

# Town of Swampscott Finance Committee Meeting Minutes

Wednesday, March 29<sup>th</sup>, 2023 - 7:00 PM Virtual meeting

#### FINANCE COMMITTEE MEMBERS PRESENT

Eric Hartmann (Chair), Naomi Dreeben, Joan Hilario, Cinder McNerney, Adrian Rodriguez, Erik Schneider.

#### FINANCE COMMITTEE MEMBERS ABSENT

Matthew Kirschner (Vice-chair), Suraj Krishnamurthi, Sunit Shah.

## **OTHER TOWN STAFF**

Michael McClung, Town Moderator; 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 FY2024 Budget**

Eric Hartmann mentioned that Fire Chief Archer and Director of DPW Gino Cresta will join the committee next Monday night to answer some questions and briefly present their departments' budget to the Finance Committee. The following Monday, we will expect to have a joint meeting with CIC. Chairman Hartmann also expected to have Town Administrator to join soon on of the committee meetings.

#### **Debt Service**

General Fund	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031	FY2032	FY2033	FY2034	FY2035	FY2036	FY2037	FY2038	FY2039	FY2040	FY2041	FY2042	FY2043
General Fund Existing Debt Service	6502651.9	6,037,443	5,516,053	5,288,810	5,164,190	4,917,772	4,900,417	4,525,451	4,415,043	4,370,597	4,170,696	4,158,053	3,381,420	3,353,962	3,355,681	3,301,594	3,298,002	3,290,567	3,291,283	3,289,898
General Fund Projected Debt Service, Authorized & Short-Term	543,780	1,068,205	1,345,982	1,354,882	1,362,789	1,209,791	1,190,685	1,190,685	1,190,685	1,190,685	1,190,685	1,190,685	1,190,685	1,190,685	1,101,283	1,091,908	1,042,014	1,042,014	1,042,014	928,141
General Fund Projected Debt Service, Proposed Projects	-	273,540	601,830	997,385	1,197,467	1,610,868	3,097,178	4,548,908	4,499,073	4,467,957	4,413,368	4,395,437	4,395,437	4,395,437	4,391,616	4,391,616	4,289,637	4,210,058	4,117,915	4,067,655
6 Projected Totals	7,046,432	7,379,189	7,463,866	7,641,077	7,724,446	7,738,431	9,188,280	10,265,044	10,104,801	10,029,240	9,774,750	9,744,176	8,967,543	8,940,085	8,848,580	8,785,118	8,629,653	8,542,640	8,451,212	8,285,694
B Debt Exclusions Only																				
Building Construction - High School (MSBA Loan)	401,699	394,651	387,604	380,557	373,509	366,462	359,415						-		-	-	-	-	-	
Building Construction - High School	275,400	260,100			-	-							-		-	-		-	-	
Building Construction - Police	121,700	119,700	117,700	115,550	113,250	110,950	108,650	106,250	103,750	101,250		-	-	-	-	-			-	
2 Building Construction - Police	203,219	197,313	191,188	184,844	178,281	-		-		-			-		-	-	-	-	-	
Building Construction - High School	421,769	419,394	421,894	418,756	419,306	419,556	419,506	418,725	422,188	420,163	417,338	419,175	-		-	-	-	-	-	
Building Construction - High School	349,194	351,994	349,494	351,844	348,894	350,794	352,394	353,331	348,581	348,669	353,038	351,900	-	-	-	-	-	-	-	-
Building Construction - Elementary School	3,020,200	3,015,450	3,018,200	3,017,950	3,019,700	3,018,200	3,018,450	3,015,200	3,018,800	3,019,800	3,018,200	3,016,300	3,017,900	3,017,850	3,015,600	3,017,550	3,017,700	3,016,050	3,017,600	3,017,200
Building Construction - Elementary School (Authorized)	-	\$ 148,000	\$ 128,000	\$ 218,419	\$ 218,419	\$ 218,419	\$ 218,419	\$ 218,419	\$ 218,419	\$ 218,419	\$ 218,419	\$ 218,419	\$ 218,419	\$ 218,419	\$ 218,419	\$ 218,419	\$ 218,419	\$ 218,419	\$ 218,419	\$ 218,419
7 Middle School Major Renovation (Proposed)	-	-				51,019	51,019	51,019	51,019	51,019	51,019	51,019	51,019	51,019	51,019	51,019	51,019	51,019	51,019	51,019
Middle School Major Renovation (Proposed)	-		-	-		25,510	51,019	51,019	51,019	51,019	51,019	51,019	51,019	51,019	51,019	51,019	51,019	51,019	51,019	51,019
Middle School Major Renovation (Proposed)	-	-				-	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578
0 Middle School Major Renovation (Proposed)	-	-				-	-	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578	1,530,578
1 Projected Totals	4,793,180	4,906,601	4,614,079	4,687,919	4,671,359	4,560,910	6,109,450	7,275,119	7,274,932	7,271,494	7,170,188	7,168,988	6,399,513	6,399,463	6,397,213	6,399,163	6,399,313	6,397,663	6,399,213	6,398,813
2																				

Patrick Luddy went over his spreadsheet about the town's existing and projected debt based on the proposed capital plan going on. He confirmed with Mr. Hartmann's question that the capital projects approved in FY2024 would be borrowed in FY2025 and the figures in the "Summary" tab reflect the projected amount of Debt Service assuming all proposed projects are approved.

Naomi Dreeben had a question about the big increase in "General Fund projected Debt Service, proposed projects" between 2019 and on. Mr. Luddy mentioned that there is a substantial figure in FY2028 for Middle School renovations, assuming that we would issue debt and it would be due in 2029 or 2023.

