



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

March 5, 2026

MEMBERS PRESENT: Sarah Mellish, Chair, Andy Oldeman, Vice Chair, Mory Creighton, John Croft, Gar Morse and Peter Twining,

MEMBER NOT PRESENT: Dean Nahatis

STAFF PRESENT: Town Administrator, Tony Barletta, Finance Director, Andrea Mainville

STAFF ONLINE: Administrative Assistant, Gail Hunter

SELECT BOARD MEMBERS PRESENT: Ann Harrison and John Round

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

CPC FY27 Projects

The Committee reviewed Community Preservation Committee projects totaling \$594,200. Mr. Burke, Chair of the Community Preservation Committee, presented the recommended projects which included several ongoing initiatives. Notable changes from previous discussions included a new item for the Affordable Housing Trust that was decreased from \$200K to \$100K to allow an additional \$100K for the Rotunda Project, reaching the maximum funding available for that initiative.

Committee members asked clarifying questions about specific line items. Mr. Creighton inquired about the \$4K allocation for trash barrels, which Mr. Burke explained were decorative receptacles for parks around Town to replace less attractive metal containers. There was also discussion about the \$3,100 photo restoration project for the Elder Brethren organization to digitize historical photographs dating back to the 1800s, marking the third such photo restoration project funded by CPC money following similar work for the Police and Fire Departments.

The Committee noted that the undesignated balance of \$47,200 represented funds left over from previous years' allocations, significantly less than the hundreds of thousands that had been undesignated in prior years, indicating more complete utilization of available CPC funds.

Mr. Creighton moved to approve \$594,200 for Community Preservation Committee projects. Mr. Morse seconded the motion. The motion passed unanimously.

FY27 Capital Budget – Funding & Projects Discussion

Finance Director Andrea Mainville presented a comprehensive Capital Budget analysis totaling \$31,902,492. The presentation included detailed projections through FY35, showing the tax rate implications of various capital projects and long-term debt scenarios.

The Committee engaged in extensive discussion about the scope and timing of major projects. Key items included:

- \$16.5 million for PFAS, Rotunda Restoration and Central Street Culvert
- Harbor Dredging

Ms. Mainville explained that some projects, particularly the Central Street Culvert, might be delayed due to permitting and grant timing, potentially pushing construction to fall 2027 rather than fall 2026.

Mr. Barletta noted that several projects had potential grant funding opportunities that could reduce the Town's borrowing needs. For the PFAS project, bids were expected by April 8, 2026, and the Town had been approved for State Revolving Fund (SRF) financing at lower interest rates, though this would require American-made components that could increase project costs.

Committee members expressed concerns about the cumulative debt burden, with total new borrowing reaching approximately \$29M plus existing debt of about \$5M, creating a peak debt load of around \$33-34M by FY28. However, Ms. Mainville noted that this remained well below the Town's legal borrowing capacity.

There was significant discussion about the philosophical shift from historical Capital Exclusion funding to major Debt Financing, with members acknowledging this represented a departure from the Town's previous approach of living within smaller Capital Budgets. The Committee recognized that infrastructure needs, particularly health and safety related projects like PFAS remediation, necessitated this change in approach.

The presentation included tax rate projections showing increases from the current rate to \$8.85 without borrowing and up to \$9.05 with all proposed borrowing, representing approximately a 2.18% increase in the first year of estimated full debt service.

Mr. Oldeman moved to approve the Capital Budget in the amount of \$31,902,492. Mr. Twining seconded the motion. The motion passed unanimously.

Financial Impact & Community Benefit

The \$31.9M Capital Budget includes \$29M in new borrowing through Bonds and bond anticipation notes, with the remainder funded through Taxation, Fund Balance (Free Cash), capital exclusion Enterprise Fund revenue and retained earnings and Cemetery Perpetual Care Funds. The borrowing amount represents a one-time appropriation enabling multi-year Capital Projects, with actual borrowing occurring as construction progresses.

The projects were deemed necessary now due to Regulatory Requirements (PFAS compliance), Infrastructure age and deterioration (Culvert, Rotunda), and Public Safety needs. Concrete benefits include safe drinking water meeting new PFAS standards, preserved historic structures, improved road infrastructure, and enhanced harbor facilities supporting both commercial fishing and recreational boating.

The Debt Service will be closely monitored through annual budget processes, with potential Grant Funding helping to reduce final borrowing amounts.

FY27 Operating Budgets Held – DPW Sanitation, Emergency Services, Debt Service

Emergency Services

Mr. Barletta presented an updated Emergency Management Budget of \$11,500, reduced from the original request due to identifying \$15K in the current year's budget for a Drone Flyover Project.

The Drone Flyover Project would create a baseline assessment of coastal properties for potential FEMA claims following storm damage. The initial comprehensive survey cost is \$15K, with subsequent annual updates at \$2K and storm response flights also at \$2K.

Mr. Oldeman moved to approve the Emergency Management Budget in the amount of \$11,500. Mr. Croft seconded. The motion passed unanimously.

