



MANCHESTER-BY-THE-SEA

FINANCE COMMITTEE • TOWN HALL
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Minutes of the Finance Committee

July 12, 2023 7:00 p.m. Committee in Room 7 and on Zoom

MEMBERS PRESENT: Sarah Mellish, Chair, Peter Twining, Andy Oldeman, Tom Parkins, Dean Nahatis, and Mike Pratt

MEMBERS NOT PRESENT: Mory Creighton

STAFF PRESENT: Greg Federspiel, Town Administrator, Andrea Mainville, Accountant, Gail Hunter, Finance Committee Administrator

GUESTS:

- **Call to Order** – Ms. Mellish called the Finance Committee meeting to order at 7:04 p.m.
- **FY23 Additional Transfer Requests**

Ms. Mainville presented five transfer requests totaling \$22,500.00. Most of the transfers were from the excess funding in the Health Insurance line item with the exception of \$2,500 from the Parks & Receptions budget to the Singing Beach budget to cover off season maintenance related to plumbing.

Mr. Twining moved to approve the transfer requests totaling \$22,500.00; Mr. Oldeman seconded the motion. The motion passed unanimously.

- **Capital Items Appropriations Held Over – Discuss Policy**

Ms. Mellish mentioned that the WRTF was disbanding and did not understand why the funds appropriated were not being moved back to free cash. Mr. Federspiel indicated that it was planned for DPW to spend the funds over the next 2-3 years to continue and implement the work of the Task Force.

Other previous appropriations were mentioned including:

- \$200K to build a DPW barn
- Fund for a compressor from 2020
- Library bathroom
- \$460K for Sewer Treatment Plant

The Committee discussed the current process. Ms. Mellish would like to develop a more formal process and ask Department Heads for an explanation around continuance of appropriated funds. Ms. Mainville will develop a form for Department Heads to complete. Mr. Pratt stated he agreed with Ms. Mellish and would like to see a hard stop around holding funds after two years. Ms. Bilotta stated that in public sector appropriated funds were reviewed quarterly.

Mr. Federspiel clarified that the Library funds were held for architectural renderings, given the historic nature of the building and limited space it has been difficult to develop a plan for the bathroom. Mr. Pratt noted that was a perfect example of money set aside and current inflation. The project would benefit from review.

- **Review any other allocated funds with a carry-over balance**

Ms. Mellish proposed that the Committee review appropriated funds by Department in conjunction with Capital planning this fall.

- **Review Excess Revenue & Expense Savings FY23**

Mr. Federspiel projected a spreadsheet with funds from the Town and State on separate sheets. He also noted that some of the dollars reflected on the spreadsheet reflected money approved at the ATM this spring.

The Committee requested that the allocated and unspent funds be separated by Department.

Central Street Culvert funding is on hold until the project is fully permitted. Mr. Dam clarified that permitting process is taking two plus years. Mr. Pratt asked if the Town had gone out for bid on the project. Mr. Federspiel clarified that the Town cannot go out for bid until the project is fully permitted. Mr. Dam reiterated that the Town is now waiting for Federal and State permitting approval and there is nothing more for the Town to do.

Mr. Pratt asked for the inflationary rate over the past few years. Mr. Dam replied for pipe work the rate is 25%, paving is 10% and improving. He will need to review numbers for other projects for a more complete inflationary rate.

Mr. Nahatis expressed concern around the closure of Central St. and whether provisions were in the contract to minimize the duration of the detour. The Committee will discuss in the next meeting.

Ms. Mellish also clarified for the Committee that any dollars attached to an item voted on in Town Meeting need to be spent on that item.

Ms. Mellish asked if the excess revenue and expense savings for FY23 was ready. Mr. Federspiel stated that it was not ready. This is a very busy time for the Accounting and Treasurer's Departments.

- **Discuss Modification of Town Reserve Target Strategy**

- o Review other Town Benchmarks of Stabilization vs. Free Cash Balances

Ms. Mellish indicated that the Committee had received information from other Town and the information was all over the place.

o Discuss Stabilization Fund Target & whether to move some of balance to Free Cash

Ms. Mellish stated that she added up all Town expenses Operating, Capital, Fields, OPEB and the total came to \$21M. She proposed taking 10% of that \$2M for reserves. The Town currently has \$4.2M; \$4.2M is the figure in Article 5 at Town Meeting. She noted that figure included all the items discussed including the annual contribution to the Fire Engine fund but not the funds in Enterprise Funds.

Ms. Mellish noted that the Town has no defined process for Stabilization Funds. She recommended that the Town would budget 5% for Free Cash and 5% for Stabilization.

Ms. Mellish stated that 10 years ago when she and Mr. Oldeman joined the Finance Committee reserves and stabilization were both very low and the Select Board approved an annual appropriation of \$200K into stabilization. It is now at \$1.9M and Ms. Mellish is suggesting moving some of those funds to free cash because to allocate stabilization spending it takes a 2/3 vote at Town Meeting.

The Committee discussed placing a portion of the stabilization funds in OPEB for a higher return of investment. And considered other possibilities for the funds.

Under the proposal the Town would still be putting 10% of the Town Budget (exclusive of the District funding) into reserves. Ms. Mellish suggested thinking about this and having another discussion on the topic in August which will help frame the FY25 budget. Mr. Federspiel suggested that the Finance Committee develop a White Paper outlining the proposal with numbers.

- **Liaisons – Finance Committee members supply agenda items desired for reporting back by 7.26.23**

Mr. Parkins stated that he thought it would be useful for the Committee to develop questions for Department Heads and review the responses to the questions with the full Committee. Noting it would help to standardize the process.

Mr. Oldeman will work with DPW

Mr. Creighton with MERSD

Mr. Parkins will liaise with the Fire Department

Mr. Twining with the Harbor Master

Mr. Pratt will liaise with the Police Department

- **Review Minutes**

Meeting Minutes for June 20, 2023 were presented for Committee approval and passed over.

Mr. Nahatis questioned whether the finance committee should provide more input to the Select Board regarding the 10% water rate increases proposed and prepared a letter regarding the recommendations of the WRTF. It was decided that the letter should be forwarded to Ms. Bilotta, the Finance Committee liaison with the Select Board. Mr. Federspiel asked to send it to him for attachment with other comments to be reviewed at the next Select Board meeting.

- **Next Meeting Date & Subject**

Ms. Mellish indicated that the next meeting was scheduled for June 25, 2026 and the agenda was posted on the Town website.

- **Other Business not anticipated by the Chair, discussion only** – There was no additional business to discuss this evening.

- **Adjourn**

Mr. Twining moved to adjourn the meeting; Mr. Nahatis seconded the motion. The motion passed unanimously by roll call vote.