



MANCHESTER-BY-THE-SEA

FINANCE COMMITTEE • TOWN HALL
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Minutes of the Finance Committee

January 29, 2025 7:00 p.m.

Room 5 and on Zoom

MEMBERS PRESENT: Sarah Mellish, Chair, Andy Oldeman, Mory Creighton, Peter Twining, and Dean Nahatis

MEMBERS ONLINE:

MEMBERS NOT PRESENT: Tom Parkins and Gar Morse

STAFF PRESENT: Town Administrator, Greg Federspiel

SELECT BOARD MEMBER PRESENT: Ann Harrison

MERSD: Superintendent Pam Beaudoin, Finance Director, Michelle Cresta

Call to Order – Ms. Mellish called the Committee meeting to order at 7:02 p.m.

- **Discuss FY26 MERSD Operating and Preliminary Operating and Capital Budgets**

Ms. Mellish requested an overview of changes anticipated for FY26 and information related to School Choice. Mr. Oldeman asked about the robust program that voters support and the pressures that work against that. Mr. Twining inquired about the roll technology plays in changes in the budget and Mr. Nahatis was interested in understanding the decrease in building maintenance in the budget.

Superintendent Beaudoin stated that the headline for this year's budget is the Health Insurance challenge. MSPA concluded their study for Essex Elementary around enrollment and enrollment for the District is leveling off. Post-COVID the District has experienced teacher retirements and will need to hire 2 teaching assistants for Special Ed. Health Insurance is uncertain and the proposed budget caps Health Insurance at 10% with options if the increase is 20% - 25%. Personnel increase of 5% with reallocations of staff from the High School to Memorial and Middle School.

Middle School Principal, Joanne Maino is retiring and with her retirement the decision has been made to have one principal for the Middle and High School with two Deans reporting to the Principal. This change will not impact program for either the Middle School or the High School.

Mr. Twining asked about Health Insurance Superintendent Beaudoin stated that the increase is due not only to enrollment but to utilization. Ms. Cresta stated that when the District was formed there were no retirees (retirees prior to the District were Town employees). The District has been insured with Harvard Pilgrim Health and Tufts and is looking into joining MIAA. Superintendent

Beaudoin stated that to meet this year's budget the District will need to dip into reserves for \$500K and that is with a health insurance increase of 5%.

Superintendent Beaudoin stated that the District is reorganizing Facilities Management. She suggested this is an opportunity to look at different models for shared services between the Towns and District. The District currently contracts out for snow removal in Georgetown, Town DPW takes care of snow removal. She also suggested Central Office consolidation with another Town like Rockport.

Reserves – or free cash is currently \$1.4M which is at the Department of Revenue for certification. FY26 will use \$900K through the end of year. Stabilization Fund \$1.5M earmarked for capital projects. Essex Elementary Feasibility Study will cost \$500K. OPEB has a balance of \$5.8M projected to be \$8.5M in 2 years. School Choice is not carrying a balance it is utilized in budget.

Mr. Oldeman asked about target for annual reserves. Ms. Cresta answered the School Committee had just passed a policy to schedule reserves at 8% of the Operating Budget.

Superintendent Beaudoin replied to Mr. Oldeman's question around quality. She believes the District is not providing level services. Noting that with the loss of a teacher the program has a reduction in sections and no longer is providing the breadth of opportunities. There is an obvious reduction in services and the District cannot replace the librarian and language teacher.

School Choice The District decided to cap School Choice not to exceed 100 students. There are currently 96 School Choice students. Ms. Mellish stated she is not a fan of School Choice suggesting if the number of School Choice students was lower the assessment to the Towns would be lower.

Ms. Mellish asked if the In District Special Ed line is related to School Choice. Superintendent Beaudoin stated that it is not. That is an agreement with another District to place their students in the MERSD District Special Ed program and the placing District pays tuition for that student. Ms. Mellish asked how much sending Town pays the District. Superintendent Beaudoin stated \$25K plus depending on the program.

Superintendent Beaudoin added School Choice students are part of the general population the District is not absorbing additional costs for School Choice students. If a School Choice student requires additional services the State is billed for the service.

Mr. Creighton pointed out that 1 out of 6 students requires some type of special education services and asked if that line is going down. Superintendent Beaudoin stated that it is not. The District has a special needs pre-kindergarten program and there appears to be a trend of additional children on the autism spectrum. This year the District has absorbed an additional \$145K in Pre-K costs due to the increased number of students. Parents request assessments of their child for services and that process is time consuming. Additionally, parents seek assessments of their children privately which sets off the need for services.

