



Town of Reading Meeting Minutes

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Board - Committee - Commission - Council:

Finance Committee

Date: 2023-08-23

Time: 7:00 PM

Building: Reading Town Hall

Location: Select Board Meeting Room

Address: 16 Lowell Street

Session: Open Session

Purpose: General Business

Version: Final

Attendees: **Members - Present:**

Chair Ed Ross, Vice Chair Joe Carnahan, Geoffrey Coram, Joe McDonagh, Marianne McLaughlin-Downing, John Sullivan (remote), Mark Zarrow

Members - Not Present:

Endri Kume, Emily Sisson

Others Present:

Town Manager Fidel Maltez, School Director of Finance Derek Pinto

Minutes Respectfully Submitted By: Jacquelyn LaVerde

Topics of Discussion:

This meeting was held in-person in the Select Board Meeting Room of Town Hall, and remotely via Zoom.

Chair Ed Ross called the meeting to order at 7:01 pm.

Liaison Reports:

John Sullivan shared updates from last week's CPDC meeting including: the withdrawal of a 40R application for lower Haven Street, the withdrawal of an animal kennel application at 1312 Franklin Street, an approved modification to the stormwater permit plan for a subdivision on Grandview Road, a request for a three-lot subdivision off Beacon Street, and a preview of the MBTA Communities survey results.

Joe Carnahan reported on the events from last night's Select Board meeting. The Reading Food Pantry requested additional ARPA funds, as the increased demand for food and gift cards exhausted the ARPA funds they received quicker than they expected. All the ARPA funds have been allocated, though there was a question of whether funds would be left over in the COVID allocated line, and the Board discussed other ways the Town could help the Food Pantry with publicity. There was a dog park discussion that alluded to a time sensitive grant associated with it. The Board discussed the replacement of the Director of Equity and Social Justice and the change in reporting structure from the Library to the Town Manager. The Finance Committee can expect to see a request at Town Meeting to move the salary for the position from the Library budget to the Town Manager budget.

Marianne Downing also shared updates from CPDC. Dollar Tree is planning to move into the former Walgreens. Community Development Director Andrew MacNichol said at the meeting that the Town is temporarily under the 40B 10% threshold for affordable housing because Eaton Lakeview has not put in building permits yet, but once they do it will be reported to the state. The Dowd Pediatrics building is for sale, and while it's not in the 40R

district, it is within the MBTA Communities radius, and a developer could do something there if the Town is under 40B.

Emily Sisson was unable to attend tonight's meeting, but Ed Ross shared her reports on her behalf. The Symonds Way Exploratory Committee is issuing a Request for Information (RFI) to see what private entities might be interested in developing the area. Community Services Director Jenna Fiorente will be requesting a part-time assistant for the Veterans Services Officer in next fiscal year's budget.

Ed Ross provided an update on the Killam School Building Committee. The Committee is currently working with Colliers, the Owner's Project Manager (OPM), to put together the Request for Design Services. Interviews with designers will be conducted with the MSBA in early November, and the district will be able to negotiate a contract with the chosen designer by the end of November. A meeting was held with Colliers to start the discussion on what the district wants in a new Killam school. As things develop, the Committee will start to conduct more community outreach and education on the progress, needs, and wants of the project. A discussion of the Killam building timeline will be added to the agenda of the Financial Forum, including when it will go to the voters and other major milestones.

Finalize Liaison Assignments:

Joe Carnahan noted that Public Works was assigned to another member and should be removed from his list. Corrections were made and the Committee agreed with the final list of assignments.

Introduction to School Director of Finance and Operations, Dr. Derek Pinto:

Dr. Derek Pinto, the new Director of Finance and Operations for the School Department, introduced himself to the Finance Committee. He shared his prior experience at Lasell University, and in K-12 as a teacher, principal, and CEO of a school district in California. He is acutely aware of the issues with K-12, as his wife is a high school teacher, and he has three school-aged children. He stated that he looks forward to developing relationships and continuing with the district's mission.

FY23 Free Cash Estimate Discussion:

Town Manager Fidel Maltez shared the current Free Cash estimate of \$18.46 million. Free cash at the start of the year was \$19.93 million. Revenue overbudget is estimated at \$3.81 million, expenses under budget are estimated at \$1.65 million, and \$6.37 million was used including: \$3.28 million to support the FY23 Budget, \$2.2 million for the Killam School, \$275,000 for FY23 budget adjustments at November Town Meeting, \$414,000 transfer to the Smart Growth Stabilization Fund, and \$338,000 for amendments to the FY23 budget at April Town Meeting. The current projected total of reserves is \$20.46 million, or 17.2% of the budget, and includes the estimated \$18.46 million of Free Cash, \$1.8 million in the General Stabilization Funds, and \$200,000 in FINCOM Reserves.

