

**Town of Swampscott**
**Finance Committee Meeting Minutes**
Tuesday, April 18th, 2023 - 7:00 PM
Virtual meeting

**FINANCE COMMITTEE MEMBERS PRESENT**

Eric Hartmann (Chair), Matthew Kirschner (Vice-chair), Naomi Dreeben, Joan Hilario, Cinder McNerney, Suraj Krishnamurthi, Adrian Rodriguez, Sunit Shah.

**FINANCE COMMITTEE MEMBERS ABSENT**

Erik Schneider

**OTHER TOWN STAFF**

Peter Spellios, Selectboard member, MaryEllen Fletcher, Selectboard member; Amy Sarro, Director of Admin. & Finance; Patrick Luddy, Town Collector/Treasurer (joined at 1:40:25), Trang Vu, Assistant Town Accountant

The meeting was called to order at 7:06 PM

**Public comment**

None

**Potential vote on Town Meeting Warrant**

Chairman Hartmann mentioned to some preliminary versions of the Fincom letter have been circulated. He asked to connect with Director of Adm. and Finance this week to discuss the Finance Committee letter and other Town Meeting matters.

Article #9: Acquisition of land: 12-24 Pine Street

Amy Sarro summarized the article in which the land that we are going to acquire is next to the VFW. The purchase and sale were signed at a previous Selectboard meeting and ARPA fund will be utilized for the purchase.

Eric Hartmann asked why the article language does not say we are using ARPA fund for the purchase. The question was brought up at Selectboard meeting last night as well. Amy Sarro mentioned that she believed they are working that into the motion language but for the purpose of acquisition of land, they need this language as the warrant article. Amy Sarro mentioned that we had talked to our auditors, Powers and Sullivan, and they confirmed that this is an authorized use of ARPA fund.

Cinder McNerney asked what we are doing with the property when we acquire it. Ms. Sarro responded that it will be turned into some type of veterans affordable housing. Mr. Hartmann added that the plan is to knock down the existing VFW hall and find a non-profit developer to build around 40-unit affordable housing, mainly for veterans use.

Responding to Cinder McNerney’s question, Amy Sarro confirmed that we don’t have the motion language from KP law yet, but she believes they indicated that we are using ARPA fund in the motion.

The Committee all agreed that it’s odd that the warrant language mentioned to 2/3 vote for borrowing.

Eric Hartman asked if there is any intention in the grand scheme for this Pine Street purchase that Affordable Housing makes some contribution to the cost of this. Ms. Sarro believes that it’s a part of the intention but does not have an amount right now.

Responding to Ms. McNerney’s question if the acquisition and future construction affect the community, Selectboard member MaryEllen Fletcher commented that this has not been publicized so she does not think neighbors would really know about it and she does not think there would be the reason to not be supportive of this.

Naomi Dreeben commented that the traffic around the property has been a challenge and she hoped the acquisition and a thoughtful new development is going to improve the area.

Matthew Kirschner commented that the price of the property is relatively high given where the market is now but it’s a good chance to utilize ARPA money. We will probably lose money on the deal, but it probably will be a net positive in the long term.

Cinder McNerney commented that she is in favor of this article but does not feel comfortable voting until the article language is modified. If someone looks at the warrant and does not look at the vote, he might get confused in her opinion. Amy Sarro commented that she will check with the town council to see if there is a way to add the ARPA money as the funding source.

The Finance Committee agreed to delay voting for this article until we hear an update from the town council.

Sunit Shah asked if the development does not actually happen after the purchase, what will be happening with the property and the timeline associated with this development. Eric Hartman commented that we might end up selling it if that is the case. We haven’t put an RFP out yet, so we need more time for development timeline information.

Article #10: Disposition of land: 12-24 Pine Street

This article is the disposition of land, so it allows them to take the property in the previous article and use it for affordable housing or other purposes, lets them enter into the agreement with whoever purchases it.

The Committee decided to defer this article until we hear about article #9.

Article #11: Disposition of land: Hadley Elementary School

Matthew Kirschner commented that there were three options discussed for the use of this property: A boutique hotel, senior affordable housing and community mixed use option. The Hadley committee was looking for input from some of the committee members.

Amy Sarro commented that these options were proposed with Selectboard, but they haven’t settled on a use of Hadley yet.

Cinder McNerney commented that she believes people in town should know what is happening with Hadley first before we hand it over to the Selectboard. Adrian Rodriguez commented that there will not be a presentation at the Town Meeting about this as his understanding, but the committee did survey and released all the information for public consumption.

