

Swampscott Finance Committee
May 1, 2018

Attending: Marzie Galazka (Chair), Tim Dorsey (Vice-Chair) Mary Ellen Fletcher, Joan Hilario, William Jones, Jill Sullivan, Gail Rosenberg, Polly Titcomb and Cinder McNerney.

Also Attending: Sean Fitzgerald (Town Administrator), Ron Mendes (ATA), Michael McClung (Town Moderator) Cheryl Herrick-Stella, Naomi Dreeben (BOS Chair), Peter Spellios (BOS).

Motion to go into executive session for the purposes of discussing negotiations on collective bargaining agreements. Jones/Rosenberg Roll Call vote: All Aye. At 7:06PM

Exited executive session at 8:25.

The finance committee returned to discussing the budget. Ms. McNerney and Ms. Fletcher asked questions about how the Recreation Revolving account is being managed and whether it is properly audited. Ms. Fletcher feels that there are surpluses in the Recreation Revolving account that should go to offset the general budget expenses used for recreation. Mr. Spellios indicated that there are some questions as to how those balances occur and that we need to get more answers before we know whether or not there are excess funds to support the general budget. Mr. Fitzgerald indicated that the administration understands that we need new methods and policies to be clearer about how these funds are accumulated and spent. Mr. McClung reminded the Finance Committee that in 2008 when the Recreation Revolving account was set up, the BOS recommended that some expenses needed to be left in the general budget to recognize that some recreation activities are non fee-based town wide events.

There was a question about the approximate \$100K increase in the budget for outside services in the facilities budget. This item reflects preventative maintenance on buildings and is in some part a consolidation of these contracts from other departments.

Mr. Jones indicated that he would like to add money into the budget for roads. Mr. Jones does not agree to line 43. He said he would like to see at least \$200K added to DPW's 2019 Budget so that DPW can adequately address the state of disrepair of Swampscott's roads, sidewalks and curbs, and carryout the concept of Zero Tolerance for potholes town wide year round. Mr. Fitzgerald would like to have a future discussion about road service management.

Ms. Rosenberg has volunteered to be part of any committee formed regarding options to manage solid waste in town.

Ms. Fletcher asked about the timing of the payment of NEMLEC dues.

Ms. Fletcher remarked that some of the FY17 school budget was not spent as of the end of the year. She wonders what happened to that money.

Mr. Mendes indicated that some of it goes to pay summer employees.

Fletcher commented the budget book line item had different numbers than munis spending. Munis actuals showed over \$300k not spent from previous budget and feels the presentation of 57% of the budget lacks enough quality data to be voted on. The school budget needs to be presented at the same level as the town budget. Sean commented this will be happening in the coming year.

Mr. Dorsey indicated that the Finance Committee would like to understand the situation with OPEB much better going forward. What is community best practice?

Mr. Spellios indicated that the BOS is not comfortable with the \$750,000 appropriation to the OPEB trust fund. The feedback from our bond counsel said that this amount won't really impact our bond rating.

Mr. Jones recommended \$100,000 and that \$150,000 be added to the DPW 2019 budget for better road, sidewalk, and curb maintenance throughout the town and that the remaining \$500,000 be returned to the taxpayers in the form of tax rate reduction – his motion was not supported. The remainder of the board agreed on \$250,000. Legal line item 68 changes to \$1,000,000.

The finance committee then returned to the beginning of the budget that we had suspended last night. We agreed to leave the finance committee reserve appropriation at \$275K.

We had a discussion about the civic recognition and community or town hall events. Ms. Fletcher believes that they should be eliminated. The BOS supports these line items, Mr. Spellios reports. Ms. Hilario remarked that they are important to improve the chatter about living and working in Swampscott.

Salary reserve is changed +15K to 290,000.

Ms. Hilario asked how many people are covered by the performance management. The answer is about 20. Mr. Fitzgerald explained his thoughts for the performance management line and the BOS wants to give him the flexibility to build a strong personnel policy that will incentivize employees. This goes along with a detailed self-evaluation process that helps the employee set goals and learn expectations. Ms. Hilario indicated some problems from the private sector with measuring performance. Mr. Fitzgerald used the acronym star: situation, action, task, or result. The idea is to recognize a more comprehensive performance management plan. Mr. Jones asked how would we measure success of the program. Mr. Fitzgerald mentioned retention. It's important to have some tools to help that. Ms. Fletcher does not support allocating finances for performance bonuses without a plan. It's her opinion there should be a plan first and funded second and performance bonuses should be tied to compensation.

The Finance Committee agreed to fund this line over the objections of Ms. Fletcher and Mr. Jones. Mr. Jones recommended that this increase in funds be added to the

DPW 2019 budget for better road, sidewalk, and curb maintenance throughout the town.

Mr. Fitzgerald discussed the line item for Town Wide professional development. We agreed to reduce legal line 23 for employee recognition – because we feel that there are many new tools to benefit and reward employees and we don't feel every one of them needs to go in the budget all at once. We'd like to see the results of some of these programs over the next fiscal year.

Then Mr. Fitzgerald explained why both the BOS and the Community Development Department needs \$5000 for outside consulting services. Mr. Spellios supported the notion that both need. Ms. Titcomb remarked that the Community Development Department is growing rapidly. Mr. Spellios called the Community Development department our "salesforce."

The finance committee agreed that the \$500,000 reduction from the appropriation to the OPEB reserve fund will stay in free cash. We voted to amend article 9 to increase the amount of free cash used to offset the tax rate. That figure will now be \$1,000,000.

Mr. Spellios discussed with the Finance Committee the BOS request for a \$15K change to the salary reserve line. This is to allow flexibility for the BOS to possibly deal with the salary discrepancy between Mr. Fitzgerald and other Town Administrators following his annual review.

Motion to adjourn Rosenberg/ McNerney 8-0