AGREEMENT

THIS AGREEMENT dated as of this 1st day of January, 2023 (this "Agreement") between the City of Melrose, a Massachusetts municipal corporation having a usual place of business at 562 Main Street, Melrose, Massachusetts 02176, acting by and through its Mayor, the Honorable Paul Brodeur, the Town of Wakefield, a Massachusetts municipal corporation having a usual place of business at the William J. Lee Memorial Town Hall, One Lafayette Street, Wakefield, Massachusetts 01880, acting by and through its Town Council ("Wakefield"), and the Town of Stoneham, a Massachusetts municipal corporation having a usual place of business at 35 Central Street, Stoneham, Massachusetts 02180, acting by and through its Select Board ("Stoneham").

WITNESSETH THAT:

WHEREAS, Melrose, Stoneham, and Wakefield desire to share the services, costs and efficiencies of a common Health and Human Services Department; and

WHEREAS, each of the parties has obtained authority to enter into this Agreement pursuant to G.L. c. 40, s 4A;

NOW, THEREFORE, in consideration of the premises set forth above and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree under seal as follows:

1. Common Health and Human Services Department. During the Term of this Agreement, Melrose, Stoneham, and Wakefield shall share certain services provided by and the costs associated with a Common Health and Human Services Department as identified below. Notwithstanding any other provision of this Agreement to the contrary, Melrose, Stoneham, and Wakefield shall maintain separate Boards of Health, which shall be vested with the authority for setting health policy within their respective communities and municipal limits.

2. Term. The term of this Agreement shall commence on January 1st, 2023, and shall expire on January 1st, 2026, unless earlier terminated as set forth herein. On or before September 1st of each year during the Term of this Agreement, the parties shall review their contractual relationship, the terms of which are set forth herein, to ensure that this Agreement continues to meet the needs of each community.

3. Identity of Health and Human Services Department Director and Shared Staff. The parties shall share the services and costs of the incumbent Director of the Health and Human Services Department of Melrose, Anthony Chui, MPH, or a successor hired through the standard personnel practices of Melrose, and of certain Health and Human Services Department staff in Melrose, all of whom, together with their respective annual compensation amounts, are identified in Exhibit A. Melrose may, from time to time, adjust such personnel and compensation amounts, provided that in each instance Melrose shall promptly notify Stoneham and Wakefield by delivery of revised copies of Exhibit A. As each iteration of Exhibit A is replaced by its successor, the latest such iteration shall be substituted for it as an attachment to this Agreement.

4. Compensation. Melrose shall pay the Health and Human Services Department Director and staff pursuant to this Agreement and in accordance with the terms set forth in Exhibit

A hereto, as the same may be revised from time to time. Each party to this Agreement is free to employ additional staff at such municipality's sole expense. Stoneham and Wakefield shall contribute their respective share of the Melrose Health and Human Services Department costs by paying to Melrose a variable sum, as required by the terms and conditions of this Agreement and as set forth on Exhibit A hereto and as may be amended from time to time, per fiscal quarter during the Term, each payment to be due and payable within fifteen (15) days after the commencement of such fiscal quarter (i.e., after 7/1, 10/1, 1/1 and 4/1). Melrose shall adjust the compensation it pays the Health and Human Services Department Director and shared staff as it may be required to do in accordance with any collective bargaining agreement and standard personnel practices which impact upon the Health and Human Services Department Staff, both managerial and labor, and shall give prompt written notice to Stoneham and Wakefield of any such adjustment. Stoneham and Wakefield shall adjust their quarterly payments accordingly. In the event that any collective bargaining agreement requires Melrose to make a lump sum payment to any member of the Health and Human Services Department Director and staff reflecting a retroactive salary increase during the Term, Melrose shall promptly give written notice thereof to Stoneham and Wakefield, and Stoneham and Wakefield shall, within sixty (60) days thereafter, pay Melrose their requisite contribution to shared staff salary to the extent that the retroactive pay period includes any part of the Term hereof. For Fiscal Year 2023, the compensation paid by Stoneham and Wakefield to Melrose shall be in accordance with Exhibit A attached hereto.

5. <u>Other Collective Bargaining Agreement Benefits</u>. Melrose shall provide the Health and Human Services Department Director and shared staff with all benefits to which they are entitled under standard personnel practices and their collective bargaining agreement. All parties agree to allow the Health and Human Services Department Director and shared staff to enjoy such vacation, sick days, personal days, and other leave as they may be entitled to receive under such agreement and under any applicable legislation. No party shall make any demand on the Health and Human Services Department Director and shared staff or take any action with respect to a member of the Health and Human Services Department Staff that is in violation of their rights under standard personnel practices or their collective bargaining agreement or under any applicable legislation.