Sunit Shah agreed with Naomi Dreeben on the idea of a revenue generating property if it is developed as a boutique hotel and commented that it should be redeveloped as soon as possible since it will be vacant and assumed deteriorating at some point.

Matthew Kirschner commented that the estimated cost from 2021 to bring Hadley up is 17 million, without cost of demolishing the building.

Eric Hartmann suggested that the Finance Committee reach out to Selectboard members to get a little more context on this article. We don’t necessarily vote on this one if we don’t feel we have enough information to make informed decisions.

Article #12: Extension of right to lease: Hawthorne-by-the-Sea

Amy Sarro clarified that the language should be “Extension of right to use” instead of “Extension of right to lease.”

The article is to ask for Town Meeting approval to extend the Town’s ability to use the property beyond 12/31/2023.

The language indicates that if this article does not go through, we will just own this property and can’t use it. The building will just sit there vacant until it gets demolished at some point.

Cinder McNerney asked how long it will be extended until. Amy Sarro responded that it does not have an end time and will be up until the construction of whatever will be decided begins.

Eric Hartmann commented that the purpose of not putting a specific time here might be to not limit ourselves. If we put the extension until December 2023, we can’t use it anymore and it could sit empty for 2 years while we had those debates of ultimate use.

Responding to Adrian Rodriguez’s question about whether the approval of the article would change the terms of our insurance, Amy Sarro confirmed that it would not.

Matthew Kirschner commented that it would make sense to extend it a year or extend it to when the expected completion of the elementary school.

The committee then went back to article #9, #10, #11, #12 and asked Selectboard member Peter Spellios to clarify some questions. Eric Hartmann mentioned that the Finance Committee is concerned about some of the way article #9 is written and the reference to requiring a 2/3 vote for borrowing. The fact that it does not mention that ARPA funds are intended to be used for this gives us the pause is why the Finance Committee was uncomfortable approving this article.

Mr. Spellios commented that the board has not formally voted but he believes it’s the unanimous intention of the Selectboard to be using ARPA funds here which don’t need Town Meeting approval. He mentioned that this article is likely not to go forward in this format and is still having conversations with the town council to confirm whether or not we need an article if we use ARPA funds. Amy Sarro commented that she expects the final answer from the town council by tomorrow.

Speaking about article #10, Peter Spellios commented that the intent is we will need permission of Town Meeting that once we acquire the property, we need Town Meeting permission for us to sell it. However, we sell it for the purpose of affordable housing with a preference for veterans even though the language does not mention it here.

For Hadley article, Mr. Spellios commented that the goal here is we try to get a non-profit developer in the funding round for 2024 which means that we would need to do an RFP by the Fall, award the RFP in the Fall so that they could be in a position that they could file with the state for prequalification and then ultimately for the tax credits in early 2024. He stressed that the timing is important because the state has an annal cycle for tax credits that fund these types of projects. If we miss this cycle, we will end up holding the property for the next three years. He believes article #11 will be modified tomorrow to make clear that our disposition intent is consistent with the rezoning article.

Responding to Ms. McNerney’s question about the town vision for Hadley and Hawthorne, Peter Spellios commented that we have the information from HDR, the town’s consultant design. There will be a follow up meeting next Wednesday, April 26th to hear community opinions about the Hawthorne property. In his personal opinion, we should not let the Hadley stay vacant for any prolonged period of time.

Mr. Spellios summarized article #12 and commented that it will be revised slightly. It's not a right to lease. The select board actually has the ability to extend the lease on its own. It doesn't need town meeting approval. What we do need approval for is to amend the floor motion which was passed at the town meeting which he supported. Article 12 would actually be revised to just increase to December 31st, 2024, the amount of time that we can continue to allow the Hawthorne property to use for its current use that will provide us the flexibility to enter into a lease extension with the current user or find an alternative user and to make sure that it wasn’t vacant.

Peter Spellios commented that the Selectboard is going to talk about all those articles tomorrow night. He hoped that the town would have revised the language for the select board to be looked at tomorrow night. The Selectboard will be able to take action or at least validate the language so that the Finance Committee on Thursday would be in a position to do so.

Article #14: Appropriation for Chapter 90 roadway improvements

On **MOTION** (Naomi Dreeben) and **SECONDED** (Cinder McNerney), it was **VOTED** to approve article #9 by **ROLL CALL**.

**ROLL CALL:** Joan Hilario (YES), Adrian Rodriguez (YES), Matthew Kirschner (YES), Sunit Shah (YES), Suraj Krishnamurthi (YES), Eric Hartmann (YES).

Article #15: Appropriation of Capital projects

The committee continued to discuss capital items that have not been approved since the last meeting.

