



Committee on Finance

May 12, 2014 – 7:00 PM - **Minutes**
Chambers of the City Council, Room 214

****View Agenda****

MEETING: COMMITTEE ON FINANCE
DATE: MAY 12, 2014
TIME: 7:00 P.M.
PLACE: CITY COUNCIL CHAMBER, ROOM 214, MUNICIPAL BUILDING

PRESENT: COUNCILLORS LINDA MORAD, CHAIRPERSON; JOSEPH LOPES, VICE-CHAIRMAN; DAVID ALVES; HENRY BOUSQUET; NAOMI CARNEY; BRIAN GOMES (7:12); STEVEN MARTINS (7:15); JAMES OLIVEIRA; DANA REBEIRO; KERRY WINTERSON

ABSENT: COUNCILLOR DEBORA COELHO

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Councillor Morad called the Finance Committee Meeting to order and took attendance. Councillor Morad announced the recognition of former Ward Three Councillor George Smith in Council Chamber. A Communication from Councillor Coelho was read into the record stating she is unable to attend due to a prior commitment. This Communication was received and placed on file by Councillor Alves and seconded by Councillor Lopes.

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Councillor Bousquet made a motion to take item number eight (8) out of order, which was seconded by Councillor Alves:

Notice, City Clerk of reference of a Communication, Mayor Mitchell to City Council, submitting AN ORDER, for the TRANSFER of \$233,305.00 from VETERANS CHARGES AND SERVICES to SNOW REMOVAL. (Ref'd 5/8/14) ***(PLEASE NOTE THE CHAIR WILL BE TAKING THIS MATTER OUT OF ORDER TO BE FIRST ON THE AGENDA) (8, 8a)***

Councillor Morad informed the Committee that this item was added to the Agenda on Friday; but she received a call from CFO Ari Sky and he informed her that the Mayor would like to withdraw this item.

On motion by Councillor Lopes and seconded by Councillor Bousquet, the Committee VOTED: To take "No Further Action" on this matter at this time. This motion passed on a voice vote.

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Notice, City Clerk of reference of a Communication, Mayor Mitchell, to City Council, submitting AN ORDER, authorizing the Mayor to execute a lease amendment and lease extension between the City and the Commonwealth (on behalf of Bridgewater State University)

the purpose being to extend the current lease (which expired last summer) an additional (5) five years and provide a rent reduction, Bridgewater Flight Academy pays the highest rate of any tenant at the Airport and also services and fuels its fleet of aircraft at the Airport creating additional revenue (Ref'd 4/24/14) was received and placed on file by Councillor Alves and seconded by Councillor Lopes. (1, 1a)

Notice, City Clerk of reference of a Related Motion, Councillor Morad, requesting, that the Committee on Finance be supplied with the minutes of the Airport leasing Sub-Committee meeting where the lease extension for the Bridgewater State University was discussed and approved; and further, that the minutes be supplied to the Committee on Finance within the next ten (10) business days. (Ref'd 4/24/14) Councillor Morad made a motion to follow the recommendation, which was seconded by Councillor Alves.

Councillor Morad informed the Committee that supplied to prior to the Meeting were the Minutes from the Airport Leasing Committee of June 3, 2013; Minutes of the Airport Commission Meeting of June 19, 2013, July 17, 2013 and November 13, 2013.

On motion by Councillor Lopes and seconded by Councillor Carney, the Committee VOTED: To receive and place on file the Minutes from the Airport Leasing Committee and the Airport Commission Meetings. This motion passed on a voice vote.

Paul Barton, Airport Commissioner was present and addressed the Committee. Councillor Alves asked why the Commission offered a lease to BSU with a \$20,000 reduction in rent for five years. Mr. Barton responded that there were several reasons for doing so. First, at the time of the renegotiations, the Commission was doubtful that the FAA was going to keep the airport's tower open. Second, the school's "operations" a plane landing and taking off is termed an "operation" helps the airport with its operations numbers for federal funding requirements. Third, BSU also purchases large amounts of plane fuel from the airport; and finally, without BSU's presence, the airport may have needed to lay people off due to the drastic reduction in services that would be in demand.