Trash and Recycle Barrel Discussion:

Mr. Maltez stated that Article 7 at November Town Meeting will request funding for \$900,000 from Free Cash to provide each home with one 64-gallon trash barrel and one 64-gallon recycling barrel, to be rolled out in Summer 2024. Homes can lease an additional trash barrel for \$200 per year, and can receive an additional recycling barrel at no cost. Residents will also be able to purchase 33-gallon overflow trash bags at retailers such as Market Basket and Stop & Shop for \$10 for a roll of five bags. Smaller barrels will also be available for those who want them.

During the fall, when Republic took over JRM, and trash collection was compromised, Mr. Maltez stated that he spoke with six other companies, all of which require automated collection, and do not provide a manual collection option. Four of those companies also provided estimates, all of which were a significant increase over the Town's current contract.

The second part of the article proposes creating a solid waste revolving fund. The cost of the additional barrel leases, and sale of overflow bags, will be put into that fund to offset the excess costs of transportation and disposal.

Update on Grove Street Lot 5:

Mr. Maltez stated that the Town received five bids for Lot 5, and K & R Construction was the lowest bidder at \$169,250. There will be an article at November Town Meeting to fund the construction, instead of using FINCOM Reserves.

Preview of November Town Meeting:

Mr. Maltez brought a new issue to the Committee's attention. In FY22, Town Meeting funded a ladder truck for \$1.4 million, which was ordered in March 2022. This past Monday, the manufacturer of the truck sent a letter stating that they were passing along a material cost increase of \$125,000 to the Town. The Town's current truck is from 2008 and was slated for replacement in 2022. If the Town was to cancel this contract, it would have to go back out to bid. Other communities received a similar letter. Mr. Maltez stated that Fire Chief Burns reached out to other manufacturers, who indicated that they are experiencing the same unforeseen cost increases of materials. Legal is reviewing the contract right now to determine what options the Town may have. A request for additional funding is expected to be added to the warrant. There are other things the Town could get if it negotiates with the manufacturer, including guaranteed delivery dates, parts vouchers, additional years of warranty, and when to make the payment, as other communities received such considerations through negotiations.

Financial matters on the November Town Meeting warrant include: changes to the Capital Improvement Plan, payment of prior years bills (none at this time), Birch Meadow Phase 2 in FY25, trash and recycle barrels, ladder truck, and Grove Street Lot 5. There are also two non-financial related articles including a snow removal bylaw for the 40R district, and acceptance of a local option bonus for any certified municipal Town Clerk up to \$1,000.

Financial Forum Planning/Future Agendas:

The Committee discussed whether to hold one forum or two, and agreed that only one would be needed, which is scheduled for September 20th. Similar to last year, the Financial Forum will include a Financial Forecast, review of the Capital Plan, FY25 budget overview, FY25 budget guidance, discussion on Free Cash, School financial review, and discussion on the Killam School.

Joe Carnahan suggested additional items for the forum agenda, including discussing whether to change the reserve policy from 7% to 10%, and reviewing reserve funds outside of the general reserve fund and their uses. Mr. Ross agreed that a review of those funds criteria and balances could be included in the Chief Financial Officer's budget overview. He also requested that the Committee receive an update on Capital Plan projects, such as project successes, and projects that are on-budget and on-time.

Approve Meeting Minutes:

On a motion by Mark Zarrow, seconded by Joe McDonagh, the Finance Committee voted 7-0-0 to approve the meeting minutes of July 26, 2023.

Roll call vote: John Sullivan – Yes, Geoffrey Coram – Yes, Joe McDonagh – Yes, Joe Carnahan – Yes, Mark Zarrow – Yes, Marianne Downing – Yes, Ed Ross – Yes.

On a motion by Joe Carnahan, seconded by Mark Zarrow, the Finance Committee voted 7-0-0 to adjourn at 8:55 pm.

Roll call vote: John Sullivan – Yes, Geoffrey Coram – Yes, Joe McDonagh – Yes, Joe Carnahan – Yes, Mark Zarrow – Yes, Marianne Downing – Yes, Ed Ross – Yes.