



**Town of Swampscott**  
**Finance Committee Meeting Minutes**  
Thursday, November 12, 2020 – 7:00 PM  
Virtual Meeting

**FINANCE COMMITTEE MEMBERS PRESENT**

Tim Dorsey (Chair), Joan Hilario, Eric Hartmann, Cinder McNerney, Mary Ellen Fletcher; Gail Rosenberg; James Goldman; Matt Kirschner

**ABSENT:**

Jill Sullivan

**OTHER TOWN OFFICIALS PRESENT**

Sean Fitzgerald, Town Administrator; Ron Mendes, Assistant Town Administrator – Administration and Finance; Allie Fiske, Assistant to Town Administrator; Michael McClung, Town Moderator; Peter Spellios, Chair of the Board

The meeting was called to order at 7:01 PM

**ARTICLE 4**

Town Administrator Sean Fitzgerald suggested that the Committee wait until Monday to discuss this article due to the fact that negotiations are still on-going. The Finance Committee agreed to hold off until further discussion.

**ARTICLE 5**

Assistant Town Administrator Ron Mendes stepped through a presentation on the Tax Rate Recap.

Assistant Town Administrator of Administration and Finance Ron Mendes provided a thorough presentation on the 2020 Tax Rate Recap. He reviewed the average and median single family tax bills last year.

Patriot Properties valued every property in town and provided a summary of the values. There has been a 3.8% increase in the value of single-family homes and the value of condominiums has increased 12.8%. Commercial property value has seen an increase of 8.9%.. These are based on values from January 1, 2020. All taxable property is worth \$3.4 billion according to our assessment.

Mr. Mendes showed the levy analysis from 2011-2020 and the excess levy capacity for 2021 and free cash balance. The Town Administrator proposed a \$1,550,000 free cash transfer.

Mr. Mendes reviewed the 5 levers that the Town has at its disposal to manage tax policy: 1. Setting the Town Budget; 2. Estimating Local Receipts; 3. Transferring from Free Cash/Reserves; 4. Small Business/Residential Exemption; 5. Split Tax Rate.

Mr. Mendes stepped through calculations related to the overlay balance, revenue to be raised, tax levy limit, and single tax rate.

Mr. Mendes reviewed options for splitting the tax rate between Commercial/Industrial Properties (CIP) and Residential Properties. The Town Administrator's recommendation is to make a 1.7 shift and increase the CIP rate from 7.14% to 12.14% and decrease the tax burden on the residential properties from 92.85% to 87.86%. This would keep the single-family tax bill the same as last year, with a \$0 increase. Shifting by 1.75 would keep the single-family and condo rate the same, requiring a lesser transfer of free cash, but transfer more tax burden onto commercial properties.

Chairperson of the Select Board Peter Spellos commented that a future Financial Summit could potentially focus on assessments.

Mr. Mendes reviewed the Small Commercial Exemption option which shifts tax burden from small properties that have an annual cumulative employment of less than 10 employees and property value of less than 1 million. If they meet this requirement, they receive a 10% reduction in tax bill, which is achieved by increasing taxes on commercial and industrial properties. Total exemptions for FY21 would be \$26,046. This exemption has been voted affirmatively two years in a row.

The Select Board will not vote on the tax rate until a meeting in December, though it is likely that the Select Board will vote on the Town Administrator's recommendation which proposes a \$1,550,000 free cash transfer. There was conversation regarding whether the proposed use of free cash is in line with the policies outlined in the draft financial guidelines. It was determined that after the proposed appropriation, the free cash balance would still be slightly ahead of the upper end of the policy threshold.

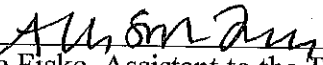
On **MOTION** (Fletcher) and **SECONDED** (Hartmann) it was **VOTED** by roll call to recommend the use of \$1.55 million in free cash for Article 5. Roll call: Hilario (YES) Hartmann (YES) McNerney (YES) Fletcher (YES) Rosenberg (YES) Goldman (YES) Dorsey (YES) Kirschner (YES)

There was a discussion about which committee members will speak on certain articles at Town Meeting. There was also a discussion about how to provide an updated table to the Town Meeting members prior to the meeting so they have the updated budget.

On **MOTION** (Hartmann) and **SECONDED** (Rosenberg) it was **VOTED** by roll call to adjourn the meeting. Roll call: Hilario (YES) Hartmann (YES) McNerney (YES) Fletcher (YES) Rosenberg (YES) Goldman (YES) Dorsey (YES) Kirschner (YES)

Meeting adjourned at 8:30 PM

True Attest,

  
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Allie Fiske, Assistant to the Town Administrator

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