

Swampscott Finance Committee Meeting
Monday July 10, 2017
7:00PM

Attending: Polly Titcomb, Jill Sullivan, Mary Ellen Fletcher, William Jones, Joan Hilario, Tim Dorsey, Gail Rosenberg,

Sean Fitzgerald (Town Administrator), Ron Mendes (ATA for Administration), Carin Marshall (School Committee), Amy O'Connor (Chair, School Committee), Cheryl Stella (Town Accountant), Suzanne Wright (School Committee).

Andrea Ritchie (resident)

Mr. Fitzgerald introduced the new town accountant Cheryl Stella. Ms. Stella has an expertise in risk, which is important at this time in town's history. Ms. Stella introduced herself and described her experience.

Mr. Fitzgerald discussed the Request for Transfers. He noted that it is slightly higher than usual. All are within appropriations. He also noted that he is providing a lot more information than we have been accustomed to getting. He went down the list from A to Y describing the transfers on the spreadsheet provided to the Finance Committee.

One of the largest amounts - \$315K in uncompensated balances – cover various severance agreements that will lead to better long-term fiscal health. Ms. Rosenberg asked if some of these surprise “end of employment” costs are being taken into consideration for future retirements. The \$175K for the IT Director settlement represents an early settlement of a possibly challenging and costly litigation. Mr. Fitzgerald offered to discuss employment risk and insurance costs at a future meeting.

Mr. Fitzgerald noted that his common practice is to freeze budgets in May, do end of year projections, and have a better handle on what sort of shape the actuals are relative to budgets. Next year this process will be more tightly managed. There are several procedures being implemented to get payroll on a stronger fiscal footing in terms of policies and procedures. Going forward we will be doing away with the 53rd week by costing one additional day for each year.

The legal fees were significantly higher because of some personnel matters and other projects. Mr. Fitzgerald will plan to be more disciplined going forward about issues such as this.

\$240K for Information Technology has to do with the moneys that we receive from our cable access contract. Some of them were expended inappropriately and need to be accounted for properly. The amount is made up of the following: Some

outside technology servicing fees, voice systems, and others. We need to establish a cable department budget to create public broadcasting content.

Police and Fire overtime numbers are significantly different from the appropriations. Mr. Fitzgerald believes that the numbers have been budgeted inappropriately in the past given what the contracts say. In the future, regardless of how the contracts are shifted, we need to budget overtime numbers that are likely to be close to the reality.

Ms. Fletcher argued that in the past the information given to the Finance Committee for the shuffle was explained as to exactly what the expenses were. She is uncomfortable the amount of over \$1MM is not well explained and is a lot greater than in years past. Ms. Sullivan argued the opposite – that the level of detail given has actually exposed some of the deficiencies of the reporting in the past. Ms. Titcomb remarks on the size of the police department budget plus overtime – she is concerned that there is a level of deference to the police department that is not afforded to other departments. Mr. Fitzgerald notes that he has spent significant time with the police chief to itemize page by page the cost of the police contract and he would be willing to share this analysis with the finance committee.

The total amount of transfer totals: \$1,016,056.00.

The town has significant revenue in addition to budgeted amounts. This year it appears that we will have \$875,511.52 in additional revenues for Fiscal '17. Mr. Fitzgerald noted that he will continue to be conservative in estimating revenue but might lean more toward a three-year average. He noted that we need to consider ways to grow revenue going forward.

Sullivan/Jones – Motion to approve transfers. 7-0.

Mr. Fitzgerald on behalf of the Board of Selectmen urged the Finance Committee to approve the School Committee request for funds out of our reserve fund. He detailed the hard work the school committee has done with contracts and other matters that have helped him with cost management.

Ms Marshall noted that the School Committee had initially budgeted this additional \$275K and their budget wound up being just about spot on. Mr. Dorsey remarked that the Finance Committee had been responding to the uncertainty associated with SPED costs – that we didn't want to include those costs until they were needed. In addition, the school department budget increase had been at a % rate that was perceived to be unsustainable by the finance committee. Ms. O'Connor explained that the SPED costs actually came in about \$50K above what they had budgeted – but they are absorbing those additional costs within their budget – she called them “painful” choices. Mr. Fitzgerald noted that it would be excellent to have a stabilization fund for these overages as a budget tool for this cost that is so difficult to plan for.

Mr. Dorsey remarked that we do not think it was a bad decision to put \$275K aside – because it caused difficult conversations to happen. It protected the money from being spent in other areas of the school budget – with no finance committee oversight or control.

Ms Fletcher notes that she has asked twice for budget vs. actuals from the School Department and has had no response. It makes it difficult for her to transfer the funds when she hasn't seen the year-to-date reports. A detailed discussion was held regarding the need for different kinds and timing of information and reporting.

Ms. Titcomb disclosed the fact that she has a child who receives some special education services within the district and Mr. Fitzgerald remarked that there is no conflict of interest.

Jones/Rosenberg – Motion to approve the transfer of \$275K from the Finance committee reserve to the School Department budget. 6-0 with one abstention.

Motion to adjourn; Hilario/Rosenberg.