

FINANCE COMMITTEE – Meeting, January 6, 2021

A remote Finance Committee meeting was scheduled at 7:00 p.m.

Present: Ms. Mellish, Mr. Creighton, Mr. Weld, Mr. Pratt and Mr. Twining and Mr. Nahatis

Absent: Mr. Oldeman

Board of Selectmen:

School Committee:

Staff Present: Town Administrator, Mr. Federspiel, Finance Committee Clerk, Ms. Hunter

Guests: Friends of Manchester Trees – Ms. Mittermaier, Ms. Bodmer-Turner and Mr. Minasian

Ms. Mellish called the Finance Committee meeting to order at 7:04 p.m.

Review of Meeting Minutes

Minutes for December 7, 2020 (Joint Meeting with BOS) and November 4, 2020

Mr. Twining moved to approve the minutes, Mr. Creighton seconded the motion. The motion passed, unanimously.

Tree Policy Financial Implications with input from FOMT

Ms. Mellish stated the purpose of this evening discussion is to determine the financial implications of the Tree Policy on the Town.

Ms. Mittermaier stated the Friends of Manchester trees developed the policy to codify and define expectations for homeowners. The Friends felt there was a lack of sensitivity and recognition of the Town's green asset. The current policy stated clearly if a homeowner takes down a Town tree it needs to be replaced.

Mr. Twining mentioned a tree on Summerhill that did not fall into the 5-foot standard but did fall into the 11-foot standard and the Town would now be responsible for its removal. Mr. Twining believes there are going to be significant financial implications from the policy change. Ms. Mellish confirmed the tree policy does not apply to trees along Route 127, Ms. Mittermaier stated that was correct.

Ms. Bodmer-Turner reviewed two previous inventories of Town trees one completed in 1999 and one completed by DPW in the past 5 years as the inventories related to trees on Lincoln St. In the 1999 inventory there were 47 Town trees listed on Lincoln St. in the 5 year DPW inventory there were 32 Town trees and today there are 28 Town trees. She stated the Town is losing trees.

Mr. Federspiel stated the current budget for maintenance, feeding and pruning Town trees was increased to \$55K in FY21 and the budget remains the same for FY22. Ms. Mellish asked about

the contract with Cicoria Tree Service which was renewed in 2019 for three years and appears to be open ended around additional costs. Mr. Federspiel stated that was correct and serves to support unanticipated storm damage. Mr. Federspiel maintenance is a reliable cost and storm damage is the variable.

Ms. Mellish asked how residents request tree removal. Mr. Federspiel stated homeowners coordinate with DPW and the Town Tree Warden around having a tree removed. If it is a Town tree and it is determined to be a danger DPW or Cicoria will remove the tree.

Mr. Creighton believes the \$55K figure is similar the snow removal budget which can jump up due to weather related events and suggested capping the budget at a 10% to 20% over. Mr. Federspiel stated the challenge is if there is a tree that presents a danger and needs to be removed. Mr. Creighton also asked if trees had an impact on property value. Mr. Federspiel does not believe trees have an impact on property value.

Mr. Pratt suggested the increase from 5' to 10' would double the number of Town trees. Ms. Bodmer-Turner stated she had counted the additional trees on Lincoln St. Assuming Lincoln St. is representative of the Town there were two trees added to the current inventory of Town trees on Lincoln St. (32) a less than 10% increase. She added the majority of Town trees are located in the median between sidewalks and the homeowners property.

Mr. Nahatis is concerned there is no consideration for the homeowner in the policy and asked if there was a dispute around pruning of Town trees on a resident's property how that would be resolved. Ms. Mellish stated we are not discussing the merits of the policy only the financial implications.

Ms. Mittermaier stated the policy is meant to protect the Town's investment in trees and with the implementation of the policy there will be a robust public relations campaign for delineation and clarification around the policy.

Mr. Nahatis supports trimming and maintaining heritage trees in the parks recognizing they are a valuable Town asset, but it appears to him the policy wants to do other things. Ms. Bodmer-Turner stated the policy covers all Town trees and is not limited to heritage trees in parks.

Mr. Weld stated the policy may not be an appropriate matter for the Finance Committee to opine on given the Committee has no idea about costs. He recognized the merits of the policy, but the financial implications are unknown.

Mr. Weld moved to not take a position on the Tree Policy given the Committee does not fully understand the financial implications of the policy, Mr. Nahatis seconded the motion. The motion passed unanimously.

Ms. Mellish clarified the policy does not cover private streets. The policy does not cover private roads which according to Mr. Creighton represent 30% of the Town's roads.

Mr. Minasian, Chair of the Friends stated trees need protection and part of the policy is the increased role of Mr. Henderson, the Town Tree Warden and accountability for homeowners who remove Town trees without consideration.

