

TOWN OF IPSWICH  
Finance Committee  
Meeting of January 14th, 2019  
Town Hall, 25 Green Street

With a quorum present, the Chair called the meeting to order at 7:35.

Finance Committee members present: Michael Dougherty, Walter Hartford, Michael Schaaf, Joseph Bourque, Jamie Fay, Rob White, Timothy Goodrich, Chris Doucette

**1. Citizens Queries – Michael Dougherty**

- none

**2. Acceptance of Finance Committee Minutes**

- October minutes- Tim said on page 4, line 6 it should say Michael instead of Robert.
- Motion to accept October and December minutes made by Rob and seconded by Michael Schaff.  
→*Vote: Motion passed unanimously, 7-0*
- November Tri-Board minutes will be voted on at the Tri-Board meeting.

**3. FEOFFEES Appointment Posting & Update – Chris Doucette**

Mark Evans, 197 County Road, candidate for FEOFFEES introduced himself. Mark is currently a partner at a firm called Cambridge Associates in Boston. He has lived in Ipswich for 20 year and raised his 3 children here. Mark noted that his daughter was able to take a trip to Costa Rica through a FEOFFEES grant and it helped to set her on the path she is on now. Michael Dougherty asked Mark if he read up on the duties of the position and if he feels confident in his abilities. Mark said the only problem is that he travels for work sometimes so may have to miss some meetings, but other than that he is excited about the opportunity. Michael Schaff asked for Mark to tell the board more about his particular role at Cambridge Associates. Mark explained that he heads up a group of people that build investment portfolios, or he advises and works with investment committees. Rob asked Mark if he has any visibility into what the FEOFFEES trust looks like now. Mark said he hasn't seen the portfolio or the investment strategy yet. Rob said it is about \$40M and he explained how this money is spread out. Rob said they are becoming more passive as they are trying to maintain low fees. He asked Mark if he has any experience with the fees that are involved with active and passive. Mark said the work he does is focused on net of returns so passive is a great way to get equity exposure for free but there are also sometimes active managers that can deliver returns in excess of that. He said in his mind passive is the default unless you can do something over time that can deliver returns. Rob said he would like to see more communication about how the fund is doing on an annual or bi-annual basis and he would like to see Mark take charge of this. Chris said Mark has a great resume and bio and great background. He strongly endorses him as someone they should appoint. Chris said he thinks that we are coming out of a pretty easy time to make money so it has been easy to make money for the account. As we enter into the next few months it will be helpful to have someone like Mark on the board to understand what is going on and why, and what should be done. Walter said he is impressed with Mark's background and it seems like he understands the role and how it is progressing. They are looking for someone who knows the markets, governance, and asset allocation, and it seems like Mark does. Walter said he would support this endorsement. Joe said that based on what he sees it seems like Mark has a solid combination of experience and knowledge and would be an asset to the leadership and management to the trust.

- Michael Schaff made a motion to appoint Mark Evans to the FEOFFEES and it was seconded by Rob.  
→*Vote: Motion passed unanimously, 8-0*

**4. Appointment to Ad Hoc Committee on Warrant Posting – Michael Dougherty**

Michael D. said that Janice sent an email to see if anyone would want to be on this committee and she didn't hear back, but Mr. Engel said he would be interested. Jim Engel, 362 Linebrook Road, talked about the general concern about the bi-law being inconsistent and confusing as far as when does a warrant open and close, and the timeline of it. This was originated by the town moderator and he asked Jim to present this at Town Meeting. Once they dug into it they realized it wasn't as clear as it should be.

- Michael S. made a motion to appoint Jim to the AD Hoc Committee, seconded by Chris.  
→*Vote: Motion passed unanimously, 8-0*

## **5. December Town Manager Report – Tony Marino**

Tony said he wanted to clear up the EBSCO damn removal. The way it sits now is that the Select Board applied for a grant is going to do some more investigative work. We are not planning to do it yet, just investigating it. We would need a plan to de-water and would have to figure out what we would need to do to make sure the EBSCO buildings can remain structurally safe. We will earmark some free cash, \$25,000, to fund our portion of the grant. NOAA and the state damn removal grant will pay for the rest. We don't know the mitigation number right now so we don't know if we will move forward with this or not. The current grant is for soil testing and to figure out what would need to be done for mitigation. This is a 2-year grant so this is not happening quickly. Michael asked if this is being considered in prioritization with other projects. Anthony said it's on its own and we don't know enough about it yet, and it will be a few years down the road. The first step is the study that will take 2 years.

