



Town of Swampscott
Finance Committee Meeting Minutes
Monday, January 31st, 2022 – 7:00 PM
Virtual Meeting

FINANCE COMMITTEE MEMBERS PRESENT

Tim Dorsey (Chair), MaryEllen Fletcher (Vice-chair), Eric Hartmann, Joan Hilario, Matthew Kirschner, Cinder McNerney

FINANCE COMMITTEE MEMBER ABSENT

Gail Rosenberg, Suraj Krishnamurthi

OTHER TOWN OFFICIALS PRESENT

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

The meeting was called to order at 7:04 pm.

Public Comment

None.

Update on timing of bonding for new school

Chairman Tim Dorsey asked if Amy Sarro or Patrick Luddy can share some thoughts about the timing for school bonding. He stressed that the sooner we work on it, the better it is.

Patrick Luddy indicated he met with Martha Sybert and representative from the OPM Hill International couple weeks ago to go over cash flow projection. He has been working on revising some spending ramping ahead of the summer. The plan is to issue the bond in summertime around July for \$60 million at 2.5% interest and BAN \$4 million later in the project in FY 2024, that will be renewed annually up until the Town is closed out with the MSBA and knows the final project cost is. He summarized we are looking at spend up to what we have already spent on feasibility, about \$10 million through August total cash flow, a portion of that will be reimbursed monthly from the MSBA.

Cinder McNerney mentioned she did not think we have to wait until July to issue the debt. She also expressed her concern about the increased interest rate.

Patrick Luddy responded that he had planned and discussed about a bond issuance in July and a big consideration with that is the timing of the first principal payment. If we accelerate and do an issuance a large bond issuance this FY, it's going to shift a large principal payment into FY

2023, which we hadn't planned to use any Stabilization of FY 2023. However, he also agreed that we could issue bonds sooner than that.

Cinder McNerney said that if we wait until July, we are not going to get 2.5%, but probably 3% interest rate.

Matthew Kirschner asked if 2.5% is the current union rate or that's what estimated in July.

Patrick Luddy said that we are looking to see the interest between 2.7% and 3%.

Matthew Kirschner asked Patrick how much approximately the first payment would be

Patrick Luddy responded it was about \$1.5 million.

Chairman Tim Dorsey asked if we could defer the first payment and just pay extra interest.

Cinder McNerney said we could consider a hybrid structure payment when we had less in the first year and more in some later years. She thought somebody should do analysis and use stabilization funds and very slowly reimburse it over time instead of waiting until July and pay extra interest.

MaryEllen Fletcher asked how long it would take to bring something to the market.

Patrick Luddy answered it could take 30-60 days.

Matthew Kirschner and Mary Ellen Fletcher both thought the Town would issue the bonds earlier than July.

MaryEllen Fletcher asked if there is any way we can bring this to market before March 15

Cinder McNerney indicated that we should try to get in the market sooner than later when the rates are going up.

Chairman Tim Dorsey concluded by summing up that Finance Committee strongly urges the Town to assess quickly the potential acceleration of the bond issuance because we want to get out to market in a way that keeps us within the interest rate ranges we had forecasted last year.

Discussion on federal funding amounts/status of prioritization of potential uses

Director of Admin. & Finance Amy Sarro confirmed that we do not have an amount yet from the infrastructure bill nor do we have a guidance for it. The only federal fund that we have the amount and guidance for is the ARPA money, \$4.57 million that will extent through 2024 for us to spend. She also sent out a memo to all the department heads to review the guidance and come forward with different ideas they have.

MaryEllen Fletcher asked if there was a list of the guidelines of what the money could not be spent on.

Director of Admin. & Finance Amy Sarro stated that it was on State website, but she could distribute it to everyone.

MaryEllen Fletcher commented that she and Matthew Kirschner would like to have some feedback from Finance Committee as a whole and that she would like to see the money to go to into Infrastructure. She mentioned the ARPA funding also covers infrastructure.

Tim Dorsey commented that he assumed the infrastructure amounts were expected to be significantly more than the other amounts.

Amy Sarro mentioned that we should put together a project listing, a priority listing, and a percentage-based allocation for ARPA.

Eric Hartmann asked how it was to get money and decide on how to spend it.

Amy Sarro confirmed we had received half of the ARPA money, and we should consult on what we choose to do to develop the plan for how to use it and report to the State what projects we are going to do, the estimated amount, etc. She mentioned that she had not received any guidance on the infrastructure bill, but the infrastructure portion of ARPA was broad in what we can do for water and sewer.

Eric Hartmann asked who has the authority within the Town to make the decision how this money is spent.