*Townwide Traffic Improvement* was approved by CIC at their meeting at the same time as the Finance Committee meeting.

Naomi Dreeben would like to know more about the potential grant and the matching funds because her understanding is that it’s part of our complete street plan, so the state helps us with that.

Amy Sarro responded that the vast majority of these projects are MassDot complete street grants but without having a plan in place and showing the approved capital for it, we cannot apply for the grant. She listed some examples of street projects and their potential grant eligibility percentages.

Responding to Ms. McNerney’s question if this project is a priority, Amy Sarro commented that this got prioritized because street projects that discussed here are around the new elementary school, and the town would like to get them done before the new school opens.

Matthew Kirschner asked if this kind of project is eligible for ARPA monies as well. Ms. Sarro confirmed that it is not.

On **MOTION** (Cinder McNerney) and **SECONDED** (Naomi Dreeben), it was **VOTED** to approve capital project *Townwide Traffic Improvement* by **ROLL CALL**.

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

The *Town Hall Basement* was left at last meeting for more discussion because of the lack information for future amount of money needed to finish the project. The proposed $50,000 is only for the design phase. Patrick Luddy commented that the Town Administrator estimated the amount needed for construction phase is $300,000.

Hartmann commented that he is not against the idea of this project. Amy Sarro suggested that we can see what the design comes out with to decide if it is a project worth going forward with.

Patrick Luddy confirmed that CIC had voted in favor of the *High School Auditorium Upgrade* project. Phase one, which is $400,000 would be upgrades to audio and visual. Phase 2, $300,000, would be lighting and the thought would be that upgrades to the audio-visual capabilities throughout the auditorium would attract larger performances, more akin to what Lynn Auditorium is able to accommodate. The hope is that the rental income that we could potentially get from those types of performers or events, is greater than what we currently receive. After completing phase one, they plan to run some test shows with whoever may be interested in performing to see how that goes and where the interest is at before investing in lighting for phase two.

Cinder McNerney and Eric Hartmann both agreed that we should have more information before we approve this project. They understand it is a potential need but not a strong need.

Patrick Luddy commented that Joe Douillette had talked to the School Committee, and they are fully supportive of the project and specifically to applying for one day liquor licenses for the types of events to occur at the school.

Cinder McNerney commented that she feels it is a rush to do this project before we know all the information, not just do it for income generation.

Amy Sarro summarized a note from Joe Douillette that the lighting in the auditorium is outdated and no longer available so they cannot find parts to replace them. Therefore, the entire lighting system needs to be replaced as it is 15 years old and is reaching the end of light life and has potential to fail within a couple of years.

Peter Spellios commented that the Finance Committee should invite Joe Douillette to their next meeting and give him the opportunity to present more about the project that he proposed.

Cinder McNerney asked if PEG has any funds right now that they could put toward this. Eric Hartmann commented that we learned earlier that there are no retained earnings left in their fund.

The committee decided to have Mr. Douillette at their meeting this Thursday to speak more about this project before they vote.

Back to *Town Hall Basement,* Naomi Dreeben commented that she inclined to approve it just because it is just not such a major investment, and we know that the cemetery surplus fill can be postponed until the following year.

Cinder McNerney mentioned that if we commit $50,000, we don’t want it to be wasted, it means that we would have to follow up right away with estimated $300,000 next year. If not, the design would become outdated. Matthew Kirschner seconded that and commented what if the construction cost more than $300,000.

Cinder McNerney reinitiated that this project and some more projects could be delayed. It’s a lot more than we normally would approve annually.

Naomi Dreeben commented that she knows how much town staff need to have a space to accommodate the whole entire staff to have a meeting in town hall.

Naomi Dreeben made a motion to recommend approval of *Town Hall Basement* capital item. The motion was not seconded.

On **MOTION** (Cinder McNerney) and **SECONDED** (Naomi Dreeben), it was **VOTED** to move the $250,000 for *Cemetery Surplus Fill* to next year by **ROLL CALL**.

**ROLL CALL**: Matthew Kirschner (YES), Sunit Shah (YES), Suraj Krishnamurthi (YES), Joan Hilario (YES), Adrian Rodriguez (YES), Eric Hartmann (YES).

Discussing *Municipal Property Capital,* Patrick Luddy confirmed that it was also approved by CIC.

Eric Hartmann commented that this is one of the items that he feels we can take out as Ms. McNerney’s point that maintenance should not be bonded.

Amy Sarro commented that after her conversation with the Town Administrator, Patrick Luddy and the Director of Facilities, Max Kasper, the specific concerns right now are the Fish House, Hawthorne and Hadley. They might need sprinkler system upgrades or similarities.