New England Biolabs will be coming in to discuss their addition project at the Tri-Board meeting next week. Tony has been working with them on the TIFF. A draft is being put together and will go to the Select Board for approval, and it will also need to be approved by the town. Michael S. said that Biolabs have been great corporate citizens and he is very supportive of this. He said the town has to cut the biolabs some breaks with tax credits so they get state funding, but we also need the money so not to cut them too much of a break. Anthony said we also want to be mindful that they could expand to another town instead of expanding in Ipswich, so we want to keep them here.

The Green Communities application was submitted and we should hear back in mid-January. We have two new interns for GIS initiatives. Tony also mentioned to the public that there is an increased social media presence which provides updates and insight into the town. National Grid pushed their work back, but work but will begin in February. Patrick Dingle is the new fire lieutenant.

## **6. FY21 Budget Targets & Meeting Schedule – All**

Michael said that Janice sent save the dates for budget hearings. The bulk of it will be in February and will flow into March to focus on the schools. Chris asked if Janice's approach is for more meetings that are shorter, vs. fewer, longer meetings. Mike said she is trying to put all relative departments on the same days so we aren't bringing people back and forth, and also is trying to not overcrowd the agenda. Tony said the School Committee is hoping to do Tuesday/Thursday because they have a commitment on Wednesday. Michael said it seems like the really late meetings are the warrant hearings. They are scheduled now for two nights and he thinks that is a sensible approach. One meeting is on St. Patrick's Day so they are going to see if they can move that one. Anthony said the Select Board is going to set aside two dates to work on budget so when FinCom sees everyone the Select Board will have already voted on it. The budget books will be out February 21<sup>st</sup>. Rob asked why the Select Board would want less budget meetings. He said it seems like with less time they would do less work. Tony said last year the Select Board found themselves talking less about the budget and more about the department updates so now they will focus solely on the budget vs doing budgets and department updates together. Rob said some departments are giving updates to the Select Board 5 months before they present the budget and he thinks that is a big disconnect. Anthony said he does not think the Select Board believes that to be the case.

## **7. Tri-Board Prep: Agenda – All**

Tony passed out the proposed agenda for next week's meeting. Tim asked if they would see a draft of the TIFF, Tony said he would send it out before the weekend. Jamie asked where the TIFF stands. Tony said it's a two-step process to approve the TIFF, first it needs to be approved by the Select Board and then the Town. Next week will just be an update and Biolabs will be coming in. Chris asked what the Public Safety Facilities Committee plans to talk about. Jamie said they will talk about where they are in the process. Rob asked where the Capital Budget will be at the meeting. Tony said he has been working on it with Dr. Blake and Chris Rays, and they just have to get together with the Tri-Board chairs. There will be a draft in the Budget Book that will tie to the School Dude information. They will also have a small presentation on this. Michael Schaff asked if it would be appropriate for there to be an update on the Strategic Planning Working Group. Anthony said there could be a brief update but there hasn't been much done yet. Jamie asked if there will be materials ahead of time to review. Anthony said they will have the excel version to send out on Friday.

## **8. Strategic Planning Working Group Update – Rob White**

Rob said the group had two meetings, they are at 7:30 AM on Thursdays. At the first meeting they did some brainstorming and talked about what will be in the Strategic Plan. There are 6 different buckets of investments that they are talking about. Public Safety, \$25M, School Building in 2025 at \$40M, School Operating Budget Override \$5M, Road

Plan, Utilities Plan, Facilities Management Plan, Water and Sewer plans. They are also going to weave in the Climate Change Committees' thoughts, as well as the Community Development Plan. The next meeting is Feb 8<sup>th</sup> and at that time there will be 4 or 5 scenarios with a top down look at what taxes would mean when each scenario is implemented. Rob said he was very happy with how the meeting went because he was concerned about a bottom up approach. He is happy it is a top down approach. The outcome of what we will get in the first draft is how taxes could grow over different periods of time, and we need to decide what is a priority. Michael D. said he noticed that one of those is a Public Safety Building and asked if they have acknowledged that the Public Safety Building Committee is putting something together to present to the Town soon, and whether or not this going to be at the forefront. Rob said the shift of this going to Town Meeting may go to the Fall and he hasn't heard the details yet. It may be in 2022 or 2023, depending on the towns support. Rob said he is not able to give a good feel yet until he sees a model or two. This will allow the Select Board to see the priorities and how the taxes and going to increase. This information will be used to inform the town about the timing of projects. Michael S. asked if there will be a rationale provided with the models. Rob said they will provide assumptions on when they will be tied in and there will be a rationale given at some point. Michael also asked when they will have some kind of product. Rob said there will be some kind of early top down model at the February meeting and they may be able to have a scenario then. Sarah Johnson said there will be multiple models. They will present in March at the Tri-Board meeting. Chris asked if the committee has a stated mission since many people have different priorities for the town. Rob said the model will include all of the town's initiatives.