6. <u>Retirement, Workers Compensation, Unemployment Insurance, Health, and Life Insurance Benefits</u>. The Health and Human Services Department and shared staff will remain members of the Melrose Contributory Retirement System. Upon their retirement, Stoneham and Wakefield will be assessed a share of the cost of pension plans reflecting any concurrent time an employee spent working for Stoneham and Wakefield hereunder pursuant to applicable Massachusetts General Laws. At the end of each fiscal year, Stoneham and Wakefield shall reimburse Melrose for its workers' compensation and unemployment insurance costs associated with the employment of the Health and Human Services Department Director and shared staff, such reimbursement to be equal to the product of Stoneham's and Wakefield's contribution to the Health and Human Services Department Director and shared staff's salaries during such year multiplied by the rate paid by Melrose for workers' compensation insurance and unemployment insurance for the Health and Human Services Department Director and shared staff for such year. Stoneham and Wakefield shall also reimburse Melrose for its health and life insurance costs associated with the Health and Human Services Department Director and shared staff, said reimbursement to be equal to the proportion of Stoneham's and Wakefield's contribution to the Health and Human Services Department Director and shared staff salaries.

7. Duties. The Health and Human Services Department Director and shared staff shall perform the duties of the Health Department as required by the respective local laws of Melrose, Stoneham, and Wakefield. Each party shall provide the Health and Human Services Department Director and shared staff with office space and office equipment for work within the respective communities. The Health and Human Services Department Director and shared staff shall work primarily in the office space provided by Melrose and shall maintain regular, public office hours in Stoneham and Wakefield.

8. Car. Melrose shall reimburse the Health and Human Services Department Director and shared staff for any mileage used during the performance of duties in Melrose, Stoneham, and Wakefield. However, as part of the quarterly payment as set forth in Paragraph 4 above, Stoneham and Wakefield shall pay Melrose for those miles incurred for any services performed by the Health and Human Services Department Director and shared staff on behalf of Stoneham and Wakefield, respectively. All mileage reimbursement shall be paid at the rate then governing in Melrose.

9. Indemnification. Notwithstanding the final sentence of G.L. c. 40, s 4A, each of Stoneham and Wakefield shall indemnify and hold harmless Melrose and each and all of its officials, officers, employees, agents, servants and representatives (the "Indemnities") from and against any claim arising from or in connection with the performance by the Health and Human Services Department Director and shared staff of their duties in or for such community including, without limitation, any claim of liability, loss, damages, costs and expenses for personal injury or damage to real or personal property by reason of any negligent act or omission or intentional misconduct by the Health and Human Services Department Staff while in or performing services for such community. Such indemnification shall include, without limitation, current payment of all costs of defense (including reasonable attorney's fees, expert witness fees, court costs and related expenses) as and when such costs become due and the amounts of any judgments, awards and/or settlements, provided that (a) Stoneham or Wakefield, as the case may be, shall have the right to select counsel to defend against such claims, such counsel to be reasonably acceptable to Melrose and its insurer, if any, and to approve or reject any settlement with respect to which indemnification is sought, (b) the Indemnities shall cooperate with Stoneham or Wakefield, as the case may be, in all reasonable respects in connection with such defense, and (c) Stoneham or Wakefield, as the case may be, shall not be responsible to pay any judgment, award or settlement to the extent occasioned by the negligence or intentional misconduct of any of the Indemnities other than the Health and Human Services Department Staff. For the avoidance of doubt, the indemnification contemplated here shall not be the joint and several obligation of Wakefield and Stoneham; rather, Wakefield's obligation shall be limited to those claims arising from acts within Wakefield, and Stoneham's obligation shall be limited to those claims arising from acts within Stoneham.

10. Termination. This Agreement may be terminated by either party for any reason or no reason with sixty (60) days written notice to the other. No such termination shall affect any obligation of indemnification that may have arisen hereunder prior to such termination. The parties shall equitably adjust any payments made or due relating to the unexpired portion of the Term following such termination.

11. Assignment. Neither party shall assign or transfer any of its rights or interests in or to this Agreement, or delegate any of its obligations hereunder, without the prior written consent of the other.

12. Severability. If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, illegal or unenforceable, or if any such term is so held when applied to any particular circumstance, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, or affect the application of such provision to any other circumstances, and this Agreement shall be construed and enforced as if such invalid, illegal or unenforceable provision were not contained herein.

13. Waiver. The obligations and conditions set forth in this Agreement may be waived only by a writing signed by the party waiving such obligation or condition. Forbearance or indulgence by a party shall not be construed as a waiver, nor limit the remedies that would otherwise be available to that party under this Agreement or applicable law. No waiver of any breach or default shall constitute or be deemed evidence of a waiver of any subsequent breach or default.

14. Amendment. This Agreement may be amended only by a writing signed by all parties duly authorized thereto.

15. Governing Law. This Agreement shall be construed in accordance with the substantive law of the Commonwealth of Massachusetts, without regard to the conflicts of law provisions thereof.

16. Headings. The paragraph headings herein are for convenience only, are not part of this Agreement and shall not affect the interpretation of this Agreement.

