



Town of Swampscott
Finance Committee Meeting Minutes
Monday March 15th, 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

OTHER TOWN OFFICIALS PRESENT

Peter Spellios, Select Board Chair; Sean Fitzgerald, Town Administrator; Ron Mendes, Asst. Town Administrator Admin & Finance; Patrick Luddy, Asst. Town Accountant

Meeting called to order 7:03 PM

Chairperson Dorsey acknowledged that James Goldman has resigned from the Finance Committee.

Approval of Minutes

On **MOTION** (Eric Hartmann) and **SECONDED** (Joan Hilario) it was **VOTED** by **ROLL CALL** to **APPROVE** minutes from the meetings held on 2/1 and 2/8, as amended by the Finance Committee. **ROLL CALL:** Eric Hartmann (**YES**), Joan Hilario (**YES**), Matthew Kirschner (**YES**), Cinder McNerney (**YES**), Gail Rosenberg (**YES**), Jill Sullivan (**YES**), Tim Dorsey (**YES**).

Public Comment

None

FY 2022 Budget Review

Revenues

Town Administrator Sean Fitzgerald provided an overview of his recommendations for the FY2022 budget. Specifically, he highlighted continued investment in Facilities, Senior Services, and Diversity and Inclusion efforts. He acknowledged Swampscott's admirable reserve balances and discussed some of the challenges the town is facing in the short-term regarding the pandemic, as well as long-term with growth in health insurance expenses, OPEB liabilities, and Solid Waste/Recycling expenses.

Assistant Town Administrator Ronald Mendes discussed changes in net local aid, highlighting an estimated change in total Net State aid for FY2022 of -\$88,542; and a net change in education-specific state aid for FY 2022 of -\$180,224.

Mary Ellen Fletcher asked Mr. Fitzgerald to clarify if he has sent any communication to Swampscott's state representatives regarding the changes in Chapter 70 and the Charter School Tuition Reimbursement, as was discussed previously in a Select Board meeting. Mr. Fitzgerald commented that he is in conversation with the Superintendent of the School Department to draft a letter to the state representatives regarding this issue.

Mr. Mendes continued discussing estimated revenues for FY2022. Notably he highlighted the fact that Terpene Journey, a recreational marijuana establishment, is planned to open in town this coming summer, and the host community agreement fees and other sales taxes have not been included in the budget projection as it currently stands. Mr. Mendes is actively seeking additional information to formulate an appropriate estimate for this new revenue source for FY 2022.

Mr. Mendes also highlighted increased fee revenues expected from the Solid Waste Reduction Program from the sale of overflow bags etc. which are included in the estimate for local receipts (~\$200,000).

Matthew Kirschner suggested increasing the estimate for receipts from meals and rooms taxes, since the town is expected to exceed its estimates for FY2021 as of the Dec. 30th actual figure provided, and there is pent-up demand due to the COVID restrictions.

Mr. Kirschner also asked for clarification on how the receipts from the Solid Waste Reduction Program are allocated. Mr. Mendes clarified that because the Solid Waste program is operated in the general fund as opposed to a special revenue fund or an enterprise fund, the associated receipts are credited to the general fund to offset the expenses.

Additionally, Mr. Kirschner asked for clarification as to why the town used a conservative estimate for Licenses & Permits, given historical strength in this area. Mr. Mendes explained that there is a level of uncertainty surrounding building permits, and that the conservative estimate is best in his opinion at this time. The risk of estimating less conservatively in any category is that there could be a revenue shortfall that negatively impacts free cash.

Mr. Dorsey asked for clarification regarding whether there has been formal discussion around moving the solid waste removal program in a revolving fund or an enterprise fund. Mr. Mendes explained that currently the solid waste program does not generate enough revenue from fees alone to support the solid waste program either method would still require subsidy from taxes.

Gail Rosenberg commented that the optics of maintaining the revenue from the Solid waste Reduction Program in the general fund lends to the thought that the town is allocating this revenue to costs other than the Solid Waste Program because of the way it is presented in the budget. Jill Sullivan agreed and suggested that a slide or other supplement be provided at town meeting that demonstrates how the funds flow through to offset the expense.

Next, Mr. Mendes provided an overview of the estimated net tax levy for FY 2022, which is \$52,684,470 as calculated pursuant to the town's policies. The Excess tax levy capacity for FY 2022 is estimated to be \$4,336,618.

FTE Analysis

Mr. Mendes reviewed the FTE analysis with the committee, highlighting that the budget includes a +1.00 increase in headcount, but an overall net decrease of -0.10 in FTE. Mr. Mendes also clarified that there are several positions that exist within the Human Resources and Facilities departments, including their respective department heads, that are cost-shared between the Town Budget and the School budget.

