

Stoneham Finance & Advisory Board Meeting
Monday, March 1, 2021 - 7:00 pm
All Members Attending Remotely

Attendees:

Tim Waitkevitch, Chair
Cory Mashburn, Vice Chair

Youlia Bowerman Jen Gray
Ed Hurley Mike Memmolo
Wendy Smith

Absent: Julieanne Bovat, Jeremy Doyle, Andrew Harmon, Dave Tamaro

Guests:

David Castellarin, Town Accountant
Paulette Gerry, Town Treasurer

Agenda:

1. Meeting Minutes
2. FY22 Budget Discussion
3. Updates
 - a. Capital
 - b. School Building Committee
 - c. Water and Sewer
4. Other Business - Non Deliberative
5. Adjournment

Minutes:

The Finance & Advisory Board Chair called the meeting to order at 7:00pm. Mr. Waitkevitch opened the meeting with Agenda Item #1. Mr. Waitkevitch noted that there were no minutes to review.

Board Chair requested that the Board consider discussing Agenda Item #3c out of order. The Board agreed and Mr. Waitkevitch introduced Paulette Gerry. Ms. Smith (as representative of the Water & Sewer Subcommittee) asked whether the Treasurer is seeing an increase or decrease in collections in Water/Sewer bills. Ms. Gerry indicated that overall water usage has increased during the pandemic, but did not mention a specific increase or decrease.

Ms. Smith then asked what the Town's procedure is for collecting overdue amounts. Ms. Gerry responded that the Town always tries to be flexible with regards to people's ability to pay. She went on to explain that very delinquent payments are eventually added to an individual's tax bill. Ms. Smith asked whether the Treasurer had any insight into what surrounding towns do to increase collection rates. Ms. Gerry indicated that some towns have a 'shut off' policy, but that Stoneham does not have that policy. She also said that some towns publish the names of individuals who are delinquent on payments.

Ms. Smith asked whether the Town sees higher delinquency rates in commercial or residential billings. Ms. Gerry responded that residential delinquencies are higher. She noted that condominium associations are particularly problematic for the Town. Ms. Smith's next question involved whether the Town offers forgiveness or payment plans. Ms. Gerry pointed to the new design of the bill and that the online payment option is more prominently featured. The Town is also offering to accept payments through PayPal, ApplePay and Venmo. Ms. Smith followed up with a question about whether late or delinquent payments affect the Town's rates from the MWRA. Mr. Castellarin indicated that this does have an impact on the Town's water rates.

There was then a general discussion about the Water & Sewer Review Board. Mr. Castellarin opined that he does not see the purpose of the Board considering the transparency used in maintaining the Enterprise Funds. Mr. Waitkevitch suggested a discussion for the April meeting about the future of the Water & Sewer Review Board.

Mr. Hurley asked whether COVID had increased payment delinquency and Ms. Gerry replied that there was no significant impact on payment but reiterated the consumption increase. Mr. Castellarin added that all residents with sprinkler systems are required to have a second meter, but the Town does not have a way to charge those meters for the sewer (outflow) portion. So the MWRA is charging Stoneham for that water, but the Town's not charging residents. Ms. Gray asked whether this was something the Town could address. Both Mr. Castellarin and Ms. Gerry did not know the answer.

Ms. Smith then asked Mr. Castellarin about the current financial state of the Enterprise Funds. He answered that the Sewer is certified at \$878,458.00. The Water is certified at \$723,353.00. He noted that the Fiscal Guidelines show a policy of 20% of retained earnings in the Funds. He indicated that the Funds are under that 20% goal as of the day of the meeting. He went on to mention that the Town typically uses retained earnings to keep the rates down.

Mr. Hurley asked how delinquencies break down between condominiums and other types of residences. Ms. Gerry did not know the answer but said she could research that.

The Board then thanked Ms. Gerry for her time. Mr. Castellarin was asked to stay for the discussion of Agenda Item #2. Ms. Gray mentioned that the Pension Board needs to look at long-term expectations on their current projections. She believes the assumptions may be a little high. Mr. Castellarin thought that it was difficult to look at those numbers while the Town was

working on a school building project. Ms. Gray agreed and Mr. Mashburn asked about the current expected growth rate. Mr. Castellarin answered that it was currently 7.25%. Mr. Waivevitch mentioned that the Town could get to a point where a steady level of contributions could allow the Town to decrease its future expectations. Mr. Castellarin noted that even if the Town could get to a fully funded status, market volatility is such that the following year could drop the Town out of that status. Ms. Smith asked whether the Town Accountant thought the Town should contribute more to counter market volatility and Mr. Castellarin deferred to the actuary's expertise.

Mr. Waivevitch then asked about the decrease in the Town's debt servicing. Mr. Castellarin made sure to mention that the Town is receiving less in reimbursements from the MSBA, so there is balancing between less debt and less reimbursement. Ms. Smith added that these reimbursements would reach \$0.00 by 2024.

Mr. Mashburn asked about the future status of the Library. Mr. Castellarin said that the Library's needs for accreditation are being actively monitored. There was then a general discussion about how the Library could increase its hours and how that would be done most cost effectively.

Mr. Mashburn then asked Mr. Castellarin about the total amount of grant money that the Town received in the last year. Mr. Castellarin did not have a figure in front of him. Mr. Mashburn suggested the Town employ a specialist to bring grants into the Town. Mr. Castellarin did not know whether the amount of grants would offset the expense. He then noted that the Town roughly receives \$3-4M of grant money.

Ms. Smith noted that there has been a \$400K increase in spending on charter schools between FY20 and FY22. She wondered why this increase is occurring. Mr. Castellarin does believe that children attending in-person schools during COVID accounts for this increase.

Ms. Smith asked what kind of financial gain the Town receives from the Eversource project. Mr. Castellarin explained that there are some fees associated with the work and noted that the Town has collected about \$100K so far on that project.

Mr. Waivevitch mentioned that he was impressed with the way the Town is working towards its Stabilization goals. He added that he was hopeful that this would be considered as the Town moves towards potential bonding for the new High School. Mr. Castellarin said the Town currently has a AA2 bond rating. He was hoping that the Town could be upgraded to AA1 by the time bonding is necessary.

Ms. Smith asked whether additional Capital projects would be considered if revenues come in higher than expected. Mr. Castellarin replied that Free Cash will be known earlier than expected this year (because of the High School project), so it is possible that additional Capital projects could be considered when that number is established.

The Board then thanked Mr. Castellarin for his time.

Board Chair then moved on to Agenda Item #3a-b. Mr. Mashburn did not have any specific updates on the Capital Committee. The Board did have a discussion about potential replacement projects related to the Fire Department. Ms. Bowerman asked where proceeds from sold Fire Department assets goes. The Board did not know the answer to this question.

Mr. Mashburn then gave the update on the School Building Committee. He said the Committee is working on options for debt.

Board Chair then moved onto Agenda Item #4. Ms. Gray asked whether the Board would capture action items from the current meeting. The Board did not come to a definitive solution to this issue. The Board then discussed upcoming meetings, especially meetings to discuss the upcoming Town Meeting Warrant Articles.

Board Chair then moved onto Agenda Item #5. Ms. Gray introduced a motion to adjourn. Mr. Mashburn seconded; all in favor.