17. Notices. Any notice permitted or required hereunder to be given or served on either party by the other shall be in writing signed in the name of or on behalf of the party giving or serving the same. Notice shall be deemed to have been received at the time of actual receipt of and hand delivery or three (3) business days after the date of any properly addressed notice sent by mail as set forth below.

a. To Melrose. Any notice to Melrose hereunder shall be delivered by hand or sent by registered or certified mail, return receipt requested, postage prepaid, to:

The Honorable Mayor Paul Brodeur

Melrose City Hall
562 Main Street
Melrose, Massachusetts 02176

or to such other address(es) as Melrose may designate in writing to Stoneham and Wakefield.

b. To Wakefield. Any notice to Wakefield hereunder shall be delivered by hand or sent by registered or certified mail, return receipt requested, postage prepaid, to:

Stephen P. Maio

Town Administrator
William J. Lee Memorial Town Hall
One Lafayette Street
Wakefield, Massachusetts 01880

or to such other address(es) as Wakefield may designate in writing to Melrose and Stoneham.

c. To Stoneham. Any notice to Stoneham hereunder shall be delivered by hand or sent by registered or certified mail, return receipt requested, postage prepaid, to:

Dennis Sheehan
Town Administrator
Stoneham Town Hall
35 Central Street
Stoneham, MA 02180

or to such other address(es) as Stoneham may designate in writing to Melrose and Wakefield.

18. Complete Agreement. This Agreement constitutes the entire agreement among the parties concerning the subject matter hereof, superseding all prior agreements and understandings. There are no other agreements or understandings between the parties concerning the subject matter hereof. Each party acknowledges that it has not relied on any representations by the other party or by anyone acting or purporting to act for the other party or for whose actions the other party is responsible, other than the express, written\ presentations set forth herein.

19. Financial Safeguards. The Health and Human Services Department Director and shared staff shall maintain separate, accurate and comprehensive records of all services performed for each of the parties hereto. Melrose shall maintain accurate and comprehensive records of all costs incurred by or on account of the Health and Human Services Department, and all reimbursements and contributions received from Stoneham and Wakefield. On an annual basis, the parties' financial officers shall jointly review the accounts of the Health and Human Services Department Director and shared staff for accounting consistency and reliability.

WITNESS OUR HANDS AND SEALS as of the first date written above.

CITY OF MELROSE
By its Mayor

____

TOWN OF WAKEFIELD
By its Town Council

____

TOWN OF STONEHAM
By its Select Board

Position	Salary	Health Insurance	Life Insurance	Medicare	Total Comp Package	Stoneham	Melrose	Wakefield	Total Stoneham Cost	Total Melrose Cost	Total Wakefield Cost	
Director of HHS (shared)	$ 157,934.40	$ 6,288.21	$ -	$ 2,290.05	$ 166,512.66	**30%**	**40%**	**30%**	$ 49,953.80	$ 66,605.06	$ 49,953.80	Level 22 step 8
Public Health Nurse (shared)	$ 80,945.00	$ 8,512.26	$ 180.90	$ 1,173.70	$ 90,811.86	**30%**	**40%**	**30%**	$ 27,243.56	$ 36,324.74	$ 27,243.56	Level 15 step 8
Senior Environmental Health Specialist (shared)	$ 80,945.00	$ 25,549.07	$ 180.90	$ 1,173.70	$ 107,848.67	**30%**	**40%**	**30%**	$ 32,354.60	$ 43,139.47	$ 32,354.60	Level 15 step 8
Totals:	$ 473,978.00	$ 53,349.54	$ 603.08	$ 7,037.45	$ 365,173.19			**Proposed**	$ 109,551.96	$ 146,069.28	$ 109,551.96	
								Currently	$ 165,874.00	$ 169,241.34	$ 130,820.00	
								Savings	$ (56,322.04)	$ (23,172.06)	$ (21,268.04)	

Will meet minimum requirements, potential for some programmatic development
Director 40 hours/week, 35 hours/week RN and Inspector, 3 shared positions, 3 Stoneham specific positions

Health and Human Services Director: Anthony Chui
Senior Evironmental Health Specialist: Erin Hull
Public Health Nurse: Melissa Lowry

****The numbers reflected in this grid are based on a full Fiscal Year. This agreement will go into affect 1/1/23 and will be prorated accordingly.**

Wakefield Town Council
Proposed Tax Levy Policy
November 4, 2022

<u>To Be Added to Wakefield's Financial Policy as Revenue Policy 7:</u>

- Revenue Policy 7: Wakefield shall annually set the tax levy at a level that provides sufficient revenue to fund Wakefield's operating expenses for the current fiscal year, and assures adherence with Wakefield's Financial Reserve, Capital, and other Financial Policies.

