



Town of Swampscott
Finance Committee Meeting Minutes
Wednesday April 28th, 2021 7:00 PM
Virtual Meeting

FINANCE COMMITTEE MEMBERS PRESENT

Tim Dorsey (Chair), Mary Ellen Fletcher (Vice-chair), Eric Hartmann, Joan Hilario, Matthew Kirschner, Cinder McNerney, Gail Rosenberg, Jill Sullivan

ABSENT

OTHER TOWN OFFICIALS PRESENT

Sean Fitzgerald, Town Administrator; Ron Mendes, Asst. Town Administrator; Amy Sarro, Town Accountant; Patrick Luddy, Asst. Town Accountant

Meeting called to order 7:03 PM

Approval of Minutes

None.

Public Comments

None.

FY 2022 Budget Review

DEBT SERVICE

Chairman Dorsey asked for clarification that the debt service budget was correct and did not require any further adjustments. Mr. Mendes clarified that the debt service budget is reflective of FY 2022's needs.

Mary Ellen Fletcher asked for clarification that no adjustment is needed for the recently approved financing of the Middle School roof project. Mr. Mendes further clarified that there is no need to adjust the debt service budget for this because the debt service relative to the roof project will not hit the budget until at least FY 2023.

EMPLOYEE BENEFITS

Mr. Dorsey summarized comments received from the Town Accountant that indicates if the COLA increase is approved on the warrant for the retirees, the appx. \$73,000 budgetary impact would hit in FY 2023, not FY 2022 so it does not need to be reflected in this budget.

REGIONAL VOCATIONAL TECH

Mary Ellen Fletcher asked for clarification if the town has representation within the regional vocational tech school. Mr. Mendes clarified that Alice MacDonald is the representative appointed by the Moderator. Mr. Fitzgerald encouraged the finance committee to meet with her at some point to analyze the town's budgetary relationship with the regional school district.

STATE ASSESSMENTS

Chairman Dorsey asked for a summary of updates relative to the change in the projected State Aid & Assessments estimates. The net effect of the changes in state aid related to charter school reimbursement and assessments is appx -\$20,000. The charter school reimbursement increased about \$75,000, and the related assessment went up approximately \$95,000. These figures are based on the House Weighs and Means proposal for the state budget.

SEWER

Mr. Mendes briefly summarized the work that the Sewer and Water rate study committee has been undertaking to determine if tiered rates would be appropriate for the town, and the timeline for implementing the tiers (July for the August bills).

Chairman Dorsey suggested that the committee have a meeting prior to town meeting to better understand the tiered rates and the drivers of cost associated with operating the Sewer enterprise.

Cinder McNerney commented that she wants to understand better what the tiered rates achieves and what the current Sewer and Water retained earnings balances are. She also asked if the tier model will be available prior to town meeting. Mr. Fitzgerald commented that he did not anticipate the model would be available prior to town meeting, but that some general information would be made available.

Ms. McNerney asked Mr. Fitzgerald to briefly comment on why the current rate system is inequitable based on his analysis.

Mr. Mendes commented that the consumers which are consuming the most are large apartments buildings and restaurants. For example, restaurants dump fats and oils in the sewer system which lead to increased maintenance costs for the sewer system. Mr. Mendes also commented on large apartment buildings that use a main meter much larger than the average 5/8" meter that single family homes and individually metered condo units use. The tiered system would incentivize these buildings to reduce their meter size and upgrade to low-flow devices.

Cinder McNerney asked for clarification on the balance in retained earnings for both the Sewer and Water Enterprises. Mr. Mendes provided those figures, commenting that they are within the financial guidelines.

HR

Chairman Dorsey asked to revisit the HR budget, relative to the town/school split that Mr. Fitzgerald commented on in a previous meeting. Mr. Fitzgerald clarified that he is continuing to have discussions with the School Superintendent regarding cost-sharing the HR function, and the

conversations are still ongoing. Mr. Fitzgerald will update the finance committee on the exact ratios that are agreed upon in the coming weeks.

Mr. Fitzgerald pursued funding from the state for the DEI initiatives, and commented that he was successful in securing \$100,000 of funding in the state budget from the House to fund the new DEI position that is proposed. He requested that the finance committee fund the DEI position as proposed in the budget, with the hope that the funding passes the senate and the conference committee and is approved.

Mary Ellen Fletcher commented that she did not support hiring a full-time DEI position at this time. She supports putting funding toward a consulting contract with a firm that can evaluate the needs of the community, develop clear goals for DEI initiatives and determine if the town would benefit from a full-time hire before a full-time person is hired to execute the town's DEI initiatives.

Cinder McNerney agreed with Mary Ellen Fletcher's comments.

