

SEPTEMBER 13, 2021

SPECIAL TOWN MEETING



WARRANT REPORT

TOWN OF SWAMPSCOTT, MASSACHUSETTS

TOWN OF SWAMPSCOTT



SEPTEMBER 13, 2021 SPECIAL TOWN MEETING WARRANT

September 13, 2021

Special Town Meeting Warrant

Table of Contents

CAPITAL ARTICLES

	<u>PAGE</u>
ARTICLE 1 – AUTHORIZATION TO IMPOSE DEED RESTRICTION	1
ARTICLE 2 – APPROPRIATION FOR NEW ELEMENTARY SCHOOL AND ACQUISITION OF NECESSARY EASEMENTS	2

APPENDICES

Appendix A – Definition of Financial Terms Commonly Used at Town Meetings
Appendix B – Table of Motions

REPORT OF THE FINANCE COMMITTEE

SEPTEMBER 2021 SPECIAL TOWN MEETING

(Warrant Article 2)

After extensive analysis and review, the School Building Committee has recommended this project based on their assessment of educational, community, cost and other considerations. The role of the Finance Committee is to opine on the financial impacts and merits of this project. Our recommendation for favorable action is driven by our view that this project is a financially sound investment at the right time for the reasons described below.

Key Financial Information

Based on the information and strategies described in this Report, the maximum estimated annual net impact on the median single family household tax bill is approximately \$300. Stated another way, the maximum estimated annual net tax impact is approximately \$58.09 per \$100,000 of assessed property value.

Project Financial Elements	Other Financial Elements	Funding Recommendations*
<p>Estimated Project Cost \$98,350,000 (rounded)</p> <p>This above estimated project cost includes the previously authorized \$855,000 for the feasibility study, whereas the dollar amount in the Article (\$97,461,523) does not.</p>	<p>Estimated Interest Rate 2.5% for \$60M of the \$64M in bonding</p>	<p>Level Debt Financing Structure The Finance Committee recommends a 30-year level-debt bond structure</p>
<p>State Aid \$34,350,000</p>	<p>Estimated Available Excess Reserves from FY24-FY35 \$5.93M</p>	<p>Acceleration of Bonding to Take Advantage of Low Interest Rates The Finance Committee recommends acceleration to FY23 of the \$60M bonding. The remaining \$4M will be financed starting in FY24 in line with MSBA requirements.</p>
<p>Town Share of Project Cost \$64,000,000</p>	<p>Current Median Single Family Home Tax Bill \$7,126.32</p>	<p>Excess Reserves The Finance Committee supports the use of excess reserves from the General Stabilization Fund to moderate tax impacts of this project.</p>
<p>Operating Costs The Finance Committee will report at Town Meeting on the estimated operating cost impacts.</p>	<p>Existing debt service roll off schedule The debt service related to the police station and its associated tax impact will fully roll off in FY28 with the full benefit realized in FY29. The debt service related to the high school and its associated tax impact will fully roll off in FY35 with the full benefit realized in FY36. The roll offs and their associated tax impacts occur gradually from current day through FY36 -- once the debt from both projects has fully rolled off, the total resulting reduction in the median single family household tax bill is \$253.57</p>	<p>Debt Exclusion The Finance Committee supports the use of a debt exclusion (which is what the warrant article calls for)</p>

***Notes on the Funding Recommendations:**

- Using a level-debt bond structure spreads the total debt service evenly over the 30-year term vs a level principal bond structure which has higher debt service levels and tax impacts in earlier years that ramp down over the term – this level-debt bond structure makes more sense in a low interest environment and creates equity among present and future stakeholders
- Accelerating to FY23 the bonding of \$60M takes advantage of the low interest rate environment and could save the Town close to \$20M over 30 years under certain interest rate scenarios.
- Using reserves to moderate the tax impact from FY24-FY35 makes use of our strong reserve position and our conservatively estimated future reserves. By only using excess reserves, we will retain a reserve position that is in line with the Town’s financial guidelines and that is favorable to our bond rating.
- Financing through a debt exclusion is the best financing option. With a debt exclusion, the debt is tied to this specific project; once the debt is paid off, the taxes related to it roll off, and there are no continuing tax impacts.