Revenue Policy Seven assures that Wakefield raises sufficient tax revenue to fund the operating and capital budget approved for the current fiscal year. The Town Council shall approve an annual tax levy increase of 2.5% unless the following conditions are met:

1. The projected combined balance of the Reserve Fund, Stabilization Fund, and Free Cash is at least 10% of General Fund operating revenue, not including debt exclusions, self-supporting enterprise funds, and Chapter 70 school aid;
2. Tax-financed capital projects are at least 4% of General Fund operating revenue, not including debt exclusions, self-supporting enterprise funds, and Chapter 70 school aid;
3. The operating budget adequately funds Pension and Other Postemployment Benefit (OPEB) obligations according to the funding schedule approved by the Commonwealth of Massachusetts Public Employee Retirement Administration Commission (PERAC); and
4. The operating budget is balanced without using funds from the Stabilization Fund and/or Free Cash, or if such funds are used, that the projected combined balance of the Reserve Fund, Stabilization Fund, and Free Cash remains at least 10% of General Fund operating revenue.

If these conditions are met, the Town Council shall set the tax levy increase according to the following formula:

1. Start with the 2.5% levy increase limit established by Proposition 2 ½.
2. Subtract the total projected budget surplus for the current fiscal year, if applicable.
3. Subtract the combined balance of the Reserve Fund, Stabilization Fund, and Free Cash that exceeds 10% of General Fund operating revenue, not including debt exclusions, self-supporting enterprise funds, and Chapter 70 school aid.
4. If the above formula results in a tax levy increase that is less than 0%, the Town Council shall set the levy increase at 0%, and allocate excess funds to Capital Expenditures and/or Debt Service.

The Town Council may consider deviations from Revenue Policy Seven if the multi-year fiscal forecast prepared annually by the Finance Committee indicates that the fiscal outlook for the next 2-5 fiscal years differs materially from the fiscal outlook for the current fiscal year, provided that all of Wakefield's Financial Policies are otherwise met.

Financial policies

Introduction

Financial policies set the boundaries within which financial decisions are made by governments. Unlike the budget adopted for a single fiscal year, financial policies are long-range in nature. They are carried over from one year to the next, adding continuity and stability to a government's financial structure.

Financial policies can also serve as the foundation for a government's long-range financial plan. By adopting and adhering to these policies Wakefield will improve its ability to provide a level and quality of services it can afford while protecting and improving the public health, safety, education and general well being of its citizens. Adherence to proper financial policies will help Wakefield develop flexibility to withstand external economic, environmental or other shocks or disruptions caused by factors over which it has no control while meeting the demands and challenges of natural growth, decline and change within the community.

Budget Policies

- ❖ Budget Policy 1: Wakefield will develop balanced budgets in which current revenues (non-one-time) equal or exceed current expenditures.
- ❖ Budget Policy 2: Wakefield will not balance the budget by using one time revenues to fund ongoing expenditure items.
- ❖ Budget Policy 3: Wakefield will not use budgetary procedures that balance the budget at the expense of meeting future years expenses, such as: postponing or deferring expenditures, accruing future year revenues, or rolling over short-term debt.

The purpose of Budget Policies One, Two and Three is to prevent the use of procedures that appear to balance the budget at the expense of our future. Delaying building and equipment maintenance or postponing the cost of operations are two of the most common procedures used to artificially create the appearance of a balanced budget. These actions merely pass today's costs onto future taxpayers and residents, and these costs usually grow as they are deferred.

Budget Policy One was developed to ensure that Wakefield does not spend more than it receives in revenue in any one year and therefore does not degrade its overall financial condition. This ensures that Wakefield does not "live beyond its means" and build a structural deficit into its budget.

Budget Policy Two helps ensure that Wakefield does not use one-time revenue to support ongoing operations. Simply put, this policy prevents the use of temporary funding to support ongoing needs. Such expenditures are considered unadvisable because the ongoing expenditure need will still exist after the non-recurring revenue disappears. Use of non-recurring revenue for recurring purposes only delays appropriate action to correct what would otherwise be a budget imbalance.

Budget Policy Three prevents the use of gimmicks such as expenditure deferral, booking future revenue in the current fiscal year or the inappropriate rolling over of debt. These fiscal maneuvers generally occur in times of poor financial performance and only serve to delay necessary expenditures and increase the overall cost for a community.

- ❖ Budget Policy 4: The budget proposed to Wakefield shall include the following sections: a summary of Wakefield's financial condition, an analysis of revenues used in the proposed budget, an analysis of outstanding debt and a summary of Wakefield's capital condition (buildings, infrastructure, rolling stock and information technology).

- ❖ Budget Policy 5: Wakefield's annual budget shall be adopted by the Board of Selectmen and Finance Committee at the organization group level (these are broad classifications of expenditures, i.e., salaries, expenses and capital).

Budget Policies Four and Five guide the development of Wakefield's annual budget. Budget Policy Four requires that certain information be provided to Wakefield's Town Council and Finance Committee and the public along with the budget. This policy mandates communication with the Town Council and Finance Committee regarding the most pressing financial issues before Wakefield – overall fiscal condition, debt, revenues and capital needs and condition. This information will allow the Town Council and Finance Committee to make decisions on the annual budget with necessary information regarding Wakefield's overall financial condition, the condition of our capital assets and other matters of importance.