Ms. Fletcher also suggested that the Select Board should assemble a DEI committee to help establish some of the goals relative to DEI initiatives.

Gail Rosenberg asked Mary Ellen if in her discussions with any consulting agencies yielded any estimates of cost for consulting contracts. Mary Ellen stated that she did not receive an exact cost estimate from any of these consulting agencies, but she ballparked \$50,000.

Jill Sullivan commented that she did not feel the philosophy of the approach to the DEI initiative was under the purview of the Finance Committee, but rather the financing of the matter. Ms. Fletcher and Ms. McNerney disagreed.

Mr. Fitzgerald commented that he appreciates the input of the Finance Committee relative to the validity of the requested funding. He commented that it is difficult to undertake DEI initiatives, and again asked the Finance Committee for their support to hire a DEI coordinator. He referenced the detailed job description for this position that he had previously shared with the committee. He also felt that \$50,000 of consulting would be used very quickly relative to the training and functions that the town needs relative to DEI.

Joan Hilario responded to Mary Ellen Fletcher's comments. She said that based on her experience as an HR professional, the cost associated with this consultant is upwards of \$250/hr, so a \$50,000 budget would only yield appx. 200hrs of work. She felt that it was up to the Select Board to determine how DEI is approached and stated that she supported the budget for this position.

Matthew Kirschner asked Mr. Fitzgerald to confirm that the HR Director will be hired prior to the DEI coordinator. Mr. Fitzgerald confirmed this. He also commented that he will continue to pursue grant opportunities for the town's DEI initiatives to offset the financial impact of them.

Chairman Dorsey commented that he is supportive of the position proposed in the budget for FY 2022. He also stated that he is respectful of the discussion the committee has had surrounding the goals that are needed for this position, and the concern for its success. Mr. Dorsey also stated that he had shared some of his corporate-focused resources he is aware of with Mr. Fitzgerald, which he offered to share with the committee.

On **MOTION** (Jill Sullivan) and **SECONDED** (Joan Hilario) it was **VOTED** to support funding the DEI coordinator position at \$85,000. **ROLL CALL:** Eric Hartmann (YES), Joan Hilario (YES), Matthew Kirschner (YES), Cinder McNerney (YES), Jill Sullivan (YES), Mary Ellen Fletcher (ABSTAIN) Tim Dorsey (YES).

Cinder McNerney commented that she would have supported funding a consulting position first, but she wanted to make sure that funding for DEI was available either way.

BUDGET RECOMMENDATIONS

Mr. Mendes summarized the finance committee's preliminary proposed adjustments to the budget.

Mr. Dorsey asked the committee to confirm that they were comfortable with the Fincom reserve level that is proposed, including the recommended \$50K increase for facilities emergencies based on conversations the committee had with the Facilities Director.

Mr. Mendes clarified that the \$50K increase was recommended based on experience data the town has relative to emergency maintenance repairs.

On **MOTION** (Jill Sullivan) and **SECONDED** (Cinder McNerney) the finance committee recommended approval of the budget proposal, as amended by the Finance Committee. **ROLL CALL:** Eric Hartmann (YES), Joan Hilario (YES), Matthew Kirschner (YES), Cinder McNerney (YES), Jill Sullivan (YES), Mary Ellen Fletcher (YES) Tim Dorsey (YES).

FINANCE COMMITTEE LETTER TO TOWN MEETING

Jill Sullivan led a discussion with the committee regarding the content of the committee's annual letter to town meeting that she will be compiling on the committee's behalf. Topics to address may include:

- **Emphasize fiscal policy**
- **Encourage fiscal restraint**
- **Demonstrate that this is not austerity**
- **Comment on Swampscott strong financial position**
- **CARES Information, including impact on budget**
- **Revenue Challenges/Impact for FY 2022**
- **Financial Reserves/Forecasting**
- **Sewer Cost-Drivers/LWSC Agreement, O&M, Capital Investment**
- **Pension Costs**

- **Challenges (MS, HS, Sewer, Solid Waste, Unused Levy Capacity, Healthcare, OPEB)**
- **Financial Impact of Change/Development/Growth in Town**
- **Average Single-Family Tax Bill Trends**

On **MOTION** (Jill Sullivan) and **SECONDED** (Gail Rosenberg) it was **VOTED** by **ROLL CALL** to adjourn the meeting at 9:01 PM. **ROLL CALL:** Eric Hartmann (YES), Joan Hilario (YES), Matthew Kirschner (YES), Cinder Mc Nerney (YES), Jill Sullivan (YES), Mary Ellen Fletcher (YES) Tim Dorsey (YES).

True Attest,

Patrick Luddy

Patrick Luddy, Assistant Town Accountant

Minutes APPROVED by vote of the Finance Committee 8/2/2021