Expenses

Jill Sullivan asked for clarification on what the community engagement line item in the Select Board budget is intended for. Mr. Fitzgerald spoke to how active the Select Board is, and how these funds act as a catalyst for several different initiatives that are active in town.

Ms. Sullivan also inquired about the change in role relative to the Assistant to the Town Administrator. Mr. Fitzgerald elaborated on the increased need for a communications-focused role. Joan Hilario asked if this position is or will be able to support any school functions. Mr. Fitzgerald stated that the role primarily serves town-departments but is available to support certain school functions such as the efforts of the Hadley School Re-Use committee.

Chairperson Dorsey asked for an explanation of the Salary Reserve figure. Mr. Mendes explained that Salary Reserve, which is recommended at \$40,000 for Fiscal 2022, represents potential increases for staff relative to ongoing negotiations. He also noted that salary lines are budgeted at a rate of 52.2 weeks in the FY 2022 budget proposal to account for the total pay periods that will be charged to Fiscal 2022.

Jill Sullivan asked for clarification on staffing in the Assessor's office. Mr. Mendes clarified that a part-time assessing director position has been filled, and there is a vacant clerical position in the assessing office due to a position transfer.

There was some discussion surrounding CARES Act funding and ARPA funding. Town Accountant Amy Sarro was recognized in the meeting and provided an overview of the CARES Act funding that the town received to date, which has been fully expended. She elaborated that changing guidance from FEMA under the new federal administration may free up a significant amount of CARES Act funding for new uses through the end of calendar 2021.

Ms. Sarro also briefly discussed the new ARPA funds, estimated at \$1.5M, which will be available to expend through some time in FY 2024. She is awaiting specific guidance on allowable uses and reporting requirements for these funds but is hopeful that guidance will be received prior to town meeting to help inform budget decisions.

Jill Sullivan asked for clarification on how the legal contract is set up; flat-rate, hourly or a hybrid of the two? Mr. Mendes clarified that the contract is hourly, however he was not clear on whether it was handled differently in the past, and if so when the change to an hourly agreement occurred.

Eric Hartmann inquired about increased cost in the Human Resources budget relative to employment screening and wanted to understand how that relates to the move away from civil service. Mr. Fitzgerald clarified that other communities he has spoken with have not seen any increased costs in this area relative to leaving civil service. The budgeted amount includes potential costs associated with assessment centers for candidates for Police Chief in Fiscal 2022.

Jill Sullivan asked for information on the Land Use Coordinator role in the Community and Economic Development department. Mr. Fitzgerald explained that this position serves a critical function managing communications and interactions between the various boards and departments involved in the development process. This position increases the bandwidth of the department.

Eric Hartmann asked for rationale regarding an 8% increase in the line item for the Police Chief. Mr. Mendes clarified that there is some uncertainty regarding the market rate for hiring the Police Chief, so this budget will allow flexibility in the hiring process. An alternative would be to move some amount of this appropriation to salary reserve for allocation later in Fiscal 2022 once the position is filled.

There was some dialogue regarding the police union contract, and the outcomes of those negotiations as they are reflected in the budget. The FY 2022 budget reflects negotiated increases for the Police Union, excluding one-time payments that will be funded through a separate town meeting article.

Mary Ellen Fletcher asked for clarification around reimbursements for overtime associated with protests around the Governor's residence from the state. Mr. Fitzgerald commented that he has requested consideration from the state for the incremental cost. As of right now it seems unlikely to him that the State will provide any additional support to offset the incremental public safety costs associated with the protests.

Bill Dimento asked Mr. Fitzgerald to provide a dollar figure for savings relative to the change in minimum staffing language in the police contract. Mr. Fitzgerald was not able to provide a specific figure but reiterated that the matter was given significant consideration.

On **MOTION** (Jill Sullivan) and **SECONDED** (Gail Rosenberg) it was **VOTED** by **ROLL CALL** to adjourn the meeting at 9:00 PM. **ROLL CALL:** Eric Hartmann (**YES**), Joan Hilario (**YES**), Matthew Kirschner (**YES**), Cinder McNerney (**YES**), Gail Rosenberg (**YES**), Jill Sullivan (**YES**), Mary Ellen Fletcher (**YES**) Tim Dorsey (**YES**)

True Attest,



Patrick Luddy, Assistant Town Accountant

Minutes APPROVED by vote of the Finance Committee 3/29/21