Director of Admin. & Finance Amy Sarro responded that it was the Town Administrator and her who sign the warrants, but they decided to form the working group so that it's not the two of them making those decisions.

Cinder McNerney asked if the Town could use this money to reimburse the Town's lost revenue.

Director of Admin. & Finance Amy Sarro commented that we could claim a standard allowance up to \$10 million in lost revenue with some conditions. She also said the Town would rather use the money towards the projects.

Cinder McNerney asked if the grant money is only used for new projects, or it could be used to stabilize the FY2023 costs of school.

Director of Admin. & Finance Amy Sarro confirmed that it can't be used for debt service, OPEB and pension.

MaryEllen Fletcher asked the standard guidelines for showing there is a loss income.

Director of Admin. & Finance Amy Sarro said it is complicated to calculate the loss revenue so we can claim the loss a standard allowance.

MaryEllen Fletcher claimed that the grant money needs to be transparent so that anyone who is interested in could understand it.

Director of Admin. & Finance Amy Sarro presented the amount of ESSER I, II, and the initial estimate for ESSER III were \$149,023, \$645,485, \$1.43 million, respectively. She also

confirmed that the timeline to spend the money is until end of calendar 2024. The money is restricted to school specific things on combatting COVID, working to bring student back to bridge that learning gap and a few other categories, but no school infrastructure.

MaryEllen Fletcher asked if ESSER I and II were spent.

Director of Admin. & Finance Amy Sarro responded that ESSER I was spent to help bring the occupational health nurses and IT professionals to help with remote learning. They are still in the process of spending ESSER II and had not touched ESSER III.

Chairman Tim Dorsey asked if the \$10 million loss claimed is on top of the \$4.57 million.

Director of Admin. & Finance Amy Sarro commented that we could claim the loss out of \$4.57 million bucket.

MaryEllen Fletcher concerned about how the grant money would affect the schools, Tim Dorsey mentioned that it would be one of the agenda items after School Committee has a budget meeting in February.

Matthew Kirschner commented that it would be a good idea to use the revenue replacement option for new school, water, sewer, community development.

Review budget calendar and share preliminary views on meeting cadence during budget cycle

Chairman Tim Dorsey summarized some preliminary views on possible meeting cadence.

Director of Admin. & Finance Amy Sarro shared some dates that Town Administrator had planned on present the FY2023 budget to Select Board.

MaryEllen Fletcher asked if there was a line item for new windows in middle school.

Chairman Tim Dorsey mentioned to invite Max Kasper, Director of Facilities, to next meeting to discuss about his Finance committee reserves request. He also commented that it would be better to have the warrant reviewed by the Committee as much as possible by the time the warrant goes out. He asked for how often the Committee wanted to meet so that everyone would have the best preparation for Town meeting.

Eric Hartmann asked if the first version of the warrant would be annotated that might help to cut down on questions. Director of Admin. & Finance Amy Sarro confirmed on that with some additional details.

MaryEllen Fletcher recommend that Finance Committee should join the Select Board meeting on February 23rd.

Committee Updates

None

Old and New Business

MaryEllen Fletcher commented that we need to follow through overdevelopment in Town Chapter 70 issues.

Chairman Tim Dorsey mentioned to Land Use Summit and would like to ask Polly Titcomb to next meeting to ask her if the concept of Land Use Summit was aligned with what Finance Committee wrote in the letter last year.

MaryEllen Fletcher would like Select Board and the Town Administrator to identify properties that are at risk and the solutions for it. She indicated that these issues had some serious financial impacts to the Town.

Joan Hilario commented that there were a lot of legalities behind it, so we needed to be cautious in terms of how we approach it. She also recommended to have a conversation with Polly Titcomb.

Chairman Tim Dorsey mentioned to a request made by Max Kasper, which was associated with the middle school gym floor, indicating that they had spent the money because of safety issues.

Chairman Tim Dorsey and MaryEllen Fletcher followed up on Meeting Minutes that had been late to be voted and posted. Patrick Luddy and Trang Vu confirmed that there were some meetings that had been cancelled, some were joint meeting with SB, one was deferred to be voted. Trang would follow with the late ones and give Tim updates on Monday, February 7.

ON MOTION (Eric Hartmann) and **SECONDED** (Joan Hilario) it was **VOTED** to adjourn the meeting at 8:48 pm by ROLL CALL: Cinder McNerney (YES), MaryEllen Fletcher (YES), Matthew Kirschner (YES), Tim Dorsey (YES).

True Attest,
Trang Vu

Trang Vu, Assistant Town Accountant

Minutes APPROVED by vote of the Finance Committee 03/07/2022