

**Manchester-by-the-Sea
Finance Committee
ANNUAL REPORT
2022**



**Please be sure to attend the
Annual Town Meeting on
Monday, April 25, 2022 7 PM
Manchester Memorial School
Gymnasium**

**PLEASE BRING THIS REPORT
WITH YOU!**

Definitions used in discussing money articles

Apportionment

A formula used to compute the amount each town owes to the Regional School District.

Article 4

The operating budgets for the town.

Article 5

Most, but not all, capital items.

Assessors' overlay

A fund in reserve for the Board of Assessors to cover abatements.

Assessment

The Town Board of Assessor's opinion of the value of your property.

Available funds

Fund balances plus amounts in other accounts that are not Enterprise funds.

Borrowing

Loans the town takes to pay for large capital items.

Capital budget

One-time expenses. Traditionally Manchester has included some maintenance, including road repair, new roofs, etc. as capital expenditures.

Chapter 70

The Chapter of the State law that governs the funding of schools. It is also the common name for the largest part of state funding to schools.

Cherry sheets

State aid to the town. So called because they were once printed on red paper.

Choice

Money that flows into the school district from the state when the system accepts students from outside the district.

Enterprise fund

An account separate from the town's general fund for the revenue and expenses of a particular function of the town.

Exclusion

An item that the Town Meeting and voters agree to fund outside the limits of Proposition 2 1/2 .

Fund balances

Also known as free cash, the amount of money left over in the general fund at the end of the year. Most of the fund balances come from unanticipated revenues.

General fund

The Town's checking account. The General Fund can be expended only for the items approved by Town Meeting.

Hold

The request to delay consideration of one part of a multi-part article. Any item that a Town Meeting member questions is marked as a hold and will be discussed after the unquestioned items have been voted.

Definitions are continued on the inside back cover

Tax Rate Estimated for the Fiscal Year Ending June 30, 2023

July 1, 2022 - June 30, 2023

		Recommended By FinCom
Estimated Tax Rate - Fiscal year 2023		
Article 4 Department Requests	15,224,209	
(Salaries and normal operating expenses)		
Article 5 Capital items requested by Departments	3,356,425	
Article 6 Regional School Operating and Debt	18,927,333	
Other Articles (3)	1,691,053	
Town Meeting Total	<u>39,199,020</u>	
PLUS:		
State Assessments	181,261	
Assessors' Overlay	175,000	estimated
Tax Lien Purposes	10,000	
Gross Amount to be Raised	<u>39,565,281</u>	
LESS:		
State Aid	264,384	
Estimated Receipts - Local Revenues	2,556,880	
Enterprise Accounts - Water & Sewer	2,676,900	
Community Preservation Funds (CPA)	1,189,500	
Unreserved Fund Balance (Free Cash)	1,197,598	
Overlay Surplus	125,000	
Available Funds	537,969	
Subtotal of Deductions	<u>8,548,231</u>	
Net Amount to be Raised by Taxation	<u>31,017,050</u>	
Permitted Levy Limited	27,712,543	
Estimated new growth factor	175,000	
Previous Debt Exclusion	3,883,745	
Capital Exclusion	-	
Maximum Permitted Levy	<u>31,771,288</u>	
TOTAL ASSESSED VALUATION AS OF FY-2022	2,835,464,676	
FISCAL YEAR 2022 TAX RATE	10.60	PER THOUSAND
ESTIMATED FISCAL YEAR 2023 TAX RATE	10.94	PER THOUSAND *

*BASED ON FY-2022 PROPERTY VALUATIONS AND NET AMOUNT TO BE RAISED BY TAXATION

3.20% increase

2021 ANNUAL REPORT OF THE FINANCE COMMITTEE TO THE VOTERS OF THE TOWN

In the fall, the Finance Committee started reviewing the Town's fiscal year ("FY") 2023 operating and capital budgets which will be presented to the voters at the Annual Town meeting on April 25, 2022. We would like to thank Town employees, the Manchester Essex Regional School District, volunteers, and our elected officials who prepare detailed budgets, appear before us to answer questions and provide information about their budget, goals, and objectives. We appreciate the cooperation of the department heads in managing their budgets and operations. We would also like to thank Town Accountant Andrea Mainville and Town Administrator Greg Federspiel for their ongoing efforts to assemble the budget, pay attention to details, understand the needs of the Town and creating a solid plan to address those needs.

We met regularly with the Town Administrator and the Town Accountant to review the budget along with major department heads and leaders of the School District. We also attended School Committee meetings and participated in the school budget working group with representatives from Essex and Manchester. When appropriate, we do benchmarking to compare Manchester's financials, spending, and revenues with other similar communities in Massachusetts. In addition to the FY 2023 budgets, we reviewed multiyear models of the Town's operating and capital budgets and a multiyear budget model prepared by the School District. These models project the future impact that this year's budget will have on budgets, debt levels, capital needs, and financial reserves.

We are pleased to report that the Town is in solid financial shape. Our current reserves exceed our target of 10% of operating expenses and our local receipts continue to exceed estimates, despite the pandemic. For the past two years of the pandemic we kept tax increases at less than the normal 2.5%. To support the FY 2023 budget, we expect taxes to increase about 3.2%, which reflects a 2.5% increase in the levy limit and 0.7% previously approved for debt service for building the new Memorial Elementary School. Our current FY 2022 budget is on track to meet the revenue projections and appropriated expenses upon its completion on June 30, 2022, although we are keeping a careful eye on public safety overtime and unusually high legal expenses due to the 40B project.

The FY 2023 budget recommendation includes four staffing adjustments. The police department is requesting to hire an additional police officer to cover the position of an officer who has been out on disability for several years and in anticipation of a loss in the availability of reserve officers due to the Commonwealth's police reform legislation which requires all reserve officers to receive the same training as full-time officers and to work a certain number of minimum hours. The fire department is requesting to hire an additional firefighter to act as a second floater, filling shifts when people are out, to maintain a staffing level of three per shift, which will reduce the amount of overtime and cover the elimination of the call fighters, which have declined in number and have limited availability to respond when called. The harbor department is requesting to add additional weekend hours due to increased boating traffic and there is a request to increase the hours of the custodian in the new facilities department to provide services to the library, rather than using contracted services.

The FY 2023 budget recommendation does not include a request from the Board of Health to hire a Health Agent as we felt a regional approach might be more effective in addressing the current shortage of qualified applicants and the need for expertise in both Title V inspections and food health inspections. Instead, we recommended that available American Recovery Plan Act ("ARPA") funds be allocated to cover the cost of hiring a Health Agent which will provide additional time for the Board of Health to solidify their needs and determine the availability of qualified candidates. In December 2022, we will review the progress made by the Board of Health and determine whether to incorporate the position into the FY 2024 budget or continue to use ARPA funds.

The proposed FY 2023 budget maintains a consistent level of public services which the residents expect and deserve while keeping the Town's operating and capital spending at a level which will enable the tax increase to be within the Proposition 2 ½ limits. The Town's independent auditors reviewed the Town's financial data and policies and gave high marks to the management team for their financial controls. The Town maintains an AAA bond rating which is reserved for municipalities that show tight discipline in their financial controls and operations. When crafting the budget, we monitor factors used by the ratings agencies with a goal of maintaining our AAA rating.

Each year, there is added pressure placed on the budget to absorb contractual costs and expenses such as health insurance, energy, and information technology. We look for ways to deliver Town services more efficiently, including regionalization opportunities with our neighbors to share and reduce costs. Our benchmarking efforts with similar towns in Massachusetts have proven helpful. The Finance Committee added a liaison to the Planning Board to better assess the financial impact of recommendations being reviewed and implemented reflective of the objectives of the Town's Master Plan. These efforts are aimed at making better long-term financial plans and decisions that will benefit the Town in the years to come.

The Town utilizes a comprehensive capital improvement plan to address our aging infrastructure. We have made substantial progress replacing old water pipes and lining or replacing sewer pipes to decrease our inflow and infiltration of ground water which impacts the available capacity of the sewer treatment plant. We continue road maintenance, upgrades, and repair according to our long-term plan. The Finance Committee continues to work with the Town Administrator and department heads to develop short, medium, and long-term capital improvement strategies. We continue our strategy of reducing our reliance on debt service for routine capital items by using a cash capital exclusion. This capital funding strategy decreases debt and its associated interest and service costs and reserve debt capacity for large capital projects which will be needed in the future. The recommended capital projects are detailed later in this booklet.

The School District faces many unfunded State mandates, including out-of-District special education placements, and works to maintain solid programs and operations, while keeping the costs to the two towns at a sustainable level. However, over the past few years it has dipped into its reserves to fund its operating budget. The School District has indicated they may need to request an override for operating expenses in the FY 2024 budget. In addition, the School District continues to consider the condition of the Essex Elementary School which will require substantial upgrades or replacement in the future. The School District and the two towns work closely together on budgeting and capital considerations to find a balance that works well for all.

Financial Highlights

- The estimated tax increase will be 3.2%, which includes a 2.5% increase in the levy limit and a 0.7% increase, previously approved for building the new Memorial Elementary School.
- On July 1, 2021, the Town had financial reserves (fund balance and stabilization fund) of \$5,592,335, a decrease of \$366,824 over the prior year, which is consistent with our plan to utilize a portion of our excess reserves to fund capital improvements. Our financial reserves were 15.2% of the operating budget, exceeding our 10% target. In addition, the water and sewer enterprise funds have retained earnings of \$1,007,322, an increase of \$378,228 over the prior year.
- On July 1, 2022, at the conclusion of FY 2022, we expect financial reserves (fund balance and stabilization fund) of approximately \$4.5 million which will continue to exceed our 10% of operating budget target. Further details are included in the fund balances, other reserves, and debt section of this report.

- FY 2023 operating budgets compared to the FY 2022 operating budgets:
 - o Town Budget: + 3.29%
 - o School Budget: +2.05%
- Town debt service is projected to decrease by \$84,365 or 7.53% in FY 2023. Instead of acquiring new debt with associated interest and service costs, the Town is replacing expiring debt service amounts with cash payments for capital projects, using either annual cash exclusions or excess levy capacity as part of the ongoing capital and financial planning.
- Town salary expenses comprise approximately 46.94% of the town operating budget, an increase of 4.2% over FY 2022. The additional position in the fire department, a second floater, is primarily covered by an accompanying decrease in overtime and also mitigates the elimination of using call firefighters. The new police officer will fill the loss of a long-term disability and also help prepare for the expected decrease in the availability of reserve officers under the Police Reform Act.
- Non-salaried expenses represent 27.25% of the Town's operating budget, an increase of 3.3% over FY 2022.
- Pension expense for Town employees and retirees increased 7.1% over last year, a calculation determined by the State based on payroll. The State is requiring higher payments to fund the unfunded liability over the next 10 – 15 years, at which point the annual increase in our contribution is expected to be lower.
- The health insurance expense represents 8.73% of the Town's operating budget, an increase of 3.4% over FY 2022, yet somewhat less than the expected increase. The premium increases are partially impacted by the actual claims submitted by Town employees.
- Capital expenditures for FY 2023 are anticipated to be \$3,356,425, in line with our goal of averaging \$3 million per year for capital expenditures. These capital expenditures will be funded through \$1,667,000 in taxation, \$919,425 from the fund balance (reserves), \$450,000 from water funds, \$300,000 from sewer funds, and \$20,000 from the harbor fund.
- The MERSD total increase in operating budget assessments to the two towns is 2.89% for FY 2023. The town assessments are partially based on enrollments. Since enrollments have declined in Manchester and increased in Essex, Manchester's share of the school district operating budget will increase 2.05% for FY 2023, while Essex will have a 4.39% increase. Manchester's contribution is \$15,909,698, an increase of \$319,993. The School District operating budget assumes the use of School District reserves in the amount of \$520,000.
- Manchester's contribution to the MESRD debt service is \$3,017,635, an increase of 5.8% over FY 2022, due to additional bonds issued for the Memorial School building project, which had been expected.
- Manchester's contribution to the Essex North Shore Agricultural and Technical School is \$223,380, an increase of \$38,857, due to the enrollment of two additional Manchester students. Currently, the Town has thirteen students enrolled at the school.
- This proposed budget should leave the town with financial reserves (Fund Balance plus Stabilization) of \$3.8 million at the end of FY 2023, in line with our 10% of operating budget target.

