report and ideas put forward for new funding sources outside the tax levy. Ms. Melia believes the idea is valuable as a new revenue source. Mr. Coughlin noted that the seller already pays a fee on real estate transactions – the seller excise tax - which goes to the State. Ms. Kirk asked if this fee helps solve the operating budget deficit. Ms. Dziergowski noted that the latest version is only for capital expenditures. Ms. Monsegur said the money would be applied to the capital outlay which would free up money in the operating budget. Ms. Cooper noted that there is a structural deficit in the capital budget. Mr. Macdonald expressed his concern that this is not a voluntary fee but a tax and that it appears to be an attempt to get around the constraints of prop 2 ½; he does not believe this is an equitable way to address the budget problem. Ms. Sherwood believes the idea has merit but that the Town needs to do more analysis before moving forward. Mr. McElaney feels that the fee targets young people and the burden falls on a small group of people that do not need additional financial burdens; all citizens should share the burden. Ms. MacDonald noted that this is a targeted tax and is uncomfortable with the notion that young families moving into Town should pay the fee as they benefit from the schools; she noted her belief that taxes should be collected and used for the betterment of the entire community. Chair Strehle noted that we will have continued conversation at our March 8 meeting.

Article G: Transfer from the Stabilization Fund

Ms. Kirk prepared the comment for this Article and presented an overview. Chair Strehle provided information on the Stabilization Fund; she noted that in previous forecast presentations there was a thought the Town would be able to use the entire Stabilization Fund balance this year to help close the budget deficit; last week the Commonwealth gave guidance on how Stabilization Funds may be used, and this is no longer an option. She described that most of the balance of the Stabilization Fund is from bond proceeds for school project debt exclusions in 2011 and 2016; the State clarified that Stabilization Funds can only be used to mitigate the tax impact on the annual debt service of the loans and cannot be applied to the operating budget. Ms. Kirk noted that the current balance of the Fund is roughly \$2.2MM. Because of this recent change, the Article has changed and now requests to transfer an amortized portion of the fund's balance to be applied to the interest payments on said bonds. Mr. McElaney asked if the return on the fund's balance is higher than the interest on the payments being made. Ms. Nickerson explained that by law the money in the Fund must be used to service the debt. The recommended motion was approved by roll call vote, 13-0

5. Discussion on FY 2023 Budget

Chair Strehle noted that the current operating budget deficit is \$3.7MM; this does not take into account the health care adjustment which has not been provided yet. Mr. Anderson presented the current situation removing the Stabilization Fund use (see above). He noted that the net effect is that there is now a \$3.75MM deficit which includes \$1.74MM in additional requests, split almost evenly between school and municipal departments; removing all additional requests, the deficit is \$1.98MM. Mr. Anderson noted that the Town has three solutions available to close the gap: 1) use fund balance to cover the deficit with or without additional requests; 2) propose an override to cover a budget with no additional requests; 3) propose an override to cover deficit plus additional requests. He noted that the

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Town cannot seek an override that is larger than the deficit in anticipation of future expenses; he also noted that neither override proposal would negate the need for an additional override at next year's Town Meeting because of the onetime funds used in this year's budget. Town Administrator Mayo noted that the average use of Fund Balance for unusual expenses like legal or snow and ice is about \$2MM so the Town should maintain at least that in excess Fund Balance. He noted that the Select Board will not support service reductions and they believe that using Fund Balance to fill the gap this year is appropriate; they are also unanimous that an override at this time is not practical but that the Town should anticipate an override next year; they support the use of available reserves before raising taxes. Mr. Curley believes that procedurally it would be very difficult to meet the deadlines required to do an override this year; he is not in favor of cutting services, although looking at additional requests might be appropriate; he wonders if the Town should resurrect the fiscal management controls that the Town put in place in response to Covid; he wondered if the Town should consider doing an operational override in the fall in conjunction with the override for the anticipated debt exclusion Articles. Mr. Danis expressed support in using fund balance to close the gap this year but is uncomfortable with adding new positions without the Town being able to vote on the additions through an override. Mr. Danis believes the school administration should be looking at their revolving funds to fund needs this year. Mr. Mayo noted that it would not be possible to do an override this fall as there is no budget being presented. Mr. Danis wondered if it is possible to provide a supplemental budget specific to expenses. Mr. Coughlin will need to research this; he noted that the budget is used to set the tax levy so the timing might not work. Ms. MacDonald does not support a cut in services, and believes March 1st is too late to propose an override; she expressed frustration that we are again using Fund Balance. Mr. Anderson noted that if one starts with the assumption that there will be an override next year, the question is how we best prepare for a successful override. Mr. McElaney believes it is not possible to do an override for FY23, but that the Town must do an override for FY24; he is in favor of using Fund Balance this year and believes the schools should be using revolving fund balances to the extent possible. He also believes that the schools should look at user fees - particularly bus fees and athletic fees. Mr. McElaney wants more transparency in the School Budgeting. He noted that based on Commonwealth data, Hingham's teacher salaries are ranked first in our list of benchmark towns, the Sustainable Budget Task Force has the town ranked as 5th; typically, our municipal employees are ranked in the lower half. Mr. McElaney would like to see more communication between the personnel board, who negotiates on behalf of the Select Board, and the School Committee who negotiate directly with the unions. Mr. Sheehan is disappointed that we are still considering using Fund Balance. He complimented the work of the Sustainable Budget Task Force but noted that the solutions proposed are in the future. He noted that the Town will need several overrides to right-size the budget. Ms. Cooper believes a lot of good work has been done since last year and is impressed with the work of the Sustainable Budget Task Force. She does not support service reductions or an override for FY23. She noted that an override resets the budget and that we should not use Fund Balance to fund many of these new positions. She expressed supports for a grant writer and a sustainability coordinator as she views those positions differently. Ms. Black believes we should be aspirational and educate the town on the needs for an override. She believes the Town needs to use Fund Balance this year and supports funding for a grant writer and sustainability coordinator. Ms. Dziergowski does not support funding new positions this year when there is already a deficit; she is concerned that Fund Balance will become the solution going forward and it is not sustainable; she believes we should only support requests for critical needs this year. Mr. Macdonald does not support additional requests without an override; he believes this is a credibility question for the Advisory Committee. He noted that as with most public policy there will be a third that are for, a third

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against, and the question is how to win the people in the middle. He believes one gets credibility by demonstrating and articulating true need. Ms. Sherwood noted that she had wanted an override this year; she believes the Town now must use fund balance and she does not believe it makes sense to fund any additional requests for this coming year. Ms. Melia noted that given the pandemic, there are additional requests that are necessary. She supports using fund balance to fund additional requests and that the Town needs to start immediately to educate and create urgency for an override for next year. Mr. McElaney believes an override next year will have more chance of success if the Town funds all the additional requests this year.

6. Warrant Process Update

Chair Strehle discussed the Article review process

7. Discussion of Advisory Committee Housekeeping Items

- Thursday March 3 we will hear Articles BB, R, HH, EE
- Tuesday March 8 we will hear the final forecast position
- We will meet March 8, 10, 15, 17
- It appears that we will get approval to move the elections so that we can have Town Meeting on Saturday, April 30th

8. Matters not anticipated within 48 hours of meeting

None

9. Adjourn

The meeting was adjourned by roll call vote 12-0.

Documents Distributed for this Meeting

- Agenda
- Draft meeting minutes for February 15. February 17
- Updated forecast
- Draft Articles HH, CC, EE, GG
- Citizen communications

Respectfully submitted,

Nancy MacDonald
Advisory Committee Secretary

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