

Stoneham Finance and Advisory Board
Monday, November 13—7:30pm
Stoneham Town Hall Hearing Room

ATTENDEES:

Angelo Mangino, *Chair*
Susan Lippman, *Vice-Chair*
Thomas Dalton, *Secretary*

Heidi Bilbo Stephanie Hayes
Julianne DeSimone Domenic Martignetti
George Drugas Tim Waitkevitch

Absent: Ben Caggiano

AGENDA:

1. Review minutes from prior meeting (Oct 2)
2. Update from financial guidelines sub-committee (Angelo, George & Domenic) on their research into other communities' budgeting/ free cash policies
3. TA search interview process
4. Scheduling departmental reviews
5. Report on the 10/21 MMA meeting and suggestions for future training
6. Review of the process for submitting a letter to Town Meeting from the FAB

DOCUMENTS:

- 1) Town of Danvers, Reserve Policy
- 2) Town of Danvers, Fund Balance Policy
- 3) Town of Danvers, Debt Policy
- 4) Town of Reading, Fund Balance Policy
- 5) Reading FINCOM, Policy on Cash Reserves
- 6) Reading FINCOM, Debt and Capital Policy
- 7) Reading FINCOM, Peer Communities Benchmarking Guidelines
- 8) Town of Wilmington, Reserve Fund Policy
- 9) Domenic Martignetti, Free Cash and General Fiscal guidelines town comparisons
- 10) Town of Wakefield, Financial Policies
- 11) Town of Winchester, Operating Reserves Policy

MINUTES:

The Chair called the meeting to order at 7:30 pm and directed the members to agenda item #1. The Vice-Chair moved that the Board accept the October 2 meeting minutes, Mr. Martignetti seconded the motion, and the Board assented unanimously.

Moving on to Agenda item #2, the Chair explained that the three members of the financial guidelines subcommittee, Mr. Drugas, Mr. Martignetti and himself, conducted basic research into the budgeting and free cash policies of comparable towns.

Mr. Drugas informed the members that he contacted Danvers, Reading and Belmont, and received responses from Danvers and Reading. He presented documents (1) to (7) to the Board. He described, in both towns, a consistent reserve level of 8-12% of the budget, with a floor of 5% triggering action to maintain sufficient levels. Danvers allocates 1% of the budget to free cash at every Town Meeting, and their reserve includes free cash and unstabilized funds. He also reviewed documents (2) and (3). Mr. Drugas explained that Reading's policies are similar to the policies of Danvers and presented documents (4) through (7).

The Chair contacted Saugus, Wilmington and Westford (he received no reply; *note: The Chair later heard from Westford and sent Mr. Dalton the documents he received*). In Saugus, no formal policies are in place, but standard practice is for any free cash to first go to pay any snow and ice deficits, and after that, it goes into stabilization funds. He also presented document (8), regarding Wilmington's reserve fund policy. Wilmington aims for a 15% reserve level, although, The Chair added, 10% is a generally accepted benchmark. Stoneham's reserve level is closer to 6%, and the Chair asserted that Wilmington's policy is probably more generous than Stoneham's should be, and that Stoneham's policy should incorporate a fixed component and a flexible component to maintain the Town's financial agility.

Mr. Martignetti researched the Towns of Burlington, Wakefield and Winchester, presenting documents (9) through (11). He found a typical reserve level of 6-10% of the budget, with Burlington, with its high commercial tax base, representing a high outlier, setting aside at least 10% of the annual budget for reserve and applying their ample reserves on a flexible basis. Mr. Martignetti noted that the Wakefield policy might represent a particularly useful model for Stoneham.

The Vice-Chair asked whether Stoneham has any written guidelines for free cash and reserve policy. The Chair replied "no," and Mr. Waitkevitch added that there are some older guidelines available online. Mr. Martignetti asserted that it is important for Stoneham's guidelines to be realistic, flexible and tailored for the needs of the Town. Mr. Waitkevitch said that he was glad that the Board is exploring these policies, and also encouraged members to consider a target for debt capacity in future policies. The Chair informed members that the Board of Selectmen voted to form a Long Range Fiscal Planning Committee to assess the Town's policies on free cash, financial policies and a five-year spending and revenue plan.

