



MANCHESTER-BY-THE-SEA

FINANCE COMMITTEE • TOWN HALL
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Minutes of the Finance Committee

March 12, 2026

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

MEMBER NOT PRESENT: John Croft

STAFF PRESENT 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 7:03 p.m.

MERSD FY27 Operating & Capital Budget Appropriation

The Committee reviewed the Manchester Essex Regional School District budget dated March 3, 2026, which included final changes to Health Insurance and had been approved by the School Committee. Ms. Mellish explained that the Operating Assessment calculation for Manchester totaled just over \$18M, representing what appeared to be a 5.81% increase, though she clarified that with a \$40K overage from the previous year, the actual increase was closer to 5.40%, or approximately 3.01%.

The Committee discussed several positive developments in the budget. Circuit Breaker money of approximately \$215K was included, Health Insurance increase came in under 10%, and the District increased their OPEB contribution from the mid-\$300K range to \$425K. The balance of savings from reduced Health Insurance costs was returned through reduced assessments.

Mr. Morse raised questions about efficiency metrics, asking about the cost per student and measures of educational effectiveness. Ms. Mellish calculated Manchester's cost per resident student at approximately \$29,032 by dividing the \$18 million assessment by Manchester's 622 students, though she preferred using only resident totals since School Choice students generate less revenue than they cost to educate.

Mr. Creighton provided alternative calculations showing the total cost per student across both towns at about \$27,030, noting this represented an increase from approximately \$23K five years ago, partly due to declining enrollment of about 70 students. The discussion touched on School Choice impacts, with students bringing in only \$5K versus the higher average cost per pupil.

Several Committee members shared generally positive feedback about the District's educational quality based on anecdotal evidence from families and student outcomes. The conversation acknowledged the challenge of measuring educational effectiveness while recognizing the Committee's role is primarily to approve bottom-line budget numbers rather than dictate educational programming.

The Committee discussed the District's approach to using reserves and the complexity of District budgeting given uncertainties around enrollment numbers until October each year.

Mr. Oldeman moved to approve the District budget in the amount of \$18,058,187.50. Mr. Creighton seconded the motion. The motion passed unanimously.

The Committee then reviewed the District Capital Budget totaling \$2,573,924.16. Discussion included future planning considerations for the Essex Elementary School project, with preliminary estimates suggesting potential costs around \$54M, which would impact both towns' Long-Term Debt Service. The Committee noted the importance of developing comprehensive long-term Capital Planning to understand cumulative impacts of multiple major projects.

Mr. Oldeman moved to approve the District capital budget in the amount of \$2,573,924.16. Mr. Creighton seconded the motion. The motion passed unanimously.

FY27 Operating & Capital Budget Edits (if any)

The Committee reviewed the North Shore Agricultural & Technical School budget, which decreased from the original estimate. Ms. Mainville explained she had estimated costs based on more students, but the actual enrollment of 8 students resulted in a lower assessment of \$171,435.00.

Mr. Creighton moved to approve the North Shore Agricultural & Technical School budget in the amount of \$171,435. Mr. Oldeman seconded the motion. The motion passed unanimously.

Ms. Mainville reported potential budget adjustments still being finalized. She indicated Snow and Ice Removal costs were running approximately \$200K over budget, and legal expenses showed a deficit of around \$100K. She did not currently have \$300K available from year-end transfers to cover these deficits. Ms. Mainville preferred to address shortfalls within the current Fiscal Year rather than carrying deficits forward, which would negatively impact the tax recap and free cash calculations. She planned to propose an Article at Annual Town Meeting to fund the Snow and Ice deficit.

An additional prior year bill of approximately \$10K from the audio-visual vendor for Town Meeting services had emerged, representing two years of unbilled services.

FY27 Tax Rate Increase Projections

Ms. Mellish presented a tax rate calculation document she had prepared, explaining the various components that contribute to determining the tax rate. The document is intended to help residents understand the complexity of tax rate calculations when voting on budget items. The format condensed various minor assessments into broader categories like "miscellaneous" to avoid excessive detail while still showing the major components.

Committee members discussed the new growth revenue component, with Ms. Mainville explaining this typically averages around \$200K annually based on building permits and new construction. She noted this figure represents actual taxes collected from property value increases, calculated from permits processed and new assessments added during the year.

The discussion touched on potential future impacts from CST development, though no specific revenue projections were included given uncertainties around timing and the current downturn in the biotech industry.

Finance Committee Booklet Discussion

Ms. Mellish discussed plans to make the Finance Committee Booklet shorter in response to feedback from Committee members. The Committee agreed to continue efforts to reduce boilerplate language and unnecessary content while maintaining essential information for voters.

The discussion included consideration of adding the tax rate calculation explanation to the booklet, with Ms. Mainville noting that the Department of Revenue has created helpful video resources explaining property tax calculations that could potentially be referenced.

Liaison Updates

Mr. Oldeman provided an update on Facility Planning Committee discussions. The Facility Planning Committee had met recently with DPW Director Mr. Dam, who was hoping to advance either DPW facility improvements or a combined DPW- Public Safety Building project. Mr. Oldeman cautioned that given the Essex Elementary School project and other capital needs, there might not be appetite to tackle additional major projects in the near term.

The Committee discussed potential regional cooperation opportunities, drawing parallels to successful shared services like Regional Dispatch. Examples of other communities sharing equipment like street sweepers were mentioned as models for potential cost savings through intermunicipal cooperation.

Approve Meeting Minutes

Mr. Morse moved to approve the March 5, 2026, meeting minutes. Mr. Twining seconded the motion. The motion passed with Mr. Nahatis abstaining.

Meeting March 19, 2026 (Discuss FinCom Booklet & any remaining budget issues)

Ms. Mellish confirmed the next meeting would be held on March 19, 2026, to work on the Finance Committee booklet and address any remaining Budget items. Ms. Mellish noted that Mr. Barletta will provide finalized Warrant Articles after Select Board review on Monday, March 16, 2026.

The Committee discussed Warrant Articles, noting that many financial items had already been voted on by the Finance Committee. Ms. Mellish mentioned that the Senior Center/Community Center project was not included in current Warrant Articles, as the project costs had increased and she felt the Committee would not support additional funding without more concrete fundraising commitments.

Meeting March 26, 2026 (Finalize Finance Committee Booklet & any remaining budget issues)

The Committee confirmed the March 26, 2026, meeting would focus on finalizing the Finance Committee booklet and addressing any last-minute budget changes.

Ms. Mellish also proposed scheduling an April 16, 2026, meeting to prepare for Annual Town Meeting, allowing the Committee to review presentation materials and coordinate the Finance Committee's role during the Town Meeting proceedings.

Other Business not anticipated by the Chair, discussion only

No other business was raised.

Adjourn

At 8:35 p.m. Mr. Morse moved to adjourn the meeting. Mr. Oldeman seconded the motion. The motion passed unanimously.