Budget Policy Five sets forth the form of budget passage by Wakefield's Town Council and Finance Committee. This provides the Town Council and Finance Committee with maximum oversight with regard to budgetary expenditures but permits some level of flexibility to departmental managers by allowing them to transfer funding among certain line items previously approved by Wakefield's Town Council and Finance Committee.

- ❖ Budget Policy 6: The budget will provide for adequate maintenance and the replacement of capital plant and equipment. All budgetary procedures will conform with existing state and local regulations.

Budget Policy Six ensures that the annual operating budget funds necessary maintenance and capital investment. The capital investment portion of this policy will take time to be fully enacted – Wakefield has under-invested in its capital infrastructure for many years – though this policy will help ensure that necessary maintenance is conducted. Required maintenance is critical if our taxpayers are to receive the maximum return on their dollars invested. The delay in routine maintenance to a roof, for instance, may lead to the premature replacement of the roof and also avoidable damage within the building. Budget Policy Six is intended to prevent this.

- Budget Policy 7: Wakefield's Town Accountant shall issue a monthly report on revenues and expenditures (at the line item level).

Budget Policy Seven provides a tool for Wakefield and the public to monitor expenditures and ensure that revenue projections are being met. Provision of this information is necessary to ensure accountability and prevent problems from going unnoticed by the public and policymakers.

Revenue Policies

- Revenue Policy 1: Wakefield's annual budget shall include a revenue budget that is created in line item detail for Wakefield operations.

- Revenue Policy 2: Wakefield will estimate its revenue with conservative methods and present this along with the balanced budget.

- Revenue Policy 3: Wakefield shall review and update the fee schedule of each of its departments no less than every two years to ensure that costs of service are being fully recovered.

Significant attention is provided to Wakefield's expenditure budget to ensure that taxpayer money is expended prudently and in a cost-effective manner. Wakefield's revenue budget does not receive a similar level of attention but is equally as important; this budget provides the funding that is detailed in the expenditure budget. Wakefield can not expend more money than it expects to receive in revenue in the course of a year and therefore the manner in which revenue is estimated is very important.

Revenue Policy One ensures that Wakefield's revenue projections will be provided to the Town Council and Finance Committee and the public along with the expenditure budget. This will facilitate an examination of the procedures used to estimate revenue as well as provide information to the public regarding Wakefield's revenue condition.

Revenue Policy Two ensures that revenue estimation will be conducted prudently, in a conservative manner. Overly optimistic estimates can create the appearance of a balance budget when in reality a deficit will result. According to Massachusetts State Law, any deficit that remains at the end of one fiscal year will be automatically deducted from the budget of the next; overly optimistic revenue estimates will drive reduced public spending in the next fiscal year. Underestimation of revenue can also present problems as it prevents revenue from being used to benefit the public in the year it was raised.

Many services provided by Wakefield benefit all residents, though others benefit only the specific users of service (building inspections, water and sewer hook-ups, marriage licenses). Revenue Policy Three is designed to ensure that user fees – fees charged for specific services provided to individuals – cover the costs of providing those services. If fee revenue is insufficient to support these services then the costs of these individual services will be paid by all taxpayers. The general taypayer will be forced to pay the cost of a plumbing inspection, for instance, that does not benefit them.

- Revenue Policy 4: Wakefield may build into its revenue base from one fiscal year to the next an increase in each revenue category of no more than 4.5%, with the exception of real and personal property taxes, chapter 70 (school aid) and SBA (school building assistance).

- Revenue Policy 5: Any revenue increase in excess of this 4.5% shall be considered upwardly volatile revenue and may only be expended to increase reserve fund levels or to fund non-recurring capital expenditures.

Revenue Policies Four and Five relate to "upwardly volatile revenue". In brief, upwardly volatile revenue occurs when one or more revenue sources increase at an atypically fast rate, such as occurred in the 1990's with State Aid to Wakefield and with certain income tax revenues for the Commonwealth. The danger of upward revenue volatility is that a community can become dependant on an artificially high level of revenue that exists merely because of a strong economy. This revenue may decrease sharply or disappear entirely when the economy contracts, leaving critical services under funded if the upwardly volatile revenue was not used wisely.

Revenue Policy Four prevents Wakefield from building into the "base" of its revenue model an increase in any source of greater than 4.5%. Property tax revenue is excepted from this limitation because it is already limited – to a lower level – by Proposition 2 ½ . Chapter 70 school aid and school building assistance are also excepted from this limitation because they are provided by the Commonwealth for a specific purpose and can not be redirected for any other use.