### **9. Public Safety Building Committee Update– Jamie Fay**

Jamie said he missed the first meeting but they have met twice since. It is a very knowledgeable and committed group of people that have been working on this committee since January of 2018. The thing he is happiest with is that they have arrived at a site that works and is acceptable to the departments, and there are no issues with the land. The biggest issue has been finding an acceptable location so now that they have a good location they are ready to move forward. The town has an agreement with the Arch Diones to get the property for a reasonable price. It is a good first step and a lot of work has been done. Currently they are working on public education to inform the community about where this is at. The architects have done some work but need to do more. They are setting up a website with information about the project, meeting minutes, developing plans, historical studies, and FAQ's. They are also working on one or more public meetings at Our Lady of Hope to open this up to the public. They will be at the spring Town Meeting to discuss this. Some issues that have arisen are timing and what exactly they are asking for. The land acquisition is \$630,000. They have to take it from schematic design to full drawings and then construction costs. They are now figuring out what to ask for at Town Meeting. They are leaning towards requesting the full budget for design and construction all at once. The other option is they may ask for a 2-phase approval, Jamie said he thinks that is risky since the town has so many projects to do. The second issue is timing. It might be challenging to get this all done by May so it might be pushed off to the Fall Town Meeting. The only real issue is the cost of the project. There aren't many ways to save money on the building other than making it smaller. Jamie said they should talk about the ambulance aspect of this. The idea is to get everything in one building, however currently we use an ambulance service that doesn't cost much. The question is should we include ambulance service in this so it is a town function instead of a hired expense.

Chris asked if there has been any conversation about what would happen with the existing building. Jamie said they haven't talked about it yet. Chris said he had heard the old fire building might be a museum, Jamie said he thinks that would be a different subcommittee and they don't want to get too caught up in that. Rob asked what the Rowley Public Safety Building costs were compared to what these costs will be. Jamie said the issue is how much room does each department need and at some point, we should have a presentation from the architect about this. Rob said we should think of this as how much can 6,000 houses afford and is this a higher priority than roads and schools. Jamie said they have been functioning very well out of old buildings, but at the same time if you are going to build one building for everything than why not make it right.

Michael S. said he is concerned that there are a lot of projects for the town to do and this one is moving quicker than the others, and he doesn't want this project to get done just because it is progressing more quickly. Jamie said this is a project that has been needed for 20 years and no matter when we do it, it will be a 30-year expenditure. He thinks the work Rob and the Strategic Planning Working Group are doing will work well with this committee as well. He also noted that he thinks this will be very strongly supported at Town Meeting and at the ballot box. Tim asked how flexible the Arch Diones will be as far as when this transaction needs to occur. Tony said he thinks they will be flexible. Chris said he disagrees with Jamie that it should be a future committee's goal to outline a theoretical idea for the existing building. They don't need to come up with a solution but it would be helpful for them to come up with some options because this will be a part of the decision. We don't want two old buildings sitting there for 5 or 10 years because it wasn't thought about.

Jamie said he will bring that up to the committee and will get back to Chris. But he doesn't want to raise anyone's expectations about what those buildings are worth. Chris said he would play it down. Michael S. said the fact that this is deferred to the Fall helps to mesh this with the broader plan and it provides us further with an opportunity to decide if this should be done in one or two steps. Rob said he is surprised by Jamie's comment about the amount of Town interest in spending this amount of money for a Public Safety Building. He said that there are 7 priorities and this is just one, and he thinks that this is a large amount of money to ask for from a middle-class town with no state funding. With that being said he thinks this should be one vote as opposed to two because if people are excited about this now, we should just go for it.

