

TOWN OF IPSWICH  
Finance Committee Minutes  
Tuesday June 20, 2023 at 7:30pm  
Ipswich Town Hall, Meeting Room A  
25 Green St. Ipswich, MA

With a quorum present, the Chair called the meeting to order at 7:35pm.

Finance Committee members present: Walter Hartford, Emilie Smith, Ken Swenson, Rob White, Jamie Fay, Michael Schaaf

Also Present: Sarah Johnson, Mike, Johnson, Chief Nikas, Chief Parisi

**1. Citizens Queries – J. Fay**

- none

**2. Reserve Fund Transfer Vote – S. Johnson/ J. Fay**

Jamie emailed out the guidance as to what constitutes a reason for a reserve fund transfer. It must be unforeseen. Jamie said we used to do a lot of these that were smaller amounts, but we created a great deal of flexibility in the last 10 years in how money can be moved around, so there haven't been as many needs for transfer. Only the Finance Committee can approve a Reserve Fund transfer, and whatever is not used of the Reserve Fund will go to Free Cash. The FY23 budget originally had \$45k in the Reserve Fund which was supplemented by \$293k at the Fall Town Meeting because there were surplus state funds. \$50k was diverted to the Management Transfer Fund for flexibility. The Finance Committee at the time was hoping to find a way to not spend the money and decided to leave it in the Reserve Fund and then it would turn to Free Cash. Stephen is unable to join tonight.

**3. ESCO Contract – J. Fay**

Ken said the ESCO program has been very successful in many towns. Its success seems to be strongly driven by how well the town manages the engineering contractor that actually does the study. Not many towns have had to pay the \$65k back. Ken said he does not think this is an emergency and it was planned, so doesn't seem like something that should be coming from the Reserve Funds. Jamie said the Town Manager said we have to be cognizant about where we have been as far as not operating without a fulltime CFO and without a Town Manager for part of the year. A lot of the things that we might presume have been well planned out, may not have been. The contract is a contingent liability and Stephen said he is not comfortable signing this unless he knows where the money would come from if he needs it. The money would sit in an account unspent, but reserved for this purpose. Rob said he feels we should fund this through the Reserve Fund because as a finance committee we should consider the reserve fund more strategically and perhaps even make it larger going forward. Walter said he is in favor of the study but he is not in favor of a bond issue next fall. We need to know what initiatives we can take on as a town to potentially reduce our carbon footprint and save us money, and we need to fit that into a larger strategic plan. Emilie asked if we feel like this is extraordinary or unforeseen expenditures. It seems helpful but not extraordinary and not an emergency. But if Stephen is going to find the money anyway than perhaps we should authorize it. Jamie agreed with Rob's idea about making it more strategic. Michael supported the initiative because he thinks it is extraordinary in terms of where we are in needing to reduce our carbon footprint.

Mike Johnson, Chair of the Climate Resiliency Committee, said we have goals to reduce our energy use by 20% in 5 years. This year is the end of the 5-year goal and we are not going to reach our goal. We also have a zero-carbon resolution and we are also not going to meet those goals. The Municipal Facilities in the town account for about 2/3 of all carbon emissions in town. The only option to meet those climate goals is to do this project. Michael asked if this would be in the Town Manager's budget. Sarah said this would be transferred into the Select Board's budget.

- Motion to support the transfer from the Reserve Fund made by Michael, seconded by Rob

→ Motion passed 4-2, Ken and Emilie did not support

#### 4. Legal Expenses – J. Fay

Jamie said from the Town Manager's perspective, the amount that was expected in the budget was exceeded significantly. Sarah said the legal team right now is working on four different cases that have all gone to litigation. The other legal team is working on the Essex Pastures case. Emilie said it seems like we have been blindsided. Rob said an issue is that we don't get management reports so we will likely get blindsided again in the future. Sarah said they did discuss Police and Fire overtime in the February and April meetings.

Jamie asked Sarah how much the town has spent to defend itself on Essex Pastures this year. Sarah said so far it has been \$4k, but we have spent \$30k for all 4 cases with that legal team. Rosewood was around \$3k, Winter was \$10k, Market was \$67k. Jamie said the \$4k was unforeseen but the others were not. Emilie said in her opinion, some of this was foreseen but perhaps in the absence of leadership at the beginning of the year we missed these. Andersen & Krieger is the General Town Counsel. So far, we spent \$161k with them. They are on retainer, but all of the litigation is extra. This was an extraordinary year because we have 5 litigation cases.