Revenue Policy Five limits the use of upwardly volatile revenue to ways that will prevent Wakefield from depending on unstable revenue while simultaneously strengthening Wakefield's financial position. Use of this revenue to build reserve fund balances will help Wakefield prepare for cyclical revenue contractions while strengthening our financial condition and giving us much-needed financial flexibility. Use of this revenue to make non-recurring capital investments will provide a service benefit to our taxpayers by improving our physical infrastructure. It will also develop a soft reserve fund by allowing us to "get ahead" of our capital plan. This will allow Wakefield to forego a portion of its capital investment in the future if necessary, saving operating money without impacting our long-term capital plan.

- Revenue Policy 6: Wakefield will maintain property assessment for the purpose of taxation at full and fair market value, as prescribed by State law.

Revenue Policy Six ensures that Wakefield continues to regularly assess the value of property in Wakefield Regular reassessments are required by Massachusetts State Law and are critical to ensuring the fairness of our system of property taxation.

Policies With Regard to Self Supporting Operations

- Self Supporting Policy 1: The Director of Public Works shall annually recommend to the Town Council rates and fees for the Water and Sewer Department, based upon the approval of the Advisory Councilof Public Works.

- Self Supporting Policy 2: Rate and fees proposed for the Water and Sewer Department shall include all direct and indirect costs (such as the costs of payroll, property and liability insurance, legal services, etc.).

Self-supporting operations are generally those that provide specific benefits to individual service users without assisting the public in general. Because benefits accrue to individuals and not the general public, these services should be paid for entirely by service users through user fees, not through general tax revenue. Use of general tax revenue to support these services forces all residents to help pay for services (and therefore benefits) that accrue to certain individuals, not everyone. Tax dollars should not be used to finance operations that can and should be self-supporting because this drives a reduction in other government services.

Self Supporting Policy One requires that rates and fees in the Water and Sewer Departments be submitted and reviewed annually by the Town Council. This will provide the Town Council and the public the opportunity to discuss and decide upon these rates and fees each year.

Self Supporting Policy Two requires that rates and fees for the Water and Sewer Departments reflect the true and total cost of providing those services. This is intended to prevent these operations from forcing costs upon the general taypayer who may not receive the benefit of these services. A corollary to this is that the rates and fees for these departments should not provide for the appropriation of money to the Town's General Fund, as to do so would force costs on ratepayers in excess of those needed to provide the service they are receiving.

Capital Planning Policies

- Capital Policy 1: The Capital Improvement Program will directly relate to the long-range plans and policies of the Town.
- Capital Policy 2: A five-year Capital Improvement Plan shall be proposed by the Town Administrator to the Town Council annually. The first year of the Capital Improvement Plan shall include the proposed capital improvements for the forthcoming fiscal year.
- Capital Policy 3: Except as required by an emergency, all approved capital projects must be part of the adopted Capital Improvement Plan.

Capital Policy One merely states that the Capital Improvement Plan (CIP) must conform to the policies and long-term plans of the Town. The Plan must be consistent with our financial plans – it can not cause an unacceptably high level of debt to be incurred for instance – and should be something that strengthens and provides an overall benefit to our community. Conformance with municipal policies and long-term plans will ensure this occurs.

Capital Policy Two requires that the CIP be a five-year plan that is updated annually and submitted to the Town Council each year. This plan shall be created by the Town Administrator and Capital Planning Committee. The CIP is a "rolling plan" in that the first year of the plan is always the upcoming year, and years two through five represent the next four years. In this way the CIP always looks ahead four years, facilitating the planned and rational replacement, upgrade and acquisition of capital.

Capital Policy Three requires that all capital projects approved for funding be part of the CIP. The CIP is a long-term document that will facilitate planning and improve the means by which capital investment decisions are made. Funding items that are not in the CIP will undermine the effectiveness of the CIP – "why should I bother to plan if items can be funded without planning?" – and will likely result in inefficiency. Capital investments can often by made in ways that are complimentary to each other, reducing cost or inconvenience through proper sequencing. Funding capital projects that have not been approved through the capital improvement process will likely lead to inefficiency and will undermine the Town's effort to rationally plan for its future and long-term growth.

- ❖ Capital Policy 4: The Capital Improvement Plan shall include a multi-year forecast of annual debt service requirements of items in the Plan to permit the examination of the future implication of debt issuance.

- ❖ Capital Policy 5: Decisions to undertake specific capital improvements shall include in their analysis the identification and cost estimation of additional operational funding and personnel requirements.

- ❖ Capital Policy 6: All proposals for capital improvements shall include sources of funding for each capital improvement or category of capital improvement. Pay-as-you-go capital funding shall be considered as a financing source for each proposed capital improvement.

- ❖ Capital Policy 7: As part of a comprehensive Capital Improvement Program, the Town will seek to maintain net tax financed capital improvement expenditures (pay as you go) at a level of two to four percent of net operating revenues.

Capital Policy Four ensures that the CIP demonstrates the full cost (principal and interest) of approved projects that require the issuance of debt. This analysis will help policy makers make decisions based on the total impact of a project on our community and permit longer term planning as current decisions can be made based on their future implication on the Town's debt service budget and overall capacity.