Councillor Lopes asked what the income is of BSU's program at the airport. Mr. Barton, Eric Jacques and Ari Sky all stated that they did not know. M r Sky promised, however, to supply Councillor Lopes with that information.

Councillor Morad asked Mr. Jacques if BSU demanded the \$20,000 reduction immediately, or was that number negotiated. Mr. Jacques stated that BSU walked into negotiations asking for a \$30,000 reduction, and they successfully negotiated "only" a \$20,000 reduction.

Councillor Morad asked why it was not built into the contract that the city could re-negotiate an increase if/when the tower re-opened or never closed? Mr. Jacques stated that the contract was negotiated prior to them knowing the tower would be open. Councillor Morad, however, countered with the fact that while the contract may have been negotiated then, it did not actually take effect until November and contended that there was plenty of time and solid

grounds to re-negotiate. She asked Mr. Jacques “where else could BSU go?” Mr. Jacques responded that they could go to Norwood.

On motion by Councillor Alves and seconded by Councillor Lopes, the Committee VOTED: To recommend to the City Council ADOPTION of the ORDER, authorizing the Mayor to execute a lease amendment and lease extension between the City and the Commonwealth (on behalf of Bridgewater State University) the purpose being to extend the current lease (which expired last summer) an additional (5) five years and provide a rent reduction, Bridgewater Flight Academy pays the highest rate of any tenant at the Airport and also services and fuels its fleet of aircraft at the Airport creating additional revenue. This motion Passed on a Roll Call Vote of Yeas 8, Nays 2, with Councillors Alves and Morad opposed.

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Notice, City Clerk of reference of a Communication, Mayor Mitchell, to City Council, submitting AN ORDER for the TRANSFER of \$892,515.00 from WATER, FREE CASH, to WATER STABILIZATION FUND (Ref'd 3/13/14) was received and placed on file by Councillor Alves and seconded by Councillor Lopes. (2, 2a)

Councillor Morad informed the Committee that Ron Labelle had surgery last week and would not be in attendance.

CFO Ari Sky was present and addressed the Committee. Mr. Sky explained the difference between Free Cash and the Stabilization Fund, at the request of Councillor Alves for the viewing public.

Councillor Morad then stated that nearly \$1,000,000 is a large sum of “extra” money that the city has from people’s water/sewer bills, and asked whether or not it might make sense to suspend the automated increase. Mr. Sky responded that the amount of this overage is only 7% of the fund, which is well within target parameters for an Enterprise Fund, particularly when there are still other projects on the horizon for the department. Councillor Morad again reiterated that, with tax increases, perhaps a temporary freeze on this increase could help city’s tax payers.

Councillor Gomes asked how much money is in the Water Department’s free cash. Mr. Sky responded that there is currently \$892,515.00; and in Stabilization there is \$3,500,000.00.

On motion by Councillor Lopes and seconded by Councillor Bousquet, the Committee VOTED: To table this matter at this time. This motion passed on a voice vote.

On a Related Motion by Councillor Lopes and seconded by Councillor Bousquet, the Committee VOTED: That CFO Ari Sky provides the Committee on Finance with a list of all transfers and withdrawals from the Water Stabilization Fund from the last five (5) years. This motion passed on a voice vote.

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Notice, City Clerk of reference of a Communication, Mayor Mitchell, to City Council, submitting AN ORDER for the TRANSFER of \$207,000.00 from FREE CASH, to ELECTIONS, CAPITAL OUTLAY (Ref'd 2/27/14) was received and placed on file by Councillor Alves and seconded by Councillor Lopes. (3, 3a)

CFO Ari Sky was present and addressed the Committee, as well as Maria Tomasia, Election Commissioner.

Councillor Alves asked CFO Sky for the amount currently in the City's Free Cash. CFO Sky stated there is currently \$2,495,000.00.

