

**Advisory Committee
Meeting Minutes
1/10/2017**

In attendance: Committee Members Anderson, Baltera, Coughlin, Hancock, Haskell, Kelley, LaCroix, MacKay, Sharkansky, Smallwood, Strehle, and Taylor and Town Accountant Nickerson.

Chairman Taylor called the meeting to order at 7:32 p.m.

Questions from the public on items not on the agenda: None

Approval of Minutes

Members approved the January 3, 2017 minutes with revisions on a 9-0 vote. Member Anderson abstained, as he was not in attendance at that meeting. Baltera was not present for this vote.

Budget Reviews – Culture and Recreation

Recreation Commission

After remarks by Recreation Director Mark Thorell, Sharkansky recommended an appropriation of \$93,202. Recreation revenue in FY 2016 was \$1.2 million, with \$1.1 million generated through program fees and \$100,000 raised from the annual July 4th road race. Except for the Director's salary, the department self-funds its programs.

Trustees of the Bathing Beach

After remarks by Trustees of the Bathing Beach Chairman Alan Perrault, Sharkansky recommended an appropriation of \$39,592, which represents both a level services and level funded budget.

Budget Reviews – Debt Service, Employee Benefits, and Unclassified

Coughlin observed that debt service of \$9.2 million and employee benefits of \$14.5 million, two expense categories largely beyond the Town's control, represent 22.5% of the budget.

Debt Service - Principal

Hingham's debt burden is beginning to decline primarily from the scheduled reduction in two school bond issues. Coughlin then recommended an appropriation of \$6,502,218 for Debt Service - Principal.

Debt Service - Interest

Coughlin recommended an appropriation of \$2,687,685 for Debt Service - Interest, resulting in a total Debt Service appropriation of \$9,208,170 including the previously referenced principal repayment.

Unused Non-excluded Debt Capacity

Coughlin noted that the Town sees this new line item as a management tool to track its ability to service additional future debt. It will function as a reserve fund for future capital projects, growing as bonds are paid off. Unused funds will be placed in Fund Balance in a restricted category. He recommended an appropriation of \$18,267.

Budget Reviews – Culture and Recreation

Library

After remarks by Library Director Linda Harper with Library Board of Trustees Chairman David Mehegan and Treasurer Ed Siegfried, Hancock recommended an appropriation of \$1,696,699. The Library Trustees augment the budget with funding of over \$275,000 annually. A level funded budget would necessitate reducing Library hours, thereby impacting Sunday service significantly.

Update from Library Director regarding grant application and potential warrant article

Director Harper reviewed the Library's three-year process during which working groups used research, surveys, and data gathering to identify future Library needs. Based on this information, the Library is applying for a State grant that could cover up to 40% of eligible construction costs for renovation, expansion, or new construction. As required by the grant, the Trustees anticipate seeking 2017 Town Meeting support for the application and schematic design. Successful applicants could receive grants in July 2017 or be wait-listed until additional State funding becomes available. If Hingham's application is successful, the Town would then have up to 6 months to secure Town Meeting approval of local funding for the Library project. If a community chooses not to approve local funding, the grant monies go to the next library on the waitlist. After analyses of potential alternatives, planners deem the current site as the Library's optimal location. When it is time for the Town to address local funding for the Library project, there will be three design options to consider.

Budget Reviews – Debt Service, Employee Benefits, and Unclassified

Member Baltera recused himself from the discussion of Employee Benefits.

Employee Benefits – Group Insurance

Coughlin recommended an appropriation of \$6,863,728, a substantial reduction over initial forecasts, reflecting the recent decision to move employee health benefits to the Group Insurance Commission.

Employee Benefits – Other Postemployment Benefits (OPEB)

Coughlin recommended an appropriation of \$814,175 for OPEB, for a total Group Insurance appropriation of \$7,677,903. The Town's actuaries will detail the significant increase they project for the future cost of these benefits at the Selectmen's 1/12/2017 meeting. Reduced expectations for return on investment coupled with people living longer result in significantly higher projections for the Town to continue fully funding this expense on an annual basis

Employee Benefits – Contributory Retirement

Coughlin recommended an appropriation of \$4,221,102, for this actuarially driven expense largely beyond the Town's control.

Employee Benefits – Workers' Compensation

Coughlin recommended an appropriation of \$330,000 for this level funded budget.

Employee Benefits – Unemployment Compensation

Coughlin recommended an appropriation of \$30,000.

Employee Benefits – Employers' Medicare

Coughlin recommended an appropriation of \$852,750. This expenditure, a percentage of Town salaries, may require adjustment after contract negotiations are complete.

Unclassified – General Insurance

Coughlin recommended an appropriation of \$635,250.

Unclassified

Coughlin recommended an appropriation of \$10,950 for these miscellaneous expenses.

Reserve fund transfer request

Selectmen Expenses = \$30,000

AdCom approved 1/17/2017

Approved 11-0-0

Baltera detailed maintenance and utility costs for the Municipal Light Plant building (308 Cushing Street), which recently reverted to the Town's custody. The Town will also increase the Selectmen's FY18 budget by \$50,000-\$60,000 to cover these expenses in the following year. Hingham is issuing an RFP for interested parties to lease the building, an action with the potential to recoup some of these costs.

Liaison Updates

AdCom Liaisons provided the following updates:

- Schools (Coughlin, Smallwood) – The Administration's initial budget request of \$50.28 million represents a \$2.67 million increase over FY17 (5.6%). This is \$1.7 million more than the Education appropriation in the current five-year Forecast. Schools also have two routine Town Meeting warrant articles on transferring insurance recovery funds for school use. The School Committee is considering whether a separate warrant article for preliminary design funds or a capital outlay request represents the most appropriate way to keep the High School Health and Wellness Center (HAWC) project in front of Town Meeting. The School Committee and AdCom Education Subcommittee are scheduling their joint meeting to which all AdCom members are invited for January 21, 2017.
- Planning Board (Baltera) – In addition to five Zoning By-law amendment warrant articles, the Planning Board may submit an article accepting a state statute authorizing certain Town action on subdivision bonds.
- Warrant Article review process (Taylor) – Officials anticipate that as many as 40 warrant articles may be submitted by the January 20, 2017 deadline. The Selectmen expect to review perennial articles at their January 19 meeting, followed by AdCom consideration on January 24. AdCom is cancelling its January 26 meeting, since the School Department's presentation to the joint Selectmen/AdCom meeting is postponed to February 2.

Matters not anticipated within 48 hours: None

Adjournment

The Committee voted unanimously to adjourn at 10:17 p.m.

Respectfully submitted,

Donna M. Smallwood
Secretary

Documents:

Agenda for AdCom Meeting of 1/10/2017

Draft Minutes from 1/3/2017 AdCom Meeting

Advisory Committee Meetings/Milestones 2016-2017, 1/5/2017

AdCom FY 18 Scorecard, 1/3/2017

Reserve Fund Transfer Request, Selectmen, 1/5/2017 (\$30,000 Municipal Light Plant building expenses)

Recreation Department Staff, Performance to Date, Accomplishments 1/2017