

**SWAMPSCOTT BOARD OF SELECTMEN  
SWAMPSCOTT SCHOOL COMMITTEE  
SWAMPSCOTT FINANCE COMMITTEE  
SWAMPSCOTT CAPITAL IMPROVEMENT COMMITTEE**

**Meeting Minutes**

**Saturday, December 8, 2018**

**Salem Waterfront Hotel, Salem, MA**

*Attendance: Peter Spellios, Naomi Dreeben, Sean Fitzgerald, Ron Mendes, Cheryl Stella, Ana Lanzilli, Pamela Angelakis, Martha Sybert, Martha Raymond, Mayor Kim Driscoll, , Gino Cresta, Pat Jones, Richard Raymond, Jeremiah Sullivan, Kelley Begin, David Brodsky, Kristin Saccoccio, Marzie Galazka, Tim Dorsey, Mary Ellen Fletcher, Jill Sullivan, Mary Polly Titcomb, Cinder McNerney, Joan Hilario, Amy O'Connor, Gargi Cooper, Ted Delano, Carin Marshall, Suzanne Wright, Mike McClung, Julie Dellillo, Steve Cirillo*

*Meeting called to order at 9:00 am by Board of Selectmen, Capital Improvement Committee, Finance Committee, and School Committee.*

*Peter Spellios introduced Mayor Driscoll.*

*Mayor Driscoll from the City of Salem opened the meeting on how Salem got to where they are now and spoke about Regional Economic Development.*

*Peter Spellios welcomed everyone to the meeting and the days agenda in detail.*

**Sean Fitzgerald and Ron Mendes gave an overview of where we are in taxes and where we are going.**

- *Showed comparison on FY2018 v. FY2019 Assessed Value*
- *Average single-family tax bill (2018) \$9,073*
- *Average commercial/industrial tax bill (2018) \$27,861*
- *Average single home value (2018) \$567,045- higher than peer group*
- *Average commercial/industrial value \$971,758 (2018)- higher than peer group*
- *Ron Mendes reviewed the process in getting to the tax rate.*

***New Growth/Free Cash Policy***

- *New growth to be estimated at \$425,000*
- *Eliminate the use of free cash to balance the operating budget*

***Tax Levy Policy***

- *Tax Levy to increase by no more than 2%, plus \$425k in new growth*

*Presented a forecast on Swampscott's average Family tax bill 2020-2029*

**Steve Cirillo gave an overview of the Long-Range Revenue and Expenditure forecast for the Town of Swampscott**

- *Reviewed Revenue Assumptions*
- *Reviewed Expenditure assumptions*

- TOS- estimated impact of wage cost increases
- TOS capital investment & long-term Capital investment
- Gave “what if” scenarios – COLA Change

### **Conclusions:**

- The Town has a structural deficit due to the use of non-recurring revenue (free cash, matched against recurring general fund operating budget expenditures);
- Expenditures increase by an average of 3.62%, while revenue increases by an average of 2.18%;
- The School Dpt. Inflation rate of 3.5% can not be sustained under the present levy strategy;
- Health insurance increases are projected to increase by more than 35% over the term of the forecast;
- Local receipt unused capacity may reduce budgetary GAP;
- In order to maintain proper support for Capital improvements (EST 5%), the Town must increase its annual levy supported contribution.

### **Presented Best Practices:**

- Non-Recurring Revenue (free cash) should not be used to support recurring expenses (operating budget);
- A percentage of Net recurring revenue should be dedicated to Capital;
- Financial policies identifying the uses of free cash should be developed;
- Development of new revenue sources (hotel/meals) should relieve budget pressure;

### **Overview of Cost of Contract presented by Mike McClung and Tim Dorsey**

- Provided overview of Swampscott’s cost of services compared to peer communities.
- Stepped through the cost of contract for the police dpt.
- Broke down in detail what are driving the costs (schedule and overtime) are big factors.

### **Stepped through Swampscott’s Capital planning and Capital review process by Rich Raymond and Ron Mendes**

- Presented how we need to improve the efficiency of the process along with the role of all committees involved and at what point to involve each stakeholder (Fin Com/ BOS/ Planning Board/ School committee).
- Gave an overlook of CIC’s background, authority and current process.
- Presented recommendations on the process for 2021 and beyond.

### **Special Education our responsibility, the impacts and how it is getting done- Martha Raymond**

- Overview of Services, placement and programs being offered.
- Presented historical data on students on IEP’s, initial evaluations per year (uptick), out of district placements (with costs), and transportation (with costs).
- Out of District placement are a little under/above 30 per year
- Broke down the student services
- Gave data on how to predict costs and the funding sources beyond the operating budget.

**MSBA process the team and the approach- Suzanne Wright**

- Overview of the MSBA core program process. We are currently at the end of Module 1 (local authorization of funding)
- Presented the configuration options for the new school: K-4 consolidated school (872 students)/ 3-5 consolidated school (515 students)/ K-5 (520 students)/ Replace Hadley K-4 (325students)
- Plan to move into Module 2 by April- Scope Definition
- Module 3 is Feasibility Study and Module 4 is Schematic Design

**Swampscott's Horizon- resetting our bearing as we chart the Course Ahead- Sean Fitzgerald**

- New Annual Budget Format including zero based budget, 150 new line items, and new detailed descriptions for each line item
- Annual Capital Planning doubling the number of proposed projects in FY19
- Updated Financial Forecast with a comprehensive review of prior 10 year of actual expenses and a 10-year forecast
- Comprehensive review of annual tax setting process with much greater review of historical tax and assessing data. The average family tax bill has been reduced the last two years.
- Detailed review of all municipal contracts including collective bargaining
- Gave Small-Medium and Big ideas for financial challenges Swampscott is facing or will be facing

During the wrap up the group gave initial ideas they would like to see for the future of Swampscott.

Meeting adjourned by Board of Selectmen, Capital Improvement Committee, Finance Committee, and School Committee at 3 p.m.