Please look at the information and graphs presented later in this booklet, which show various aspects of our town's operating budget and financial position.

Overview of the FY 2023 Town Operating Budget

The Town's FY 2023 budget is built on seven primary principles meant to maintain the financial strength the Town has worked hard to achieve:

1. Current revenues cover current expenditures.
2. Debt is not used to fund operating expenditures.
3. Cash capital exclusions are used for normal capital budget items, reserving future new debt for large projects.
4. Strong General Fund reserves are maintained, currently targeted at 10% of the operating budget.
5. Contingency funds are budgeted and revenue projections are realistic to avoid a budget shortfall.
6. Maintenance and replacement budgets are intended to ensure capital facilities and equipment remain functional.
7. Maintain the current quality of services and address any new or increased service demands through enhanced efficiencies, if possible.

Town departments have shown restraint in their budgetary requests and work diligently to develop an efficient budget. The Town continues to realize savings in this budget through new technology and prior capital programs, such as LED streetlights, a new HVAC system in town hall and the installation of high-efficiency pumps at our treatment plants. Town employees provide strong in-house engineering expertise and guidance in managing capital projects. The Town has created a new facilities department to improve efficiency and reduce expenses through cost sharing among the individual departments. The Town actively seeks out, and applies for, State and Federal grants to help offset costs and implement new programs in the Town.

Employee union contracts run through FY 2023. The FY 2023 budget includes adding a second floater in the fire department to reduce the overtime budget and eliminate the use of call firefighters. It also includes hiring a police officer to replace the officer on long term disability, and to prepare for the Police Reform Act which is expected to adversely impact our reliance on reserve officers.

The Finance Committee goal is to maintain the Town assets and infrastructure, prepare for future changes and events and provide sustainable services for Town residents. We invest significant time looking at long-term financial planning and multiyear models for both operating and capital planning. Five primary guidelines are the basis for shaping the recommendations for this proposed budget and future budgets. These include:

1. Minimize tax rate increases while maintaining current services.
2. Maintain Reserves equal to 10% of total operating budget, using excess reserves for capital improvements.
3. Limit debt service payments to 10% of total expenditures.
4. Stay the course to fully fund our unfunded retiree liabilities.
5. Cap non-school debt/cash capital exclusions at their current level to create capacity for future large capital projects.

Public Safety

The Finance Committee is concerned that current public safety spending trends may not be sustainable in the long term. The first is the Fire Department, where growing staffing requests, the elimination of call firefighters, cost structures, and capital requests are placing a significant burden on the Town's budget. The Town maintains a very high level of emergency services, including advanced life support, and ranks near the very top of per capita spending and annual

growth for fire departments in similar communities. We have concerns about the long-term sustainability of this added cost burden on the taxpayers. The second concern is the Police Department and the potential impact of the police reform act which requires reserve officers to receive the same training as full-time officers and requires them to work a minimum number of hours per year, thereby increasing the need for additional full-time officers as our ability to rely on part-time reserve officers declines. We are trying to address these concerns by adding personnel to police, fire, and harbor departments. Another concern is dispatch services which will need additional positions if it is retained as an in-house service. The proposed alternative for participating in the Essex County Regional Emergency Communications Center would result in a reduction in police department expenses and avoid the need to upgrade the Town's communications system. The regional approach would free up additional dollars for use on front-line responders.

Other Post-Employment Benefits (OPEB) and Pension Liabilities

The Town has made significant progress in reducing the unfunded liabilities for health insurance obligations to current and future retirees, commonly called OPEB (Other Post-Employment Benefits), by taking steps to reduce the future liabilities and setting aside assets in a Trust to fund those liabilities.

On the liability side, our unfunded liability was \$4,564,382 on 6/30/2021, a decrease of \$735,063 since 6/30/2020. With the cooperation of Town employees, changes were made to the health insurance plans to reduce the unfunded OPEB obligations, such as:

- Increase deductibles and employee co-payments.
- Require eligible retirees to enroll in Medicare to decrease the cost for supplemental insurance.
- Require employees and retirees to pay a higher share of the premiums for a given plan.
- Audit the benefit roles to remove persons no longer entitled to Town benefits, identify eligible retirees not yet enrolled in Medicare, and ensure total deductions by the Town and employees match the corresponding plans in which they are enrolled.
- Establish wellness options to reduce claims to help control premium increases.

On the asset side, the Town created an OPEB Trust to which it contributes annually in excess of the level that actuaries consider "fully pre-funded". The value of the OPEB Trust was \$3,530,082 on 6/30/2021, an increase of \$1,018,407 since 6/30/2020. If the Town continues to make accelerated contributions, the assets in the Trust are expected to cover the unfunded liability and be fully funded by 2033. While the actuarial analysis assumes a rate of return on invested funds of 7.5%, the assets which are invested in the State Pension Reserves Investment Trust (PRIT), a large professionally managed fund, continue to grow at a significantly higher rate. Investment results in excess of the assumed rate offset future contributions to be made by the Town. For FY 2023, we recommend a contribution of \$278,173, an increase of \$6,785 (2.5%) above last year and greater than the recommended minimum payment.

The Town also has unfunded pension liabilities. A State statute specifies the parameters that municipalities must follow to fund these liabilities. Manchester is following the state-mandated program and the unfunded pension liabilities should be fully funded by 2035. To learn more about the Town's pension and OPEB liabilities, please see the Board of Selectmen's report contained in this booklet and the Town's OPEB actuarial report in the annual town financial statements, which are available online, or at Town Hall.

Capital Plan and Sources of Funding

Several years ago, Manchester adopted a more aggressive capital improvement plan to

address past deficiencies and meet the Town's infrastructure needs into the future. We maintain a 5-year capital plan with projections for the next ten years. We continue our steady progress on capital spending with significant improvement in water and sewer system infrastructure and an ongoing program of road resurfacing.

The FY 2023 proposed capital budget recommends spending \$3,356,425 which is in line with our goal of averaging roughly \$3 million a year for capital expenditures. This includes:

- 24% to repair and upgrade our water delivery system
- 9% to repair and upgrade sewer pipes and plant
- 14% in road repair and upgrades to drainage and sidewalks (excluding State Chapter 90 funds)
- 12% toward the replacement of the Central Street Culvert (excluding state grants)
- 29% for DPW storm repair, vehicles, facility upgrades, Rotunda resiliency design and facilities master plan
- 13% for Public Safety equipment, vehicles, and harbor dredging fund

The Town seeks out and applies for grants to obtain funds for various capital projects and public safety equipment to enhance our capital budget. A full list of recommended capital projects is included later in this booklet. The Finance Committee is a strong proponent of not deviating from the established five-year capital plan. Opportunities always come along but maintaining consistent capital spending on well-defined projects will best serve the Town in the long run. The Town is working on a facilities Master Plan to enable the Town to prioritize the larger projects and determine the associated capital costs and appropriate funding mechanisms.

Our support of the town's infrastructure is also enhanced by Community Preservation Funds, partially matched by the State. In FY 2023, we support the Community Preservation Committee's recommendation to spend \$1,189,500 on various projects, including \$800,000 for a new practice field at the Pine Street burn dump.

The Town is well along on its transition to "pay-as-you-go" cash capital exclusions (or use of excess levy capacity) for capital projects. Instead of acquiring additional debt with the associated interest and service costs, the Town replaces expiring debt service amounts with cash payments for capital repairs and improvements, using either annual cash exclusions or excess levy capacity. With planning and discipline, this capital funding strategy will eventually eliminate debt for routine capital expenses and will provide debt capacity for potential future large projects. The proposed capital projects for FY 2023, detailed later in this booklet, will be funded through a combination of taxation, grants, water and sewer enterprise funds, waterway, CPC funds and local receipts.

Fund Balances, Other Reserves, and Debt

If actual expenses are less and/or revenues are higher than anticipated for a budget year, the excess funds are credited to the Town's Fund Balance (much like net income in a commercial context) which is essentially the Town's savings account. The Department of Revenue annually certifies the available fund balance, also known as free cash. From time-to-time Town Meeting votes to move some of the Fund Balance to the more restricted Stabilization Fund. The Stabilization Fund had a balance of \$1.8 million on 7/1/2021 which we feel is adequate and do not recommend increasing it in FY 2023.

The Finance Committee believes it is prudent to maintain adequate financial reserves (Fund Balance plus Stabilization) for unforeseen events. A graph showing historical levels of reserves appears later in this booklet. The Finance Committee set a target that the financial reserves should equal about 10% of the Town operating budget which we feel is sufficient to provide a reserve for potential financial problems or unforeseen events. Since our reserves currently

exceed this target, we recommend using some of the reserves for capital projects in the FY 2023 budget, in lieu of raising the funds through a higher tax rate.

Manchester Essex Regional School District Budget

The Manchester Essex Regional School District and the School Committee (“School District”) are responsible for the school budget. The Finance Committee reviews this budget before recommending it to the voters at Town Meeting. The Finance Committee has a representative on the small working group (consisting of representatives of the School District as well as the Towns of Essex and Manchester) which plays an active role in providing input to the School District on its overall budget. The entire Finance Committee met with School District officials during the budget process to discuss the budget and review the School District’s future financial plans.

The School District has done an admirable job of balancing their operating budget in concert with the town budgets for both Manchester and Essex. Despite this, the Finance Committee continues to have concerns with the increasing operating cost of the School District at a time of declining enrollment. Manchester’s contribution to the regional school district and ENS Agricultural & Technical School represents 50% of the Town’s budget. The School District is seeking an increase of 2.05% (\$319,993) in the FY 2023 assessment to the Town of Manchester, for a total assessment of \$15,909,698. The annual increases are negotiated between the School District, Manchester, and the Town of Essex. The overall School District operating budget for FY 2023 is \$28,925,987, an increase of 3.56% over FY 2022, and financial reserves total \$3.84 million. The School District is wrestling with increasing costs, unfunded mandates, increasing health insurance costs, aging infrastructure, capital demands, decreasing student enrollment and increasing special education costs, both in and out of District. These variables make it difficult to create long-term budgets. The Finance Committee continues to have concerns that annual increases that exceed 3.2% will be difficult for the Town to absorb and may require cuts in other Town services or necessary infrastructure repairs and replacements. In creating the FY 2023 budget, the School Committee assumed some cuts in the curriculum and have indicated they will need to request an override in FY 2024 to avoid more dramatic cuts in the curriculum. We view this as an important challenge for the two Towns, their voters, and the School District to work on collectively in the coming years.

In addition to the School District operating budget, we are responsible for paying \$3,017,635 toward the School District’s debt service payments, an increase of \$166,111 (5.8%) over FY 2022. The increase is due to additional debt issued, as expected, after the completion of the Memorial Elementary School project. This payment covers a portion of principal, annual interest, and debt service. The FY 2023 debt service on the middle high school is \$1,237,692, it declines each year and is projected to be paid off in 2033. The FY 2023 debt service for the Memorial Elementary School is \$1,779,942, declines each year and is projected to be paid off in 2049.

The School District continues to do an admirable job of addressing its OPEB unfunded liabilities. During contract negotiations, the School District made significant changes in the health insurance program to decrease liabilities and pledged to apply annual savings from the changes to fund the OPEB unfunded liability. The district is on track to reach actuarial targeted contribution levels within a few years.

To better serve our entire student population, the Town also pays education costs for students enrolled in the ENS Agricultural & Technical School. The popularity of this educational option has increased substantially, with 13 Manchester students now enrolled. We wholeheartedly support this educational option. The FY 2023 cost of the ENS Agricultural & Technical School will be \$223,380, \$38,857 higher than last year due to the enrollment of two additional students.

The COVID Pandemic

The pandemic necessitated many operational changes and creative responses from the Town's staff to continue to provide all Town services with minimal interruption despite the turmoil. The Town did incur additional expenses, primarily related to PPE, extra cleaning and disinfecting, and overtime as revised work schedules were implemented to ensure there were rotating healthy teams available. These expenses were covered by FEMA and Federal CARES Act funds.

In addition to the adjustments made in Town operations, the Town assisted residents and local businesses. The Manchester Affordable Housing Trust provided funds for housing assistance which were administered by a local non-profit, Action, Inc. Grant funds to local businesses were obtained and annual fees were waived to provide financial relief. In the spring of 2021, the Town was awarded a Local Rapid Recovery technical assistance grant designed to develop additional strategies to aid in the recovery of our local shops and restaurants. A regional grant through the Cape Ann Chamber of Commerce is providing promotional support as the Town emerges from the depths of the economic struggle the pandemic has caused.