Eric Hartmann commented that if they need it, the Director of Facilities should know rather than putting it in an emergency fund. He asked if we could utilize Capital Stabilization Fund if emergency comes up. Amy Sarro responded that it is not necessarily for an emergency because we can only utilize this fund by a 2/3 vote at Town Meeting.

Cinder McNerney commented that she prefers using the Finance Committee Reserve in emergency cases instead of recommending this project in favor.

On **MOTION** (Naomi Dreeben) and **SECONDED** (Joan Hilario), it was **VOTED** to remove and do not recommend spending $100,000 for item *Municipal Property Capital* by **ROLL CALL**.

**ROLL CALL**: Cinder McNerney (YES), Matthew Kirschner (YES), Adrian Rodriguez (YES), Suraj Krishnamurthi (YES), Sunit Shah (YES), Eric Hartmann (YES).

Under *Firearms Upgrades* and *Lift Station Upgrades,* Patrick Luddy confirmed that they were both approved by CIC at an earlier meeting. *Firearm Upgrades*, according to the Police Chief, is a three-phase project to replace certain firearms and three rifles dating back to 1970 in phase one. Phase two would be to acquire a non-lethal kind of restraint system and the largest phase in FY2026 would be to replace everybody’s service weapons and the associated accessories. The service weapons were between 10 to 15 years and the current ones are reaching the end of life.

On **MOTION** (Cinder McNerney) and **SECONDED** (Joan Hilario), it was **VOTED** to approved item *Firearm Upgrades* by **ROLL CALL**.

**ROLL CALL**: Naomi Dreeben (YES), Matthew Kirschner (YES), Sunit Shah (YES), Suraj Krishnamurthi (YES),

Adrian Rodriguez (YES), Eric Hartmann (YES).

For *Lift Station Upgrades*, Patrick Luddy mentioned the project is backed up with a list of recommended upgrades from our operations and maintenance contractor that operates the station. Those upgrades include alarm system, heating, dehumidifying, pump station electrical connections, rebuilding and replacing one pump, electrical panel upgrades, etc.... The outcomes of the upgrades are eliminating emergency calls that the O&M contractor gets called out to respond to when something is malfunctioning in certain lift station. Therefore, some costs might be eliminated, and it helps us better manage our risk with the lift station. This is fully covered by state appropriation.

On **MOTION** (Cinder McNerney) and **SECONDED** (Matthew Kirschner), it was **VOTED** to approve capital project *Lift Station Upgrades* by **ROLL** **CALL**.

**ROLL CALL**: Naomi Dreeben (YES), Joan Hilario (YES), Suraj Krishnamurthi (YES), Sunit Shah (YES), Adrian Rodriguez (YES), Eric Hartmann (YES).

**Old and new business**

The Committee discussed the plan for the next meeting on Thursday. It is expected to be a short meeting to close Capital article and to have more information about other financial articles.

A tentative meeting next Monday is decided to have if the committee cannot make a decision on those matters on Thursday.

The discussion about the committee letter will be wrapped up by this weekend.

On **MOTION** (Naomi Dreeben) and **SECONDED** (Cinder McNerney), it was **VOTED** to adjourn the meeting at 9:35 PM by **ROLL CALL**.

**ROLL CALL**: Matthew Kirschner (YES), Suraj Krishnamurthi (YES), Sunit Shah (YES), Adrian Rodriguez (YES), Joan Hilario (YES), Eric Hartmann (YES).

True Attest,

Trang Vu

Assistant Town Accountant

*Approved by vote of the finance committee 09/19/2023.*

Article #11: Disposition of …

There was a discussion around

Sunit Shah asked if there is a rate…
Eric Hartmann will reach to Selectboard to have more information before FinCom make a recommendation

Article #12: Extension of right to lease: Hawthorne-by-the-Sea

The extension of right to “use”, not “lease”
Matthew Kirschner asked until when the extension is. Amy Sarro commented that it is until

Naomi Dreeben asked

Eric Hartmann

Amy Sarro mentioned that it would allow the town to lease out the building, a community forum, etc..

Adrian Ro asked if we know we can use the parking lot, if it affects the term of our insurance.

Peter Spellios commented that he

**Old and new business**

On **MOTION** (Erik Schneider) and **SECONDED** (Cinder McNerney), it was **VOTED** to adjourn the meeting at 7:55 PM by **ROLL CALL**.

**ROLL CALL**: Erik Schneider (YES), Suraj Krishnamurthi (YES), Sunit Shah (YES), Eric Hartmann (YES).

True Attest,

Trang Vu

Assistant Town Accountant

*Approved by vote of the finance committee xx/xx/xxxx*