FY22 Budget Capital Projects Documentation/Supplemental Information

Mr. Twining suggested prioritizing Capital projects that were set aside at the beginning of the Covid crisis. Mr. Federspiel indicated \$650K were dropped from the capital budget and \$190K from operations in order to realize a 0% levy limit. He will review exactly what removed from the capital budget for fiscal year FY21.

Ms. Mellish stated she wants to identify capital items the Finance Committee would like to review for additional consideration and clarification. Ms. Mellish believes several projects remain in the capital budget for multiple years and requested a summary by project for projects where funding was allocated in prior years. Mr. Federspiel mentioned the Sewer Plant funds which remain unused to support more significant improvements.

Ms. Mellish stated in previous years capital has been addressed during meetings with the department heads and this year she would like to focus on capital expenditures in a separate meeting. Mr. Creighton agreed stating capital is sufficiently important to have a separate meeting.

Mr. Weld indicated his mission was the Five Year (or more) Plan and believes the Committee needs to review what we are looking at long term.

FY22 Budget Review Methodology & Schedule

Ms. Mellish would like to development a schedule for meeting with department heads. Mr. Creighton stated the District representatives will be joining the Finance Committee on January 13th. Ms. Mellish noted the meeting with the District and mentioned scheduling DPW, Police, Fire and adding a meeting with the Harbormaster.

Mr. Nahatis stated residents of North Manchester are concerned about infrastructure and the apparent lack of planning for growth. He suggested the Town needs to consider a third corridor to address the congestion on School Street.

Mr. Pratt who has been representing the Finance Committee and meeting with the Planning Board around 40R stated it is difficult to examine 40R in isolation especially now that the Town is addressing a 40B project which is out of our control. Commercial development needs to be addressed separately and the 40R proposal has a significant 51% residential component which may not be ideal in the long run.

Mr. Federspiel agrees it is going to be difficult to get a 40R project approved at ATM in part because 40B is a considerable amount of work requiring community education and discussion. Long term the LCD needs to be modified. Current limitations require projects developed on 5 acres, with a single use limited to office, fitness, municipal and solar farm. The Town needs to review standards and complete a comprehensive market analysis to identify commercial entities most likely to develop in the LCD.

40B Project Financial Impact Recommendations for BOS Negotiations

Mr. Federspiel stated consultants had been hired to develop Financial Impact Analysis and a Traffic Study. The information will be presented at the 40B Workshop on Thursday, January 14, 2021.

Mr. Twining suggested identifying financial issues for the Board of Selectmen and developing pros and cons for each issue. Ms. Mellish would like to know what other Boards and Committees have suggested as priorities for the BOS. Mr. Twining asked if there were any specific asks. Ms. Mellish stated one ask is to decrease the median income, but she is not sure what the financial impact would be to the Town.

Mr. Weld suggested waiting for the consultants reports and review the information in an historical context around other 40B developments. Mr. Witten, Town Counsel, will discuss the realities around what is likely to happen. It is important to know the impacts consultants recognize. Mr. Weld noted Mr. Creighton's consideration of the impact on the District and cautioned against the "I wants" like a fire truck, new water line etc. from the developer.

Mr. Creighton is interested in fully understanding the immediate financial implications and the long term financial impacts to the Town.

Mr. Pratt proposed the Town purchase the land for conservation given the environmental concerns. He suggested the cost of financing the land purchase would offset the annual costs to Fire, Police, Town infrastructure and the District. Mr. Weld added the cost to the Town over five to ten years would likely be more than the \$4M land purchase. Ms. Mellish stated the Committee will have a better understanding following the January 14th 40B Workshop. Mr. Federspiel agreed there will be more concrete data available to analyze the fiscal impacts.

Potential Enterprise Fund for Harbor Dredging and/or Operations

The discussion around an enterprise fund for the Harbor comes up every three years according to Mr. Creighton because Town residents are concerned about capital for dredging.

- Mooring fees support operational expenses for the harbor like staffing, lesser capital expenses, new boat and repairs but not the costs of dredging.
- Surveys from 1983, 1987 and 1995 concluded dredging would be a 30 year project with projected costs of \$7M
- Dredging Phase II is estimated to cost \$3.5M to \$3.6M and will include Proctor Cove and the Channel
- Dredging requires four years of planning and permitting
- Phase II is currently in the engineering phase with an estimated cost of \$3.6M and an anticipation a State grant will cover half of the cost
- The HAC recommended a \$50 surcharge on all boats using the harbor. BOS found the requested fee regressive and recommended a more equitable per foot charge
- An enterprise fund would not likely carry the Harbor management independently.