Capital Policy Five requires that all proposed capital investments include in their analysis not only capital costs but also the cost of additional personnel required as a result of the capital investment (new teachers required for a new school, for example) as well as increased operational costs. This will ensure that capital investments are made will full knowledge of the entire cost of the project.

Capital Policy Six requires the identification of a funding source for each proposed capital investment. This policy helps make each proposal more "real" by ensuring that funding is tied to each capital item. The CIP is intended to be both an identification of needs and a working document that results in the actual funding of capital. To do so requires that each capital item be proposed with funding sources attached so individual investments can be undertaken after they are reviewed and approved.

Capital Policy Seven sets forth the Town's goal of using 2% to 4% of its operating budget to finance capital investment. Using operating revenues to conduct capital improvements permits the Town to reduce its overall borrowing costs by avoiding interest payments on debt that would otherwise be issued. Because this funding comes from the operating budget (that is, cash), it also allows the Town to conduct smaller routine projects for which it would be less-than-optimal to issue debt, such as the replacement of windows, boilers or underground storage tanks. Use of 2% to 4% of net operating revenues for capital investment also builds into the Town's budget a type of a reserve because this money can be used for operating purposes should severe budget difficulties arise.

"Net operating revenues" are gross Town revenue less: enterprise operations,taxable debt exclusion funds, SBA revenues, fund transfers, non-appropriated charges, special revenue and grants and non-recurring revenues.

Financial Reserve Policies

- Reserve Policy 1: The Town shall maintain a reserve fund balance of between .5% and 1% general fund revenues, less debt exclusions and Chapter 70 Aid.

- Reserve Policy 2: The amount of money to be held in 'Free Cash' shall not be less than 2% or more than 8% of the approved General Fund operating revenue, less debt exclusions and Chapter 70 (School Aid).

- Reserve Policy 3: The Town shall maintain the stabilization reserve fund of at Least 3% of operating revenues, less debt exclusions and Chapter 70 (School Aid). As prescribed by Massachusetts General Law, however, at no time may an appropriation into this fund exceed 10% of the previous year's real property tax levy, nor can the fund exceed 10% of the equalized value of the Town.

Financial reserves protect the Town from unforeseen increases in expenditures, reductions in revenues, unforeseen downturns in the economy, or any other extraordinary events. Reserves are also a source of funding for capital construction and replacement projects. Reserves should normally average between 5% and 15% of the Town's General Fund operating revenue less debt exclusions and Chapter 70 (School Aid).

The maintenance of adequate operating reserves is essential to the financial strength and flexibility of the Town as a whole. Adequate operating reserves are an integral part of the financial structure of the Town and allow it to mitigate current and future financial risks associated with revenue shortfalls, unanticipated expenditures and natural disasters.

Reserve Policy One requires the maintenance of a Reserve fund balance of between .5% and 1% of General Fund operating revenues. This will ensure sufficient cash flow to finance ongoing operations and permit the Town to absorb unpredictable revenue shortfalls. This fund is to be replenished each Fiscal year.

Reserve Policy Two requires that between 2% and 8% of General Fund operating revenues be held as Free Cash. Free Cash is the portion of undesignated fund balance certified by the Department of Revenue, Division of Local Services, as available for appropriation during the current fiscal year, or which may be used as a revenue during the next budget cycle. Free Cash provides for the temporary financing of unforeseen opportunities or needs of an emergency nature and is the most flexible of all general reserve funds. It is understood that the Town may not comply with this policy in the immediate term as it deals with its current financial crises but the expectation is that is will achieve compliance as soon as possible.

Reserve Policy Three requires that at least 3% of the Town's General Fund operating revenue be held in the Stabilization Reserve Fund. The purpose of this reserve is to provide long term financial stability for the Town while improving our financial flexibility and credit worthiness. The legal structure for stabilization reserve funds is detailed in Chapter 40 section 5B of Massachusetts General Law (MGL).

Money in the stabilization reserve fund may be appropriated for any purpose for which the Town would be authorized to borrow money under section seven or eight of Chapter 44 of MGL or for any other lawful purpose. Appropriations for the Fund require a 2/3 affirmative vote of the Town Meeting. It is understood that the Town will not comply with this policy for the next few years as it deals with its current financial crisis and begins to build up adequate free cash balances. There is an expectation that the Town will achieve compliance with this policy as soon as possible.

Debt Policies

Debt policies are intended to sustain or enhance a government's financial stability, to evaluate a government's long-term capability to issue and repay debt, and to control debt issuances. Strong debt policies that are followed by a community also improve credit worthiness by establishing controls on the amount of debt that can be issued as well as its impact. Improved bond ratings result in lower interest rates that generate savings for taxpayers.

- Debt Policy 1: The Town shall comply with debt limitations as detailed in Massachusetts General Law.