Maria Tomasia, Election Commissioner, explained that they need to purchase new machines due to the fact that the current machines are obsolete and replacement parts can no longer be purchased for them. They will purchase forty-two (42) in all, one for each precinct along with six backups. They cost approximately \$6,600.00 each and they will be in operation in time for the 2016 Presidential Election.

On motion by Councillor Lopes and seconded by Councillor Winterson, the Committee VOTED: To recommend to the City Council ADOPTION of the ORDER for the TRANSFER of \$207,000.00 from FREE CASH to ELECTIONS, CAPITAL OUTLAY. This motion passed on a Roll Call Vote of Yeas 10, Nays 0.

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Notice, City Clerk of reference of a Communication, Mayor Mitchell, to City Council, submitting AN ORDER for the TRANSFER of \$235,000.00 from FREE CASH, to GENERAL GOVERNMENT UNCLASSIFIED, CHARGES & SERVICES (Ref'd 2/27/14) was received and placed on file by Councillor Lopes and seconded by Councillor Winterson. (4, 4a)

City Solicitor Mikaela McDermott was present and addressed the Committee.

Councillor Lopes asked Solicitor McDermott to provide an explanation for the transfer. Solicitor McDermott replied there are three reasons for the transfer request:

- A. To cover claims that are not covered by insurance
- B. To pay for deductible payments
- C. To settle a couple of cases for the benefit of the city

Councillor Lopes asked how much of this money would be going toward resolving the complaints filed regarding the flooding on Cove Road homes. Solicitor McDermott stated that she could not answer that right now. Councillor Lopes then replied that, in that case, he would not vote for this because his constituents have not received any money, information or services from the city. Solicitor McDermott responded that the city's insurance company had determined that the city is not liable for those damages and that those property owners have been made aware of that.

Councillor Morad stated that she has heard that when a city resident appeals the insurance company's decision for something like a damaged tire/rim, etc. due to a city pothole, etc., that the resident must pay a \$15.00 filing fee and even if the appeal/claim is denied, the city keeps the \$15.00. She asked if that were indeed true. Solicitor McDermott stated that she does not know, but will look into it.

On motion by Councillor Lopes and seconded by Councillor Carney, the Committee VOTED: To recommend to the City Council ADOPTION of the TRANSFER of \$235,000.00 from FREE CASH to GENERAL GOVERNMENT UNCLASSIFIED, CHARGES & SERVICES. This motion passed on a Roll Call Vote of Yeas 9, Nays 1, with Councillor Lopes opposed.

On a Related Motion by Councillor Carney and seconded by Councillor Alves, the Committee VOTED: That City Solicitor McDermott and Risk Manager John Beauregard attend a future meeting of the Appointments & Briefings Committee in order to answer questions from the City Council regarding the City's Insurance Company and its procedures relating to claims and business practices. This motion passed on a voice vote.

On a Related Motion by Councillor Lopes and seconded by Councillor Bousquet, the Committee VOTED: That the Committee on Finance ask City Solicitor McDermott to investigate what the fee structure is (if any) for city residents making claims and/or appealing claims or decisions to/by the City's Insurance Company and reply to the Committee in a timely manner. This motion passed on a voice vote.

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Notice, City Clerk of reference of a Communication, Mayor Mitchell, to City Council, submitting AN ORDER for the TRANSFER of \$61,500.00 from FREE CASH, to MAYOR, SALARIES & WAGES (Ref'd 2/27/14) was received and placed on file by Councillor Alves and seconded by Councillor Lopes. (5, 5a)

CFO Ari Sky was present and addressed the Committee. Councillor Alves asked CFO Sky if this is the same funds that the City Council chose to cut from the Mayor's budget during the budget process. CFO Sky replied that it is. Councillor Alves expressed frustration with the fact that, in his opinion, the Mayor chose to just spend the money regardless of what the City Council chose to do.

Councillor Bousquet asked CFO Sky how much the Mayor's 100 account is actually short. Mr. Sky responded that he estimates the actual shortage to be approximately \$30,000.00.