Financial Impact & Community Benefit

The \$11,500 budget is funded through taxation as a recurring annual expense, reduced from the original request after identifying \$15K in current year funds for the baseline drone survey. This investment was deemed necessary to establish documented pre-storm conditions for coastal infrastructure before the next major weather event. The concrete benefit provides residents and the Town with the ability to document storm damage and recover Federal Disaster Funds through FEMA, potentially saving taxpayers significant recovery costs while enabling faster post-storm reconstruction. The program will be monitored through annual Emergency Management Reporting.

Debt Service

Ms. Mainville presented the Debt Service Budget of \$1,171,144, covering existing municipal debt obligations including:

- land acquisition,
- building construction,
- water system improvements, and
- sewer system improvements.

The debt service includes both principal payments of \$645K and interest payments, with various bonds maturing between FY31 and FY37.

The Committee also approved two additional FY2026 debt-related items: \$271K from water meter fees to pay down existing debt, and \$164K BAN interest expense from bond premiums and FY26 taxation.

Mr. Morse moved to approve \$271M of Water Meter Fees from water retained earnings to pay down the \$4.1M debt, Mr. Croft seconded the motion. The motion passed unanimously.

Mr. Croft moved to approve using \$17,577 of premium received on bond issuance and \$146,423 raised from taxation in FY26 for bond anticipation note interest payment, Mr. Twining seconded the motion. The motion passed unanimously.

Mr. Croft moved to approve the Debt Service Budget in the amount of \$1,171,144. Mr. Morse seconded the motion. The motion passed unanimously.

Financial Impact & Community Benefit

The \$1,171,144 Debt Service Budget is funded through taxation as a recurring annual obligation, covering existing Municipal Bonds for infrastructure improvements completed in recent years. The \$271,000 water meter assessment represents a one-time use of collected fees to reduce outstanding debt as originally planned.

This Debt Service structure was necessary to fund critical infrastructure improvements over time rather than requiring massive one-time tax increases. The concrete benefit provides residents with improved water and sewer systems, municipal facilities, and other capital assets while spreading costs over the useful life of the improvements. Debt service is monitored through the Town's financial policies and Bond Rating Agency Oversight.

DPW Sanitation

The Sanitation Budget increased significantly from \$520K for collection to \$633K, and from \$200K to \$252K for disposal, reflecting major increases in contractor costs. Mr. Barletta explained that all companies were moving to automated collection systems, requiring the Town to transition from its current bag-based system to automated barrels within the next year.

The Committee discussed the financial challenge of this transition. The Town currently generates about \$300K annually from bag sales revenue that would be lost when switching to automated collection. To partially offset increased costs, the Committee approved of raising bag fees, though members acknowledged this was a short-term measure before the system change.

There was extensive discussion about the operational challenges of transitioning to automated collection, including the potential for residents to purchase collection barrels (estimated at \$85-\$150 each) and the loss of the "pay-as-you-throw" incentive structure. Committee members explored options including potential grants for barrel purchases and adjusting collection schedules to reduce costs.

The discussion also covered the Town's relationship with Black Earth Compost, which operates at the former Transfer Station site. While Black Earth helps with some composting services, their contract has tonnage restrictions, and the Committee emphasized the need for better data collection on Manchester-specific waste streams.

Mr. Oldeman moved to approve the DPW sanitation budget in the amount of \$960,039. Mr. Morse seconded. The motion passed unanimously with all members voting yes.

Revote Legal and Professional Services Budget

Mr. Barletta requested the Committee increase the Legal and Professional Services Budget to allow for "right sizing" of the Budget. The requested increase is from \$185K to \$270K.

Mr. Morse moved to approve the increase in the Legal and Professional Services Budget to \$270K. Mr. Oldeman seconded the motion the motion passed unanimously.

Approve 2/26/26 Minutes

The Committee reviewed the minutes of the February 26, 2026, meeting.

Mr. Twining moved to approve February 26, 2026, minutes. Mr. Oldeman seconded the motion. The motion passed with Mr. Creighton abstaining.

Meeting March 12, 2026 (Vote MERSD, Held Town Budgets, Warrant Articles)

Ms. Mellish stated that the next meeting is scheduled for March 12, 2026. During the meeting the Committee will focus on voting on Manchester Essex Regional School District, remaining held Town budgets, and Warrant Articles. Ms. Mellish noted that the District budget had been reduced by approximately \$73K due to Health Insurance savings.

Meeting March 19,2026 (Vote Outstanding Budgets, Discuss Finance Committee Book)

The Committee confirmed the March 19, 2026, meeting will address any outstanding budget votes and begin discussion of the Finance Committee book for Annual Town Meeting.

Meeting March 26, 2026 (Finalize Finance Committee Book & any remaining budget business)

The final Pre-Town Meeting session was confirmed for March 26, 2026, to finalize all Finance Committee recommendations and complete the Committee's Town meeting book.

Other Business not anticipated by the Chair, discussion only

Mr. Barletta mentioned that a Draft Warrant was being prepared and would be reviewed with Legal Counsel, with distribution to the Committee expected soon.

Ms. Mellish noted her intention to include detailed project explanations and tax rate calculations in the Finance Committee Report to help residents understand the impact of Capital Projects and the mechanics of property tax calculations.

Adjourn

Mr. Morse moved to adjourn the meeting. Mr. Croft seconded the motion. The motion passed unanimously, and the meeting adjourned at 9:03 PM.