The Chair invited members to consider agenda item #3, the Town Accountant search process. The Chair explained that, at the last FAB meeting, members learned that Don Piatt, Town Accountant, resigned his post. Mr. Drugas expressed interest in serving on a search committee when one is formed, and the discussion was tabled. No formal meeting of the Board took place for the remainder of the month. At Town Meeting, the Town Administrator asked the Chair if a member of the FAB would attend the search committee, and the Chair, forgetting that no formal appointment vote had taken place on the FAB, assented. When the search committee met, Mr. Drugas was unable to attend, and the Chair intended to attend in his place, but was made aware that no formal appointment had been made. The Chair sought the advice of Town Counsel, and counsel advised that he could attend the search committee meeting. The Chair attended as an observer. The Vice-Chair and Mr. Martignetti expressed their view that the Chair made an honest mistake in forgetting that no appointment had been made, and Mr. Martignetti asked if the Board

should establish a protocol for similar situations in the future. Mr. Dalton suggested that it may be valuable to formally designate an alternate and to write an internal FAB policy on appointments.

The Vice-Chair asked for an update on the search committee interviews. The Chair gave a brief summary of the interview process and explained that three candidates and one alternate were chosen by the search committee to proceed to interviews with the Board of Selectmen. Ms. Bilbo asked if the Board should now appoint a member to the search committee, but Mr. Dalton said that was likely unnecessary, since the interview process has moved to the Board of Selectmen.

The Chair moved on to agenda item #4, departmental reviews. He asked the members if they prefer for Town department heads to attend Board meetings for review or if they prefer member visits to individual departments. Ms. Hayes and Mr. Dalton expressed their preference for department heads to attend Board meetings, so that all members have a chance to ask questions. The Chair asked which department heads should attend, citing the Superintendent of Schools, the Fire Chief, the Police Chief and the DPW head as natural priorities. The Vice-Chair added a desire to speak with the Arena manager, and Mr. Martignetti said he would be interested to speak with the Recreation director. The Chair announced that he would schedule the public safety chiefs and the DPW head, and check when the school budget will be complete before scheduling the Superintendent.

Mr. Waitkevitch asked whether the department heads should be providing standard information to the Board. The Chair suggested that all heads should furnish information regarding departmental budget needs, budget goals, capital needs and potential efficiencies. The Chair emphasized a desire to see departmental budget goals, before departmental budgets are pared down to a realistic level by the Town Administrator, in order to get a sense of internal departmental needs and wants. Mr. Drugas added a desire to hear a general overview of the work of each department. Mr. Dalton suggested that the information furnished should largely be divided into financial and operational portions.

The Chair introduced agenda item #5, and invited those members who attended the Massachusetts Association of Town Finance Committees (AFTC) training on October 21 to review their experience. The Vice-Chair informed members that Mr. Dalton, Mr. Waitkevitch and herself attended. Mr. Dalton said that the training was informative and interesting, citing useful advice on Open Meeting and Public Records laws and compliance. He also addressed advice that it is best practice under the Public Records Law for all Town business to be conducted on Town email servers, and he told members that he would contact the Town Administrator to see if FAB members could obtain “stoneham-ma.gov” email addresses. The Vice-Chair said that the training was highly valuable and informative and that she hopes that members will take full advantage of future training opportunities.

The Chair addressed agenda item #6. The Vice-Chair explained that she felt that the Chair’s letter to Town Meeting had certain problems in the way it referred to the results of the Town audit, and she recommended that in the future, all letters to Town Meeting from the Chair be reviewed and approved in advance by the Board. The Chair agreed that future letters could be

made available to the members in advance, and Mr. Drugas added that it is always valuable for members to have the opportunity to comment and contribute.

Before concluding the meeting, the Chair informed members that Robert Fitzsimmons has resigned from the Finance and Advisory Board.

Mr. Dalton moved to adjourn the meeting, the Vice-Chair seconded the motion, and the Board assented unanimously.

Respectfully submitted,

Thomas Dalton
Secretary