



MANCHESTER-BY-THE-SEA

FINANCE COMMITTEE • TOWN HALL
Manchester-by-the-Sea, Massachusetts 01944-1399
Telephone (978) 526-6405 FAX (978) 526-2001

Minutes of the Finance Committee

Thursday, January 19, 2023 7:00 p.m. Town Hall, Room 7, Hybrid for Public

<https://us06web.zoom.us/j/86521942476?pwd=WVNQUWJxV2MlQSthZHFwU2EyeXZEUT09>

Meeting ID: 865 2194 2476 Passcode: 069505 Dial In: +1 646 558 8656

MEMBERS PRESENT: Sarah Mellish, Chair, Andy Oldeman, Mory Creighton, Dean Nahatis, and Mike Pratt – Members Not Present: Peter Twining and Tom Parkins

SELECT BOARD PRESENT: Becky Jaques, Chair, Ann Harrison, and John Round

STAFF PRESENT: Greg Federspiel, Town Administrator, Andrea Mainville, Accountant, Chuck Dam, DPW Director, Nate Desrosiers, Engineer, and Gail Hunter, Administrator

- **Call to Order**

Ms. Mellish called the meeting to order at 7:03 p.m.

- **FY24 Budget Review: DPW and Facilities, Operating and Capital Budgets**

Ms. Mellish asked about the 6.7% increase in training. Mr. Dam stated that includes Essex County CDL trainings and semi-annual training for the Tree Warden. Mr. Desrosiers added that in FY22 the Town had a MIAA grant for training.

Mr. Nahatis asked what was included in professional services. Mr. Dam replied professional services includes bid postings in the *Cricket*, police details, and on call consultants that are used for jobs like the School St. project.

Mr. Creighton asked if the on-site mechanic was dedicated to DPW vehicles. Mr. Dam stated DPW has an on staff mechanic for DPW but he does not do all the work on fire and police vehicles although he does some routine oil changes and tire rotations for the police. Mr. Dam clarified that the most significant equipment repair costs in the past two years have been for larger pieces of equipment like the backhoe.

Mr. Nahatis inquired about the previously discussed and funded shelter for equipment. Mr. Dam stated he had hoped to get that in place before this winter but has not been able to make that happen. The fabric top structure and the footprint from the demolished building are not matching up and the project requires additional work. The shelter is carried forward in the DPW FY24 capital budget.

Mr. Creighton asked if there was an issue with carrying over projects in the capital budget. Mr. Mainville stated that is not an issue. If borrowing for a project is not utilized in the given fiscal year that can create a problem. Mr. Pratt asked how much is sitting in the carry forward free cash account. Ms. Mellish replied the amount is \$3.2M and Ms. Mainville forwarded that information this afternoon and will be discussed later in the meeting.

Mr. Desrosiers stated that the Town Hall generator is getting ready to be ordered and he has spoken with the Library Trustees about their request for a generator. Ms. Mellish noted that the library had requested \$45K for flood proofing and a generator.

Ms. Mellish moved to approve \$1,269,059 for the Public Works Department FY24 budget, Mr. Creighton seconded the motion. The motion passed with all five members of the Committee present voting affirmatively.

Mr. Pratt asked how many employees were in the Department including Water and Sewer the number is between 16 and 18 with 2 may be 3 possible retirements in the next 5 years.

Snow and Ice Proposed budget \$202K.

The Committee discussed the proposed budget and considered the five year average of \$158,940.15 and concluded that the budget could be dropped to \$160K.

Mr. Pratt moved to approve the Snow and Ice Budget at \$160K, Mr. Oldeman seconded the motion. The motion passed unanimously.

Sanitation

The Sanitation budget is reduced by \$10K. This was achieved with the reduction in overtime for staff with Black Earth taking over the transfer station. Mr. Dam kept the budget in the event staff was needed to adjust equipment which the Town still owns. Ms. Mellish asked if there had been resident complaints following the change. Mr. Dam stated there have been no complaints from residents.

Mr. Oldeman moved to approve the Sanitation budget in the amount of \$48,500, Mr. Nahatis seconded the motion. The motion passed unanimously.

Rubbish Collection and Disposal

Mr. Dam indicated that the Town's contract with JRM was bought out by a national company Republic. The contract was for 5 years the Town is in year 3. \$300K is for curbside pick up and recycling the Town pays separately for disposal. \$70K is for compost collection and the Town does not have a zero contract with Black Earth. Black Earth also picks up Christmas trees and leaf pick up. The negotiated flat rate with Black Earth may also realize an increase in FY24.

