



Town of Swampscott
Finance Committee Meeting Minutes
Thursday, April 13th, 2023 - 7:00 PM
Virtual meeting

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FINANCE COMMITTEE MEMBERS PRESENT

Eric Hartmann (Chair), Matthew Kirschner (Vice-chair), Naomi Dreeben, Joan Hilario, Cinder McNerney, Suraj Krishnamurthi, Erik Schneider.

FINANCE COMMITTEE MEMBERS ABSENT

Adrian Rodriguez

OTHER TOWN STAFF

Amy Sarro, Director of Admin. & Finance; Patrick Luddy, Town Treasure/Collector; Trang Vu, Assistant Town Accountant

The meeting was called to order at 7:05 PM

Public comment

None

Review and discussion FY2024 Operating Budget

The goal for meeting tonight was to discuss in-length capital projects and conclude/vote on the budget, continue discussion on debt service and its impact on the budget, town reserve funds, Finance committee letter.

Amy Sarro updated about Selectboard meeting the night before in which they voted on sewer and water rates, which was inclusive of the recommended use of retained earnings. They cannot vote on the operating budget and capital until the Finance Committee votes on them. Selectboard only did a high-level review of the table of contents and some articles. The Finance Committee has until Thursday, April 20th to have the letter finalized.

Erik Schneider gave an update about the School Building Committee meeting on Tuesday. There were a couple budget items that he wanted to bring to everyone's attention. There were two significant change orders that they approved at the meeting. The first item was \$115,000 where there were some additional HVAC piping and condensing units needed due to the length of the pipes. The initial design was faulty, and it turned out that there might be an opportunity for the town to seek recourse against the designer later.

Naomi Dreeben asked we can have them preemptively pay for that cost instead of paying from our contingency. Mr. Schneider commented that it is unavoidable to have any errors in the process of designing and building the project and that's why we need contingency amount, and it is our expected costs. At the end there is a negotiation on recouping some of the money.

The other changes voted at the SBC meeting was the change order for close to \$400,000 for the first half of the overage on one piece where they found out there was a lot more ledge than they had thought. There were other parts that are less ledged so there will be another order change in the future. The estimation of the net changes is \$800,000-\$1,000,000. After paying these 2 costs, there is 84% left of the contingency. Eric Schneider commented that the new school construction met the deadlines in the plan of when they are going to start the steel and putting up the beams.

The Committee then walked through the operating budget again before taking votes. The last change made to the budget was on April 3rd when we moved \$9,000 from *Property Casualty Insurance* to DPW budget.

Line-by-line review was conducted.

Community Programs under Selectboard budget was mentioned as to increase if we can get more from State Aid.

The *Contracted Consulting Services* line item under the Town Administrator budget was left open due to the concern of the reduction. The Committee agreed to pass it.

Assistant Director of Community Development was discussed as an open item. Amy Sarro commented that depending on the candidate, it is either a candidate who is getting an offer for an assistant director or it is a candidate who is getting an offer at the senior planner at a lesser salary. There is a potential that this line could go down a little.

Eric Hartmann asked if we make changes to the capital budget right now, what impacts in FY2024 on *Debt Service* as a result. Patrick Luddy confirmed that there will not any impact in FY2024 if we approve all proposed projects in May Town Meeting, we will not borrow for these projects until closer to the end of the fiscal year, so debt service would not be due until the following fiscal year in that case.

On **MOTION** (Naomi Dreeben) and **SECONDED** (Joan Hilario), it was **VOTED** to approve FY2024 operating budget by **ROLL CALL**.

ROLL CALL: Erik Schneider (YES), Suraj Krishnamurthi (YES), Sunit Shah (YES), Matthew Kirschner (YES), Cinder McNerney (YES). Eric Hartmann (YES).

Review and discussion FY2024 Capital Budget

Amy Sarro commented that the total capital budget this year is \$6,040,500, which is 10% of the total operating budget and we are still within the range of town financial policy. She also mentioned that there were 2 Selectboard members who were not in favor of the *Municipal Property Capital* in the meeting last night. This is for facilities with potentially needed capital.

The Committee went through each project and tried to see if any project can be put off or reduced to bring down the size of debt service in FY2024.

Cinder McNerney commented that she does not think we can authorize debt for something we are not sure what we are authorizing it for without a specific purpose.

Erik Schneider commented that he thought the Town Administrator explanation about this project makes sense because if we use the Finance Committee Reserve to pay for those types of repairs, we essentially use operational dollars to pay for capital.

Cinder McNerney mentioned that if we have an emergency, the state law has provisions for how we can deal with emergencies. She asked if it is possible to put this \$100,000 amount in the Finance Committee Reserve and spend from there when needed.

Amy Sarro reminded the committee members that this project has not been voted on by CIC so we cannot vote on it in tonight's meeting.

Under *Cemetery Surplus Fill*, Erik Schneider suggested that since the portion of 250,000 approved last year has not been used, we can delay this year's portion of \$250,000 to the following year. Eric Hartmann mentioned that he will email the Director of DPW to ask some questions in order to see if he can hold it another year.

