



MANCHESTER-BY-THE-SEA

FINANCE COMMITTEE • TOWN HALL
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Minutes of the Finance Committee

February 24, 2022 7:00 p.m. Zoom Meeting

MEMBERS PRESENT: Ms. Mellish, Chair, Mr. Creighton, Mr. Oldeman, Mr. Pratt, Mr. Twining and Mr. Nahatis

MEMBERS NOT PRESENT: Mr. Weld

STAFF PRESENT: Town Administrator, Mr. Federspiel, Finance Committee Clerk, Ms. Hunter, Town Accountant, Ms. Mainville, Fire Department Chief Cleary,

GUESTS: CPC Co-Chair, Mr. Burke

- **Call to Order** – Ms. Mellish called the Finance Committee meeting to order at 7:02 p.m.
- **Long Range Planning (5/10 years) Operating and Capital Budgets**



FY23 to FY27 Projections.pdf

Mr. Federspiel stated the Operating Projections look pretty good with a 2.5% increase noting a few specific line items that will likely increase by more than 2.5%.

- Health Insurance is projected at 5%
- Pension Fund projected increase is 7%

Projected nontax revenue will remain steady from State Aid and Real Estate Taxes are estimated to increase at 2.5% a year. Mr. Federspiel stated new growth projections of \$175K a year is a conservative number. He added debt will be dropping off as the Town retires debt and he expects Capital Exclusion to grow to \$1M annually. Going into FY25 School debt will drop off for the Middle High School and the Town's unused levy capacity will increase. Mr. Federspiel indicated that levy capacity could be used if the School budget increased to 3.5% or more the Town would plan on using the capacity to cover increases in the District budget. He concluded the Operating Budget is in good shape.

Challenges were outlined in Mr. Federspiel's memo. He specifically mentioned the School override request as the District taps into reserves to support their Operating Budget.

- Essex asked the District to reduce the impact of the budget increase on the Town which is resulting in the District to making cuts to staff and programs and increasing the District's use of reserves.
- The override for FY24 could be \$2M with Manchester's share 66% of that this would result in a 5% tax increase just for the override plus the 2.5% to keep pace with Town expenses.
- Additional challenges include Sweeney Field, Tucks Point and the Rotunda, DPW build or rebuild and the Senior Center.
- In FY26 the retired debt of \$400K per year could be rolled over into a new bond and raise \$12M to take care of most of the list.
- Additionally, the Town may need to start treating the water at the Lincoln Street Well for PFAS (the forever chemicals). The Town's testing jumps around a bit once the Town exceeds the 20 parts per trillion amount allowed by State law, we may face building a facility to address PFAS and magnesium. Mr. Federspiel anticipates State and Federal funding will cover most of the anticipated costs.
- In 2030 OPEB Trust Fund will be fully funded, saving the Town \$300K and in FY35 the Pension Liability will be fully funded saving \$1M annually. As additional Town debt rolls off for the Middle High School, the debt for the Essex Elementary School could be assumed with the Town managing debt for only two schools.

Mr. Federspiel concluded projections are based on assumptions and we do not always know if assumptions come true.

Ms. Mellish asked about the unused levy capacity in FY25 and why was there a decrease in the amount going forward. Ms. Mainville stated she believed the decrease assumed additional use for capital projects. Ms. Mellish stated \$500K is unused and the percentage of increase is not reflected in the capital budget. Ms. Mainville will confirm and reply.

Mr. Pratt stated he had two questions the first about Essex pushing back on small increases to the Town's Budget for the District but indicating support for a significant override. The second question is around the increases in the District budget that cause the budget to increase. Mr. Federspiel does not have an answer to the first question but did reply that the District budget includes increases in Special Education Placements plus transportation to those placements, Health Insurance is increasing by 10% this year and the overall District budget by agreement with the two Towns is anticipated at 3.5% annually.

Ms. Mellish added the District plans for an override once every 10-years. Mr. Oldeman asked how the override would be used by the District. Mr. Federspiel stated two thirds for needs programs and positions and one third to replenish reserves for the next ten years. Mr. Oldeman stated if Essex is not meeting the ask year-to-year how the Town will manage the override. Mr. Federspiel indicated there had been no real discussion to that point.

Ms. Mellish stated she did not want the meeting derailed by discussion of the District budget this meeting is about coming to grips with the operating spreadsheet which does not include staffing requests. Mr. Federspiel stated the staffing requests include one officer for the Police Department

and requests from the BOH and Fire Department. Mr. Twining confirmed the budget does not include a change in the Dispatch Center. Mr. Federspiel stated that was correct.

Mr. Twining also asked about fund balance and stabilization use. Ms. Mellish stated stabilization is historically not used, it requires a two thirds vote at Town Meeting. Mr. Twining noted there was no projected increase in the stabilization account. Ms. Mellish stated the stabilization account was added to and invested, the return on investment is low which is why the projections stay level.

