

Capital Planning in Manchester-by-the-Sea

Current Budgeting

Manchester-by-the-Sea does multi-year budget projections, based on historical experience. These projections, through 2027, reflect an average annual tax growth rate of approximately 2.5%, in order to maintain the current level of services provided by the Town and the School District. Town expenses grow between 1.5 and 2.0% annually while school expenses grow by 3.2 to 3.7% yearly.

These projections fund a “status quo” capital maintenance/investment plan that addresses current levels of road repair, vehicle maintenance/repair/replacement, water and sewer plant maintenance/repair and similar items.

These projections DO NOT provide for the additional infrastructure investments that have been identified such as water and sewer pipe replacement (other than “anticipated failures”), drainage work, seawall work, or other major capital projects that are anticipated.

Old debt is being retired and can be replaced with new debt without placing added burdens on taxpayers. The Town currently has some \$6.1 million in current debt and is responsible for \$18.5 million of current debt of the School District. This approach covers about a quarter of the needs we have identified.

Upgrading Utilities

Major utility upgrades:

- Water line replacement - \$1.5 million/year
- Sewer line replacement/relining - \$0.5 million/year
- Drainage work - \$0.4 million/year
- Seawall repair - \$0.5 million/year

Net of \$2.9 million/year (or 10% of the 2017 Town budget)

Funding this infrastructure program through debt (likely the preferred course) would add approximately \$210,000 per year to the tax rate, or a 1.0% increase each year, assuming some of the new debt would be replacing old debt.



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New Facilities

Capital expenditures for new facilities other than basic infrastructure investments over the next 15 years include the following:

Item	Anticipated Expense
DPW Garage	\$5 million
Town Hall Upgrades	\$3 million including Senior Center Addition
Public Safety Facility	\$7 million
Elementary School (Manchester)	\$18.5 million (to be refined)
Elementary School (Essex)	\$12 million
Library Expansion	\$5 million (land and building costs)
Water and Sewer Plant Upgrades	\$5 million (assuming existing location)

Not all of these projects need to happen at once. Spacing them out while we grow our tax base will lessen the financial burden these projects could impose. And we will need to scrutinize operating budgets in an effort to free up dollars for these and other capital needs.

However, just the Memorial School project alone could add another \$1.6 million in debt payments to our annual budget which translates to 7%+ tax increase.

The Funding Gap

Choices will have to be made as to what the Town can reasonably afford. Not everything on the list of needs will be possible to do over the next 10 to 15 years. But many of the needs **MUST** be done in order for essential services to continue. Growing our tax base to help pay for our needed infrastructure is one strategy that could go a long way in closing our capital funding gap.



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