



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 19, 2025 7:00 p.m. Room 5 and on Zoom

MEMBERS PRESENT: Sarah Mellish, Chair, Mory Creighton, Gar Morse, Tom Parkins, Peter Twining and Dean Nahatis

MEMBERS ONLINE:

MEMBERS NOT PRESENT:

STAFF PRESENT: Town Administrator, Greg Federspiel

STAFF ONLINE: Town Accountant, Andrea Mainville and Administrative Assistant, Gail Hunter

SELECT BOARD MEMBER PRESENT: N/A

Call to Order – Ms. Mellish called the Committee meeting to order at 7:01 p.m.

- **Discuss CPC Budget Changes**

The Town requested additional funding from CPC for the restoration of the Rotunda. The request was made due to an adjustment in funding for one of the primary sources projected to provide a grant to the Town.

Mr. Nahatis moved to approve the additional \$500,000.00 in funding for a total of \$897,100.00 in funding from CPC for the restoration of the Rotunda; Mr. Twining seconded the motion. The motion passed unanimously.

- **Review and Approve the MERSD Budget**

Ms. Mellish informed the Committee that the School Committee had passed a budget at the originally projected 7.29% increase. However there had been adjustments from the District's presentation to the Committee in January 2025: The adjustments included the following:

- The Middle School Principal position would not be eliminated.
- Health Care Increase decreased from 27% to 25.45% which provided the funds to support the Middle School Principal position.
- Eliminated \$100K in revenue by not adding 20 new School Choice students. The new students would need to be across all classes and would be part of the District for a long period of time. Additionally, Essex was not in favor of adding the 20 new School Choice students. Mr. Federspiel clarified that the District wanted to have their Operational Budget approved. In the event the budget is not approved by Essex, the District will add School Choice to favorably decrease the budget. If the District increased School Choice by 20 students the total of School Choice students would be 96 representing 8.5% of the District enrollment.
- Use of District Reserves was increased from \$500K to \$600K to make up for the lost revenue from School Choice.
- Debt payments for the District were decreased.
- The Committee discussed the assessment for the Town of a 3.4% increase to be addressed by using excess levy capacity in the amount of \$332K which equals 1% of MBTS tax rate.
- Ms. Mellish and Mr. Creighton discussed the use of excess levy capacity. Ms. Mellish stated that during Town Meeting she will inform residents that the decision was made by the Committee to use the levy capacity and not go to an override. She also stated that it was clear in her written report that the increase in the District budget is significantly more than the \$332K.
- Mr. Oldeman joined the meeting and requested clarification of the District budget.

Mr. Nahatis moved to approve the MERSD operation budget in the amount of \$17,529,953.00; Mr. Creighton seconded the motion. The motion passed unanimously.

Mr. Twining moved to approve the MERSD Debt Capital in the amount of \$2,645,382.00; Mr. Creighton seconded the motion. The motion passed unanimously.

- **Other Outstanding FY26 Budget Items**

Capital Budget Change

Ms. Mellish stated there was a change to the Capital Budget related to the Senior Center requested by the Select Board. The Select Board is proposing a compromise from the initially requested \$200K to \$50K to be used to advance the final design and layout.

The Committee discussed changes to the apportionment between Taxation and Fund Balance to allow for funds to be available for road resurfacing. Road work in the amount of \$700K will all come out of Fund Balance with \$300K coming out of road work moved to the Rotunda. Rotunda construction will take place after the road work.

Ms. Mellish clarified that the Senior Center will also serve the Town with offices for the Health Department, Parks and Recreation, meeting rooms and more. The Senior Center is not only for Seniors it is also for use by the Town. Mr. Twining asked where this fits in the 25-year Capital Plan. Mr. Federspiel is convinced that fundraising for the Senior Center will be 100% successful and the Senior Center will not need to be added to the 25-year Capital Plan.

Mr. Federspiel stated proposed renovations and construction for the Town's side of the building is proposed to be \$2.5M to \$3M and that is the fundraising target. It is hoped that the Purchase and Sale agreement will be signed prior to Annual Town Meeting. A consultant has been hired with grant funding from the State to lead the Fundraising Campaign.

Mr. Nahatis supports the request for \$50K to show that work is being done between the time \$1M was invested in the building and during the Fundraising Campaign over the next year.

Mr. Morse moved to approve the revised Capital Budget in the amount of \$4,215,875.00 with the Fund Balance changing to \$1,556,000.00; Mr. Creighton seconded the motion. The motion passed unanimously.

Town Reserves and Stabilization

Ms. Mellish noted that the Town's Reserves are 9.32% of the Operating Budget which is in line with the Finance Committee's recommended amount for Reserves.

According to this Budget the Town is not using funds from Stabilization. The vote to put funds into Stabilization is a simple majority and the vote to take out is two thirds. (Mr. Federspiel will confirm.)

Mr. Morse asked if Stabilization was part of Reserves. Mr. Federspiel clarified that Stabilization plus Fund Balance = Reserves. Mr. Creighton noted that the Finance Committee usually leaves Stabilization out of budget discussion assuming it is a two thirds vote. Ms. Mainville confirmed that Stabilization is a two thirds vote to take out funds.

- **Annual Town Meeting Warrant Articles**

Ms. Mellish moved that the Finance Committee take no position on Warrant Articles 1 and 2, 7-14, and 18-20; Mr. Morse seconded the motion. The motion passed unanimously.

Mr. Federspiel stated that the Town Assessor has requested that the Town adopt the local option that exempts Veterans from paying the automobile excise tax. Ms. Mainville stated that this exemption was part of the Heroes Act and includes an exemption on Real Estate and Motor Vehicle Excise taxes.

Ms. Mellish moved that the Finance Committee make a recommendation on Town meeting Floor; Mr. Morse seconded the motion. The motion passed unanimously.

Ms. Mellish moved that the Finance Committee recommend approval of Warrant Articles 3, 4, 5 and 6; Mr. Twining seconded the motion. The motion passed unanimously.

Mr. Twining moved that the Finance Committee recommend approval of Warrant Articles 15, 16, and 17; Mr. Morse seconded the motion. The motion passed unanimously.

- **Approve Meeting Minutes –**

Mr. Morse moved to approve the meeting minutes of February 27, 2025, as presented; Mr. Creighton seconded the motion. The motion passed 5-1.

- **Schedule FY26 Budget Review**

March 27, 2025 – Finance Committee Report

Remaining April meetings are scheduled and will take place as needed.

- **Adjourn** *Mr. Morse moved to adjourn the meeting; Mr. Creighton seconded the motion. The motion passed unanimously.*