Summary of Takeaways from this Key Financial Information

The Town is responsible for \$64M for this project and State Aid made available will pay for \$34.35M. The bonding of \$60M of the \$64M can be accelerated into FY23 to obtain favorable interest rates (estimated at 2.5%). The Town can use a level-debt bond structure and cost-effectively spread the cost of the project across present and future stakeholders. The Town can use up to \$5.93M in excess reserves between FY24-FY35 to reduce the tax impacts of the financing while the debt service for the police department and the high school rolls off fully by FY36. This structure enables the Town to retain reasonable debt capacity for future strategic investment needs.

The result of all of the strategies outlined above is a maximum estimated annual net impact on the median single family household tax bill of \$300. Stated another way, the maximum annual net tax impact is approximately \$58.09 per \$100,000 of assessed property value.

Financial Reasons for our Favorable Recommendation

1. The Town has resources and strategies to fund this project in a financially prudent manner. The project total cost was reduced by \$12M compared to earlier estimates. The Town’s current median single-family household annual tax bill is \$7,126.32 and the maximum estimated annual net impact of this project on such bill would be \$300 under the recommended funding approach. The fact that the Town has been successful in significantly moderating the growth of the median single-family tax bill over the past five years provided the financial stability to make this investment at this time.

2. The timing for this investment is right from a financial perspective. This project is proposed in a low interest rate environment and we strongly recommend accelerating the bonding to take maximum advantage of low interest rates. The State Aid from the MSBA is available for this project and is material. Excess reserves are available.

3. Given the planned funding structure, the Town will be well positioned to invest in other strategic priorities as they arise. Given this project and its funding structure, the amount of the investment required for our elementary schools and the impacts on taxes and our debt capacity are certain. As other strategic priorities emerge, this certainty is essential for the Finance Committee to assess the financial viability of those other priorities.

For all of the reasons outlined above, we think this project is a financially sound investment at the right time and we recommend favorable action on Warrant Article 2.

Respectfully submitted,

Swampscott Finance Committee

Timothy Dorsey, Chair

Mary Ellen Fletcher, Vice Chair

Eric Hartmann

Joan Hilario

Matthew Kirschner

Cinder McNerney

Gail Rosenberg

Jill Sullivan

Notice of Special Town Meeting

MONDAY, September 13, 2021, 7:00PM

To Town Meeting members:

Notice is hereby given in accordance with Article II, Section 2, of the Bylaws of the Town of Swampscott that a Special Town Meeting will be held on Monday, September 13, 2021, beginning at 7:00 p.m. by remote participation as outlined below.

Check in procedures for Town Meeting members will take place online within the virtual meeting platform.

Town Moderator, Michael McClung will preside.

Pursuant to Chapter 92 of the Acts of 2020 ("Act"), as amended by Chapter 20 of the Acts of 2021, the Moderator has determined that an in-person town meeting cannot be held safely and in compliance with applicable state and local orders, directives and guidance concerning public assemblies. Accordingly, the Moderator made a written request to the Select Board to hold town meeting through remote participation in accordance with Section 8 of the Act, which the Select Board has approved. A copy of the Moderator's request to the Select Board is included herein.

Specific information and the general guidelines for remote participation by members of the public and/or parties with a right and/or requirement to attend Annual Town Meeting can be found within this posting below. No in-person attendance of members of the public will be permitted, but every effort will be made to ensure that the public can adequately access the proceedings in real time, via technological means as follows. Please note that if accessing the meeting online or on the smartphone app, you will be muted upon entering the meeting but can be unmuted to speak by using the "raise your hand" feature in the application.

If you are viewing the meeting remotely you can email questions in advance or during the meeting to moderator@swampscottma.gov.

1. Online:

- Go to https://swampscottma.zoom.us/meeting/register/tZYrcOmopjwqGdwUyE_v7y4W1yn3ULNp7sJZ
- You will need to download Zoom software to access this meeting and computer speakers to hear/view it

Respectfully,

Susan Duplin
Town Clerk

CAUCUS MEETINGS AND ONLINE PARTICIPATION SUPPORT

Precinct Caucuses will be held as separate Zoom sessions, beginning at 6:00pm. Members will join their Precinct Caucus for Warrant discussion and for technical support in a smaller setting. Once the Caucus session is ended, members will need to join the main session shown on the preceding page.