We have received the first installment of direct funding from the Federal American Recovery Plan Act (ARPA) and expect the total funds will reach \$1.6 million over two years. In anticipation of the future availability of State and Federal infrastructure funds, we have allocated a portion of the ARPA funds to complete the design for water, sewer and broadband infrastructure projects. We also are recommending the use of ARPA funds to enable the Board of Health to hire a Health Agent.

Looking Ahead to FY 2024

The Finance Committee will begin working on the FY 2024 budget, which begins on July 1, 2023, in the fall of 2022. It is difficult to predict the Town's future finances but we are optimistic that we can continue to provide a high level of service for the residents and repair the Town's infrastructure within the limits of Proposition 2 ½, without increasing debt for routine capital requests. This planning depends on some factors beyond the Town's control, such as health insurance, state and federal regulations, energy costs, natural disasters, and unexpected infrastructure failures. We are confident that the financial structure, systems, and proposed budgets for the Town are in good shape. Finding the right level of staffing is a challenge and as needs develop, the choices for additional hires, outsourcing, or regionalization efforts need to be considered. The Finance Committee has strong concerns about the rising costs, staffing, and future management issues throughout all sectors of Town Government and will continue to look for ways to reduce costs.

Interest has increased for development in the Limited Commercial District. The Town will need to compare any required infrastructure costs with the anticipated increase in tax revenues to the Town.

The School District represents the largest single expenditure for the Town. Annual increases to the Town that exceed 3.2% have a significant impact on the Town's ability to maintain a balanced budget, remain within the limits of proposition 2 ½, and avoid frequent tax overrides for the taxpayers. The School District has indicated a large override will be required in FY 2024 to avoid cuts in the level of services provided. The strong teamwork and cooperative effort between the two towns and the School District is promising as we all work together to resolve this important challenge in the coming years.

Capital needs and the long-term repair and upgrading of our aging infrastructure remain a key priority. Paying for this effort requires discipline and a multi-year approach. Significant progress is being made on addressing capital needs and using a cash capital exclusion strategy to avoid burdening the Town with future debt. The Town's capital needs are well defined and

require discipline to maintain the current five-year plan to address our aging infrastructure. In addition, a longer multiyear plan is in place for addressing future capital needs and town improvements. A facilities study is underway to enable the Town to prioritize the future cost of repairing, upgrading or replacing outdated Town buildings. We expect addressing the facility needs will require us to incur more debt, but we think it can be structured to coincide with the payoff of OPEB and pension unfunded liabilities within the next 10 years, or so. We hope that the Town will continue to support this strategic capital and infrastructure plan.

The Finance Committee meets on a regular basis and our meetings are open to everyone. We welcome any ideas, suggestions, or recommendations, and encourage you to forward them along to any of our committee members. We want to make sure Manchester residents understand the financial condition of the Town. We will be prepared to review these details and discuss this further at the Annual Town Meeting and welcome your questions and input.

FINANCE COMMITTEE MEMBERS

Sarah Mellish, <i>Chair</i>	2022
Andy Oldeman, <i>Vice Chair</i>	2023
Dean Nahatis	2024
Mark Weld	2023
Michael Pratt	2023
Mory Creighton	2024
Peter Twining	2024

CAPITAL IMPROVEMENT PROGRAM

INTRODUCTION

The Town has a rolling “5 + 5” Capital Plan that we update annually. The plan has detailed projects spelled out for the next five years and flags potential larger, “special” projects in years 6-10. While progress is being made, like so many other municipalities, Manchester has a large backlog of deferred capital needs. The challenge here is to catch up on this backlog without imposing large new tax burdens on property owners. Our approach relies on allocating a healthy amount of annual tax revenue to capital needs, slowly increasing the amount of dollars the water and sewer enterprise funds devote to capital needs and replacing old debt with equivalent capital exclusions as previously issued debt is retired or using unused levy capacity on the same basis. This approach avoids new spikes in taxes while still providing a significant amount of funds towards capital needs. This is possible in large part to the amount of debt we have and continue to retire. The use of capital expenditures exclusions instead of new debt – a “pay as you go” approach instead of borrowing – allows us to keep constant the amount of taxes raised outside the confines of Proposition 2 ½ devoted to capital needs without the interest expense of borrowing. Such a strategy allows our dollars to go further, redirecting interest payments to actual project costs.

Debt service for Town projects totaled \$1.9 million annually seven years ago. The payments are declining yearly. Within 2 years, debt payments for town projects will drop below \$1.0 million, giving us the possibility of funding new projects with \$1.0 million in annual capital exclusions or unused levy capacity without increasing tax burdens. Combined with general and enterprise funds, this will give us over \$3 million annually we can allocate to capital without incurring new debt – an amount that will take care of all but the largest of our capital needs for the Town.

The focus of capital expenditures is on water and sewer pipes, rehabilitating roads, drainage and sidewalks, and replacing worn out vehicles. Plans for either upgrading the DPW garage or relocating it will depend on decisions regarding the DPW property. If the land is sold for housing, the sale proceeds could help fund a new facility located on other Town land. The harbor dredging plan anticipates new bonds every ten years to fund a quarter of the harbor dredging needs on a regular 40 year cycle, paid for through increased mooring and other harbor use fees.

While the emphasis is on the next five years, looking a bit further into the future we see that we will be facing the need to fortify beach revetments and seawalls, especially in the face of climate change and sea level rise. Grant funding will be aggressively pursued for these needs. In the 10-15 year timeframe we will face a number of large capital projects in the form of building upgrades including public safety, the Essex Elementary School, and the library. The sewer plant will either need to be heavily “armored” against flooding or relocated.

Whether we raise revenues for these larger projects through new debt exclusion votes and higher taxes on existing taxpayers or through taxes on an expanded tax base through strategically placed new growth is a debate that is taking place as new zoning regulations are reviewed. By the early 2030’s we will no longer be needing to put extra funds aside for our OPEB and pensions liabilities as these funds will be fully funded. These funds along with additionally freed up debt payments will allow the Town to take on new debt for some of the projected large projects

CAPITAL PROJECTS FOR FY23:

Warrant Article 5 lists the projects, services and purchases by department. To fund the capital plan, an increase in general fund revenue use is proposed, increasing the amount to

\$1.66 million. In addition, we propose using \$920,000 from the Town's "Free Cash" account or reserves (which are above our target) along with state Chapter 90 funds for road work, funds from the water and sewer enterprise accounts and the waterways fund.

A summary of the requests includes:

- Road repaving (focus on roads being dug up for water pipe replacement)
- DPW vehicle replacement (replace a large dump truck equipped for winter snow-plowing.)
- Drainage and sidewalk repair funds –an annual amount as we address numerous drainage issues and crumbling sidewalks
- Additional funds for the Central Street Culvert project
- Town Facilities Master Plan
- Town Hall Computer upgrades
- Library – construction of ADA accessible restrooms,
- Funds for a village parking analysis and water resource protection work
- Reserve fund for future fire department vehicles
- Replacement Police Cruiser and lease of Police motorcycle
- New Speed Control Trailer
- Replacement of Fire equipment
- Harbormaster pick-up and funds to add water and electricity hookups at the transient docks
- Water pipe replacement and equipment upgrades
- Sewer plant upgrades

School Capital:

The District faces the need to renovate or replace the Essex Elementary School. It would be very helpful to retire most of the debt for the middle high school (payments end in 2033) before embarking on a second elementary school project in order to avoid another large tax increase for bond payments. Maintenance needs of the middle high school, renovations to the turf fields and keeping the Essex Elementary School functioning until its next iteration is determined will all need to be addressed in the coming years.

FIVE YEAR CAPITAL PLAN SUMMARY

CAPITAL PLAN	FY23	FY 24	FY 25	FY26	FY27	Five Yr Total
Highway						
Roads & Guardrails	\$ 350,000	\$ 400,000	\$ 350,000	\$ 400,000	\$ 350,000	\$ 1,850,000
Vehicles	\$ 245,000	\$ -	\$ 150,000	\$ 110,000	\$ 300,000	\$ 805,000
Central Str Culvert/SawmillBrook	\$ 400,000	\$ -	\$ -	\$ -	\$ -	\$ 400,000
Facilities	\$ 200,000	\$ 550,000	\$ -	\$ 10,000,000	\$ -	\$ 10,750,000
Stormdrains/Sidewalks	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 1,250,000
Storm Damage	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 125,000
TOTAL	\$ 1,470,000	\$ 1,225,000	\$ 775,000	\$ 10,785,000	\$ 925,000	\$ 15,180,000
Town Clerk/Elections						
Voting Tabulators	\$ -					\$ -
TOTAL	\$ -					\$ -
Land Use Management						
PB Studies	\$ 20,000	\$ 37,500	\$ 10,000	\$ 20,000	\$ -	\$ 87,500
Trail work/land improvements	\$ -	\$ -	\$ 10,000	\$ -	\$ -	\$ 10,000
Other Land Management	\$ 80,000	\$ -	\$ -	\$ -	\$ -	\$ 80,000
TOTAL	\$ 100,000	\$ 37,500	\$ 20,000	\$ 20,000	\$ -	\$ 177,500
Town Hall						
Town Hall/Computer updates	\$ 35,000	\$ 100,000	\$ 100,000	\$ 40,000	\$ 75,000	\$ 350,000
Equipment & Other	\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ 100,000
TOTAL	\$ 135,000	\$ 100,000	\$ 100,000	\$ 40,000	\$ 75,000	\$ 450,000
Library						
Library Director's office	\$ -					\$ -
Plan/Study for teen room expansion	\$ -					\$ -
Renovation of Archive room	\$ -					\$ -
Building Upgrades	\$ 200,000	\$ -	\$ -	\$ -	\$ 100,000	\$ 300,000

continued

FIVE YEAR CAPITAL PLAN SUMMARY *continued*

TOTAL	\$ 200,000	\$ -	\$ -	\$ -	\$ 100,000	\$ 300,000
Parks and Recreation						
Facilities	\$ 60,000	\$ 4,000,000	\$ -	\$ -	-	\$ 4,060,000
Singing Beach Septic	-					-
Athletic Fields	-	\$ 2,100,000	\$ -	\$ -	-	\$ 2,100,000
TOTAL	\$ 60,000	\$ 6,100,000	\$ -	\$ -	-	\$ 6,160,000
Public Safety						
Fire/Police Stations	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 150,000
Police/fire Vehicles	\$ 59,400	\$ 58,000	\$ 60,000	\$ 62,600	\$ 64,400	\$ 304,400
Fire engine fund	\$ 150,000	\$ -	\$ -	\$ 150,000	\$ 100,000	\$ 400,000
Police Equip	\$ 28,025	\$ 12,600	\$ 12,600	\$ 12,600	\$ 12,600	\$ 78,425
Public Safety Radio System	\$ -	\$ 7,000	\$ -	\$ -	\$ 125,000	\$ 132,000
Fire Equip	\$ 70,000	\$ 109,000	\$ 55,000	\$ 200,000	\$ -	\$ 434,000
TOTAL	\$ 337,425	\$ 216,600	\$ 157,600	\$ 455,200	\$ 332,000	\$ 1,498,825
Council on Aging						
Facilities/Equipment	\$ -	\$ 72,000	\$ -	\$ -	-	\$ 72,000
TOTAL	\$ -	\$ -	\$ -	\$ -	-	\$ -
Harbor						
Dredging	\$ -	\$ -	\$ -	\$ -	-	\$ -
TOTAL	\$ -	\$ 72,000	\$ -	\$ -	-	\$ 72,000
Harbor						
Docks/Ramps	\$ 40,000	\$ 100,000	\$ 20,000	\$ 620,000	-	\$ 780,000
Equipment/vehicle	\$ 35,000	\$ -	\$ -	\$ -	-	\$ 35,000
Harbor office	\$ -	\$ -	\$ -	\$ -	-	\$ -
Dredging	\$ 20,000	\$ 50,000	\$ 100,000	\$ 3,500,000	-	\$ 3,670,000
TOTAL	\$ 95,000	\$ 150,000	\$ 120,000	\$ 4,120,000	-	\$ 4,485,000

FIVE YEAR CAPITAL PLAN SUMMARY *continued*

[illegible]

Accelerated Water Pipe replacement with additional grants funds (ARPA/Infrastructure Act)

**BOARD OF SELECTMEN REPORT ON FUTURE OBLIGATIONS
FOR RETIREMENT AND HEALTH CARE BENEFITS –
AN UPDATE OF OUR FUTURE LIABILITIES**

Pursuant to the provisions of Article IX, Section 3 as amended of the Town’s General By-laws, the Board of Selectmen submit the following report concerning the Town’s future obligations for pensions and retiree health insurance.

