



Town of Swampscott
Finance Committee Meeting Minutes
Monday, February 7th, 2023 - 7:00 PM
Virtual meeting

Received by Town Clerk
July 24, 2023, 4:42pm

FINANCE COMMITTEE MEMBERS PRESENT

Eric Hartmann (Chair), Matthew Kirschner (Vice-chair), Naomi Dreeben, Joan Hilario, Suraj Krishnamurthi, Cinder McNerney, Sunit Shah, Erik Schneider.

FINANCE COMMITTEE MEMBERS ABSENT

None

OTHER TOWN STAFF

Michael McClung, Town Moderator; Peter Spellios, Selectboard member, Amy Sarro, Director of Admin. & Finance; Patrick Luddy, Town Treasure/Collector; Trang Vu, Assistant Town Accountant.

The meeting was called to order at 7:05 PM

Public comment

None

Report-out

School Building Committee: By Erik Schneider

- The new elementary school construction has started.
- More update on next meeting

School Committee: By Naomi Dreeben and Eric Hartmann

- The budget proposal by Superintendent has not been approved because of the cancelled meeting.
- There is an unanticipated 14% increase related to special education.
- SC would like to have conversation with Selectboard and Finance Committee on problem solving about the sustainability of their budget.

Amy Sarro commented that as we go through the FY2024 budget presentation, we would model what it looks like if we do it with other budget modeling.

Matthew Kirschner was concerned about the reoccurring issues of school budget and hope Finance Committee can work with other Town parties to find the solutions.

Amy Sarro mentioned that the Town side will be dealing with at least \$1.5M shortfall, just based off our initial past with the increase in mental health insurance and the pension.

Eric Hartmann mentioned to a potential meeting with School Finance team in March to better understand and discuss the school budget.

Capital Improvement Committee: Future meeting to come.

Patrick Luddy commented that he had had some meetings with Town Administrators and department heads to finalize recommendations from the Town Administrator for this year's plan.

Amy Sarro mentioned that by April 1st, all meetings should be in-person. Mr. Spellios believed that the state law requires us to have a hybrid function meeting going forward. He would like to give a more certain answer soon.

The committee discussed the plan for future meetings.

Ms. Sarro mentioned that we are transitioning from Zoom to Microsoft Teams for virtual meetings.

Review FY2024 Budget schedule

Amy Sarro mentioned that after doing the preliminary draft projection for our insurance, which is one of the biggest line items on the budget, she predicted that the estimated Health Insurance expense for FY2024 is 7.168M, which was 5.3% increase compared to FY2023 appropriation.

Responded to Eric Hartmann's question on how we are in this line item, Mrs. Sarro commented that we budgeted \$6.8M for FY2023 and as of mid-year, the health insurance is at 49.06% expended. She also confirmed to Erik Schneider's comment that this line item is not what we can negotiate.

Matthew Kirschner had question related to the health insurance plans' quality and the primary driver of cost increase. Amy Sarro commented that we have a variety of coverage levels for different people and so far, there has no issues or complaints from any staff. The increase rate in some plans is the main reason for this 5.3% increase. Mrs. Sarro mentioned that the current employer/employee negotiation agreement has been followed since 2021, and it is negotiated every 3 years.

Amy Sarro next mentioned to the pension appropriation. Last year, it was \$5.6M and the pension contribution for FY2024 is \$5.9M, a 5.9% increase over last year.

Amy Sarro shared that the Finance team has been working with the department heads and Town Administrator to try to address the current budget issues. With 2% plus 425,000 new growth increase to the general fund, the expenditures are now \$1.5M over. The driver of the increase is \$361,000 from Health Insurance, \$330,000 from pension and the rest is from school increase. We also have a \$300,000 potential increase in the Regional Vocational School based off last year's increase and are anticipating about \$220,000 increase in the Debt service. Eric Hartmann would like to see the Debt service schedule on the Hawthorne property and Archer St property for FY2024 and overall schedule.

Responded to Mr. Kirschner's question, Amy Sarro commented that we predicted a conservative 1% increase in State Aid; for local receipts, we have a relatively flat motor vehicle excise. We have anticipated that the meal and room tax will stay flat. We are anticipating about \$800,000 in revenue estimated for investment income.

Begin discussions on certain 2024 budget line items

Approval of Meeting Minutes

On **MOTION** (Matthew Kirschner) and **SECONDED** (Naomi Dreeben), it was VOTED to approve the meeting minutes for following meeting dates: October 3rd, October 24th, November 7th, November 14th, November 28th, December 1st, and December 5th, 2022, as **AMENDED** by Finance Committee.

ROLL CALL: Erik Schneider (YES), Joan Hilario (YES), Suraj Krishnamurthi (YES), Sunit Shah (YES), Eric Hartmann (YES).

Old and new business

The Committee discussed the plan for future meetings. Amy Sarro does not think there would be enough information to update and discuss next Monday, February 14th.

Peter Spellios recommended to have a joint budget meeting with Select Board on March 1st.

Amy Sarro mentioned that the committee should start listing department heads that they might have questions on their budgets based on experience.

On **MOTION** (Naomi Dreeben) and **SECONDED** (Joan Hilario), it was **VOTED** to adjourn the meeting at 8:26PM by **ROLL CALL**.
ROLL CALL: Sunit Shah (YES), Suraj Krishnamurthi (YES), Erik Schneider (YES), Matthew Kirschner, (YES) Eric Hartmann (YES).

True Attest,

Trang Vu

Assistant Town Accountant

Approved by vote of the finance committee 06/22/2023