



Town of Swampscott
Finance Committee Meeting Minutes
December 14th, 2020 7:00PM
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

Polly Titcomb, Vice-chair Select Board; Ron Mendes, Asst. Town Administrator Admin & Finance; Patrick Luddy, Asst. Town Accountant

The meeting was called to order at 7:03 PM

Chair of the Finance Committee Tim Dorsey first addressed the matter of appointing a finance committee member to the Hadley school re-use committee which was established at special town meeting in November. This appointee is tasked with keeping the finance committee informed of the progress and findings of the Hadley school re-use committee. Mr. Kirschner had previously expressed interest to Mr. Dorsey in serving on the Hadley Re-Use Committee.

Mr. Kirschner briefly discussed his qualifications for the appointment, mainly surrounding his experience serving on the school building committee.

There was discussion regarding why the Hadley School re-use committee would not be evaluating market-rate housing as a potential form of re-use. The moderator clarified that the language in the town meeting article establishing the committee included specific reuses to be considered. He also stated that if the committee wanted to expand their evaluation to include market-rate housing as a potential re-use of Hadley, they would be able to bring that before town meeting for consideration.

On **MOTION** (Jill Sullivan) and **SECONDED** (Cinder McNerney) it was **VOTED** by roll call to appoint Matthew Kirschner to the Hadley Re-Use Committee. Roll call: Matthew Kirschner (YES), Mary Ellen Fletcher (YES), Eric Hartmann (YES), Joan Hilario (YES), Jill Sullivan (YES), Cinder McNerney (YES), Gail Rosenberg (YES), Timothy Dorsey (YES).

Ms. Titcomb and Mr. Mendes provided an overview of the development and layout of the drafted financial policies. The policies are broken into two main sections, "Operations" and "Planning", with numerous subsections in each. Mr. Mendes suggested that the committee's primary focus be on reviewing the "Planning" section of the draft financial policies because it most closely relates to their interests. The committee agreed that their focus would primarily be

on the "Planning" section of the draft, however they will likely comment on some of the operating sections as well upon review.

Mr. Hartmann asked if the drafted policies were already being applied in practice or if they need to be implemented. Mr. Fitzgerald and Mr. Mendes both assured Mr. Hartmann that the policies are for the most part already implemented in the Town's operations and can be fully implemented once they are committed to paper and formally adopted.

Ms. Sullivan suggested that the committee approach review of the draft financial guidelines in chunks of 3-4 topics at a time. Chairperson Dorsey agreed, and suggested that the committee begin their review of the draft in the order of the Table of Contents.

Ms. McNerney asked who would be formally adopting the financial policies. Mr. Mendes stated that the intention of the administration was to have the policy adopted by the Select Board once they receive the committee's recommendation.

Ms. Fletcher asked what the desired timeline was for adopting the policies. Ms. Titcomb stated that the intention was to have the policy adopted prior to the next budget cycle. Mr. Dorsey clarified that this would mean that the committee's review of the draft would need to be complete by mid-January to meet the Select Board's desired timeline.

The committee commenced their review of the draft financial policies, as follows:

Ms. Sullivan requested that the "Planning" section of the document be renamed "Financial Planning". Ms. McNerney then suggested that the "Operations" section of the document be renamed "Financial Operations" for consistency.

Regarding the anti-fraud section of the document, Mr. Hartmann asked if there was a policy surrounding employees accepting gifts. Mr. Fitzgerald and Mr. Mendes briefly summarized state ethics law, which forbids employees from accepting gifts in excess of a material threshold (currently \$50).

Mr. Hartmann asked for clarification as to when the Town Administrator notifies the Select Board and others of the outcome of fraud investigations; the language in the draft states that they are only to be notified upon completion of the investigation. Mr. Fitzgerald elaborated on the complexities of fraud investigations, especially when it involves personnel and when there are legal ramifications. He stated that the language in the draft policy is reflective of those complexities.

Ms. McNerney asked whether Town Employees are going to be required to read and acknowledge the anti-fraud section of the policy. Mr. Mendes explained that Town employees are required to do a State Ethics Training, either annually or biannually, and that the Town Clerk enforces compliance with the mandators ethics training. Mr. Fitzgerald stated that he would like to have key employees sign off on the policy, at which point. Mr. Mendes pointed out the appendix of the policies, which includes a policy acknowledgment page that each department head will sign once the policies are adopted.

Ms. Sullivan asked if there was any requirement for the Town Treasurer to take a mandatory anti-fraud vacation or "Garden Leave". Mr. Mendes stated that this was not a requirement

currently, but that it may be a best practice citing a known fraud case that had occurred in another Massachusetts town.

Mr. Hartmann asked if there was a phone number in place that can be used to report fraud/abuse. Mr. Mendes stated that the state has a variety of numbers that can be used to report different types of fraud. Ms. Fletcher suggested these numbers be included in the policies so that employees have the means to report violations. Mr. Mendes agreed and suggested an appendix be added to the policies with a list of all the phone numbers, which could be posted conspicuously in town buildings as a reference and be updated easily should phone numbers change in the future.