Mr. Pratt asked about new growth and what was the average for new growth. Ms. Mainville stated new growth has been as high as \$308K and as low as \$150K.

- **Budget Impact Additional Position Requests (Police 1, Fire 3, BOH 1)**

Ms. Mellish asked if the current budget includes the proposed three new positions. Mr. Federspiel verified it does not. The Police budget shows the Department carrying the injured officer at a cost of < \$60K plus \$20K in benefits with the proposed new hire \$70K plus \$20K in benefits not in the budget. Ms. Mellish asked the proposed new salaries would be covered by an increase in the levy limit. Mr. Federspiel stated that would be one way or the Capital budget could be reduced by the increase of the proposed new salaries. And salaries would be covered by reserves.

Ms. Mellish asked for confirmation that projected reserves after projected use for FY23 was \$2,632,548. Ms. Mainville confirmed that was correct. Ms. Mellish stated reserves would then be between 10% and 12%, Mr. Federspiel confirmed that was correct.

Ms. Mellish asked for the Committee's feed back on the additional position for the Police Department. Mr. Oldman asked for clarification around reserve officers and how the reserve officer pool would be depleted over time. Chief Fitzgerald stated by January 1, 2027 all reserve officers must be fully trained or qualify with additional training and 2,400 hours working on patrol. Chief Fitzgerald indicated Dispatch work is not considered as qualifying time. Mr. Oldeman stated he was sympathetic to the request, and it was under no one's control.

The Committee unanimously agreed to support the Police Officer hire.



BOH 2.24.2022 Options.pdf

Mr. Federspiel stated in the eyes of the BOH the pandemic exposed weaknesses in the structure of the BOH Department. Following Covid and transitioning to the challenge of moving forward there is a desire on the part of the Board to be better prepared.

Mr. Pratt and Mr. Oldeman proposed sharing a Health Agent in the spirit of regionalization. Mr. Federspiel stated the BOH is reluctant to share a Health Agent. Mr. Oldeman pointed out a shared resource pushes the Town in the right direction. Mr. Federspiel noted the State is putting funding towards regional efforts. Mr. Pratt asked how hard it was to hire a Health Agent. Mr.

Federspiel stated it will be difficult to fill the position not many are going into the field and fewer have all the necessary skills and certifications.

Mr. Creighton stated he supported regionalization and looking at other communities with a similar need. The BOH comes down to risk management and adding \$60K to the BOH budget along with Police and Fire is a lot.

Ms. Mellish proposed setting aside the decision while Mr. Pratt, Mr. Oldeman and Mr. Creighton support researching regional options. Mr. Federspiel stated the BOH had the opportunity to join three other Towns for a shared Nurse and Social Worker and had the grant in hand but ultimately the BOH turned down the opportunity.

Ms. Mellish proposed analyzing the BOH contract services. She agrees the BOH may need more resources.



Fire Staffing
Proposal.pdf



Fire Dept Overtime Projections.pdf

The Committee reviewed staffing options presented by Chief Cleary. The Chief's options:

- Option A status quo – one floater
- Option B add one firefighter, four shifts of three, two “floaters”
- Option C add one firefighter, two shifts of three and two shifts of four, no floater

With Option B the projected overtime budget is lower, however, the level of service provided with Option C is 20% higher. Option C provides the Department with 4 Fire Fighters on duty for multiple shifts, allowing for 2-in and 2-out in the event of a fire or two simultaneous EMS calls with the capability of transporting to the hospital.

Overtime was significantly higher this past year with one full time Fire Fighter out on medical leave.

Ms. Mellish asked how many fire calls came into the Department, Chief Cleary stated the Department received 1,424 total calls, 11 Fire and 630 EMS calls, 53 hazardous condition calls, 195 false alarms, 64 good intention calls, 146 service and lift assists and an additional 400 inspections.

Mr. Pratt asked if there was an opportunity to raise the rate for EMS service. Chief Cleary stated the Department bills at the top tier for EMS calls with transport, \$3,400.00.

Mr. Federspiel indicated the decision depends on the level of service the Town should have.

Ms. Mellish polled the Committee indicating the Committee needed to decide. Mr. Oldeman supported Option B stating there is merit in reducing overtime. Mr. Creighton agreed supporting

a cap on overtime. Mr. Pratt believes we are fine where we are. Mr. Twining supported Option B. Ms. Mellish supports Option B.

- **Budget Impact Dispatch Decision**

Discussion on Dispatch was set aside. Dispatch will be considered during the June Special Town Meeting.

- **Review Minutes**

There were no minutes to review this evening.

- **Next Meeting Date & Subject – March 10, 2022, Approve FY23 Operating Budget**

Ms. Mellish stated the Committee will approve final budget numbers next week.

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

- **Adjourn**

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