Technical support will be offered on a best-efforts basis during the session. Those members who may have less familiarity with virtual meetings are encouraged to contact the Moderator beforehand, and training sessions can be arranged: moderator@swampscottma.gov.

Precinct 1: <https://swampscottma.zoom.us/j/89439422436>

Precinct 2: <https://swampscottma.zoom.us/j/87015327231>

Precinct 3: <https://swampscottma.zoom.us/j/85107517446>

Precinct 4: <https://swampscottma.zoom.us/j/87914395436>

Precinct 5: <https://swampscottma.zoom.us/j/89554380085>

Precinct 6: <https://swampscottma.zoom.us/j/81495727322>

Respectfully,

Susan Duplin
Town Clerk

PUBLIC PARTICIPATION BY NON-TOWN MEETING MEMBERS

Registered voters residing in the Town wishing to participate in the remote town meeting conducted pursuant to Chapter 92 of the Acts of 2020, as amended by Chapter 20 of the Acts of 2021, shall submit a request to participate to the Town Clerk by email to: sduplin@swampscottma.gov at least 48 hours in advance of the start of town meeting. Upon receipt of the request and verification of the requester's voter registration status, the Town Clerk shall provide to the requester instructions for participating in the remote Town Meeting.

Respectfully,

Susan Duplin
Town Clerk



64 Fuller Avenue
Swampscott, Massachusetts

August 24, 2021

Mr. Peter Spellios
Swampscott Select Board
Swampscott Town Hall

Dear Chairman:

In my capacity as Town Moderator, and pursuant to Chapter 92 of the Acts of 2020, as amended by Chapter 20 of the Acts of 2021, I hereby notify the Select Board I have determined that it is not possible to safely assemble Town Meeting members and interested members of the public in a common location while complying with applicable state and local orders concerning public assemblies.

Therefore, I request that the Swampscott Select Board call for a representative town meeting to be held through remote participation.

Further pursuant to the above-referenced Act:

I have determined to use the Zoom conferencing platform to hold Town Meeting;

I have consulted with the Swampscott Commission on Disability for ADA compliance;

I hereby certify that I have tested the Zoom conferencing platform; and

I further certify that the platform satisfactorily enables Town Meeting to be conducted in substantially the same manner as if it occurred in person at a physical location and in accordance with the operational and functional requirements set forth in section 8 of the enabling Act.

On behalf of Town Meeting, thank you for your support in this matter.

Sincerely,

Michael McClung
Town Moderator
617 257 2200 (m)

cc: T. Dorsey, S. Duplin, A. Fiske, S. Fitzgerald, M. Hartmann

**TOWN OF SWAMPSCOTT
TOWN WARRANT
SEPTEMBER 13, 2021**

ARTICLE 1 *AUTHORIZATION TO IMPOSE DEED RESTRICTION*

To see if the Town will vote to authorize transfer of the parcel of land and improvements thereon located at 20 & 28 Redington Street, shown on Assessors' as Parcel 2-27-0, and known as the Hadley School, from the School Committee for school purposes to the School Committee for school purposes and to the Select Board for the sole purpose of imposing a restriction thereon, and to authorize the Select Board to impose a restriction against said property, prohibiting the sale or use of said property for market-rate housing unless authorized by a vote of a later Town Meeting, with said restriction to be recorded contingent upon the approval of a debt exclusion authorizing funds to be borrowed for the construction of the new Stanley Elementary School at 10 Whitman Road; or take any action relative thereto.

Sponsored by the Select Board

Comment: The purpose of this article is to authorize the Select Board to record a use restriction that would prohibit market-rate housing at the location of the current Hadley School in the event the new elementary school is approved by Town Meeting and a proposition 2 ½ debt exclusion is approved in a town-wide vote, and the Hadley School is no longer used for school purposes.

The Select Board recommends favorable action on this article.

The Finance Committee will report on this article at Town Meeting.

