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Town of Swampscott
Finance Committee Meeting Minutes
Monday, March 27th, 2023 - 7:00 PM
Hybrid meeting

FINANCE COMMITTEE MEMBERS PRESENT

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

OTHER TOWN STAFF

Amy Sarro, Director of Admin. & Finance; Patrick Luddy, Town Treasure/Collector; Trang Vu, Assistant Town Accountant

The meeting was called to order at 7:02 PM

Public comment

None

Review FY2024 Budget

The committee plan for tonight's meeting is to go through and finish the remaining line items that we haven't concluded on and talk about debt service details.

Amy Sarro confirmed that the budget schedule has been on track and expected to follow the set schedule and the warrant will be closed on April 19th.

DPW

The Committee continued discussions DPW budget portion that was left open after last meeting *Shade Trees*.

Amy Sarro revised a note from DPW Director that for FY22 capital, he had gotten the \$40,000 for shade trees where they had a contractor come into plant some. But the \$10,000 a year is based off their purchasing of trees and having our DPW employees be the ones to plant them, so they do 25 in the spring and 25 in the fall. They've been able to hit that target every year, but with the manpower they have, can't do more than the 50 trees annually, so \$10,000 equates to 50. But he did say for FY25 he will be doing another capital request for another potential \$40,000 And that if any advisory or governing board wanted to increase that capital plan, they could go out to bid to have a contractor install plant more trees.

Under Snow and Ice, Amy Sarro mentioned that with the changes in the governor's budget, we had put the snow and ice budget back up to what it is this year, which if we do not fund it at the same level as the previous year, you cannot legally deficit that in if there's a really bad weather and extensive weather events. For that reason, we put this back up to the \$60,000 and \$180,000.

Cinder McNerney had questions about YTD balance in this line. Amy Sarro mentioned that we spent \$137,162.84.

Board of Health

There is an update under "Outside Services" from \$4000 to \$20,000 and the additional \$16,000 is for Mental health.

Veteran Services

Flat Fee under *Assistance* line is where the money comes out to assist Veterans in town.

Library

Amy Sarro presented that the collective bargaining unit is still made of the same. There is the same number of staff in here, it's just with the new director. He was just changing what lines people we're getting charged out of such as there isn't really an adult assistant anymore. The Director puts people in for the roles that they actually have. CBA is still made-up of the same 16 members, of which 12 are full time, 12 are part time.

Cinder McNerney asked if any grant can be applied to help with personnel.

Naomi Dreeben asked the current balance of State Aid and what they use it for.

Eric Hartmann would like to have an updated report of all state grants, reserve fund, state aid balance that town has received.

Recreation

The auxiliary staff is for lifeguards, typically 10 weeks, 2 people per shift.

Under expense, "Beach sticker processing & SUP" of \$15,000. The beach stickers are purchased online through City Hall systems. People purchase it and it gets mailed from there and that process adds the cost.

Responding to Cinder McNerney's question, Amy Sarro mentioned that \$391,349 is Revolving fund balance at the moment.

The Committee had some questions related to the plans to use the Revolving fund this year.

Amy Sarro commented that we have already ordered the sail boats that were not done in capital last year and we're instead done through revolving, so that expense hasn't hit yet because we don't pay until they received. They also have plans to add Extended Day Park League.

Cinder McNerney asked if they are committed to maintaining and buying new boats through the recreation revolving fund. Matthew Kirschner believed that Friends of Swampscott sailing helps with some maintenance costs.

Employee Benefits

Worker Comp is a set number (estimated at this moment and could change before the town meeting) that we pay through a worker’s comp policy in which they handle all the claims for us and everything else.

Cinder McNerney asked if we have to go out for bid for this, Amy Sarro responded that we do not have to but instead just request quotes. We just started the process recently, so we don’t have all of them yet.

Amy Sarro gave an update on *Employee Group/Health*, which has gone up to \$7,169,958 as an increase in State Aid and an anticipation from GIC that the rates can increase between 4% and 8.1%. There are 2 active employee plans and one Medicare plan that are eliminated in FY2024.