#### **10. Water & Wastewater Capital Plan Update – Michael Dougherty**

Michael said they had an update from the Water and Wastewater Committee a few meetings back and they have not met again since the last update due to scheduling conflicts. They will meet this week and will be talking about the FY20 budget and going over the reactions of the Select Board and the Finance Committee. Jamie asked what the big choices are that the committee is going to consider. Mike said it is basically structuring it, how much, when, and what avenue of getting the funding. Jim Engel, Chair of Water & Wastewater Subcommittee, reported on updates. FinCom asked for projected needs of ongoing Capital expenses and asked if that should that be considered a contribution toward the total. Jim said the Business Manager started to look into this and will be preparing some numbers to soften the need. Jim also commented on the unintended consequences on conservation regarding the per meter charge, so they have started to look at a per meter plus a per usage charge that would still generate the funds that are needed. They have also been receiving comments from citizens and are preparing responses to that. One comment was about a 2-person household being charged the same as a 10-person household. They are also struggling with complexes that are served by one meter, so they are trying to put all of this together in preparation for the meeting. They have not done any further validation of the \$90M and \$60M replacement of wastewater assets nor have they worked on the scheduling of the projects. They have not established whether or not there are grant opportunities available. Those three items are on the to-do list. Jim also made comments regarding the Capital needs as they relate to the Strategic Capital Plan. He said to keep in mind that Water and Wastewater revenues are not part of the tax rates. Jim also said the Capital costs in the Water Department are pretty much spread in the same universe as the tax payers, however Sewer is very different and there are far fewer customers. He also suggested to the Capital Planning Committee that they should not think of the Water and Wastewater project's as separate projects. They are trying to create a program that generates a certain amount of money every year to create a fund against which they would program projects. The variables should be focused on the timeline for these whether it is a 50-yr or 100-yr project. Jim said they have treated the departments as enterprise funds, meaning there is no tax money to support this, it is only revenues.

Jim said he doesn't know if the town has ever actually officially adopted the departments as enterprise funds. Michael S. said it would be beneficial to explore the additional opportunities that would be offered if we formally structured it as an enterprise fund. Jim said it is not allowed to be a depreciation fund. Sarah said when doing taxes, the Water and the Sewer funds are set aside on a separate schedule for enterprise funds and you have to account for all of these indirect funds. The Water and Wastewater is accounted for as an enterprise fund on our tax rate because it pays for itself. The Department of Revenue would not allow us to account for it that way if we hadn't officially accepted it as an enterprise fund. Sarah said that she thinks that means we already did, but she hasn't looked into this further to see if we have done it correctly. She will look into it. Jim said it would have had to happen after 1986 because that's when enterprise funds were created. Michael S. said the question is, is it an enterprise and can it depreciate. Jim said the problem we struggled with is the accounting system for Water and Wastewater is not the same as the other departments. In the Electric Department the depreciate is a way to generate cash. In the private side it is not that way. The Water and Wastewater Department is just trying to figure out how to generate cash and they want to just create a surplus. Sarah said she is hoping they can create a Stabilization Fund within the Enterprise Fund but they may not be able to. Jim said they do maintain a surplus of \$250,000 for Water and \$300,000 for Wastewater. Sarah said DOR certifies the retained earnings for this fund as an Enterprise Fund, so it is indeed an Enterprise Fund.

Rob said the concept that the CARE bill would be \$20 every month seemed like a lot ,and he asked if everyone that is associated with Water and Wastewater is interested in building this fund. Why not pay as we go. Jim said that is what he suggested. They are looking to do a pay as you go with a 50-year replacement. It would be a 50% increase in the bill. Jim said that the they already are doing a pay as you go, and there already are projects that will need to be done. Jamie said he thinks they already have a system in place that works and they do projects that they can afford, he thinks the issue is that we may need to be doing more projects than we are doing. But the idea of setting this up so we take money from people and put it in a fund might be hard to convince people of. Jim said what happened on High Street is something that was broken and we should have fixed it before we had 3 major breaks. We have a broken system and we don't want

to wait for things to break to fix them. Jamie said the system of funding capital projects is not broken, maybe we just aren't doing enough projects. Michael D. said he thinks the problem is we have more reactive projects than proactive projects and that is becoming more expensive than it would be if we did these projects as maintenance. Michael S. said maybe they just need to raise more maintenance funds. Michael D. said this is what they will be discussing.

**11. New/ Other Business** – Michael Dougherty

Michael S. said the consultants for the Planning and Community Development Department have put together a draft needs assessment which consisted of a housing profile, and an economic development analysis. It is similar to the analysis for the public safety building but it is an analysis for how the plan will be developed. Some of the findings are quite interesting and have implications for the town over the long term. Michael said it may be helpful for them to provide a report at the Tri-Board meeting. Tony said he thinks Ethan is planning to present something.

**12. Adjournment** – Michael Dougherty

- Motion to adjourn made by Rob and seconded Chris.  
→*Vote: Motion passed unanimously, 8-0*

Respectfully Submitted By  
Alyson von der Esch  
1-16-20