Ms. Mellish asked about Special Education services postgraduate. The District is responsible for Special Education until age 22. The State support for Special Education is not keeping up with

the need. Chapter 766 was crafted several years ago and needs revision, stated Superintendent Beaudoin.

Educational Technology is an interesting question, and the District is walking through it with Parent Workshops around AI. Many teachers were trained 20 years ago. There has been State funding for training. Ms. Cresta added that the financial side has seen increased costs in programming and moving to cloud-based hardware from servers.

Mr. Twining was interested in understanding where the District was from the teaching function and assistance for teachers. Superintendent Beaudoin stated that there could be some assistance with preparing lessons, but education requires a human presence. It is not in the school's model to replace teachers with technology in fact the schools attempt is to limit screen time even when engaging with online learning.

Building Maintenance Ms. Cresta stated that the decrease in the Facilities budget was a staff decrease. Custodial staff is contracted. Mr. Nahatis asked about the roof. Superintendent Beaudoin stated that the half life of the building will happen in 2034, and the staff is aware of the ongoing needs and maintenance for the building. There is a real need to consider air conditioning for the second floor of the building given the increased number of days with high temperatures.

Ms. Mellish asked about the increase in the line for Athletic Student Services. Ms. Cresta replied there were increases in stipends for coaches and athletic officials, and the most significant increase was for Athletic Trainers. The cost for Athletic Trainers was more than doubled. Athletic Trainers provide Health and Safety and travel with teams in the event of an emergency. An emergency like a concussion, ankle requiring taping, and follow up rehabilitation. The position is a contracted position and requires after school hours.

Transportation According to Ms. Cresta Special Education costs for transportation are going down 5%. While the costs for general education transportation is going up 7%. Ms. Cresta explained that consolidating transportation among elementary schools and middle and high schools would leave the youngest students riding the bus for more than an hour. The District has leased and insured two vans similar to the COA vans from transporting smaller teams to events like the ski, golf, and debate teams.

Mr. Creighton asked Superintendent Beaudoin what keeps her up at night. The answer is Health Care and Special Education needs. That is not just true for MERSD it is true for all Districts. Superintendent Beaudoin suggested asking Dr. Collins, Special Education head to come and present the financial challenges of Out of District (OOD) placement that could be required for one student who moves into the District the cost could be \$200K. Also Dr. Collins is aware of students in the pipeline and their long-term needs.

Superintendent Beaudoin explained the process for identifying and developing an Individual Education Plan for a special needs child. The Plan is determined as a collaborative effort. OOD placements are required for health and safety needs for a child who could present a significant danger to themselves or others. Circuit Breaker is a State reimbursement based on a formula. If the cost of placement is greater than \$45K the District submits a request to the State for reimbursement if allowed it is 70% - 80% of the cost of placement.

Ms. Mellish asked how many students there are in residential placements. Superintendent will follow up on that number.

Superintendent Beaudoin is suggesting a *Number Crunching Team* to review and study the District financial needs over the next several years. She anticipates that members of the two Finance Committees will be key members. Mr. Federspiel agreed it would be helpful to map out a 5-year outlook for the District.

Ms. Mellish stated that the challenge with the budget is Manchester is paying \$30K per student, which is private school tuition. Additionally, the Town has several Capital projects.

Superintendent Beaudoin pointed out the District is the social service provider for young people. That includes mental health and wellness. The per pupil expenditure pays for a complex bureaucratic entity.

Mr. Creighton asked how many households were represented by the students enrolled. Mr. Federspiel stated there is a segment of the Town's population that would like to see level services adding, it is important for the towns to work together to reconcile how to build and run the District.

- **Review Essex North Shore Agricultural & Technical School Budget**

Discussion postponed to next week's meeting.

- **Update Town Administrator**

Mr. Federspiel will work with Ms. Mainville on meeting materials.

- **Approve Meeting Minutes**

Mr. Nahatis pointed out an error for the cost of construction related to Lincoln Street well. Ms. Hunter confirmed the correct number with Mr. Dam and Mr. Desroisers and submitted the corrected meeting minutes on Friday, January 30, 2025. Meeting minutes for January 29, 2025 were submitted to the Committee on February 3, 2025 for review and approval.

- **Schedule FY26 Budget Review**

February 5, 2025 – Fire

February 12, 2025 – Library and Town

February 19, 2025 –CPC and complete Town

February 27, 2025 – Capital and discuss capital with department heads during review of Operating Budgets.

March 5, 2025 – Auditor's report and OPEB

Remaining March and April meetings are scheduled and will take place as needed.

- **Adjourn** *Mr. Oldeman moved to adjourn the meeting; Mr. Twining seconded the motion. The motion passed unanimously.*