Mr. Dorsey asked for clarification regarding who the policy applies to and if there is any union/collective bargaining to consider. The language in the draft states that the policy applies to "all those acting on behalf of the town". Mr. Fitzgerald stated that he had not shared this draft with town labor counsel, but it is his understanding that this policy would have no impact on collective bargaining agreements.

Ms. Sullivan asked Mr. Fitzgerald if he had established a risk management team yet, as is prescribed in the "Risk Assessment and Monitoring" subsection of the Anti-Fraud policies. Mr. Fitzgerald stated that he had not established a formal risk management team, but it would likely be comprised of the Asst. Town Administrator of Admin & Finance, the Town Accountant, and the Asst. Town Accountant.

Ms. Sullivan suggested that the language in the "Risk Assessment and Monitoring" subsection of the draft be more specific regarding how often the Town Administrator should review the makeup of his risk assessment team. The language in the draft reads "periodically"; Ms. Sullivan suggested changing the language to biannually. Mr. Fitzgerald agreed with the proposed change.

Transitioning to the assessing section of the draft policies, Ms. McNerney asked Mr. Mendes if there was any language in the draft policies that required the assessing dept. to keep property valuations within 10% of fair value. Mr. Mendes explained that due to heavy regulation by the state regarding property valuation, it would not be necessary to include that language.

Ms. Sullivan asked that language be added to the assessing/tax recap policy to document that the finance committee must approve the annual budget before it advances to Town Meeting.

Ms. Fletcher requested that additional language be added to the assessing/tax recap policy that states the finance committee must be kept apprised of town staff's progress regarding completion of the tax rate recap process.

Chairperson Dorsey tabled the review of the draft financial policies for a future meeting and transitioned to a discussion regarding outcomes of the recent special town meeting.

Mr. Dorsey acknowledged and addressed the following comments that were made by a couple town meeting members:

1. That the town's budget was austere
2. That there were inconsistencies in communications regarding the town's financial condition

Mr. Dorsey suggested the committee develop some means of increasing and enhancing their communication with the town and town meeting members, outside of town meeting itself.

Mr. Dorsey went on to address the comments Town Meeting member William DiMento made in a letter to the editor of the Lynn Item regarding the committee and its actions or inactions surrounding the civil service warrant article that was passed at the most recent town meeting.

Additionally, Mr. Dorsey summarized Ms. McNerney's concerns regarding the committee's decision not to report on the civil service warrant article. He reiterated the fact that the Town Administrator informed the committee at two previous meetings there was no financial impact from the article, and that the discussions in the executive session were a broad overview of the collective bargaining negotiations that were ongoing and did not have relevance to the article.

Ms. McNerney shared her concern with the finance committee's decision not to report on the civil service article at town meeting.

Moderator McClung reminded the committee that commenting on ongoing collective bargaining negotiations that were not the subject of the town meeting warrant article would have been inappropriate.

Mr. Fitzgerald elaborated on the process involved with the collective bargaining negotiations that had been taking place and agreed that the contents of those conversations would not have had relevance to the warrant article.

Ms. McNerney spoke about her frustration with receiving information at the last minute prior to town meeting, which was another concern that she addressed in her letter to Mr. Dorsey.

Mr. McClung asked Mr. Fitzgerald to confirm that the outcome of the civil service warrant article had no relationship to the outcome of the collective bargaining agreements in question. Mr. Fitzgerald again assured the Moderator that the outcome of the collective bargaining agreements was not contingent on the outcome of the civil service warrant article. Ms. Fletcher did not agree with this statement and because the original meeting was held in executive session, we could not discuss our opinions without being in executive session.

Mr. Dorsey invited Mr. Dimento, town meeting member, to provide some comments regarding the letter he wrote. He commented on his understanding of the finance committee's responsibilities and his disappointment in the committee for not reporting on the civil service article at town meeting, which he perceived to be an obligation of the committee.

Mr. Dorsey thanked Mr. Dimento for his comments and continued discussion surrounding improving the committee's communication with the public surrounding town finances. Suggestions brought up during the discussion included writing an article for the new monthly town newsletter and holding one-on-one meetings with citizens and town meeting members and hosting a meeting that addresses all the major financial touchpoints of the town.

It was also suggested that the committee increase year-round communication rather than solely prior to town meetings. Topics the committee suggested might be of interest to the public included free cash and excess levy capacity.

Ms. Sullivan suggested issuing a letter that documents the high-level financial terms and trends for town meeting members.

On **MOTION** (Jill Sullivan) and **SECONDED** (Cinder McNerney) it was **VOTED** to adjourn the meeting.

The meeting was adjourned at 9:19 PM

True Attest,



Patrick Luddy, Assistant Town Accountant

Minutes APPROVED by vote of the Finance Committee 02/01/2021