Introduction

Pensions and retiree health insurance are benefits that are offered to all Town employees who work more than 20 hours a week per the requirements of Massachusetts General Laws. Like the vast majority of municipalities, Manchester had historically paid for these benefits in a “pay as you go” fashion – that is, we were paying only the bill that was due that year, not the bill we were incurring for future years in the form of promised retiree benefits. While this approach was fine when benefits were less expensive and the number of retirees was relatively modest, the cost trends, life expectancy trends and the desire for truer cost accounting have placed a new emphasis on putting money aside now in order to pay for future pay-outs. Such an approach has the added advantage of the power of compounding interest earnings, putting the money we set aside to work to ease the financial burden of the future benefits.

Town Pensions

The Town of Manchester is a member of the Essex Regional Retirement System. All employees contribute their own funds to the system but, in the past, not enough funds were collected to fully fund the future payments promised by the retirement board. While this has been corrected for new employees, all municipalities are contributing funds to make up for the under collection in the past. It is anticipated that the retirement system will be fully funded by 2036 at which time the Town will no longer have an unfunded pension liability.

The Essex Regional Retirement Board’s unfunded liability was estimated by an actuarial study to be \$421,315,830 as of January 1, 2020 based on current assets of approximately \$509 million and total liabilities of \$946 million. This is the present day value of obligations expected to be incurred over the next 30 years. According to the System’s annual financial report as of 12/31/2020, Manchester’s net pension liability is 3.446% with a net liability of \$13.7 million. Annually we contribute a portion of this liability. For FY22 we contributed \$1,461,004 for both current and future liabilities. This number is expected to grow 7.1% in FY2023 and from 4 to 7% annually from FY2024-2036.

Essex Regional Retirement System (as of 1/1/2020 actuarial valuation)

Total Assets	= \$509 million
Present day Value of Liabilities	= \$946 million
Unfunded Liabilities	= \$421 million
Manchester Share 3.446%	= \$ 13.7 million
Annual Town Payment (FY23)	= \$1,564,930 (increasing annually through 2036)
-To be fully funded by 2036	

Town OPEB (other post employment benefits – retiree health insurance)

The Town provides health insurance to all retirees eligible for a pension. Voters approved this benefit decades ago and, by state law, we must now continue to do so. Because the Town has been in operations for hundreds of years, our pool of retirees, while growing slightly, is relatively stable. Thus, our “pay as you go” amount started out already at 70% of the required Annual Required Contribution, or ARC. We are now at 100% + when we combine our annual pay as you go amount with the amount we add to the trust. Our most recent interim actuarial study (as of 6/30/21), completed by Sherman Actuarial Services LLC, concluded that our total Actuarial Accrued Liability for both active employees and retirees comes to \$8.09 million. This is the present day value of the cost of retiree health insurance for the next 30 years.

In addition to the pay as you go funding, the Town has established and is funding annually an OPEB Trust Account. The contribution schedule we are following is contained in the Sherman Actuarial Study. Assuming voters approve the next payment installment to the OPEB Trust account at the April 2023 Town Meeting, we will have approximately \$3.8 in the trust account which, when combined with our pay as you go amount is putting us ahead of the 30 year plan to be fully pre-funded for our OPEB obligations by the year 2032. The annual appropriation to the OPEB Trust is slated to grow in the 3% range.

In addition to funding the Trust, the Town continues to work on controlling the cost of our health insurance obligations. We have successfully implemented plans that have higher co-pays and deductibles. We require all eligible retirees to enroll in Medicare. We continue to pursue wellness strategies to keep cost increases down. We work with our unions to negotiate fair premium cost sharing. As of 7/1/2017, new employees pay 35% of the premium and veteran employees pay 25-30% with all employees paying under 30% phasing from 25% to 30% over the next few years.

Legislative changes also may help to lower our liabilities. Beacon Hill may pursue changes in retiree eligibility rules that will reduce our future obligations for new hires. We will monitor these developments and urge our legislative delegation to push for more needed reforms to the laws that govern how we provide benefits to our retirees to ensure that we can afford to provide a fair and cost effective package.

OPEB Assets and Liabilities

Total OPEB Liability estimated as of 6/30/19 \$ 8.09 million

Current Assets (assumes 4/25/22 appropriation) \$ 3.80 million

On schedule to be fully funded by 2033



MANCHESTER ESSEX REGIONAL SCHOOL DISTRICT
Office of the Superintendent
P.O. Box 1407
Manchester-by-the-Sea, MA 01944

Tel. (978) 526-4919
Fax: (978) 526-7585
urbasa@mersd.org

AVI URBAS
DIRECTOR OF FINANCE AND OPERATIONS

April 7, 2022

To the Residents of Manchester and Essex:

This letter provides an annual update on the status of “Unfunded Liabilities” for the Manchester Essex Regional District (MERSD), specifically employee pensions (excluding teacher pensions, which are funded by the Commonwealth) and retiree health insurance, which is also known as Other Post-Employment Benefits (OPEB).

What Are Unfunded Liabilities?

Pensions and retiree health insurance are benefits that are offered as a requirement of Massachusetts General Law to employees of MERSD. Because these benefits are legally mandated, government entities must include in their financial statements an estimate of the value of future obligations (i.e., liabilities) related to these programs.

In the past, most school districts and towns in the State paid the cost of these benefits as they came due each year. This approach is often referred to as “pay-as-you-go,” and does not include any pre-funding of future obligations. This lack of pre-funding is the origin for the term “unfunded” liabilities. Pre-funding is considered important by many because actuarial estimates indicate that the cost of these obligations could potentially grow faster over time than taxpayer funded budgets can absorb.

There are two common approaches to reducing unfunded liabilities. First, pension and OPEB cost growth must be contained to ensure that benefits are appropriate and affordable for taxpayers. Second, government employers must begin to move from the “pay as you go” approach towards a strategy that pre-funds future year obligations, and invests those funds to ensure that larger obligations due in future years can be afforded without undue pressure on the annual operating budget.

In recent years, MERSD has increased its pre-funding of pension and retiree health insurance obligations, and has also restructured its health insurance plans considerably, putting the district on a clear path to full funding over time.

How Big Are MERSD’s Unfunded Liabilities?

Estimates of these liabilities are updated each year and published in MERSD’s financial statements which are audited by an outside accounting firm. The financial statements for the most recently concluded fiscal year (which ended on June 30, 2021), contain the following estimates.

Pensions

The unfunded portion of the pension liability attributable to MERSD is estimated to be \$5,930,022.

Most pension programs require contributions from employees and employers. The large majority of MERSD employees are teachers and other licensed personnel (e.g. principals and district administrators), who participate in the Commonwealth of Massachusetts' Teachers Contributory Retirement System (MTCRS). For these employees, the Commonwealth pays 100% of the employer share of pension expense, and employees also contribute directly by way of an 11% payroll deduction. As a result, MERSD has no expense, nor any liability whatsoever, for pension costs related to licensed employees.

A smaller number of employees, who are not licensed by the Commonwealth (e.g. facilities staff, and administrative, school building and teaching assistants), participate in the county pension program, known as Essex Regional Retirement System (ERRS). In the current fiscal year, MERSD's employer-share obligation for ERRS annual contributions totaled \$598,339. ERRS has begun to require its members, including MERSD and the Towns of Manchester and Essex, to pre-fund future pension liabilities and the program is on track to achieve full-funding by 2035, in accordance with Massachusetts General Law. Doing so requires MERSD to increase its annual pension contribution by 6-7% each year through 2030, and by slightly less than 4% thereafter. ERRS has adjusted this funding schedule on several occasions with a general trend of increasing the number of initial years with required higher percentage contribution growth, in order to achieve the full funding target.

The estimate referenced above for MERSD's portion of ERRS' unfunded pension liability is based on applying 1.494% of ERRS' \$437 million unfunded liability to MERSD. This percentage represents MERSD's percentage of total ERRS payroll. ERRS applies this percentage to the total annual required contributions from its members to arrive at MERSD's employer share obligation for the year.

Because pensions, by law, are guaranteed contracts, benefit levels cannot be changed. Although MERSD does not establish benefit levels, we do have the ability to manage pension costs by carefully controlling staffing levels for pension eligible positions. For example, outsourcing custodial services at the new middle high school when it first opened and at the elementary schools in subsequent years has helped to lower MERSD's percentage of ERRS payroll and, as a result, MERSD's percent of ERRS' pension obligations. MERSD has also outsourced all food service and transportation positions, which further mitigates its future pension liability. As noted in its financial statements, MERSD's current share of ERRS payroll and required contributions is down from the 1.71%-1.80% range observed between 2014 and 2018 and up slightly from 1.37% in the prior year.

OPEB (Retiree Health Insurance)

MERSD's unfunded liability for OPEB is \$24,027,235 as of June 30, 2021.

By law, MERSD must provide health insurance to all employees who retire with eligibility for pension. The district contributes 70-80% (based on retirement date) of the cost of insurance premiums throughout the duration of retirement, with retirees paying the remaining 20-30%. MERSD's annual obligation for insurance payments on behalf of retirees was \$1,026,696 in the most recently concluded fiscal year. This cost has grown at an average annual rate of 11.6% over the past five years, reflecting both industry trends of growth in health care costs, and an increasing number of retirees that MERSD is obligated to cover by law. MERSD now covers more retirees than active employees.

In addition to last fiscal year's "pay-as-you-go" expense, MERSD also contributed \$550,088 towards pre-funding future year obligations, in attempt to reduce its unfunded OPEB liability. This additional contribution is funded from savings generated by a negotiated agreement with the Manchester Essex Teachers Association (META) to change benefit levels. The result of this agreement was a \$1.6 million or 87% reduction in the annual gap between pay-as-you-go costs and full pre-funding of annual OPEB contributions. This gap reduction has improved in recent years, from 66.11% of the actuarially determined annual contribution needed to achieve full

funding in fiscal year 2017 to 89.04% in fiscal year 2021, and an annual average of 92% over the past four years, far ahead of most regional school districts.

Negotiated benefit changes included reducing the district contribution for health care premiums to 75% for active employees and 70% for new hires, from 80% previously. Additionally, the agreement migrated all employees to an insurance program with lower monthly premiums (which are split between MERSD and employees, based on contribution percentages referenced above) in exchange for introduction of deductibles and/or higher co-pays (which are paid by employees for each doctor's visit or procedure). The negotiated agreement stipulates that in return, all savings from these changes will be placed into an OPEB trust fund for the sole purpose of paying future OPEB costs.

OPEB trust funds can be invested in accordance with restrictions in Massachusetts General Law to earn higher rates of return, thereby reducing future required contributions from MERSD, staff and taxpayers. In FY-17, MERSD established a relationship with the Pension Reserve Investment Management Board (PRIM) to invest the district's OPEB trust funds in the same diversified portfolio used for the State's pension system, MCTRS, and the large majority of regional retirement systems as well, including ERRS. By sending OPEB trust funds to PRIM, MERSD is able to outsource investment risk to specialized professionals with significant experience in long-term investing. By earning a return on its OPEB trust fund investment, MERSD can further reduce the contribution it needs to make from budget funds each year.

As of June 30, 2021, MERSD has contributed a total of \$3,696,262 to its OPEB trust, and based on budget estimates for FY-22 and FY-23, MERSD is on track to contribute \$4.1 million to its OPEB trust fund in just 9 years, setting the district on a clear path to fully fund its OPEB obligation.

Other initiatives that MERSD has undertaken over time also help to mitigate the cost of OPEB including: All retirees who are eligible for Medicare (80% of current retirees) are now required to enroll, so MERSD will no longer be their primary insurer. MERSD pays for some supplemental insurance for these retirees, but implementing this change reduces MERSD's cost per participating retiree by 65%, based on the differential in current rates between the district and Medicare supplemental plans.

