



MANCHESTER-BY-THE-SEA

FINANCE COMMITTEE • TOWN HALL
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MINUTES OF THE FINANCE COMMITTEE

January 6, 2022 7:00 p.m. Zoom Meeting

MEMBERS PRESENT: Ms. Mellish, Chair, Mr. Creighton, Mr. Weld, Mr. Oldeman, Mr. Twining, Mr. Pratt, and Mr. Nahatis

MEMBERS NOT PRESENT:

STAFF PRESENT: Town Administrator, Mr. Federspiel, Finance Committee Clerk, Ms. Hunter, Town Accountant, Ms. Mainville

GUESTS:

- Call to Order – Ms. Mellish called the meeting to order at 7:02 p.m.
- Reserve Fund Transfer Request

Ms. Mainville stated there are two employees out on medical leave due to on-the-job injuries. The Town is responsible for medical bills once the Worker's Compensation policy reaches the maximum deductible of \$25K. The reserve fund transfer is in the amount of \$25K to cover anticipated medical expenses.

Mr. Pratt asked what the premium was. Ms. Mainville stated the Public Safety premium is \$23K annually.

Ms. Mellish asked if there were additional reserve fund transfers anticipated. Mr. Federspiel stated funds would be needed for legal services due to 40B Application and personnel matters. Mr. Federspiel indicated the level of complexity and challenges have increased the need for Town Counsel's services. The Professional Services budget line was estimated at \$65K for FY22 and expenses are double that. The Town can use Reserve Funds or request a supplemental appropriation at Annual Town Meeting.

Mr. Pratt moved to approve the Reserve Fund Transfer in the amount of \$25K to be applied to account # 001-100-073-51710; Mr. Creighton seconded the motion. The motion passed unanimously by roll call vote.

- Town of Manchester Ransomware Attacks Request

Ms. Mainville stated the Town is working with other local communities on cyber security and recently and was awarded a \$100K State Grant to pursue additional security. The Accounting

Department working with IT in Danvers proposes group purchases of firewalls, multiple layers of security for email and additional back up protocols. The Town is also working with the Insurance Company to define separate policies for IT areas.

The State is sponsoring a MA Municipal Cyber Security Summit to provide for cities and towns to speak with the State Cyber Security Team. Mr. Creighton suggested that back up coverage be long enough recommending one to two months of backup. Ms. Mainville will check with software companies to define backup time frames.

The Committee supports the Town's effort to expand cyber security.

- FY23 Budget Initial Review & Future Meeting – Review Schedule

Ms. Mellish requested the Committee's feedback on which Departments the Committee is most interested in meeting with. Mr. Twining stated he was interested in meeting with Parks & Recreation, Police and Fire Departments. He would also like to Discuss Dispatch, Board of Health, Harbormaster and DPW – most interested in Facilities and long-term planning.

Ms. Mellish asked about Dispatch and the BOS current position on Dispatch. Mr. Federspiel stated the Regional 911 Feasibility Study will be completed in early February and the BOS will likely recommend adding Dispatch to the ATM Warrant with specific information around the impact on the FY23 Budget and Town budgets moving forward.

Ms. Mellish stated when the Committee meets with Fire and Police – Staffing and Dispatch and the magnitude of possible costs impacting the FY23 Budget may require redefining priorities in the FY23 Budget. Mr. Weld stated there will be \$148K in software costs assuming Dispatch stays in house. Ms. Mellish asked if the FY23 assumes Dispatch remains in house. Mr. Federspiel indicated it does not.

Ms. Mellish asked the Committee what had jumped out in their initial review. Mr. Weld stated the DPW Facilities 3rd party study at \$100K is a central part of the Capital Budget. Mr. Federspiel stated it is a first step in envisioning where DPW, Town Hall, Senior Center, Water and Sewer Plants and other facilities should be located in future years.

