



Town of Swampscott
Finance Committee Meeting Minutes
Monday, October 3rd, 2022 - 7:00 PM
Virtual Meeting

FINANCE COMMITTEE MEMBERS PRESENT

Eric Hartmann (Chair), Naomi Dreeben, Joan Hilario, Cinder McNerney, Erik Schneider, Suraj Krishnamurthi, Sunit Shah

FINANCE COMMITTEE MEMBERS ABSENT

Matthew Kirschner (Vice-chair)

OTHER TOWN OFFICIALS PRESENT

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

The meeting was called to order at 7:04 PM

Public comment

None.

Approval of Meeting minutes

On **MOTION** (Naomi Dreeben) and **SECONDED** (Joan Hilario), it was **VOTED** to approve set of six meeting minutes from May 31st to September 20th, 2022, by **ROLL CALL**.

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

Water and Sewer Rate proposal

Eric Hartmann summarized the purpose of Water and Sewer setting every year to new members.

Patrick Luddy gave a presentation regarding Water & Sewer background, authority, assessments for charging, FY2023 budget highlight, FY2023 Revenue challenges & opportunities, and proposed revised budget reduction... and answered some related questions.

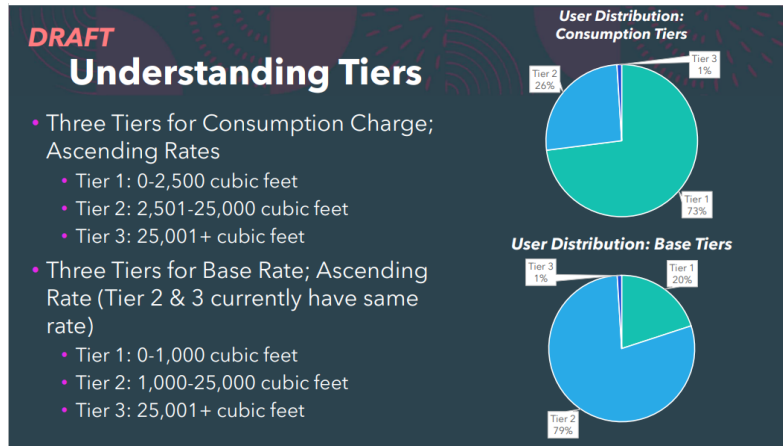
Sunit Shah asked if Water and Sewer Retained earnings can be used for capital project improvements such a Stacy Brooke, etc.

Patrick Luddy responded that hypothetically we can if we had such excess retained earnings to save interest instead of opting to borrow money.

Naomi Dreeben asked how much money we have in retained earnings for each account.

He mentioned that last year after doing a lot of analysis and reviews, Selectboard and Water & Sewer rate advisory committee decided to implement tiered based and consumption rates. Prior to that, the town only had one rate for water and one rate for sewer no matter how much residents use. This new rate adoption means the

more we use, the higher our rate is for that usage above a certain threshold. The tiers are explained and visualized as below:



Mr. Luddy also confirmed to Erik Schneider's question that the total rate that consumers pay for Water & Sewer is the consumption rate based on how much water used plus base rate.

Cinder McNerney asked if adopting this approach encourages people to conserve. Patrick Luddy mentioned that the recommendation of the Water and Sewer advisory committee last year was part of the goal to narrow the gap and make sure that users pay a similar rate per cubic foot, no matter how much water used, because that was not the case before when we had a single rate. Using tiering results in better parity between the low-end users and the high-end users on \$1 per cubic foot basis.

Based on the actual assessments we received from MWRA and Lynn Water & Sewer Commission, town Finance team recommended a reduction of \$190,000 and \$250,000 in MWRA and LWSC line items, respectively.

Erik Schneider asked if Mr. Luddy have specific data on the effects of the repairs to the sewer. Mr. Luddy said he would get it them from Director of Public Works.

The estimated FY22 Retained earnings is at \$1,039,136 for water, which is 23.24% of revised budget and \$889,031 for sewer, which is 26% of the budget. Mr. Luddy also recalled our estimated available per policy is \$145,000 in water and \$271.241 for sewer after budget reduction.

To respond to Cinder McNerney's question about the policy, Patrick Luddy mentioned the guideline for water and sewer retained earning policy is minimum 20% of the operating budget.

Under budgeted expenses that have been proposed in Town meeting in May, the assessments costs are the largest line items followed by debt service. Mr. Luddy mentioned that the majority of debt service in sewer line is associated with Stacy Brooke project whereas almost all of the debt under water line is related to the Water Main Replacement program. After adjustment, the Water budget is 3.5% higher than FY22 and the Sewer budget is 3.6% lower than FY22.

DRAFT

Proposed Revised Budget

Current FY 23 Budgets	Water	Sewer	Proposed FY 23 Revised Budgets	Water	Sewer
Personnel	\$410,175	\$396,716	Personnel	\$410,175	\$396,716
Operating Expenses	\$207,113	\$500,500	Operating Expenses	\$207,113	\$500,500
Assessments	\$2,842,744	\$1,250,000	Assessments	\$2,652,649	\$1,000,000
Debt	\$521,844	\$577,642	Debt	\$521,844	\$577,642
Pension Contributions	\$160,068	\$148,078	Pension Contributions	\$160,068	\$148,078
Indirect Services	\$466,613	\$466,013	Indirect Services	\$466,613	\$466,013
Total	\$4,660,944	\$3,338,949	Total	\$4,470,849	\$3,088,949
Original Water budget was +7.9% higher than FY22 Original Sewer budget was +4.2% higher than FY22			Revised Water budget is +3.5% higher than FY22 Revised Sewer budget is -3.6% lower than FY22		

Mr. Luddy then presented two different rate options:

- Option #1: Modest increase based on revised budget – a 2.5% increase to Consumption rates in both Water and Sewer
- Option #2: Finance team recommendation – a 2.5% increase on tier 1, a 2.75% increase on tier 2, a 3% increase on tier 3, a nominal increase to the base rate in tier 2 & 3.

On the discussion with Sewer & Water Advisory committee on September 22, the committee voted a recommendation for rate option #1.

Mr. Luddy also showed a chart of other communities-members of MWRA. Swampscott, compared to these communities in tier 1, has a favorable rate.

Sunit Shah asked if there is an option of not changing the rates from originally recommended and flowing savings to be retained earnings.

Patrick Luddy commented that it was not a recommendation made to retained earnings, but Finance Committee should talk about in the future.

Responded to Eric Hartmann's question, Patrick Luddy did not think Finance Committee has to take action on the Water and Sewer rate. The update is for Finance Committee's recommendation for the adjustment to the budget.

Old and new business

Amy Sarro confirmed that Special Town meeting will be on December 5th. She updated that all year-end reports have been submitted to the state and she anticipated getting our Certified Free Cash by the week after.

Eric Hartmann mentioned to Code of Conduct sent out by the Town regarding how meetings, activities and procedures are supposed to be handled.

There was a discussion around the set up and uses of Town emails.

Amy Sarro mentioned to potential hybrid meeting spaces. There are some options to choose from: room B129 at the high school, new hybrid space at the Senior center. There will be members of the public access group there to help run a hybrid meeting.

On **MOTION** (Joan Hilario) and **SECONDED** (Suraj Krishnamurthi), it was **VOTED** to adjourn the meeting at 8:10 PM by **ROLL CALL**

ROLL CALL: Naomi (YES), Sunit Shah (YES), Cinder McNerney (YES), Erik Schneider (YES), Eric Hartmann (YES).

True Attest,

Trang Vu

Assistant Town Accountant

Approved by vote of the finance committee 02/07/2023