MERSD's most recent contract with META included a move to higher deductible plans, with corresponding savings in the cost to MERSD and employees of monthly premiums. A portion of these savings have been set aside for an employer funded Health Reimbursement Account (HRA). In the first year of implementation, MERSD has seen a significant improvement in claims/utilization, which helps to control costs and limit rate increases in subsequent years.

Prior year negotiations between MERSD and META have helped to curtail growth in spending on insurance as well. Prior to 2011, the district paid 85% of premiums compared to 70% today.

A new policy beginning July 1, 2013 prohibited retirees from adding insurance coverage after retirement, which will make changes in enrollment levels more predictable.

For more information about MERSD's unfunded liabilities, please visit www.mersd.org, and follow the Quick Link, "Budget." This site contains presentations regarding MERSD's plans to address these liabilities, and copies of audited financial statements and actuarial reports.

COMMONWEALTH OF MASSACHUSETTS
TOWN OF MANCHESTER-BY-THE-SEA



ANNUAL TOWN MEETING WARRANT

Essex, ss.

To any of the Constables of the Town of Manchester-by-the-Sea:

Greetings:

In the name of the Commonwealth of Massachusetts you are hereby required to notify and warn the inhabitants of the Town of Manchester-by-the-Sea qualified to vote in elections, to meet for the **Annual Town Meeting** at the Memorial Elementary School on Lincoln Street, in Manchester-by-the-Sea, on **Monday, the 25th day of April**, two thousand and twenty-two AD, at seven o'clock in the evening.

- ARTICLE 1.** To see if the Town will vote to receive and place on file the reports of the Town boards and committees appearing in the Annual Report, or take any other action relative thereto.

Per petition of the Board of Selectmen

WE RECOMMEND APPROVAL

The Board of Selectmen recommends approval

- ARTICLE 2.** To see if the Town will vote to fix the 12-month fiscal year salary and compensation of all elective officers of the Town as provided in Section 108 of Chapter 41, as amended, as follows; or take any other action relative thereto.

Moderator	\$0.00
Chairman, Selectmen	\$0.00
Other four Selectmen	\$0.00

Per petition of the Board of Selectmen

WE RECOMMEND APPROVAL

The Board of Selectmen recommends approval

- ARTICLE 3.** To see if the Town will vote to raise and appropriate or transfer from available funds \$223,380 as the Town's share of the Essex North Shore Agricultural and Technical School District, or take any other action relative thereto.

Per petition of the Board of Selectmen

WE RECOMMEND APPROVAL

The Board of Selectmen recommends approval

ARTICLE 4. To see what sums of money the Town will raise by taxation or otherwise to pay Town debts and charges for the ensuing 12 months, effective July 1, 2022, and appropriate the same.

Per petition of the Board of Selectmen

WE RECOMMEND APPROVAL

The Board of Selectmen recommends approval

**DEPARTMENTAL REQUESTS AND
FINANCE COMMITTEE RECOMMENDATIONS**

Item No.		Appropriations FY - 2022	Requests FY - 2023	Recommendations FY - 2023	Funding Sourcess
GENERAL GOVERNMENT					
33%					
SELECTMEN'S DEPARTMENT					
1	Salaries	309,884	319,232	319,232	TAXATION
2	Expenses	65,300	64,500	64,500	TAXATION
3	Audit	38,500	44,500	44,500	TAXATION
INFORMATION TECHNOLOGY					
4	Expenses	135,000	152,000	152,000	TAXATION
FINANCE COMMITTEE					
5	Salaries	3,500	3,800	3,800	TAXATION
6	Expenses	300	300	300	TAXATION
7	Reserve Fund	160,000	210,000	210,000	TAXATION 85,000 OVERLAY SUR. 125,000
ELECTION & REGISTRATION					
8	Salaries	4,650	9,506	9,506	TAXATION
9	Expenses	17,475	18,000	18,000	TAXATION
ACCOUNTING					
10	Salaries	160,663	166,915	166,915	TAXATION
11	Expenses	4,700	4,700	4,700	TAXATION
ASSESSORS					
12	Salaries	131,118	129,279	129,279	TAXATION
13	Expenses	57,200	62,150	62,150	TAXATION
TREASURER/COLLECTOR					
14	Salaries	159,584	163,906	163,906	TAXATION
15	Expenses	28,940	31,925	31,925	TAXATION
TOWN CLERK					
16	Salaries	104,886	104,894	104,894	TAXATION
17	Expenses	5,300	7,555	7,555	TAXATION
LEGAL/PROF. SERVICES					
18	Expenses	80,000	95,000	95,000	TAXATION
APPEALS BOARD					
19	Salaries	8,320	8,320	8,320	TAXATION
20	Expenses	9,550	12,050	12,050	TAXATION
PLANNING DEPARTMENT					
21	Salaries	96,635	101,153	101,153	TAXATION
22	Expenses	6,600	6,600	6,600	TAXATION

TOWN HALL & COMMON

23	Salaries	25,000	-	-	TAXATION
24	Expenses	60,500	38,200	38,200	TAXATION

PENSIONS

25	Contributory	1,461,004	1,564,930	1,564,930	TAXATION 1,425,040 SEWER RATES 79,673 WATER RATES 60,217
----	--------------	-----------	-----------	-----------	--

INSURANCE

26	Group Health Insurance	1,285,000	1,329,000	1,329,000	TAXATION 1,185,638 SEWER RATES 84,742 WATER RATES 58,620
27	Workers' Compensation	95,000	95,000	95,000	TAXATION 74,000 SEWER RATES 10,000 WATER RATES 11,000
28	Fire/Auto/Liability	130,000	130,000	130,000	TAXATION 106,900 SEWER RATES 11,550 WATER RATES 11,550
29	Unemployment Compensation	7,000	7,000	7,000	TAXATION
30	FICA-Medicare	100,500	103,515	103,515	TAXATION 95,381 SEWER RATES 4,440 WATER RATES 3,694

Total General Government	4,752,109	4,983,930	4,983,930	TAXATION 4,523,444 OVERLAY SUR. 125,000 SEWER RATES 190,405 WATER RATES 145,081 4,983,930
--------------------------	-----------	-----------	-----------	---

**PUBLIC SAFETY
26%****POLICE**

31	Salaries	1,730,836	1,874,324	1,874,324	TAXATION
32	Expenses	96,314	99,675	99,675	TAXATION

PARKING CLERK/RESIDENT PARKING

33	Salaries	6,264	6,389	6,389	TAXATION
34	Expenses	21,600	20,200	20,200	TAXATION

FIRE

35	Salaries	1,346,748	1,431,714	1,431,714	TAXATION
36	Expenses	142,750	145,100	145,100	TAXATION

HARBOR MASTER

37	Salaries	157,468	186,359	186,359	MOORING FEES
38	Expenses	23,260	26,610	26,610	MOORING FEES 212,969

BUILDING DEPARTMENT

39	Building Inspector	46,981	47,921	47,921	TAXATION
40	Gas/Plumbing Inspector	13,873	14,150	14,150	TAXATION
41	Scaler of Weights & Measures	3,000	3,000	3,000	TAXATION
42	Electrical Inspector	13,873	14,150	14,150	TAXATION
43	Inspector's Expenses	4,500	4,500	4,500	TAXATION
44	Permit Software	27,920	29,316	29,316	TAXATION

EMERGENCY MANAGEMENT

45	Salaries	-	-	-	TAXATION
46	Expenses	1,000	1,000	1,000	TAXATION
47	Emergency Notification	4,725	4,725	4,725	TAXATION

ANIMAL CONTROL

48	Expenses	16,315	16,315	16,315
----	----------	--------	--------	--------

TAXATION

Total Public Safety	3,657,427	3,925,448	3,925,448
---------------------	-----------	-----------	-----------

TAXATION	3,712,479
MOORING FEES	212,969
	<u>3,925,448</u>

PUBLIC WORKS
15%

DEPARTMENT OF PUBLIC WORKS

49	Salaries	894,464	917,355	917,355
----	----------	---------	---------	---------

TAXATION	874,923
SEWER RATES	21,216
WATER RATES	21,216

50	Expenses	382,800	340,900	340,900
----	----------	---------	---------	---------

TAXATION

FACILITIES

51	Salaries	-	35,337	35,337
----	----------	---	--------	--------

TAXATION

52	Expenses	-	105,500	105,500
----	----------	---	---------	---------

TAXATION

SNOW REMOVAL

53	Salaries	32,000	32,000	32,000
----	----------	--------	--------	--------

TAXATION

54	Expenses	170,000	170,000	170,000
----	----------	---------	---------	---------

TAXATION

55	STREET LIGHTING	35,000	60,000	60,000
----	-----------------	--------	--------	--------

TAXATION

SANITATION/COMPOSTING/RECYCLING

56	Salaries	15,000	15,000	15,000
----	----------	--------	--------	--------

TAXATION

57	Expenses	60,000	43,500	43,500
----	----------	--------	--------	--------

TAXATION

58	Rubbish Collection/Recycling	426,400	370,000	370,000
----	------------------------------	---------	---------	---------

TAXATION

59	Disposal	174,250	230,000	230,000
----	----------	---------	---------	---------

TAXATION

Total Dept. of Public Works	2,189,914	2,319,592	2,319,592
-----------------------------	-----------	-----------	-----------

TAXATION	2,277,160
SEWER RATES	21,216
WATER RATES	21,216
	<u>319,592</u>

OTHER ENVIRONMENTAL
1%

HISTORIC DISTRICT COMMISSION

60	Salaries	1,600	5,000	5,000
----	----------	-------	-------	-------

TAXATION

61	Expenses	950	950	950
----	----------	-----	-----	-----

TAXATION

CONSERVATION COMMISSION

62	Salaries	59,595	67,845	67,845
----	----------	--------	--------	--------

TAXATION	62,845
WETLANDS FD.	5,000

63	Expenses	2,760	2,800	2,800
----	----------	-------	-------	-------

TAXATION

64	CHEBACCO WOODS	1,250	1,250	1,250
----	----------------	-------	-------	-------

TAXATION

Total Other Environmental	66,155	77,845	77,845
---------------------------	--------	--------	--------

TAXATION	72,845
WETLANDS FD.	5,000
	<u>77,845</u>

HUMAN SERVICES
2%

HEALTH

65	Salaries	72,510	76,264	76,264
----	----------	--------	--------	--------

TAXATION

66	Expenses	48,750	50,250	50,250
----	----------	--------	--------	--------

TAXATION

VETERANS' SERVICES

67	Expenses	15,000	15,000	15,000	TAXATION
68	Veterans' Benefits	28,000	5,000	5,000	TAXATION

COUNCIL ON AGING

69	Salaries	175,897	180,669	180,669	TAXATION
70	Expenses	18,600	18,810	18,810	TAXATION

Total Human Services	358,757	345,993	345,993	TAXATION	345,993
----------------------	---------	---------	---------	----------	---------

**LIBRARY
3%****LIBRARY**

71	Salaries	345,683	367,823	367,823	TAXATION
72	Expenses	165,575	156,606	156,606	TAXATION

Total Culture and Informational Services	511,258	524,429	524,429	TAXATION	524,429
--	---------	---------	---------	----------	---------

**RECREATION
2%****PARKS & RECREATION**

73	Salaries	149,633	152,722	152,722	TAXATION	102,722
					PROGRAM FEES	50,000

74	Expenses	7,909	8,334	8,334	TAXATION
----	----------	-------	-------	-------	----------

SINGING BEACH OPERATIONS

75	Salaries	75,642	79,424	79,424	TAXATION
76	Expenses	17,500	18,400	18,400	TAXATION

LIFEGUARDS

77	Salaries	61,803	64,893	64,893	TAXATION
78	Expenses	3,400	3,500	3,500	TAXATION

TUCK'S POINT

79	Salaries	6,715	8,000	8,000	TAXATION
80	Expenses	31,820	17,820	17,820	TAXATION

OTHER RECREATION

81	Memorial Day	3,000	3,000	3,000	TAXATION
82	Fourth of July	10,000	10,000	10,000	TAXATION

Total Recreation	367,422	366,093	366,093	TAXATION	316,093
				PROGRAM FEES	50,000
					366,093

**DEBT SERVICE
7%****DEBT SERVICE**

Principal on Bonds	822,409	764,861	764,861
Interest on Bonds	295,646	268,998	268,998
WPAT Administration Fees	1,873	1,704	1,704