Responded to Cinder McNerney's questions, Patrick Luddy commented that he did not assume any BANs issued or MSBA reimbursement in this projection and \$60M debt for "Middle School Renovations" will be broken into 2 issues, the assumption rate is 3.32%.

Ms. McNerney suggested we have a BAN for this big project since it might help push out the impact.

Erik Schneider expressed his concern that the debt service might put pressure on the operating budget. With the increase in health insurance costs, pension liability and debt service, it essentially takes up the whole 2% and there is no room for growth in any of the other departments.

From the projection, we touch the high end 10% policy guideline between FY2024 and FY2028 then reach 12.30% in FY2031.

Mr. Luddy then showed the committee the Five-year Capital plan – Summary by funding source.

Year Capital Plan - Summary by Funding Source											
wn of Swampscott r Fiscal Years 2024-2028			D	RAFT							
			DIVALL								
Row Labels	▼ Sun	n of FY2024	Sun	n of FY2025	Sur	m of FY2026	Sur	n of FY2027	Su	m of FY2028	
Borrowing - General	\$	3,985,500	\$	5,129,500	\$	9,180,500	\$	2,255,000	\$	60,440,000	
Borrowing - Water	\$	-	\$	3,000,000	\$	-	\$	-	\$	-	
Borrowing - Water (0% Int Loan)	\$	750,000	\$	-	\$	-	\$	-	\$	-	
Cemetery Perpetual Care Funds	\$	50,000	\$	-	\$	-	\$	-	\$	-	
Free Cash	\$	-	\$	50,000	\$	-	\$	-	\$	-	
Grants - Federal	\$	110,000	\$	35,000	\$	35,000	\$	35,000	\$	35,000	
Grants - State	\$	600,000	\$	100,000	\$	100,000	\$	-	\$	-	
Surplus Capital Transfer	\$	195,000	\$	-	\$	-	\$	-	\$	-	
Surplus Capital Transfer (YR1), Borrowing - General (YR2-3)	\$	100,000	\$	100,000	\$	100,000					
Surplus Capital Transfer - Sewer (168,000), Borrowing - Sewer (82,00	0) \$	250,000									
Grand Total	\$	6,040,500	\$	8,414,500	\$	9,415,500	\$	2,290,000	\$	60,475,000	

Cinder McNerney had a question on the jumping from \$6M to more than \$9M between FY2024 and FY2026. Patrick Luddy commented that there are some heavy hitting projects in the mix such as High School control upgrades, new ladder truck, etc....

The Committee then discussed Enterprise fund portion in the proposed FY2024 budget.

#### Sewer Enterprise Fund

Under this fund, the personnel are all the bargaining unit members; a quarter of the director's salary is included while the clerical and engineer are split equally between Water and Sewer. Under expenses, Amy Sarro mentioned that the amount of \$1M under *Lynn Sewer Assessment* is still estimated since we have not got the full amount yet. The *Consulting Services* is zeroed on purpose since this was the additional support that we needed while we were hiring the engineer last year and had that vacancy.

## Water Enterprise Fund

For personnel, the comment under this fund is exact as it is under Sewer. Amy Sarro made an adjustment under MWRA Water which is \$2,608,224, a slight decrease from previous draft.

## PEG Enterprise Fund

The biggest change under this fund is *Small Capital & other Expense*. This was previously funded through retained earnings and there are not sufficient retained earnings to be used in FY2024, so it is zeroed out for this year.

Eric Hartmann asked what the main revenue source of this fund is. Amy Sarro mentioned that the majority of revenue is the contracts with Verizon and Comcast.

### Solid Waste Enterprise Fund

Amy Sarro commented that the subsidy has gone slightly up this year because the expenses have gone up, but she got approval form DOR. Because this is a general fund subsidized enterprise fund, we do not need to charge indirect town services to it. The difference between estimated solid waste & recycling contract and subsidized amount comes from bag fees, recycling grant, mattress fees, bulk stickers, metal recycling revenue, etc....

The Committee decided to go back to the beginning of the budget to see which ones still need more discussion.

## Selectboard/Town Administrator

The Committee hope to have the Town Administrator join the meeting next time to help answer some open questions under these budgets.

# Legal/Insurance

Amy Sarro mentioned that she met with HUB insurance today and went through some questions on property, liability and other policies so she should have the quotes soon and will update once she gets it.

# <u>Fire</u>

Lynn Dispatch is set at \$140,000 after the Town Administrator met with Lynn Mayor last week.

For the <u>Police and Fire</u> detail budget, the committee will talk to 2 Chiefs in upcoming meetings before voting on the final number.

Employee Benefit is left open since we have not had the final number on the *Health Insurance* and *Worker Comp*.

# Old and new business

Amy Sarro then briefly presented the town's reserve fund cash flow and made some updates after the last meeting.

Erik Schneider asked if we have utilized any amount of \$150,000 from Compensated Absence reserve fund this year and if we have plan to refill that. Amy Sarro mentioned that we have been used about \$90,000 and she did not think we have plans to replenish it.

Eric Hartmann asked committee members to start working on the outline for the warrant letter.

On **MOTION** (Erik Schneider) and **SECONDED** (Cinder McNerney), it was **VOTED** to adjourn the meeting at 8:25 PM by **ROLL CALL**. **ROLL CALL**: Naomi Dreeben (YES), Adrian Rodriguez (YES), Joan Hilario (YES), Eric Hartmann (YES).

True Attest,

Trang Vu

Assistant Town Accountant

Approved by vote of the finance committee 06/22/2023