



MANCHESTER-BY-THE-SEA

FINANCE COMMITTEE • TOWN HALL
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Minutes of the Finance Committee

February 27, 2025 7:00 p.m.

Room 5 and on Zoom

MEMBERS PRESENT: Sarah Mellish, Chair, Andy Oldeman, Mory Creighton, Gar Morse, Tom Parkins and Dean Nahatis

MEMBERS ONLINE: Peter Twining

MEMBERS NOT PRESENT:

STAFF PRESENT: Town Administrator, Greg Federspiel, Town Accountant, Andrea Mainville, Fire Chief Jake McNeilly

SELECT BOARD MEMBER PRESENT: Ann Harrison, Cathy Bilotta and John Round

Call to Order – Ms. Mellish called the Committee meeting to order at 7:00 p.m.

- **Discuss Revised FY26 Fire Department Budget**

The Committee agreed to discuss Option 3 of the proposed budgets. Option 3 is the option in the new budget presented by Mr. Federspiel and Ms. Mainville. Primary points of discussion included:

- Hiring Deputy Chief in last quarter of FY26. Chief McNeilly believes this is the best option given budget constraints.
- Role of Deputy Chief – fire prevention with inspections taking place in a timely manner and community risk reduction. Additionally, the Deputy Chief will be a fully trained paramedic available to go out on runs.
- Safer Grant – application is in with notice of grants awarded in August to September 2025. Ms. Mellish asked how many positions were applied for. Chief McNeilly replied 4 and given the Town anticipates retirements the Safer Grant is a great way to build the Department.
- One Firefighter has resigned the position is posted. The Department is facing two retirements in the coming years and hopes to maintain an active list of potential candidates.
- Training and hiring – Chief McNeilly indicated that most recent Firefighters hired were paramedics and firefighters if hires are not fully trained paramedics or firefighters the training time is 2 years for paramedics and months in Fire Fighting Academy.

Mr. Nahatis moved to pass the Fire Department budget in the amount of \$1,963,330.00; Mr. Creighton seconded the motion. The motion passed 6-0.

- **Review and Approve the Sanitation Budget**

The Committee discussed the proposed Sanitation Budget focusing on the following points:

- Mr. Federspiel informed the Committee that the Town had received a new 5-year contract from Wheelabrator. The contract is based on projection of volume.
- Ms. Mellish asked if the Town was considering the work of the Sustainability Committee to increase composting. Mr. Federspiel stated that is hoped for; given the contract is based on weight the more that is in composting the less the Town will pay to Wheelabrator. Approximately one third of the Town is composting he indicated it may be closer to 40%.
- The Town will likely move to the new bins for trash collection in FY27.
- Compost site – the Town has a 10-year renewable lease with Black Earth. Black Earth's volume will result in a discount to the Town for processing the Town's composting.
- Ms. Rogers, 82 Old Essex Road, a member of the Sustainability Committee stated that Black Earth has informed the Committee that 50% of the Town is composting.
- Mr. Dam, DPW Director, agreed with Ms. Rogers that the Town's participation was closer to 50% for a total of 7-10 tons of composting.
- Committee agreed that a Public Relations Campaign may be effective to increasing community composting.

- Mr. Dam clarified that all testing of the Black Earth facility is reviewed quarterly under the license with State DEP.

Mr. Morse moved to approve the Sanitation, Collections and Disposal Budget in the amount of \$680,000.00; Mr. Oldeman seconded the motion the motion passed 7-0.

- **Discuss FY26 5-Year Capital Plan & Impact on Tax Rate**

Mr. Federspiel requested a discussion of Rotunda funding with new information received today.

The Town had anticipated receiving two \$1M Grants. One from the Seaport Council and the second from Coastal Zone Management. Funding to the Coastal Zone Management has been cut by several million dollars and the anticipated grant will likely not be available to the Town. He is requesting consideration of increasing the CPC grant to \$5K with \$800K coming from Fund Balance with an additional \$400K in road work indicating that road work was underestimated and there is a major road that needs to be repaved.

Ms. Mellish stated she would prefer to put additional funds into OPEB.

Mr. Dam stated that there are three major DPW projects: Water Main Bond, PFAS and Water Meters. There are some funds in the paving budget, however, given the increased in costs this year projects are being rebid. The FY25 Road Work Budget could be \$400K short.

Mr. Federspiel pointed out that there is approximately \$1.1M in the Fund Balance that could be allocated to get the Fund Balance down to 8% of the budget. The Rotunda is a priority for the community, Mr. Mellish agreed.

Ms. Mellish asked if there were funds from this year going into free cash. Mr. Federspiel indicated the \$150K from the library will go back to free cash. The Committee clarified that Road Resurfacing is currently at \$300K adding \$200K.

Ms. Mellish requested an allocation of funds provided to DPW and what was spent and on which projects. She added that the money is allocated but there is no report related to where the funds allocated were spent. Mr. Dam stated that DPW had \$700K plus \$300K from Chapter 90 he is anticipating a shortfall and when he adds up all his buckets he is not at the projected need of \$1.3M.

Ms. Mellish indicated there were a lot of numbers being presented. Mr. Dam clarified, the FY25 budget for Pleasant St. was \$900K. It is now projected to cost \$1.3M; the additional \$400K requested is to complete the project with a road that will last for 20 years, including sidewalks and curbing. DPW maintains a three-year on call paving contract and the current number is \$1.3M.

