

FINANCIAL APPROACH

Fiscally Responsible Planning for Balanced Revenues to Sustain Public Services and Infrastructure



VISION:

This 2018 Comprehensive Master Plan articulates a Community Vision and outlines a long term plan for management of land, infrastructure and facilities, the provision of services, and operating policies and procedures for governance. It also estimates what it will cost to act on these recommendations and where funding will come from. The Plan is ambitious in its scope yet is grounded in sound fiscal management policies and strategies.

Context

By many indicators, the Town is on sound financial footing. We enjoy a Triple A rating from the bond agencies and have a very healthy rainy day fund. We are embarked on an aggressive capital reinvestment plan as we aim to catch up on years of deferred infrastructure maintenance and we benefit from a stable tax base with modest new growth annually.

Despite this good news, there are challenges the Town must face. The Town has fallen behind in capital investments in our community facilities and infrastructure, as we have lived off the investments prior generations have made without contributing our fair share.

School Operating Costs are projected to grow beyond the limits of Proposition 2 ½ and new Memorial School funding will result in a 5-7% tax hike. (In place for 30 years)

Each of the town's infrastructure systems is experiencing fatigue or failure due to years of deferred maintenance.

DPW facilities must be improved or replaced, Town Hall requires updates to extend its life expectancy, and other capital facilities projects are on the horizon.

Increasing impacts of sea level rise and more damaging storms will force hard and expensive decisions.

Principles

The Finance Committee, working with the Board of Selectmen and Town Administrator have identified five core financial policies to assure the Town can manage escalating School District costs, catch up on a backlog of capital needs and address new climate change impacts without imposing large new tax burdens on property owners.

- 1. Staying within the limits of Proposition 2 ½ for operating needs**
- 2. Maintaining Reserves equal to 10% of total expenditures**
- 3. Keeping debt payments to a maximum of 10% of total expenditures**
- 4. Remaining on course to fully fund our Retiree liabilities** (fully funded by the early 2030s)
- 5. Moving to a cash basis for non-school capital needs, capping non-school exclusions at current levels**
A significant change from the past 20 years of expanding exclusions

Strategies

The Master Plan identifies implementation costs of around \$28 million over the next 10-15 years. \$1.5 million of these are already in the Town's five-year capital plan; the balance of funding needs (around \$26.5 million) are anticipated to come from grants or private donations (Primarily for resiliency efforts to mitigate the impacts of climate change and harbor dredging)

Fiscal Strategies for funding implementation efforts:

- 1) Slowly grow the amount of operating funds toward capital needs**
- 2) Increase capital project funding equivalent to debt service retired**
- 3) Grow our commercial tax base**
- 4) Have utilities pay more of their own way**
- 5) Seek operational savings**
- 6) Aggressively pursue grants and technical assistance**
- 7) Redirect newly uncommitted funds**



Our fiscally responsible and transparent Government manages growth and development to honor the town's authentic character and balance revenues to sustain public services and infrastructure.

MANCHESTER MASTER PLAN
A Stronger Manchester Starts With Us