Regarding *Town-wide Traffic Improvements* project, Chairman Hartmann commented that since it is largely related to pedestrian safety around the new school, it might not be a good idea to delay on this.

Cinder McNerney would like more details about the *Town Hall Exterior Restoration*. Mr. Hartmann commented that last year we spent \$30,000 on this project's first step and this \$300,000 this year is the continuation of that. Ms. Sarro added that this is to address the roofing, masonry, windows and other areas of concern so that we do not end up with a bigger issue at the Town Hall.

Under project #37 *Town Hall Basement*, Naomi Dreeben and Cinder McNerney had questions about the scope and vision of the project. The amount of \$50,000 is for design only and the final goal is to have a meeting space at town hall that is sufficient for staff. Responding to Cinder McNerney's question on the actual cost of the project, Amy Sarro commented that we are not going to know until we have the design, but the Town Administrator estimated most likely at lease \$300,000.

Eric Hartmann commented that the main challenge of going through this capital list is the lack of information for multiple-year projects. Ms. Sarro mentioned that the town is going to try to ensure that next year we have enough estimation and information for future years in multiple-phase projects. Cinder McNerney seconded that and commented that if any amount listed is for design, there should be a description to make it clear for people who use the spreadsheet.

Matthew Kirschner asked if the actual cost comes under the listed estimates, we are borrowing more than we need and untapped authorization. Patrick Luddy responded that this is an authorization, we are typically not going to borrow until we have activity on the project and have a better understanding of what the actual cost is. Therefore, there is less chance we will borrow more than we need. Cinder McNerney commented that the existing debt that has not been used has to be abandoned before being rescinded by town meeting.

Under *High School Auditorium*, Naomi Dreeben commented that even though the condition there is not the best, we haven't had a problem to date and was curious what those improvements are and if they can be put off. Eric Hartmann commented that according to the project's description, those improvements might bring some revenue opportunities by being rented out for public events.

Sunit Shah made a comment about *Interactive White Boards* for school if it is actually improving the educational outcomes or just something nice to have. Erik Schneider and Amy Sarro commented that this project and *MS STEM Lab Upgrades* are two items that the school was going to fund through the operating budget that the Town Administrator agreed to move to Capital budget since they have a lifetime of 7 to 10 years.

For *Equipment (Dump Truck, Sander)*, Amy Sarro commented that the amount of \$247,000 is the actual quote that DPW receives. Naomi Dreeben commented that in her experience, a 20-year-old DPW equipment should be replaced instead of having a mechanic who constantly tries to keep the equipment running year after year. She did not think it is something we should cut from the capital budget.

Seawall Repair was mentioned as an ongoing project that has been put off for years and should not be cut this year. Cinder McNerney was concerned about the safety of the stairs and railings close to the beach and would like it to be checked.

Responding to Matthew Kirschner's question on whether *Townwide Traffic Improvements* are only for streets around new school, Joan Hilario commented that the intention was not just around the new school but for a lot of the changes that happened in town based on us moving students around the town.

Eric Hartmann reminded everyone that the other option is just cutting the dollars amount if we don't want to just remove the project from the list. Erik Schneider commented that he would like to see this as a continuous investment because there are many traffic improvements that need to be made in town.

Eric Hartmann would like the town Finance team to have more comprehensive continuous estimates for some projects in the list before the Finance Committee can make a decision.

Patrick Luddy clarified the *DPW Yard Improvements and Site Study* \$100,000 in FY2024 is for addressing immediate needs at the DPW facility as it stands (including electrical upgrades, cosmetic improvements to the staff bathroom and break room, roof repair and sprinkler valve replacement) and \$300,000 is feasibility study for a larger project in the future, potentially relocating that site.

Cinder McNerney had a question on *Library Entries*. Amy Sarro commented that this is for the improvements to the front entry, exterior and interior. The ADA accessible entry is becoming less safe, so they are trying to improve it along with some crumbling stairs causing safety issues.

Under *School Phone Improvements*, Ms. Sarro commented that there was a change in regulation for phones and the school phone system is not compliant with. This is for the purpose of 911 calling that helps safety officers know exactly where to go.

The Committee highlighted projects that they need more information before voting at the next meeting. *HS Auditorium Upgrade* is one project committee thought to remove from the list with *Cemetery Surplus Fill*.

Joan Hilario commented that we should only authorize debt for something specific when the committee went back to discuss *Municipal Property Capital*, and we can use reserve fund to solve unforeseen issues, as we had done in the past.

On **MOTION** (Naomi Dreeben) and **SECONDED** (Cinder McNerney), it was **VOTED** to approve the Capital budget (Article #16 in Town Meeting warrant) except Town Hall Basement, HS Auditorium Upgrade, Cemetery Surplus Fill, Municipal Property Capital, Townwide Traffic Improvements and projects that have not been voted by CIC by **ROLL CALL**.