83	Total Debt Service	1,119,928	1,035,563	1,035,563	TAXATION	881,897
					SEWER RATES	153,666
						1,035,563

**ENTERPRISE FUNDS
11%****SEWER FUND**

84	Salaries	365,484	306,233	306,233	SEWER RATES
85	Expenses	306,500	329,600	329,600	SEWER RATES

WATER FUND

86	Salaries	305,909	254,763	254,763	WATER RATES
87	Distribution Expenses	138,500	142,000	142,000	WATER RATES
88	Treatment Expenses	597,652	612,720	612,720	WATER RATES
Total Enterprise Funds		1,714,045	1,645,316	1,645,316	SEWER RATES 635,833
					WATER RATES 1,009,483
					1,645,316
TOTAL ARTICLE 4		14,737,015	15,224,209	15,224,209	

EXPENSES BUDGET SUMMARY

GENERAL GOVERNMENT	33%	4,752,109	4,983,930	4,983,930	TAXATION 4,523,444 OVERLAY SUR. 125,000 SEWER RATES 190,405 WATER RATES 145,081 4,983,930
PUBLIC SAFETY	26%	3,657,427	3,925,448	3,925,448	TAXATION 3,712,479 MOORING FEES 212,969 3,925,448
DEPARTMENT OF PUBLIC WORKS	15%	2,189,914	2,319,592	2,319,592	TAXATION 2,277,160 SEWER RATES 21,216 WATER RATES 21,216 2,319,592
OTHER ENVIRONMENTAL	1%	66,155	77,845	77,845	TAXATION 72,845 WETLANDS FD. 5,000 77,845
HUMAN SERVICES	2%	358,757	345,993	345,993	TAXATION 345,993
LIBRARY	3%	511,258	524,429	524,429	TAXATION 524,429
PARKS & RECREATION	2%	367,422	366,093	366,093	TAXATION 316,093 PROGRAM FEES 50,000 366,093
DEBT SERVICE	7%	1,119,928	1,035,563	1,035,563	TAXATION 881,897 SEWER RATES 153,666 1,035,563
ENTERPRISE FUNDS	11%	1,714,045	1,645,316	1,645,316	SEWER RATES 635,833 WATER RATES 1,009,483 1,645,316
TOTALS	100%	4,737,015	15,224,209	15,224,209	15,224,209

FUNDING SOURCES SUMMARY

TAXATION	12,654,340
OVERLAY SURPLUS	125,000
MOORING FEES	212,969
PROGRAM FEES	50,000
WETLANDS FD	5,000
SEWER RATES	1,001,120
WATER RATES	1,175,780
TOTAL	15,224,209

ARTICLE 5. To see if the Town will vote to raise and appropriate the sums of money called for under the following items, or any other sums, for the purposes indicated, and to determine whether the money shall be provided by taxation, by appropriation from available funds in the Treasury, or by borrowing; or take any other action relative thereto:

	Dept.	Item	Requested	Recommended	Funding Source
1.	DPW	Road resurfacing	\$209,000	\$209,000	Fund Balance
2.	DPW	Vehicle Replacement – Large Dump Truck	\$245,000	\$245,000	Taxation
3.	DPW	Storage Building/DPW Garage area	\$100,000	\$100,000	Taxation
4.	DPW	Drainage/Sidewalk Improvements	\$250,000	\$250,000	Taxation
5.	DPW	Facility Assessments/Plans	\$100,000	\$100,000	Fund Balance
6.	DPW	Central Street Culvert	\$400,000	\$400,000	Taxation
7.	DPW	Storm Damage Repair	\$ 25,000	\$ 25,000	Taxation
8.	Town Hall	Upgrades inc. IT	\$ 35,000	\$ 35,000	Fund Balance
9.	Town Hall	Generator Replacement/Upgrade	\$100,000	\$100,000	Taxation
10.	Land Mgmt	Village Parking Study	\$ 20,000	\$ 20,000	Fund Balance
11.	Land Mgmt	Water Resources Protection Studies	\$ 80,000	\$ 80,000	Fund Balance
12.	Library	Accessible Bathroom Construction	\$200,000	\$200,000	Taxation
13.	Park/Rec	Tuck’s Point Rotunda Engineering	\$ 60,000	\$ 60,000	Taxation
14.	Public Safety	Fire Engine Replacement Fund	\$250,000	\$150,000	Taxation
15.	Public Safety	Fire Gear Replacement	\$ 35,000	\$ 35,000	Fund Balance
16.	Public Safety	Police Speed Trailer	\$ 6,900	\$ 6,900	Fund Balance
17.	Public Safety	Police Tasers	\$ 12,600	\$ 12,600	Taxation
18.	Public Safety	Replacement Police Cruiser & Motorcycle	\$ 59,400	\$ 59,400	Taxation
19.	Public Safety	Fire Reporting Software	\$ 35,000	\$ 35,000	Taxation
20.	Public Safety	Fire Station repairs/upgrades	\$ 30,000	\$ 30,000	Taxation
21.	Public Safety	Radio Upgrades (Ps5)	\$ 8,250	\$ 8,250	Fund Balance
22.	Harbor	Dredging Engineering/Permitting	\$ 20,000	\$ 20,000	Waterway Fund
23.	Harbor	Pick-up truck	\$ 35,000	\$ 35,000	Fund Balance
24.	Harbor	Reed Park Water and Electric Service	\$ 40,000	\$ 40,000	Fund Balance
25.	Water	Plant Upgrades/Equipment Replacement	\$200,000	\$200,000	Water Enterprise
26.	Water	Pipe replacement/improvements	\$600,000	\$600,000	Water Enterprise Retained Earnings & Fund Balance
27.	Sewer	Plant Upgrades/Equipment Replacement	\$300,000	\$300,000	Sewer Enterprise, Retained Earnings, & Taxation
TOTAL				\$3,356,425	

Per petition of the Board of Selectmen

WE RECOMMEND APPROVAL

The Board of Selectmen recommends approval

ARTICLE 6: To see if the Town will vote to raise and appropriate or transfer from available funds a sum of money for the Town's assessment from the District for the Gross Operating and Maintenance Budget of the Manchester-Essex Regional School District including debt service - said sum to be calculated solely in accordance with the "Agreement Between the Towns of Essex and Manchester-by-the-Sea, Massachusetts with Respect to the Formation of a Regional School District", as most recently amended, by invoking and approving the provision found in paragraph four of G.L. c. 71, § 16B allowing District members "to reallocate the sum of their required local contributions to the District in accordance with the regional agreement", for the fiscal year beginning July first, two thousand twenty-two; or take any other action relative thereto.

Per petition of the Manchester-Essex Regional School Committee

WE RECOMMEND APPROVAL

The Board of Selectmen recommends approval

ARTICLE 7. To see if the Town will vote to hear and act on the report of the Community Preservation Committee on the Fiscal Year 2023 Community Preservation budget and to appropriate from the Community Preservation Fund estimated annual revenues a sum of money to meet the administrative expenses and all other necessary and proper expenses of the Community Preservation Committee for Fiscal Year 2023; and further to reserve for future appropriation a sum of money from the Community Preservation Fund estimated annual revenues for open space, including land for recreational space, historic resources, and community housing purposes, as well as a sum of money to be placed in the 2023 Budgeted Reserve for general Community Preservation Act purposes; and further to appropriate from the Community Preservation Fund a sum or sums of money for Community Preservation projects or purposes as recommended by the Community Preservation Committee as follows; or take any other action relative thereto.

1. Community Preservation Committee Expenses (studies, etc.)	(administrative)	\$ 25,000*
2. Bike and Pedestrian Committee Bike Racks	(open space & recreation)	\$ 7,000
3. Pine Street Athletic Field (old burn dump)	(open space & recreation)	\$ 800,000
4. Causeway/Sawmill Brook replanting	(open space & recreation)	\$ 35,000
5. Winthrop Field Drainage	(open space & recreation)	\$ 10,000
6. Western Woods Research	(open space & recreation)	\$ 7,500
7. Pollinator Gardens	(open space & recreation)	\$ 20,000
8. Affordable Housing Trust Project Funding	(community housing)	\$ 200,000
9. Restoration of Town Cemeteries and Parks	(historic preservation)	\$ 25,000
10. Tuck's Point Rotunda Engineering	(historic preservation)	\$ 50,000

11. Fire Department Memorabilia Restoration	(historic preservation)	\$ 10,000
	TOTAL	\$1,189,500
(*Administrative amount limited to a maximum of 5% of total annual revenue)		
	Per petition of the Community Preservation Committee	
	Per petition of the Board of Selectmen	

WE RECOMMEND APPROVAL
The Board of Selectmen recommends approval

ARTICLE 8. To see if the Town will vote to raise and appropriate or transfer from available funds \$278,173 to be deposited into the Town’s Other Post Employment Benefits Trust Fund, subject to said appropriation being expended from the Trust Fund only for the purposes authorized by section 20 of Chapter 32B of the General Laws of the Commonwealth of Massachusetts; or take any other action relative thereto.

Per petition of the Board of Selectmen

WE RECOMMEND APPROVAL
The Board of Selectmen recommends approval

ARTICLE 9. To see if the Town will vote, pursuant to the provisions of G.L. c.44, §53E½ as most recently amended, to set the following Fiscal Year 2023 spending limitations on expenditures from the revolving fund(s) set forth in the Town’s Revolving Fund By-law, Article IV, Section 11 of the General By-laws:

Program or Purpose: Costs Associated with Town of Manchester-by-the-Sea Recreation Programs;
FY2023 spending limit: \$350,000.

Or take any other action relative thereto.

Per petition of the Board of Selectmen

WE RECOMMEND APPROVAL
The Board of Selectmen recommends approval

ARTICLE 10: To see if the Town will vote to amend the Zoning By-Law as follows:

- a) By deleting the first sentence of Section 4.4.6 and substituting the following therefor: “By Special Permit from the Planning Board, and limited to the land areas west of Pine Street, a/k/a Pipe Line Road and east of School Street, laboratories and establishments devoted to scientific research and development; light manufacturing, assembly and processing of materials related thereto and incidental accessory uses.” and by deleting the remainder of Section 4.4.6;
- b) By deleting Section 5.5 and substituting the following therefor:

“5.5 **Height Regulations**

- a) Residential Districts, General District, and the area of the Limited Commercial District west of School Street: No structure shall be erected or altered so that it exceeds 2-1/2 stories or so that the vertical distance measured from the highest point of the roof to the mean pre-construction grade exceeds thirty-five (35') feet, whichever is lesser. Chimneys spires or towers not used for human occupancy may exceed ten (10') feet above these height limits. Mean pre-construction grade is defined as a reference plane representing the average elevation of pre-construction ground adjoining the building at all exterior walls. A half-story is defined as a story with a sloping roof, the area of which at a height of four (4') feet above the floor does not exceed two-thirds of the floor area of the story immediately below it.
- b) Limited Commercial District in the area east of School Street: No structure shall be erected or altered so that the vertical distance measured from the highest point of the roof to the mean pre-construction grade exceeds fifty-five (55'). Chimneys, spires, towers and similar structures, tanks, HVAC equipment, solar panels, and mechanical appurtenances, not used for human occupancy may extend fifteen (15') feet above the fifty-five (55') foot height limit. Mean pre-construction grade is defined as a reference plane representing the average elevation of pre-construction ground adjoining the building at all exterior walls.
- c) By deleting the following from Section 5.7.1: "and a minimum width at all points of not less than five hundred (500') feet";
- d) By deleting Section 5.7.2 and substituting the following therefor: "Maximum lot coverage by buildings and accessory structures: 40%; and maximum lot coverage by impervious surfaces 60%";
- e) By adding the following to Section 5.7.3: "except said set back requirements may be reduced by Special Permit from the Planning Board where there is opportunity for better site design "; and
- f) By adding to Section 6.2.5, after "state layout of Route 128", the following: "except said two hundred foot (200') foot limit may be reduced by Special Permit from the Planning Board where there is opportunity for better site design ";

Per petition of the Board of Selectmen and the Planning Board

RECOMMEND APPROVAL due to the potential revenue generation of new buildings however the Finance Committee reserves the ability to review proposed projects on a case-by-case basis through the Special Permitting process

The Board of Selectmen recommends approval

ARTICLE 11: To see if the Town will vote to accept the provisions of G.L. c. 64G, § 3A, authorizing the imposition of a local excise tax upon the transfer of occupancy of any room or rooms in a bed and breakfast establishment, hotel, lodging house, short-term rental, or motel in Town, at a rate of 3% of the total amount of rent for each such occupancy, to take effect on the first day of October, 2022, or take any action relative thereto.
Per petition of the Board of Selectmen

WE RECOMMEND APPROVAL
The Board of Selectmen recommends approval

ARTICLE 12: To see if the Town will vote to amend the General Bylaws of the Town of Manchester By-the-Sea, copies of which are on file with the Town Clerk and available on the municipal website, to rename the Board of Selectmen as the Select Board, by striking out, in every instance in which they appear, the words “Board of Selectmen” and inserting in place thereof the words “Select Board”; and by striking out, in every instance in which they appear, the word “Selectman” and “Selectmen” and inserting in place thereof the words “Select Board Member” or “Select Board Members”; and further, to authorize the Town Clerk to make any non-substantive, ministerial revisions to ensure that gender and numerical issues in the related text of the General Bylaws are revised to properly reflect such change in title; and, further, to amend Article III, Section 2 of the General Bylaws, a copy of which is on file with the Town Clerk and available on the municipal website, by inserting the following new section therein, with the remaining sections of said Article to be renumbered accordingly; or take any action relative thereto:

SECTION 2. Select Board

A. The Select Board shall have all the powers and duties of a board of selectmen under the General Laws and any special laws, bylaws, regulations, or policies applicable to the Town, as well as such other powers and duties as are provided in the Town’s Bylaws.
Per petition of the Board of Selectmen

WE TAKE NO POSITION
The Board of Selectmen recommends approval

ARTICLE 13: To see what sum of money the Town will vote to appropriate or transfer from available funds for the purpose of reducing the tax rate, or take any other action relative thereto.

