



Town of Swampscott
Finance Committee Meeting Minutes
Monday, October 24th, 2022 - 7:00 PM
Virtual Meeting

FINANCE COMMITTEE MEMBERS PRESENT

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

FINANCE COMMITTEE MEMBERS ABSENT

Suraj Krishnamurthi

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 7:05 PM

Public comment

None.

Liaison report out

School committee update:

By Naomi Dreeben

- Clarke Renovation design is substantial at \$600k because they need to move the administration and the preschool out of the middle school before planning can be done for renovating the middle school.
- Town wide traffic improvements for the new school building at \$1M.
- Middle school roof has been completed.
- School Business Manager gave summary of Finance in FY22. They spent all the money allocated in their budget; the school committee approved school budget for FY2023 of \$31,000,950; they saved \$193,000 on substitute teachers this past year.
- Pandemic money is being used for psychological assistance for schools as well as technologies.
- Enrollment is now returning after pandemic.

By Matthew Kirschner:

- Update on FY22 & FY23 budget as Naomi Dreeben

Matthew Kirschner asked if monthly budget reports will be sent out to the committee.

Amy Sarro will send out the first quarter report of the FY and there will be monthly going forward.

School Business Manager is leaving on November 30th, but she has agreed to help as the interim one day a week until her replacement arrives.

Discussion of warrant articles for STM

Article #5: To establish a Compensated Absence Reserve fund

The town has a lot of volatility with End of Employment retirement payouts, which is essentially the sick leave buyback. These can cost up to \$80,000 for retirement. Depending on the nature of retirement, Amy Sarro, after discussing with town counsel, mentioned that setting up a compensated absence reserve fund will give the town flexibility to handle this cost, especially in the event that retirements are not notified during budget season or other unusual situations. Currently, if someone retires without letting the town know, he needs to wait until the following year fiscal year to get his payout.

Amy Sarro responded to Eric Hartmann's question that if we move forward with this article, it would be a permanent elimination from the budget, and we would use one-time Free cash to fund it. After that, if needed, it would be funded by operating fund.

Cinder McNerney asked the estimated total liability associated with End of Employment over the next 5-10 years. Eric Hartmann commented there was an average of \$150,000 each year in the past 5 years.

Director of Adm. & Finance will check with town counsel later to see if the intention was to fund it from the general fund each year or from Free cash.

Erik Schneider was concerned about the benefit of this fund on the budget. Amy Sarro commented that setting and funding this Reserve fund will reduce the variability of annual general fund budget when there are more people retire at once. She expects this expense will go up in the next few years since there are many Police office and Firefighter are approaching their mandatory retirement ages.

Erik Schneider asked if the fund will be funded every year or only in certain years, how the End of Employment expense will be paid out of this new fund.

Amy Sarro responded that the expense is going to be completely paid out of the reserve fund. She will clarify on the mechanic that we intend on doing a general fund appropriation into the reserve fund each year at a level amount or other approaches. She confirmed that the fund, if set up, can be used to invest in a manner authorized by MGL, section 54, chapter 44.

Article #6: Appropriation for recommended capital projects

Amy Sarro responded to Eric Hartmann's question on the reason **Rehabilitation of Abbot Park** was recommended by CIC even it got the second lowest score from a priority perspective because we would lose the park grants if it was not done before Annual Town Meeting. The grant is \$100,000 and the town will borrow \$108,885 to complete this project if approved.

There was an internal discussion as to whether or not the debt for **Recreation Sailboat & SUP** should come out of the Recreation revolving fund but as determined by Town counsel, we cannot because it's a program expense.

Lead Service Line Inventory and Replacement Plan Development is 100% reimbursable for remediation and investigation plan. The consultant and the town are going to test from the sewer connection to the number of houses for lead and do any early remediation. The project also includes admin work for someone to review pipes record for any indication of possible lead.

Amy Sarro confirmed that the warrants need to be mailed out by Thursday, November 17th after Selectboard closes the warrant the day before.

Article #1: Amend appropriation for FY2023 operating budget

Amy Sarro summarized some amendment to Town FY2023 operating budget to be discussed at Special Town Meeting:

- Move the money from “Salary Reserve” into Salary lines after CBAs settle.
- Amendment to increase appropriation for Regional Vocational Tech expense because full assessment ended up higher than we estimated before Annual Town Meeting.
- Amendment to Sewer and Water Enterprise fund based on new setting rates.

Article #2: Transfer of Free Cash and/or stabilization – adjustments to tax rates

Director of Adm. & Finance mentioned that the Board of Assessor will be meeting tomorrow and hopefully vote on their valuation so that she and Town Treasurer can begin working on the tax rate modeling.

Article #3: Transfer of Free Cash to OPEB Stabilization (has been removed now)

Eric Hartmann asked the status of Free Cash Certification. Amy Sarro mentioned that she is still waiting for the State, and they prioritize all the November Town Meeting dates before us.

Naomi Dreeben brought up the opinion that Finance Committee and Selectboard should write a joint letter sent to State to change priorities and have our Cash Certification completed sooner.

Old and new business

Some recap before next meeting:

- Nov 16th is the last day to close the warrant and mail it out.
- Tax rates preliminary modeling will be worked on.
- Plans if Free Cash get certified/not certified.
- Meeting plan before Special Town Meeting.

Amy Sarro mentioned to the plan to get our representative from Essex Regional Vocational Tech school to join Finance committee meeting for FY24 budget. She suggested to get in touch with them to better budget next fiscal year.

Budget method model is still under discussion and hope to have Tri-chair meeting, Joint meeting between Selectboard, Finance Committee and School Committee before it is implemented. Timing issue and the leave of the School Business Manager might make it difficult to have it implemented for FY2023.

On **MOTION** (Naomi Dreeben) and **SECONDED** (Joan Hilario), it was **VOTED** to adjourn the meeting at 8:30PM. **ROLL CALL:** Cinder McNerney (YES), Sunit Shah (YES), Erik Schneider (YES), Matthew Kirschner (YES), Eric Hartmann (YES).

True Attest,

Trang Vu

Assistant Town Accountant

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