ARTICLE 2 *APPROPRIATION FOR NEW ELEMENTARY SCHOOL AND ACQUISITION OF NECESSARY EASEMENTS*

To see if the Town will vote to appropriate the amount of ninety-seven million four-hundred sixty-one thousand five-hundred and twenty-three (\$97,461,523) Dollars for the purpose of paying costs for the design, construction and equipping, of a new elementary school, commonly referred to as the New Elementary School project, located at 10 Whitman Road, Swampscott, Massachusetts, the acquisition of easements set forth herein, and the payment of all costs incidental or related thereto (the "Project"), which school facility shall have an anticipated useful life as an educational facility for the instruction of school children for at least 50 years, and for which the Town may be eligible for a grant from the Massachusetts School Building Authority ("MSBA"), said amount to be expended under the direction of the School Building Committee. To meet this appropriation, the Town Treasurer, with the approval of the Select Board, is authorized to borrow said amount under M.G.L. Chapter 44, or pursuant to any other enabling authority. The Town acknowledges that the MSBA's grant program is a non-entitlement, discretionary program based on need, as determined by the MSBA, and any project costs the Town incurs in excess of any grant approved by and received from the MSBA shall be the sole responsibility of the Town; provided further that any grant that Town may receive from the MSBA for the Project shall not exceed the lesser of (1) forty-eight and nine-tenths percent (48.9%) of eligible, approved project costs, as determined by the MSBA, or (2) the total maximum grant amount determined by the MSBA; provided that any appropriation hereunder shall be subject to and contingent upon an affirmative vote of the Town to exempt the amounts required for the payment of interest and principal on said borrowing from the limitations on taxes imposed by M.G.L. 59, Section 21C (Proposition 2½); and that the amount of borrowing authorized pursuant to this vote shall be reduced by any grant amount set forth in the Project Funding Agreement that may be executed between the Town and the MSBA; and further, any premium received upon the sale of any bonds or notes approved by this vote, less any such premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to the payment of costs approved by this vote in accordance with G.L. c. 44, §20, thereby reducing the amount authorized to be borrowed to pay such costs by a like amount. The Select Board is authorized to acquire, by purchase, gift, and/or eminent domain, a permanent easement for pedestrian and vehicular access to and from the New Elementary School in, on and under a portion or portions of the parcel of land located at 101 Forest Avenue, being Town Assessor's Parcel 23-E-0, and temporary construction easements therein, which easements shall be under the care, custody and control of the School Committee, or take any action relative thereto.

Sponsored by the Select Board

Comment: The purpose of this article is to appropriate funds for a new elementary school and to authorize the Select Board to acquire certain temporary construction and permanent easements required for access to and from the proposed elementary school at the current Stanley School site. Appropriation of such funds is further contingent on the passage of a Proposition 2 ½ debt exclusion town-wide vote.

This Article requires a 2/3 vote for borrowing.

The Select Board recommends favorable action on this Article.

The Finance Committee recommends favorable action on this Article.

Hereof fail not and make return of this Warrant with your doings thereon at the time and place of said meeting.
Given under our hand this 27th day of August 2021

SELECTBOARD :











APPENDICES

APPENDIX A – DEFINITION OF FINANCIAL TERMS COMMONLY USED AT TOWN MEETINGS

Appropriation – An authorization by the Town Meeting to make expenditures and incur liabilities for specific purposes. An appropriation is usually limited in amount and as to the time when it may be expended.

Assessed Valuation – A valuation set upon real estate or other property by the Assessors as a basis for levying taxes.

Available Funds – See free cash.

Bond – A written promise to pay a specified sum of money by a fixed date and carrying with it interest payments at a fixed rate, paid periodically. A **Note** is similar but issued for a shorter period.

Cherry Sheet – A State form which shows an estimate of all of the State and County charges and reimbursements to the Town.

Debt and Interest – The amount of money necessary annually to pay the interest and the principal on the Town's outstanding debt. Also known as "Debt Service."

Fiscal Year – The budget period used by the Town running from July 1 of one year to June 30 of the next year. At the end of this period, the Town closes its books in order to determine its financial condition and the results of its operation.

Free Cash – The amount of money left after all prior years' uncollected taxes have been deducted from surplus revenue. This amount may be used as available funds by vote of the Town Meeting.

Overlay – The amount, up to 5% of the tax levy, raised by the Assessors in excess of appropriations and other charges to cover abatements and exemptions.

Overlay Reserve – Unused amount of the overlay for previous years, which the Town may transfer to Surplus Revenue after all abatements for such fiscal year are settled.