Responding to Cinder McNerney’s questions on how medical plans split between the town and the employees, Ms. Sarro commented that for non-indemnity plans, it’s 73% town and 27% employee. For the indemnity plans, it’s 60% town and 40% employee. As of right now, for active employees, out of 373 non-Medicare plans, 11 of them are on an indemnity plan. However, for the retirement Medicare plans, we have 401, of which 371 are on an indemnity plan. With our current assumption, out of \$7,169,958 for this line will include \$5.15M is for active employees, about \$1.2M is for Medicare plans, \$30,000 is for PEC stipends, \$10,000 fee to the administration of the cafeteria plan, \$12,000 is for life insurance premiums, \$8,100 for Medicare part B penalties for any retirees who enroll in late, and \$555,500 per Medicare Part B premiums, which is 70% of the Part B premiums; and a small amount contingency of about \$200,000.

Eric Hartmann asked how to understand the difference between what's running through the operating budget in the current year versus the unfunded liability that sounds like it's for at least a component of those same benefits.

Patrick Luddy commented that all of our costs are in the operating budget. We have the OPEB Trust Fund, which was established to build us up to a point where we might be able to calculate an actuarially defined contribution for each year, just as we do with the pension liability, and use that as a structured way to shift away from pay as you go. And now we're offsetting some or all of that cost through this reserve. The reserve isn't built up at that point. We don't use the reserve to pay these costs. We don't have an actuarially determined contribution at this time, and that's just a matter of policy.

Erik Schneider asked who is covered by the pension. Ms. Sarro commented that it’s all town employees, including the school, who work 20 hours a week or more, less people who are in MTRS.

Matthew Kirschner asked how we get the number under *Payroll Tax*. Amy Sarro mentioned that the additional \$25,000 under this line is partially from the 53rd week and partially from the increase in wages overall of 1.45%.

Answering Eric Hartmann’s question about *non-contribution pension* line item, Amy Sarro mentioned that employees were paid directly by the town when they retired before the contributory system was in and there is one training person in that.

Regional Vocational Technical school

An update in this budget is the assessment has gone down to \$510,475.
Matthew Kirschner commented that we had estimated a 5% increase, which is above the 2.6% that we target, then now we’ve got a 20% reduction in the year over year cost, which would theoretically create more money for our schools as a benefit.

State Assessments

State Assessments, \$1,916,900 is Governor’s update and will change when House’s budget is published. The 2.85% increase is reflective of what changed for the assessment in the Governor’s budget.

Erik Schneider asked if we could invite a State rep to a Finance Committee meeting.

Debt Service

Patrick Luddy gave a presentation about the town’s current Debt Service.
Cinder McNerney asked how we use Stabilization fund to offset the tax effect of debt service on new school. Her understanding is we were accelerating the debt to take advantage of interest rates. Patrick Luddy said we need to analyze that to see its benefits when it’s around tax rate setting town meeting time. He commented that to determine the best use of stabilization to offset the tax impact, we need to know the assessed values in each year.

Cinder McNerney asked if there is a way to do something between now and 2030 to prepare for another debt exclusion of middle school renovation. CM commented that we should have 5-year projections of revenue-operating budget and reserve funds to better picture the town debt service.

Answering to Erik Schneider’s questions, Amy Sarro mentioned that before meeting with CIC, the Treasurer goes through and projects the debt and figures out an estimate of how much debt we can have for policy and per guidelines based off the level of our general fund and project it that way to determine the cap on dollar wise, how much we can have for projects. We start moving projects out further meeting with department heads to move t so that what's presented to CIC is all within the debt policy.

Old and new business

Chairman Hartmann asked if there are potential financial-related articles for Town meeting warrant that needed heavy discussions.
Amy Sarro mentioned that as of right now, beside the *Bills from previous year*, *Operating budget* and *Sewer and Water Retained Earning*, *Capital projects* articles, *Special Education Stabilization fund set up* is the only financial one that she is aware of.

Some updates about the use of ARPA fund were mentioned such as the land acquisition, sewer water projects.
Chairman Hartmann asked Committee members to think about the Department head that the Committee would like to invite to discuss their budgets.
Cinder McNerney commented that she wants to invite Gino, Fire and Police Chiefs.
Mr. Hartmann proposed some meeting plans for 3rd April (with the Fire Chief and DPW Director) ^{and} April 10th (with CIC and Police Chief).

Amy Sarro reminded the Chairman to have a meeting before town meeting with Town Moderator and Town counsel, Town Administrator, Town Clerk on a TBD date to prepare for town meeting.

On **MOTION** (Joan Hilario) and **SECONDED** (Cinder McNerney), it was **VOTED** to adjourn the meeting at 9:08 PM.

True Attest,

Trang Vu

Assistant Town Accountant

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