This year's budget appropriated \$135k and we already did a small transfer to make it \$180k. We are thinking it may go up to \$250k which is why they requested the \$70k transfer.

- Motion to support the transfer from the reserve fund made by Ken, seconded by Emilie
- Emilie said it seems unforeseen but she hopes we can do better next year

→ Motion passed unanimously 6-0

#### 5a. Police Overtime

Chief Nikas explained that the present balance is -\$75k and they are requesting \$75k. The reason for this is because one person has been out on disability all year. They are waiting for the Retirement Board to approve the disability request, so while he is going through that process we have to pay him and someone has been filling in for his shift. The department was able to get a memorandum to hire a part-time person to cover those shifts vs. paying overtime to someone else. There were also 2 officers who had babies that were out on paternity leaves, as well as an officer that had an injury (not on the job) that was out for 3 months.

Rob asked what it means, from an accounting perspective, if someone gets injured and then retires. Chief Nikas said State Law 111F says that if it's an on the job injury, they can go out on disability even for a short period of time with full benefits. This particular officer was out for a few months and then filed for a disability retirement. Because it's an on-the-job injury, the town is required to pay the full salary and benefits. The other officer that was out was not injured on the job so was just using his sick benefits. We never get that money back that we have paid because until the decision is made, that person is an employee of the town. Michael asked what happens if the disability is denied. Chief Nikas said the person would set a percentage of what he or she is allowed to earn. Sometimes they only give a certain percentage of disability pay and they allow the person to get another job that doesn't affect the disability. Regardless of the outcome of this decision, he will be off the town's payroll. Ken asked if there is a subcommittee of chiefs that works on lobbying to get this process so it's not so frustrating. Chief Nikas said MA Chiefs are on this all the time. This puts a lot of liability on the town. The appropriated budget was \$300k, and they are \$75k over. Chief Nikas said he thinks that will get us through because they put in an expense freeze.

- Motion to support the transfer of \$75k from the Reserve Fund made by Michael, seconded by Ken
- Michael asked if we are communicating with our delegation in terms of communicating with the appropriate boards, Chief Nikas said yes.

→ Motion passed unanimously 6-0

### **5b. Police Overtime- Permanent Part Time**

This pertains to the permanent part time account for \$10k. The budgeted amount was for \$53,500, and they spent \$60,600. This is for the summer help. Going forward with the Police Reform Act, they are losing their part time help.

- Motion to support the transfer of \$10k for the Police Permanent Part Time Account from the Reserve Fund made by Rob, seconded by Emilie

→ *Motion passed unanimously 6-0*

### **5c. Police Sergeant**

This is from the delay in the collective bargaining agreement which is normally done by the spring but it was just agreed upon. Jamie asked why this is not being funded out of the Management Transfer Account, Sarah said Stephen does not have a lot of money in the account right now and is planning to use that for other things. Jamie said we plan for union negotiations and contracts so he does not think this is unforeseen and extraordinary. Sarah said when they did the budgeting last year they anticipated a certain level of increases, but the actual agreement from the CBA was more than expected. Rob said he agrees it should be coming out of the Manager Transfer Fund but since we are 9 days from the Reserve Fund going to free cash he thinks we should approve it. Jamie said he does not think it's a good practice to pay salaries from the Reserve Fund.

- Motion to support the transfer for the Police Sergeant Salary increase from the Reserve Fund made by Rob, seconded by Michael

→ *Motion passed 4-2, Jamie and Emilie did not support*

### **5d. Police Patrolman**

This is the same issue. The total appropriated was \$1,415,320, we spent 1,375,000 which only left us 39,000 and we are expecting to spend another 86,550. We are short 46,725. They have a little money so they are not asking for the full amount. Michael asked why. Sarah said it is also due to Collective Bargaining. There are 17 patrolmen and 5 sergeants, so there are a lot of people that have been there for a long time with high rates. We went from a flat hourly rate. They bargained in a 5% bump for the evening hourly rate and 7% bump for midnights.