ROLL CALL: Matthew Kirschner (YES), Sunit Shah (YES), Joan Hilario (YES), Eric Hartmann (YES).

Responding to Sunit Shah's question on a project that is not recommended by CIC, Amy Sarro answered that if that is the case, the project won't be for Finance Committee consideration.

Amy Sarro then walked the committee members through the draft Town Meeting warrant article by article.

Article #2: Approve bills of prior fiscal years.

On **MOTION** (Naomi Dreeben) and **SECONDED** (Matthew Kirschner), it was **VOTED** to approve Article #2 by **ROLL CALL**.
ROLL CALL: Cinder McNerney (YES), Joan Hilario (YES), Sunit Shah (YES), Eric Hartmann (YES).

Article #4: Establish a Special Education reserve fund.

Director of Adm. & Finance Amy Sarro commented that the Town Administrator, the School Superintendent, the School Finance Director and herself have been working on this and met earlier today for the draft. They are currently writing a memo to the Selectboard, the Finance Committee and School Committee that relays all information. She will share it as soon as it is ready.

Mr. Hartmann asked if the school is going to use \$310,000 appropriated for this fund in the first year. Amy Sarro commented that it is no longer the intention. They would have to utilize the circuit breaker down to an agreed upon level before we would trigger using the reserve fund. With the current census and that agreed level, we would not need to tap the funds this year.

The Committee will vote on this article when more information is provided.

Article #5: Establish a special purpose stabilization fund – Opioid settlement.

Ms. Sarro mentioned that at this time they are still trying to develop legislation to allow this to be a special revenue fund, but that has not yet passed. So as of right now the best guidance that we have from DOR is to create the special Purpose Stabilization Fund which will dedicate these opioid settlement funds into here and we'll still need to have a vote of appropriation to spend these monies, but at least separates it from the general fund. We signed up for the full distribution of this, so we received the distributor funds from Johnson, Johnson, Tiva, Walgreens, CVS, Allergen and Walmart. We've received some payments this fiscal year that will be falling to free cash and will be appropriated into this fund after free cash is certified. We'll be receiving upwards of 18 payments for some of these going through 2038 for the total of \$1,061,247. These funds is mostly managed by the Board of Health by statute, so they will be the ones who will be coming up with within the confines of the legislation on how they can use these for medication, education and different treatment options.

On **MOTION** (Naomi Dreeben) and **SECONDED** (Joan Hilario), it was **VOTED** to recommend Article #5 as written by **ROLL CALL**.
ROLL CALL: Matthew Kirschner (YES), Sunit Shah (YES), Cinder McNerney (YES), Eric Hartmann (YES).

Article #6: Approve transfer of Water Enterprise fund retained earnings & Article #7: Approve transfer of Sewer Enterprise fund retained earnings.

Cinder McNerney had a question on the reasons only \$28,000 and \$43,000 will be appropriated this year. Ms. Sarro commented that the Water and Sewer Rate Advisor Committee wanted to have some increase on the fees, but they did not want to be a substantial amount so the rate that they voted for is a 2.5% increase.

On **MOTION** (Cinder McNerney) and **SECONDED** (Joan Hilario), it was **VOTED** to approve Article #6 and #7 by **ROLL CALL**.
ROLL CALL: Naomi Dreeben (YES), Matthew Kirschner (YES), Sunit Shah (YES), Eric Hartmann (YES).

Article #8: Appropriation from Transportation Infrastructure fund

On **MOTION** (Cinder McNerney) and **SECONDED** (Naomi Dreeben), it was **VOTED** to approve Article #8 by **ROLL CALL**.
ROLL CALL: Matthew Kirschner (YES), Sunit Shah (YES), Joan Hilario (YES), Eric Hartmann (YES).

Article #13: Amend General Bylaws: Revolving funds.

Amy Sarro mentioned that the Council on Aging revolving fund spending limit was \$30,000, which previously was sufficient for them. They have, however, brought the lunch program in house which is increasing their spending as well as they've begun the social day program, where caregivers can bring a loved one who has dementia in for a few hours so that they can have some time to go grocery shopping, take a walk, go for a haircut. This has bumped them up to the spending limit.

On **MOTION** (Naomi Dreeben) and **SECONDED** (Cinder McNerney) it was **VOTED** to approve Article #13 as stated by **ROLL CALL**.
ROLL CALL: Joan Hilario (YES), Matthew Kirschner (YES), Sunit Shah (YES), Eric Hartmann (YES).

Old and new business

The next meeting is on Tuesday, April 18th and a tentative meeting on Thursday, April 20th in case something comes up.

On **MOTION** (Cinder McNerney) and **SECONDED** (Naomi Dreeben), it was **VOTED** to adjourn the meeting at 9:15 PM by **ROLL CALL**.
ROLL CALL: Joan Hilario (YES), Matthew Kirschner (YES), Sunit Shah (YES), Eric Hartmann (YES).

True Attest,

Trang Vu

Assistant Town Accountant

Approved by vote of the finance committee 07/10/2023