Town of Reading
Meeting Minutes

2016-09-22 LAG

Board - Committee - Commission - Council:

Finance Committee

Date: 2022-09-21 Time: 7:00 PM

Building: School - Memorial High Location: School Library

Address: 62 Oakland Road Session: Forum

Purpose: Financial Forum Version: Final

Attendees: **Members - Present:**

Chair Ed Ross, Vice Chair Jeanne Borawski, Joe Carnahan, Geoffrey Coram, Joe McDonagh, Marianne McLaughlin-Downing (8:10 pm), Emily Sisson, Mark Zarrow

Members - Not Present:

Others Present:

Sean Cronin DOR, Town Accountant Sharon Angstrom, Town Manager Fidel Maltez, School Superintendent Thomas Milaschewski, School Finance Director Susan Bottan, Facilities Director Joe Huggins (remote), Assistant Facilities Director Kevin Cabuzzi (remote), Assistant Town Manager Jean Delios (remote)
School Committee Members: Carla Nazzaro, Erin Gaffen, Tom Wise (remote)
Select Board Members: Jackie McCarthy, Karen Gately Herrick, Chris Haley (remote), Carlo Bacci (remote 8:52 pm)
Public: Nancy Docktor (remote)

Minutes Respectfully Submitted By: Jacquelyn LaVerde

Topics of Discussion:

This meeting was held in-person at the Reading Memorial High School Library and remotely via Zoom.

Chair Ed Ross call the meeting to order at 7:03 pm. Select Board Vice Chair Karen Gately Herrick called the Select Board to order.

Municipal Finance Presentation followed by Q&A:
Sean Cronin, Deputy Director of the Division of Local Services of the Department of Revenue, presented the basics of municipal finance. He explained local revenue sources, limits on prop 2 ½, the levy limit formula and ceiling, calculation of new growth, debt and capital exclusions, state aid, reserve funds, and debt management.

Mr. Cronin noted that the recommended Free Cash to be maintained is 3%-5% of the annual budget, but should be more like 6%-10%. The recommended general stabilization fund balance to maintain is between 3%-5%, but should also be more like 6%-10%. Required policies include reserve policies, free cash policy, and Capital Improvement Plan policy.

In consideration of whether a town can afford a new school, the first track is to think of debt exclusion or if it can be done within the levy. If a debt exclusion is needed, the town must consider the impact of the tax bill and other factors, and must always be transparent and have that information available.

Killam School Presentation:

School Superintendent Tom Milaschewski provided a high-level overview of the upcoming Killam School Building project. He outlined the needs of the Killam community and building, the MSBA process, and the implications of Town Meeting.

The current building has facility and programmatic needs. The building, originally built in 1969, has had no renovations. There are issues with lead in the drinking water, lack of ADA compliance, layout issues, limited electrical data connections, a need for large scale window and door replacements, and water infiltration during heavy rain. He explained the benefits of designing and rebuilding as opposed to revamping the current building including: addressing programmatic needs, small space needs for English learners, and the large demand for RISE.

School Committee Member Carla Nazzaro reviewed the MSBA process and timeline, which consists of phases including: Phase I preparation and eligibility period; Phase II scope definition, which includes feasibility study, schematic design, and project funding; and Phase III scope monitoring, which includes design, construction and project completion. The total length of time for the project is approximately 3 ½ years. Ms. Bottan explained the $2.2 million request to Town Meeting for a feasibility study to hire an Owner's Project Manager (OPM) to oversee all phases of the project. A lot of the $2.2 million is reimbursable by the MSBA.

Town Finance Overview including projection of Free Cash, Revenue Projection and Budget Preview:

Town Accountant Sharon Angstrom provided an overview of FY24 revenue projections. Property taxes are projected to increase 3.4% to $87.3 million, other local revenues increase 9.5% to $8.5 million, state aid increase 2.6% to $4.3 million, and free cash is yet to be determined. The latest free cash estimate is approximately $19.6 million. At November Town Meeting, there are three proposed requests for free cash totaling $2,889,000, which would leave approximately $16.8 million in free cash. With $1.7 million in the General Stabilization Fund, and $200,000 in the Finance Committee Reserve Fund, there is $18.72 million in total reserves, which is 16.2% of estimated FY24 revenue. She also provided overviews of current FY22 revenues and expenditures, five-year free cash analysis, projected FY23-FY25 accommodated costs, and capital and debt.

The Committee reviewed and discussed projected free cash usage.

School Finance Overview for FY2024:

School Finance Director Susan Bottan presented the School Department's approach to budget development including: budget goals, budget objectives, budget process, and budget calendar.

Discussion on Purchasing Property for a Senior Center:

Town Manager Fidel Maltez reviewed the Instructional Motion issued by Town Meeting in April, which directed the Select Board to look at temporary solutions for the Senior Center. In June, the Select Board discussed issuing a Request for Proposals (RFP) with the hope that a vacant property in town would respond. The vacant Walgreens Building on Main Street responded with an offer to lease the building for $18,000 per month for the first nine years, and $36,000 per month for years nine through twenty. The Select Board discussed issuing another RFP to see what properties were available for purchase. One RFP was submitted for the Walgreens building for $7,000,000 with a $2,000,000 seller credit. The Town engaged an architect to prepare some preliminary layouts of the building.

There is an article on the upcoming Subsequent Town Meeting Warrant in November that requests to authorize the Select Board to purchase the building. The second part of the Article requests to authorize the Select Board to put a question on the ballot for a debt exclusion, as there is no way to fit the purchase and renovation inside the levy. It is an estimated $7.3 million for renovations.

Future Meeting Agendas:

The next Finance Committee meeting is scheduled for October 19th, at which the Committee will review and recommend guidelines for the FY24 budget, and will vote on November Town Meeting Warrant Articles. The second Financial Forum is scheduled for October 26th, and the agenda can be discussed at the meeting on the 19th.

Nancy Docktor of Pearl Street, and Town Meeting Member of Precinct 1, asked if the Finance Committee could list the Capital Projects that Town Meeting will be facing, and noted that staff salaries, particularly teachers' salaries should be part of the discussion.

On a motion by Carlo Bacci, and seconded by Karen Gately Herrick, the Select Board voted 3-0-0 to adjourn at 10:15 pm, as Jackie McCarthy had already left the meeting.
Roll call vote: Carlo Bacci – Yes, Chris Haley – Yes, Karen Herrick – Yes.

Approval of Minutes: August 17, 2022:

Geoffrey Coram corrected "Division of Local Standards" to "Division of Local Services."
On a motion by Jeanne Borawski, seconded by Emily Sisson, the Finance Committee voted 8-0-0 to approve the meeting minutes of August 17, 2022 as amended.

On a motion by Mark Zarrow, and seconded by Jeanne Borawski, the Finance Committee voted 8-0-0 to adjourn at 10:17 pm.