The Committee briefly discussed the Sewer Plant. The South Essex Sewer System has no interest in taking on new customers. Mr. Pratt asked about insurance on the sewer plant. Mr. Federspiel stated it is insured at the present value not replacement value. Mr. Weld asked about liability related to the Sewer Plant. Mr. Federspiel stated the Plant is covered by the Town's General Liability policy. Mr. Creighton indicated in the capital study it was important to look at all facility needs with sequencing when and where the facilities should be located.

Ms. Mellish asked about funding from the State and Federal infrastructure programs. Mr. Federspiel stated funding was to support sewer, water, and roads. There will be funding coming from the State which passed the \$4B bill. The Federal program is not fully defined at this time.

The Committee shifted the discussion to the School Budget. Mr. Federspiel proposed asking Superintendent Beaudoin and Mr. Urbas to come to a Finance Committee meeting to present the proposed MERSD Budget this month. The Committee is interested in:

- Apportionment
- School Choice
- MBTS proposed budget increase
- Essex North Shore Agricultural & Technical enrollment
- Status of Teacher's Contract

Ms. Mellish stated she was interested in Public Safety, BOH and DPW budgets both operational and capital. Ms. Mellish asked about the Library and if there would be any change in that budget. Mr. Federspiel stated he was interested in having one full time custodian for both Town Hall and the Library, but that issue has not been resolved and was related to adjustments to the Library budget and State mandates.

Ms. Mainville stated the Pension Funding Numbers had been received and the final number is \$10K less than initially projected. She will make the change in the FY23 proposed budget.

Ms. Mellish noted Street Lights which were \$100K and now were \$60K she asked if the Town had originally projected the Street Lights being less than \$60K. Mr. Federspiel indicated that was correct however maintenance of old poles and deteriorating electrical wiring along with ongoing repairs were the reason for the ongoing costs. Ms. Mainville noted there are 320 lights in Town. The Committee suggested Mr. Desrosiers develop a maintenance plan for streetlights.

Ms. Mellish asked about the contract with Black Earth. Mr. Federspiel indicated he believes the contract will be signed by the first of February. Mr. Weld agreed stated the Town is close to completion and he is satisfied that the Finance Committee's concerns around exposure and methodology for moving in and taking control in the event that is necessary have been addressed.

Ms. Mellish asked if the Town would realize a decrease in Sanitation expenses this year. Mr. Federspiel stated not this year but in future years. Mr. Weld stated freeing up the current composting site leaves that site for a future DPW facility at no expense to the Town for land. Mr. Federspiel stated the Town is well positioned to manage composting and in the next 5-7 years the State will likely mandate composting.

Mr. Weld stated Parks & Recreation is requesting a \$2M Bond issued against CPC funds. He also indicated CPC has 12 to 13 applications for this year. Ms. Mellish indicated the bonding issue is new and she would like to discuss this more fully next week.

This request led the Committee to a discussion around Capital Exclusion, Excess Levy Capacity and managing debt without incurring interest on debt. The Town's current Excess Levy Capacity is 3.5%. Mr. Creighton asked about using the Excess Levy Capacity for capital spending and what was the difference is that approach to Capital Exclusion. Mr. Federspiel stated the voters appear comfortable with the current Capital Exclusion process and he recommends holding onto the Excess Levy Capacity which can be used in the future.

Ms. Mellish asked about the BRIC grant for the Central Street Culvert. Mr. Federspiel stated the process has moved onto the last step which is a posted Public Notice allowing for 15 days for Public Comment.

Mr. Pratt opened a discussion on Local Receipts and budgeting for Local Receipts in the FY23 Budget. Ms. Mellish pointed out the Town has been utilizing reserves in FY20 and FY21 reserves were at 16% in FY22 Budget Local Receipts are expected to come in at 10% to 12% and in FY23 they will drop even more. Ms. Mellish stated the Committee would look at Local Receipts when reviewing funding and concluded the Town is not underestimating as much as we have historically.

Ms. Mellish stated next week the Committee would review, discuss, and vote on General Government.

- Review Minutes

There were no minutes to review this evening.

- Other Business Not Anticipated by the Chair (discussion only)
- Adjourn

Mr. Twining moved to adjourn the meeting; Mr. Creighton seconded the motion. The motion passed unanimously by roll call vote.