- Motion to approve made by Rob, seconded by Ken for the reserve fund transfer to police wages patrolman

→ *Motion passed unanimously 6-0*

### **6. Fire Overtime**

Sarah said they knew they would have a \$47k deficit so instead of doing individual items they did it all together. There are 5 transfers requested. Overtime for \$2k, Fire Association dues for \$3,700, permanent lieutenants \$6k, \$17k for motor vehicles, and \$16k for wages.

Chief Parisi said there were three major factors that played into the budget. The first was motor vehicles. There were multiple vehicles that needed repairs. They also lost two antennas. Third, the new contract went into effect in July and there were terms and factors that were not accounted for in the budget including educational incentives and an extra holiday. There was about \$56k of unforeseen and unplanned expenses. They are looking for \$43,700 which will leave a cushion of about \$3,700.

The motor vehicle account is requesting \$17k. Ken asked since we haven't bought any new trucks in a few years, does the repair account go up each year given the age of the vehicles. Chief Parisi said they try to do a 3-year average increase. Ken also asked why the radio gear was not covered by insurance. Chief Parisi said he asked that and the radio vendor could not definitively prove to the insurance company that it was a lightning strike.

- Walter moved to approve the transfer of \$17k, seconded by Michael

→ *Motion passed unanimously 6-0*

An additional \$3,700 is needed to pay the John Guilfoil Public Relations dues. Typically, this comes out of the Town Manager's budget, but this year it was transferred to be split between the Town Manager, the Fire, and the Police budget. This was not planned for. It's not in the FY24 budget but will be in FY25. Chief Nikas said it started just in the Police budget. During Covid it went into the Town Manager's budget for a different use. It then started to be used by Police, Fire, Town Manager, and Public Health. For some reason it wasn't in the Town Manager's budget and Police received the bill, but it was also not in their budget.

- Rob moved to approve the transfer of \$37k from the Reserve Fund Transfer Account, seconded by Michael

→ *Motion passed 5-1, Jamie did not support*

An additional \$15,000 is requested for Fire permanent wages, related to union contract and underestimating what the cost of that contract would be.

- Rob moved to approve the transfer of \$15k from the Reserve Fund for fire permanent wages, seconded by Walter

→ *Motion passed 4-2, Jamie and Emilie did not support*

An additional \$6k is requested for Fire permanent other/ lieutenants and is the same issue with an inadequate budget to cover the union contracts.

- Rob moved to approve the transfer of \$6k from the Reserve Fund, seconded by Ken

→ *Motion passed 4-2, Jamie and Emilie did not support*

An additional \$2k is requested for Fire overtime which is attributable to the overtime needed to cover the new holiday.

- Emilie moved to approve the transfer of \$2k from the Reserve Fund for fire overtime, seconded by Rob

→ *Motion passed unanimously 6-0*

## **10. New/Old Business – W. Hartford**

- Michael said he thinks FinCom should have their own Reserve Fund Transfer Policy. Jamie suggested Michael research it and they can put it on a future agenda. Rob said he would also help.
- Rob said there have been a lot of people talking about the look of the Public Safety Building and asked if the drawings we have seen are what is actually intended to be designed. Jamie said the design process has been extensive. They spent a lot of time sitting town with the architect and the two chiefs to make sure we make a building that works for the departments. This building meets those needs as well as the need for an energy efficient building, and also needing to reduce square footage. It is a very compact and efficient building. Vertical buildings are much more energy efficient. Rob said he doesn't care for the design. He doesn't think it melds with the look and feel of the road. Rob said a group went to see Essex's new building, which has a much more country feel. Rob also went to see Rowley's new fire building and it is upsetting to see how this is going to look. This feels like Danvers. It is industrial in a country setting. Chief Nikas said this building is twice as big as Rowley and triple the size of Essex. We have to go vertical because we need housing for firefighters. The glass was added to get lighting into the interior of the building since people will be living there, and will reduce energy use. The roof is flat because all of the experts said a different roof would cause issues and leaks. The color could change, but

structurally this fit around the needs to minimize sprawl. Jamie said this building really meets the needs of the community and it was a choice that was made to go in this direction. Rob also said he is concerned with the financial decisions regarding the building and does not think they should continue going forward with continued cost increases.

#### **11. Adjourn – W. Hartford**

- Motion to adjourn made by Michael, seconded by Emilie

→ *Motion passed unanimously, 6-0*

Respectfully Submitted By  
Alyson von der Esch  
7-10-23