Mr. Pratt asked why in the quarterly report the line for Rubbish Collection and Disposal is at 38%. Mr. Dam stated that National is terrible at billing and the billing the Town receives is confusing and often items are billed under the wrong category. Additionally, Mr. Dam stated the Town pays for tonnage and does not believe those invoices have been received or if received were accurate he suspects several dumpsters were not included in the invoicing.

Mr. Pratt believes Rubbish Collection and Disposal is being overestimated and suggested shaving a little. Mr. Dam does not fully agree with that assessment stating that invoicing is a wild card. Ms. Mellish stated the Committee is not approving budgets with the assumption that a reserve fund transfer may be necessary, Mr. Creighton agreed. Mr. Dam stated there is a 3% increase in disposal annually and there is an anticipated increase in tonnage. He concluded if the Committee reduces to the actual dollars of the previous year, he guarantees the budget will be over.

Ms. Mellish polled the Committee, and most members agreed it was best to leave the FY24 Rubbish Collection and Disposal budget at the current estimated amount.

Mr. Creighton moved to approve the Rubbish Collection and Disposal budget in the amount of \$605M for FY24, Mr. Oldeman seconded the motion. The motion passed with Ms. Creighton, Mr. Oldeman, Mr. Nahatis, and Ms. Mellish voting affirmatively. Mr. Pratt voted no.

Facilities Department

Ms. Mainville provided the numbers from prior years by pulling the numbers from multiple departments:

- FY 22 estimated was \$126,500 and the actual was \$123, 980.
- FY23 was \$148K and FY24 estimate is \$151K.
- Ms. Mellish noted that Parks and Beach was increased by \$2K, Mr. Dam noted that Gray Beach was added and the hourly rate for the employee increased.
- Ms. Mellish asked why Town Hall building maintenance increased from \$6K to \$10,300. Mr. Desrosiers stated that the new full-time custodian is able to manage routine plumbing issues which saves on contractors. He also noted that costs of HVAC repairs are increasing, the elevator had a major repair this past year following an annual inspection (elevator inspections are now being done monthly) and overall, the trade services are costing more.
- Ms. Mellish asked if Fire Department renovations is different from Fire Department maintenance. It is different. Renovations includes things like removing air tanks that ran the horn alarm which is no longer in use.
- DPW has worked with the Fire Department on renovations but that is in the Fire Department capital budget. Ms. Mellish asked Mr. Federspiel if the \$30K in the Fire Dept. Capital Budget is not used in FY24 if it could be returned. Mr. Federspiel agreed that was a fair ask.
- Mr. Creighton asked about athletic field maintenance, Mr. Desrosiers stated that line includes Sweeny and Masconomo Park where the fields had been neglected but are now receiving all-natural weed treatment, fertilizer, and irrigation. Ms. Mellish asked why it had doubled and Mr. Federspiel stated that the fields had not been being maintained as needed.
- Brook Field maintenance is divided 50/50 with MERSD and the Town.
- Mr. Nahatis mentioned that the tennis courts on Brook Street had recently been resurfaced. That project was part of the Memorial School building project, the contractors parked there and as part of that agreement resurfaced the courts at the end of the project.

Mr. Oldeman moved to approve the Facilities budget for \$157,068, Mr. Creighton seconded the motion. The motion passed unanimously.

Streetlights

Mr. Dam stated that DPW is working on defining the scope of the problem. Added this problem is not unique to Manchester other municipalities who took over streetlights from National Grid are having the same challenges. Mr. Desrosiers confirmed that much of the repair work is underground.

Ms. Mellish confirmed that \$13K will be returned to free cash which has not been used in the Streetlight budget for the designated purpose.

Ms. Mellish moved to approve \$60K for the Streetlight budget, Mr. Oldeman seconded the motion. The motion passed unanimously.

Water Department

Mr. Nahatis asked where in the Water budget was the increase in spending for testing for PFAS reflected. Mr. Dam stated that was in the next section under Water Treatment and \$10K was added to the budget to address testing.

Mr. Pratt asked why water usage was up. Mr. Dam completed an analysis based on calendar year and his working theory is high users account for the increase even during the drought.

Mr. Oldeman moved to approve the FY24 Water Department expenditures in the amount of \$564,273, Mr. Nahatis seconded the motion. The motion passed unanimously.

Water Treatment Plant

The Water Treatment Plant is managed by Woodward and Curran due to the high license requirements to manage and run the Plant. Right now, Mr. Dam and Mr. Federspiel have considered the possibility of taking this in house but at this time it is advised that the Town remain with Woodward and Curran.

Mr. Oldeman moved to approve the FY24 Water Treatment Plant Department budget in the amount of \$646,150, Mr. Creighton seconded the motion. The motion passed unanimously.