Debt Policy One requires that the Town limit the total amount of debt it issues pursuant to Massachusetts General Law. In brief, the Town shall not issue debt with an aggregate principal value exceeding 5% of the equalized valuation of taxable property without prior approval from the Commonwealth. The Town may issue debt with an aggregate principal balance of up to 10% of equalized valuation with approval of the Commonwealth.

- Debt Policy 2: The Town shall manage the issuance of debt in line with the following debt ratios:

  - General Fund debt service as a percentage of net general fund revenues (as defined in 'Capital Planning' section) – not to exceed 5%.

  - Enterprise Fund debt service as a percentage of enterprise operating revenue – not to exceed 20%.

  - Percentage of Total Debt that will be retired at the end of ten years – 65% (minimum).

Debt Policy One sets forth the total amount of debt the Town of Wakefield will have outstanding at any one time. Debt Policy Two provides stricter standards for debt issuance and requires that outstanding debt conform to various ratios deemed appropriate for the Town or for debt issuers in general. This provides a finer level of control than the overall debt ceiling authorized by Massachusetts General Law and ensures that our debt does not negatively impact our taxpayers even though its aggregate amount is in conformance with State Law.

- Debt Policy 3: Short-term debt, such as bond anticipation notes, tax anticipation notes, or grant anticipation notes, may be used when it provides immediate financing and an interest rate advantage, or if there is an advantage to delaying long-term debt until market conditions are more favorable.

- Debt Policy 4: Any bond anticipation debt will be retired within six months after completion of the project it financed.

- Debt Policy 5: Short term debt will not be rolled over beyond two years Without a principal pay down or as prescribed by state law.

Debt Policy Three permits the Town to issue short-term debt to meet immediate financing needs. The primary reason for issuing short-term debt is to provide "bridge financing" for capital projects. This financing is needed to actually conduct many bond-backed capital projects and allows the Town to avoid the expense of the multiple bond issuances that would be required without short-term borrowing. This policy also permits borrowing in anticipation of the receipt of awarded grants, borrowing for cash flow purposes in anticipation of revenue and the temporary use of short-term debt when it is preferable to the issuance of long-term debt.

Debt Policy Four requires that all bond anticipation notes (BAN's) issued to finance a capital project be extinguished within six months of the completion of the project they financed. This policy prevents the Town from carrying BAN's beyond the period in which they are necessary, reducing the interest rate risk the Town will face and ensuring the timely close out of capital projects.

Debt Policy Five requires that principal pay down occur on short-term debt carried for more than two years. Short-term debt generally only places an interest cost on a community (that is, no principal pay down is required). This may provide an incentive to carry short-term debt for as long as possible, though the result is a debt balance that never gets smaller. This policy is consistent with Internal Revenue Service rules regarding short-term debt and will help the Town reduce the long-term cost of the capital projects by paying down principal before long-term bonds are issued.

- Debt Policy 6: Revenue used to finance debt shall be projected in a conservative manner.

Debt Policy Six requires that revenue dedicated to debt payments be estimated in a conservative manner as is required for general Town revenues in Revenue Policy Two.

- Debt Policy 7: The term of debt issued to finance capital improvements or procurements may not exceed the useful life of the asset or improvement.

Debt Policy Seven ensures that debt will not be outstanding beyond the useful life of the asset it purchased or improved. This is consistent with best practices in municipal finance and prevents future taxpayers from paying for capital investments from which they are not benefiting.

- Debt Policy 8: The Town shall conduct debt financing on a competitive basis unless for reasons of market volatility, unusual financing structure or a complex security structure the Town would be better served through a negotiated financing.

Debt Policy Eight requires that the sale of Town debt be conducted in a competitive manner (that is, sold on the open market) unless there is an advantage to negotiating the sale with large investors. This policy provides flexibility to conduct negotiated sales in instances when it is preferable to do so (in complicated bond issuances and when unique circumstances surround a community and its credit quality).

Future Financial Policies

These policies set forth an overall architecture for financial operations in the Town of Wakefield. They are promulgated with the recommendation that the Town Council convene a committee of employees, members of the Town Council and Finance Committee and members of the public to expand upon them. Many other policies can be developed and it is recommended that the Town Council move forward in doing so. Developing additional policies can be of significant benefit to our government because they will codify the best practices under which we seek to operate and will be another opportunity for our residents to lend their expertise and interest to their government.

COA Donations submitted 11/9/22

COA Donations

Varous Gifts Account **ORG 20541769** **OBJ 483000**

Source	Detail	Special comments	Amount	Account Total
[redacted]	Donation		200	
[redacted]	Donation	holiday party DJ	250	
[redacted]	Donation		50	
[redacted]	Donation	Thank you	15	
[redacted]	Donation		25	
				540

Wakefield Youth Council

Org: 20122723   Object: 483000

Source	Donor Intent	Detail	Amount
[redacted]	Donation to Wakefield Youth Council	Donation	100
[redacted]			

Account Total
100
100