Per petition of the Board of Selectmen

**WE WILL MAKE OUR RECOMMENDATION
AT THE MEETING**
The Board of Selectmen will make its recommendation at the meeting

And you are directed to serve this warrant by posting attested copies thereof, one at the

Town Hall Building, one at the Police Station, one at the Fire House, one at the Memorial School, and one at the Post Office, twenty-one (21) days, at least, before the time of holding said meeting.

Hereof fail not to make due return of this warrant, with your doings thereon, to the Town Clerk three (3) days before the day of this meeting.

Given under our hands at Manchester-by-the-Sea, aforesaid, this 29th day of March, 2022.

BOARD OF SELECTMEN

Jeffrey Bodmer-Turner, Chair Rebecca Jaques, Vice Chair

Ann Harrison Eli G. Boling, John Round

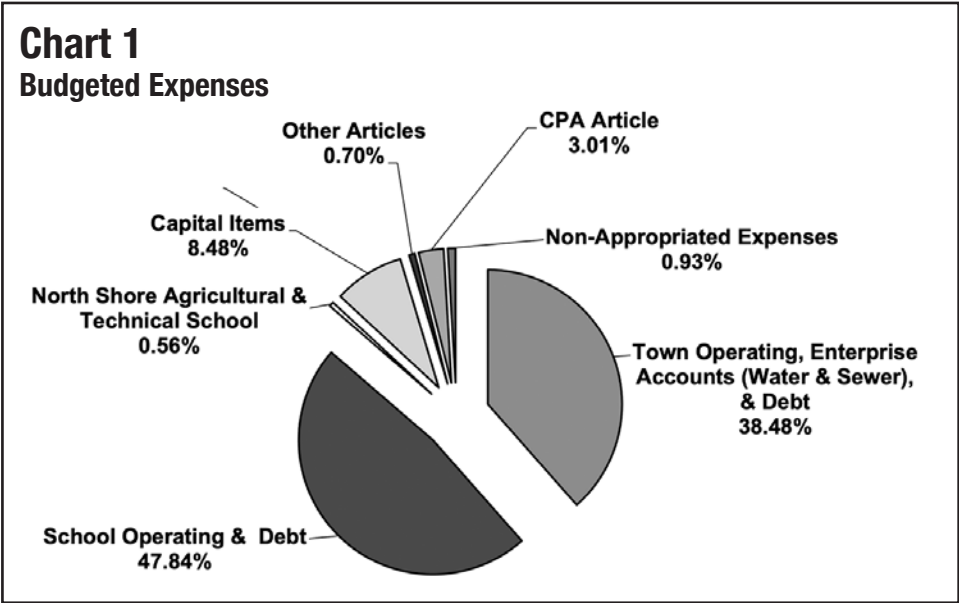
To the Town Clerk:

I have served the foregoing Warrant by posting attested copies thereof as directed by the By-Law of the Town and the Commonwealth.

Constable Date of Posting Received by Town Clerk

FY-2023 BUDGET

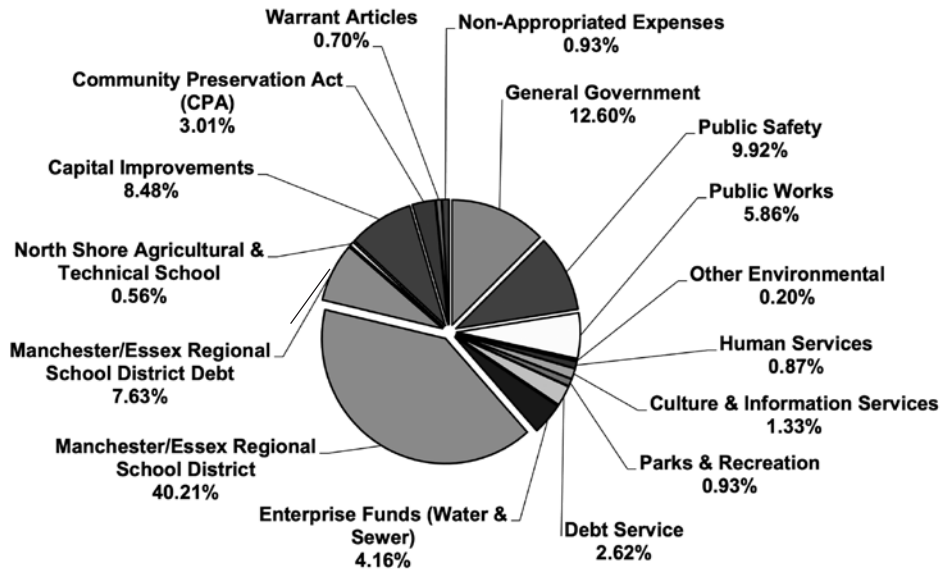
TOWN OPERATING, ENTERPRISE (WATER & SEWER), & DEBT	15,224,209
SCHOOL OPERATING & DEBT	18,927,333
NORTH SHORE AGRICULTURAL & TECHNICAL SCHOOL	223,380
CAPITAL ITEMS	3,356,425
OTHER ARTICLES	278,173
CPA ARTICLE	1,189,500
NON-APPROPRIATED EXPENSES	366,261
TOTAL FY-2023 BUDGET	<u><u>\$39,565,281</u></u>



EXPENDITURES

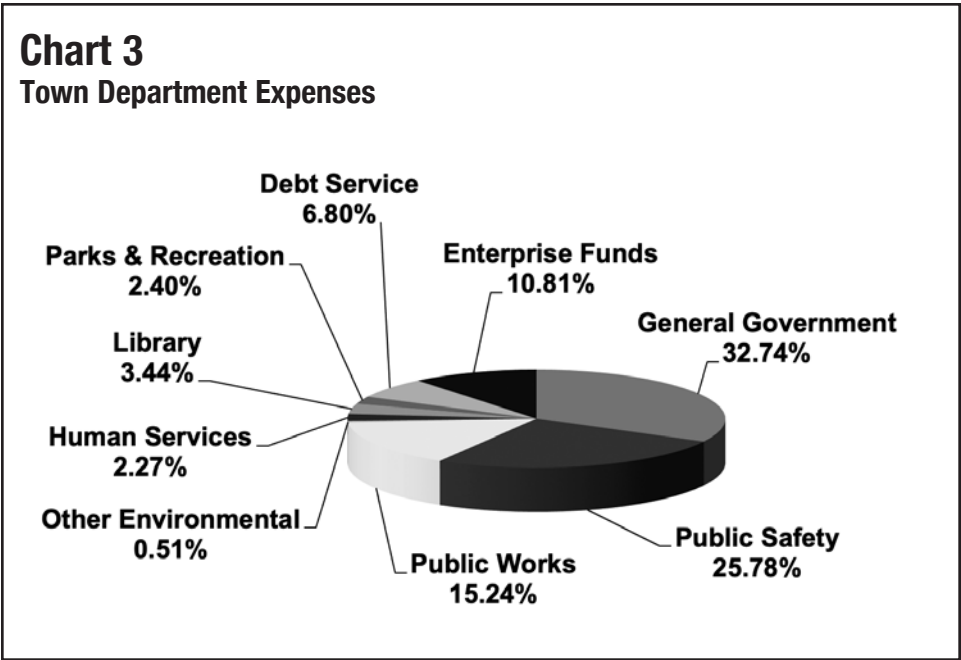
GENERAL GOVERNMENT	\$4,983,930
PUBLIC SAFETY	\$3,925,448
PUBLIC WORKS	\$2,319,592
OTHER ENVIRONMENTAL	\$77,845
HUMAN SERVICES	\$345,993
CULTURE & INFORMATION SERVICES	\$524,429
PARKS & RECREATION	\$366,093
DEBT SERVICE	\$1,035,563
ENTERPRISE FUNDS (WATER & SEWER)	\$1,645,316
MANCHESTER/ESSEX REGIONAL SCHOOL DISTRICT	\$15,909,698
MANCHESTER/ESSEX REGIONAL SCHOOL DISTRICT DEBT	\$3,017,635
NORTH SHORE AGRICULTURAL & TECHNICAL SCHOOL	\$223,380
CAPITAL IMPROVEMENTS	\$3,356,425
COMMUNITY PRESERVATION ACT (CPA)	\$1,189,500
WARRANT ARTICLES	\$278,173
NON-APPROPRIATED EXPENSES	\$366,261
TOTAL EXPENSES	<u><u>\$39,565,281</u></u>

Chart 2
Expenditures



TOWN DEPARTMENT EXPENSES

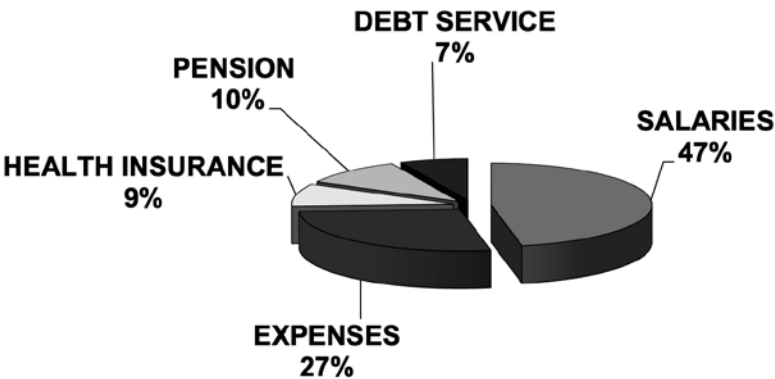
GENERAL GOVERNMENT	\$4,983,930
PUBLIC SAFETY	\$3,925,448
PUBLIC WORKS	\$2,319,592
OTHER ENVIRONMENTAL	\$77,845
HUMAN SERVICES	\$345,993
LIBRARY	\$524,429
PARKS & RECREATION	\$366,093
DEBT SERVICE	\$1,035,563
ENTERPRISE FUNDS	\$1,645,316
	<hr/>
TOTAL ARTICLE 4	<u>\$15,224,209</u>



SUMMARY ARTICLE 4

SALARIES	\$7,145,340
EXPENSES	\$4,149,376
HEALTH INSURANCE	\$1,329,000
PENSION	\$1,564,930
DEBT SERVICE	\$1,035,563
TOTAL ARTICLE 4	<u><u>\$15,224,209</u></u>