Mr. Federspiel reviewed the money on hand: there is \$300K in Chapter 90 funds, and additional \$195 in unspent paving funds and a request for \$300K plus \$150K in Chapter 90 funding which will become available on July 1, 2025. The new contract for the project is based on DOT bidding on the State website.

Ms. Mellish noted that the next line is \$400K for drainage. Mr. Dam stated there will be drainage work needed on Pleasant St. and some of that money will be used on Pleasant St. Ms. Mainville stated that the current drainage and sidewalk fund has \$130K. Mr. Dam clarified that will go for street sweeping and catch basin cleaning in the spring of 2025. Ms. Mellish asked how much was carried over from FY24. Ms. Mainville replied \$92K.

Ms. Mellish clarified the balance of Free Cash – Mr. Federspiel stated Free Cash going into FY26 would be \$1,250,000.

Mr. Federspiel adjusted the long-range budget to allow for the double hit on the tax rate to occur every other year. Indicating that the increase for FY26 0%, FY27 2.5%, FY28 0.5%.

Ms. Mellish is concerned that the 2.5% increase will double with the Capital projects projected for the Town. Ms. Mellish projects that OPEB will be fully funded in FY28. Which Mr. Federspiel believes is very good. Mr. Federspiel stated that he had not taken the OPEB payoff into consideration in his projections which may take an additional 1% off.

Mr. Oldeman asked about the Rotunda project when it will take place and how long it will take to complete. Mr. Federspiel stated that it would take place next winter in November and December and be a 5-month project. If the project is approved at Annual Town Meeting it will go out to bid.

CST building permit revenue is not projected in the budget but depending on the scale of Phase 1 of the project could generate revenue in FY26. That revenue is not part of the current budget.

Summary of discussion -- \$400K from Fund Balance for Road Resurfacing and \$800K from Fund Balance for the Rotunda with \$150K from the Library going into Free Cash.

Mr. Dam spoke to the site for the DPW garage. The Geotech work is not fully completed but the results were positive the Town will know more after the second round of testing. Mr. Dam will prepare a comprehensive presentation of the Select Board and Finance Committee as the project potential moves forward. Likely in the next two months.

Mr. Federspiel indicated there was an additional Capital Request. The Library had requested \$200K for windows and withdrawn the request. Mr. Federspiel would like that \$200K to go to the COA to advance design for the Senior Center for concept and design to prepare for the Fundraising Campaign.

Ms. Mellish is not in favor of that proposal. When the \$1M was approved for the purchase of the building now nearly a year ago. It was indicated that Fundraising would support the project. Now the Town is requesting \$200K for design work. If the Fundraising is going to raise \$2M for the building it seems reasonable that the funds should come from Fundraising for the design work. The Town has hired a consultant who is identifying potential major donors.

Ms. Mellish feels strongly that the project needs to be self-sufficient. She asked how other Committee felt. Mr. Morse stated that he agrees with Ms. Mellish and believes it is incumbent on the Senior Center staff to raise the initial \$200K. All members of the Finance Committee agreed to not support the \$200K for design of the Senior Center.

Mr. Federspiel stated the need indicating that the project including renovations and an addition will cost \$2.5M.

The Select Board has moved forward with a bond vote. Not to authorize the bond but to move forward when the Fundraising is successful. Ms. Mellish believes that a bond is a disincentive for residents to contribute. The goal is to start construction in spring 2026. The Finance Committee concluded they do not support additional funding for the Senior Center at this time.

- **Discuss FY26 5-Year Capital Plan and Impact on Tax Rate**

Ms. Mellish stated that it looks like the budget is planning to use all of the unused levy capacity. Ms. Mainville indicated that was not updated and noted that the budget includes what was approved this evening Fire Department, all Capital items on the sheet, and 7.5% for MERSD – Mr. Federspiel indicated that was Model A.

Ms. Mellish stated the Town could also approve MERSD as an override. Ms. Mainville and Mr. Federspiel agreed an override is possible. Mr. Federspiel indicated that three items could be shifted to Fund Balance and \$306K would then go into taxation.

If the Finance Committee held the tax rate at 2.5% the potential override for the District would be \$400K. The Committee discussed an override for the District was the override worth it for \$400K. Overall the Committee agreed it was not in favor of an override.

Ms. Mellish moved to approve the FY26 Capital Budget in the amount of \$4,215,875.00 to be funding by \$1,784,875 Taxation, \$1,506,000 Fund Balance, \$660,00 Capital Exclusion, \$200,000 Sewer Enterprise Fund and \$65,000 Harbor Fund. Mr. Creighton seconded the motion. The motion passed unanimously.

- **OPEB** – The consensus of the Committee was to hold discussion for Dan Sherman’s presentation.
- **Town Administrator’s Update – Long Range Facility Planning Version 3**

The difference between version 2 and version 3 is a reduction in the burden of taxation. Refer to version 3 Long Range Facility Plan for additional information.

- **Approve Meeting Minutes** – Outstanding Meeting Minutes will be approved at the next meeting.
- **Schedule FY26 Budget Review**

March 3, 2025 – Joint with Select Board (7:00 p.m. or 7:30 p.m. depending on business of the Board)

March 5, 2025 – Auditor’s report and OPEB

March 12, 2025 – Complete everything with the exception of MERSD. Discussion of tax rate for Town and Capital

March 19, 2025 – CPC, MERSD, Warrant Articles, Other outstanding FY26 Budget Items

March 27, 2025 – Finance Committee Report

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

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