Sewer

Ms. Mellish asked if salaries were up due to steps and licenses, Mr. Dam confirmed that was correct. Ms. Mellish noted natural gas was up based on usage and asked about vehicle and equipment repairs. Mr. Dam stated the Sewer Department uses an old truck for weekly trips to School St. and the maintenance is to keep the old truck running.

Mr. Oldeman moved to approve the FY24 Sewer Department budget in the amount of \$1,029,707, Mr. Creighton seconded the motion. The motion passed unanimously.

FY24 DPW Capital Improvement Plan

Mr. Dam stated that the Plan includes the same list of items as FY23. However, based on inflation the Department is not getting as much work completed as initially planned.

- Road resurfacing increased from \$400K to \$550K (including Chapter 90 funds of \$150K) Mr. Dam mentioned the Department was not getting as much work done as originally planned f to inflation.
 - In FY23 DPW completed a Facility Master Plan with two site analyses. Once a decision is made on the final site, \$350K will go towards engineering for the selected site.
 - The Committee asked about the Master Facility Plan. Mr. Federspiel stated that would likely be completed this summer with a recommendation for the best option for DPW. Other facilities include Public Safety Building, Town Hall, Senior Center, and expansion of the Library.
 - Sewer and Water Plant upgrades projected at \$500K to \$600K and Wastewater Plant upgrade at \$2M to \$3M.
 - Committee discussed connecting to Town sewer and water. Mr. Dam stated the Town is 100% on Town water and there is capacity to add residents to sewer. Mr. Creighton suggested that residents in vulnerable areas should be added to Town sewer.
- **Review December 31, 2022 Quarterly Report with Town Accountant**

Revenue

Ms. Mellish mentioned two lines she was interested in discussing in relation to the FY24 Budget: meals tax and excise tax. She noted that meals tax was coming in at \$47,500 but projected at \$40K she asked if that could be increased to \$60K. Ms. Mainville will increase that line. Excise tax was projected at \$60K and is coming in at \$80K.

Mr. Federspiel stated that he is comfortable projecting revenue conservatively while he understands the Finance Committee would prefer to be less conservative. Mr. Federspiel believes the traditional conservative approach had provided the Town with a safety valve and funded capital. Ms. Mellish stated the Town is in a tight budget year and believes it is time to sharpen the pencil on revenues.

Mr. Pratt indicated as this year relates to Schools it may be important to raise revenue estimates. Mr. Oldeman suggested a compromise that for FY24 leaves less buffer than usual.

Expenditures

Ms. Mellish asked about highlighted reserve fund transfers, Ms. Mainville addressed the proposed transfers:

- Treasurer Collector – had an unanticipated maternity leave and employed a temporary intern.
- ZBA salaries at 100% expended. Ms. Mellish asked if that line should be increased. Mr. Federspiel pointed out the increase was due to 40B. Ms. Mellish asked if that number could be separated out prior to increasing the line.
- Public Safety overtime – will be discussed on February 9, 2023 in a Joint Meeting with the Select Board starting at 6:00 p.m.
- Mr. Pratt asked if the Health Insurance was all inclusive. Ms. Mainville stated that it was 6 months of actual.
- Ms. Mellish asked about Property Liability Insurance and did the Town have flood insurance and did Ms. Mainville anticipate an increase due to potential flooding. Ms. Mainville stated that rates are set using the FEMA Zones and the Town has coverage based on that.

- Mr. Pratt asked about the increase in Social Security and Medicare, Ms. Mainville that line was impacted by overtime and the new BOH Director.

- **Town Administrator Update: Grants and Financial Matters**

- Central Street pursuing additional funding.
- Requesting funding for MBTA Zoning.
- Additional requests for Emergency Preparedness to Educate the Public
- Off Season Special Event for Local Businesses – grant received.
- Technical Assistance for Place Making – signage and directions \$25K – grant received.

Mr. Creighton asked about funding for Central St. Culvert. Mr. Federspiel stated that the Town has received \$4.5M and has grant requests in for additional funding.

- **Review Meeting Minutes –**

Mr. Oldeman moved to approve the meeting minutes for December 15, 2022 and January 5, 2023, Mr. Creighton seconded the motion. The motion passed with Mr. Pratt and Mr. Nahatis abstaining and Ms. Mellish, Mr. Oldeman, and Mr. Creighton voting affirmatively.

- **Next Meeting Subject Matter**

- January 26, 2023 – MERSD
- February 2, 2023 – CPC and Town
- February 9, 2023 – Public Safety with Select Board 6:00 p.m.
- February 16, 2023 – BOH, Library, and Parks and Rec
- February 23, 2023 – Final MERSD

- **Other matters, as may not have been reasonably anticipated by the Chair.** There were no additional matters to discuss this evening.

Mr. Oldeman moved to adjourn the Finance Committee meeting; Mr. Creighton seconded the motion. The motion passed unanimously.