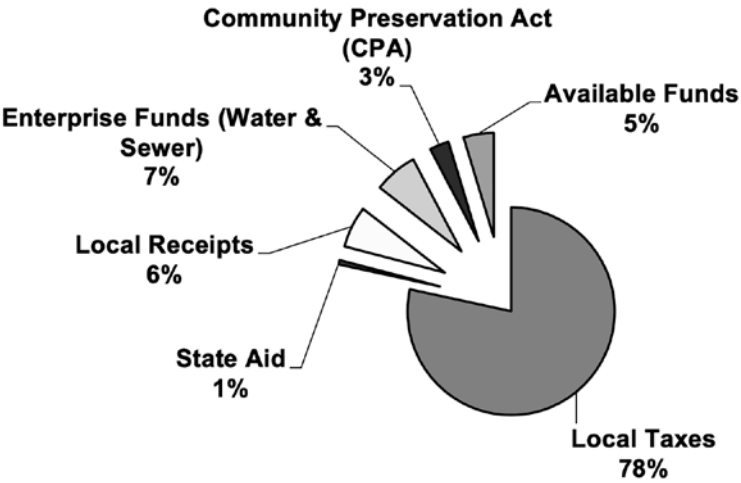
Chart 4
Summary Town Expenses



REVENUES

LOCAL TAXES	\$31,017,050
STATE AID	\$264,384
LOCAL RECEIPTS	\$2,556,880
ENTERPRISE FUNDS (WATER & SEWER)	\$2,676,900
COMMUNITY PRESERVATION ACT (CPA)	\$1,189,500
AVAILABLE FUNDS	\$1,860,567
	<u>\$39,565,281</u>

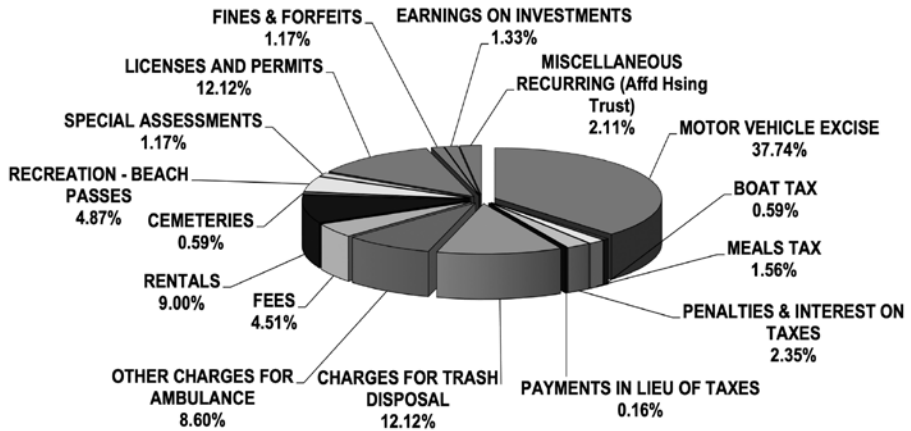
Chart 5
Revenue FY-2022



ESTIMATED LOCAL RECEIPTS

MOTOR VEHICLE EXCISE	965,000
BOAT TAX	15,000
MEALS TAX	40,000
PENALTIES & INTEREST ON TAXES	60,000
PAYMENTS IN LIEU OF TAXES	4,000
CHARGES FOR TRASH DISPOSAL	310,000
OTHER CHARGES FOR AMBULANCE	220,000
FEES	115,380
RENTALS	230,000
CEMETERIES	15,000
RECREATION - BEACH PASSES	124,500
SPECIAL ASSESSMENTS	30,000
LICENSES AND PERMITS	310,000
FINES & FORFEITS	30,000
EARNINGS ON INVESTMENTS	34,000
MISCELLANEOUS RECURRING (AFFD HSING TRUST)	54,000
TOTAL ESTIMATED LOCAL RECEIPTS	<u>2,556,880</u>

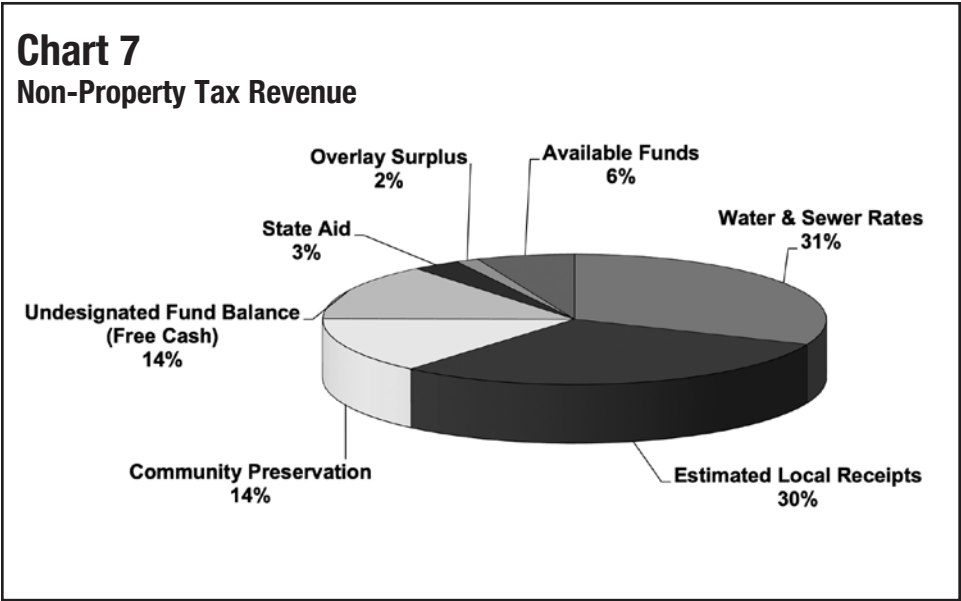
Chart 6
Estimated Receipts



NON-PROPERTY TAX REVENUE

WATER & SEWER RATES	2,676,900
ESTIMATED LOCAL RECEIPTS	2,556,880
COMMUNITY PRESERVATION	1,189,500
UNDESIGNATED FUND BALANCE (FREE CASH)	1,197,598
STATE AID	264,384
OVERLAY SURPLUS	125,000
AVAILABLE FUNDS	537,969
	<hr/>
	8,548,231
	<hr/>

Chart 7
Non-Property Tax Revenue



NON-PROPERTY TAX REVENUE	8,548,231
PROPERTY TAX REVENUE	31,017,050
	<u>39,565,281</u>

Chart 8
Property Taxes vs. Non-Property Tax Revenue

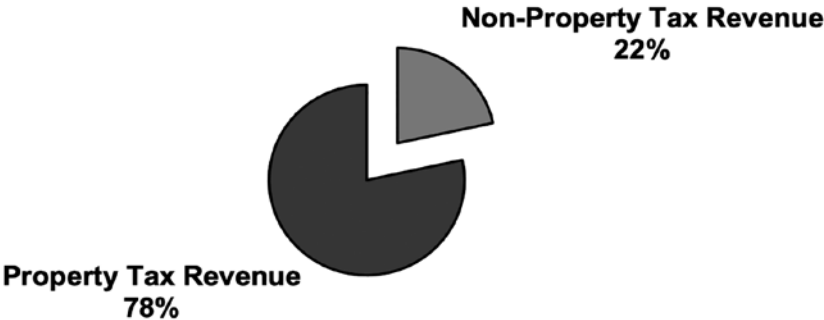


Chart 9

Reserves as a Percentage of Total Operating Budget

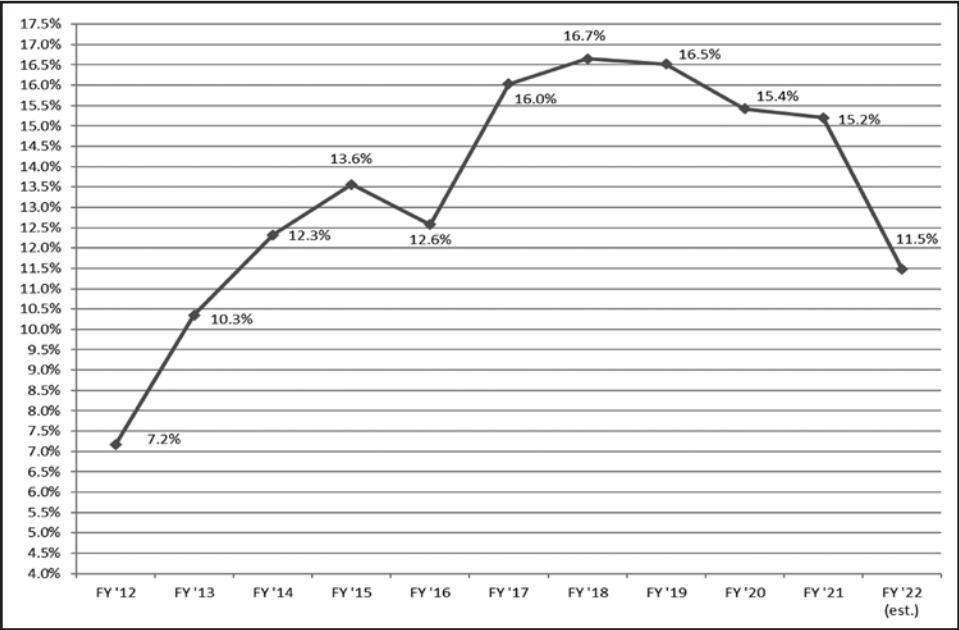
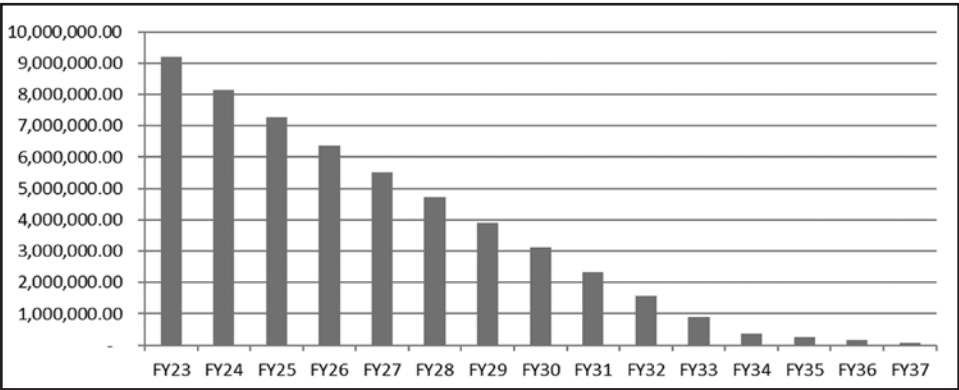


Chart 10

Current MBTS Debt – Total Amount Outstanding



—*Notes*—

—*Notes*—

—*Notes*—

Levy

The amount that the town raises by property tax, computed by multiplying the total taxable assessment of the town by the tax rate.

Local Revenues

Funds the town receives for fees, permits, excise tax, etc.

New Growth

An amount equal to the property tax that new construction, additions and renovations will generate.

Offset

An amount of a grant or aid package whose use is restricted to a particular item, e.g library, road maintenance, etc.

Operating budget

The routine expenditures of the Town plus the school assessment.

Other revenue

Town income from fees, excise taxes, fines, stickers, permits etc.

Overlay Surplus

Unexpended funds from the Assessor's overlay.

Override

A mechanism that allows the voters of the Town to reset the levy limit imposed by Proposition 2 1/2.

Proposition 2 1/2

Is the name associated with a state law that restricts the increase in the levy to 2 1/2% per year plus new growth.

Reserve fund

A sum of money available to meet unforeseen expenses.

School budget

The amount of the whole school budget apportioned to the town. The Town Meeting cannot change the school budget.

School choice

State legislation which allows students from one school district to attend school in another district.

Sewer fund

Money from the sewer rates that offsets costs associated with the sewer system.

Stabilization fund

Money put aside by the Town for major unexpected events.

Taxation

Town revenue raised through the property tax. All other forms of revenue are referred to as "other revenue" or "local revenue".

Water fund

Money from the water rates that offsets costs associated with the water system.

More Information is available at <https://www.manchester.ma.us>

Your Vote Counts! Voting Electronically

- Each eligible voter will be given a ResponseCard keypad when checking in.
- For each motion push the button with the number that corresponds with the vote you wish to cast – **1/A is Yes; 2/B is No**. To abstain, do not press a key. Press 3 to clear. Your choice is displayed.
- If you push the wrong button, that's ok, the last button you push before voting is closed is the vote that will register. Voting is open for 15 seconds for each article.
- Please return the keypad when you leave.