Follow Question from ATM on Reducing Police Budget

Mr. Twining requested this item be added to the agenda because residents had asked about reducing the Police Department budget at Annual Town Meeting. Mr. Federspiel stated a reduction was likely not possible because there were two officers on at all times and reducing the budget would result in cutting back on that standard.

Mr. Federspiel believes a conversation with Chief Fitzgerald would shed light on how the Department is being more responsive to responding to calls outside the area of usual policing. The Department has teamed up with hospital Social Workers who are on call 24 hours to help with situations requiring clinical assistance. Additionally, the Department practices good community policing where officers are out of their cars and walking around Town.

Mr. Twining believes it is important to communicate this to residents and understands the demands on Police Officers who need to step into family disputes. Mr. Twining would like to see additional education around new initiatives, and this is an area to share responsiveness and expand residents understanding more fully how the Police Department serves the community.

Compost Site Development and FY22 Budget for Composting

Mr. Nahatis requested a review of the Compost Site Development and FY22 budget for composting. Mr. Nahatis believes this is a significant budget and would like to review prior to finalizing a contract. Mr. Nahatis expressed concern for the watershed suggesting regular testing and monitoring to assure against contamination.

Ms. Mellish asked if the RFP had gone out and had additional parties been identified. Mr. Federspiel stated there had been inquiries but no submitted proposals. Ms. Mellish also asked if the Finance Committee would be involved in contract negotiations. Mr. Federspiel stated a Finance Committee member, Mr. Dam from DPW and Town Counsel would be negotiating the contract. Ms. Mellish asked Mr. Nahatis if he would be interested in representing the Finance Committee, he stated he would be happy to review the contract.

Mr. Nahatis also asked on behalf of concerned residents why the Town was spending money to develop the site. Mr. Federspiel replied the BOS believed it was a good move financially given the escalating costs of trash disposal. Currently 40% of residents are composting and the Town would like to see that number higher. Composting removes weight from trash collection and saves money in the long term.

Ms. Mellish asked about the maximum capacity of the site and will the site meet Manchester's needs. Mr. Creighton stated 15% of what Black Earth projected would be from Manchester and the remainder would be from outside. There will be revenue sharing as part of the contract with the Finalist.

Mr. Weld mentioned there was no money for composting in the Capital Plan and the Town had committed \$400k to date were there going to be additional expenses. Mr. Federspiel stated there would be a request at Annual Town Meeting for \$115K for third party oversight of the project. Ms. Mellish thought that was why the Town hired Mr. Desrosiers. Mr. Federspiel stated Mr. Desrosiers covers smaller projects. The compost project will total \$1.5M and requires additional oversight. Mr. Nahatis supports the \$115K oversight budget.

Other Business for the Finance Committee (discussion only)

Mr. Weld stated Community Preservation Committee had acted on 12 items that had been submitted prior to the deadline. Mr. Weld indicated none of the items seemed to be controversial. There was a match for Sweeney Park included among the items. CPC asked when they will be meeting with the Finance Committee. Mr. Creighton suggested meeting with CPC towards the end of the budget process indicating CPC gets a lot of political focus, requests are fluid and subject to change. Ms. Mellish suggested scheduling the meeting mid-February.

Ms. Mellish asked if the District would be running through their budget on Wednesday and confirmed the budget in the folder was the most recent District budget. Mr. Federspiel stated Superintendent Beaudoin, Mr. Urbas and Ms. Erdman would likely be presenting the District budget and indicated the budget in the folder was the current budget. Mr. Twining asked if the budget would include Covid assumptions. Mr. Federspiel stated the budget assumes returning to school full time in September 2021. Ms. Mellish asked about Essex for FY22. Mr. Federspiel stated Essex was going to be a harder hurdle for the School Committee this year.

Mr. Pratt requested data regarding the Town's cash on hand. Stating he had discussions with Finance Committee members in other communities and they received cash on hand updates quarterly and monthly. Mr. Federspiel stated free cash is certified once a year by State law. Mr. Creighton pointed out budgets are drawn down over the year. Mr. Pratt stated he understands that and is interested in reviewing how revenue forecast is coming in. Mr. Pratt provided a report from Middleton which provides the information he is requesting. Mr. Federspiel has spoken to Ms. Mainville and she will develop a quarterly cash on hand report.

Mr. Pratt's second point had to do with local receipts. The average projection for local receipts is \$3M while in FY21 receipts were projected at \$2.1M and in FY22 receipts are projected at \$2.5M. Mr. Pratt would like to drop back on receipts. Ms. Mellish asked if he would like to see a reduction in the levy limit as a result. He agreed that was his objective.

Meeting dates were scheduled for Fire, Police, DPW and Harbor – during these meetings, the Committee will also move through General Government and other budgets to be approved.

Adjourn

Mr. Weld moved to adjourn the meeting, Ms. Mellish seconded the motion. The motion passed unanimously.