Receipts – The cash, which is actually received by the Town.

Reserve Fund – A fund voted by the Annual Town Meeting and controlled by the Finance Committee for extraordinary and unforeseen expenditures incurred by Town departments during the year.

Stabilization Fund – Special Reserve Fund that can be used by a 2/3 vote of the Town Meeting.

Surplus Revenue – The amount by which cash, accounts receivable and other assets exceed the liabilities and reserves. Used in calculating free cash.

Transfer – The movement of funds from one account to another. Transfers between accounts (other than the Reserve Fund) can be made only by vote of the Town Meeting.

Unexpended Balance – That portion of an appropriation or account not yet expended. Any such balances left at the end of the fiscal year are generally used as Surplus Revenue in calculating Free Cash.

APPENDIX B – TABLE OF MOTIONS

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		TABLE OF BASIC POINTS OF MOTION					
Rank		Second Required	Debatable	Amendable	Vote Required	May Reconsider	May Interrupt
PRIVILEGED MOTIONS							
1	Dissolve or adjourn sine die	Yes	No	No	Maj.	No	No
2	Adjourn to fix time or recess	Yes	Yes	Yes	Maj.	No	No
3	Point of no quorum	No	No	No	None	No	No
4	Fix the time to (or at) which to adjourn	Yes	Yes	Yes	Maj.	Yes	No
5	Question of privilege	No	No	No	None	No	Yes
SUBSIDIARY MOTIONS							
6	Lay on the table	Yes	No	No	2/3	Yes	No
7	The previous question	Yes	No	No	2/3	No	No
8	Limit or extend debate	Yes	No	No	2/3	Yes	No
9	Postpone to a time certain	Yes	Yes	Yes	Maj.	Yes	No
10	Commit or refer	Yes	Yes	Yes	Maj.	Yes	No
11	Amend (or substitute)	Yes	Yes	Yes	Maj.	Yes	No
12	Postpone indefinitely	Yes	Yes	No	Maj.	Yes	No
INCIDENTAL MOTIONS							
*	Point of order	No	No	No	None	No	Yes
*	Appeal	Yes	Yes	No	Maj.	Yes	No
*	Division of a question	Yes	Yes	Yes	Maj.	No	No
*	Separate consideration	Yes	Yes	Yes	Maj.	No	No
*	Fix the method of voting	Yes	Yes	Yes	Maj.	Yes	No
*	Nominations to committees	No	No	No	Plur.	No	No
*	Withdraw or modify a motion	No	No	No	Maj.	No	No
*	Suspension of rules	Yes	No	No	2/3***	No	No
MAIN MOTIONS							
None	Main Motion	Yes	Yes	Yes	Var.	Yes	No
**	Reconsider or rescind	Yes	**	No	Maj.	No	No
None	Take from the table	Yes	No	No	Maj.	No	No
None	Advance an article	Yes	Yes	Yes	Maj.	Yes	No

* Same rank as motion out of which they arise.

** Same rank and debatable to same extent as motion being reconsidered.

*** Unanimous if rule protects minorities; out of order if rule protects absentees.

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**TOWN OF SWAMPSCOTT
MASSACHUSETTS
2021-2022**

<u>BOARD OF SELECTMEN</u>	<u>TERM EXPIRES</u>
Peter Spellios, Chair	2024
Mary Polly Titcomb, Vice Chair	2022
Neal Duffy	2023
David Grishman	2023
Donald Hause	2022

PROFESSIONAL STAFF

Sean Fitzgerald, Town Administrator
Gino Cresta, Assistant Town Administrator (Operations)
Amy Sarro, Director of Administration & Finance
Allie Fiske, Director of Communications & Strategic Initiatives
Patrick Luddy, Treasurer/Collector

<u>FINANCE COMMITTEE</u>	<u>TERM EXPIRES</u>
Timothy Dorsey, Chair – At Large	2023
Mary Ellen Fletcher, Vice Chair – Precinct 5	2022
Eric Hartmann – Precinct 1	2023
Matthew Kirschner – Precinct 2	2022
Joan Hilario – Precinct 3	2024
Cinder McNerney – Precinct 4	2023
Gail Rosenberg – At Large	2022
Jill Sullivan – At Large	2024