Councillor Lopes stated that he and the Mayor reached an agreement that would restore a full time position in the City Clerk's Office, and, in turn the City Council would restore the \$61,500.00 to the Mayor's 100 account.

Councillor Alves called the Mayor a "hypocrite" due to the fact that the Mayor chose to fight the City Council's recent pay raise that amounted to being less than 3% per year, after the City Council had not received and increase in well over fifteen (15) years; but now wants to

continue giving his staff raises, particularly those who currently earn between \$63,000 and \$100,000 per year.

Councillor Martins stated that this Mayor's Staff budget is double what Mayor Lang's was.

Councillor Morad state that she has not once seen Neil Mello in the Chamber, including tonight, even though he was specifically invited to attend. She agreed with Councillor Alves' sentiment that the City Council should stick to its convictions regarding financial cuts it makes to the budget.

On motion by Councillor Alves and seconded by Councillor Oliveira, the Committee VOTED: To move the question. This motion passed on a Roll Call Vote of Yeas 10, Nays 0.

On motion by Councillor Bousquet and seconded by Councillor Carney, the Committee VOTED: To recommend to the City Council to amend the Order from \$61,500.00 to \$30,000.00. This motion FAILED on a Roll Call Vote of Yeas 4, Nays 6, with Councillors Bousquet, Lopes, Oliveira and Rebeiro in favor and Councillors Alves, Carney, Gomes, Martins, Morad and Winterson opposed.

On motion by Councillor Rebeiro and seconded by Councillor Carney, the Committee VOTED: To table this matter at this time. This motion FAILED on a Roll Call Vote of Yeas 3, Nays 7, with Councillors Carney, Martins and Rebeiro in favor, and Councillors Alves, Bousquet, Gomes, Lopes, Morad, Oliveira and Winterson opposed.

On motion by Councillor Alves and seconded by Councillor Lopes, the Committee VOTED: To recommend to the City Council ADOPTION of the ORDER for the TRANSFER of \$61,500.00 from FREE CASH to MAYOR, SALARIES & WAGES. This motion FAILED on a Roll Call Vote of Yeas 2, Nays 8, with Councillors Lopes and Oliveira in favor, and Councillors Alves, Bousquet, Carney, Gomes, Martins, Morad, Rebeiro and Winterson opposed.

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Notice, City Clerk of reference of a Communication, Mayor Mitchell, to City Council, submitting AN ORDER for the TRANSFER of \$133,000.00 from FREE CASH, to GENERAL GOVERNMENT UNCLASSIFIED, OTHER FINANCING USES (Ref'd 2/27/14) was received and placed on file by Councillor Alves and seconded by Councillor Bousquet. (6, 6a)

Derek Santos, New Bedford Economic Development Council Director was present and addressed the Committee. He stated that this amount of money represents the City's matching portion of a federal grant that will enable the city to conduct the first Urban Renewal Plan since 1971. This plan will be done through the Redevelopment Authority and will focus on water front renewal projects.

Councillor Alves stated that he is concerned that the Mayor may use this study as one more reason to delay any potential casino development. Mr. Santos assured the Committee that this does not take casino development on the Waterfront out of consideration in any way.

David Kennedy, Redevelopment Authority Chair, concurred with Mr. Santos' assessment, stating that just because the study will take approximately eighteen (18) months, it does not mean that there will be a complete moratorium on development during that period of time. He urged the Committee to move forward with this due to the city's dire need of a new Urban Renewal Plan.

Councillor Morad asked what the Federal Government's portion of this is. Mr. Sky stated that the Federal Government is giving \$200,000. Mr. Santos stated that the city is putting up \$133,000 instead of \$200,000 because the EDC is giving \$67,000 to make up the difference of a total \$400,000 study over an eighteen (18) month period. He also stated that it is their intention to have a City Councillor as a part of the study group.

On motion by Councillor Alves and seconded by Councillor Carney, the Committee VOTED: To recommend to the City Council ADOPTION of the ORDER for the TRANSFER of \$133,000.00 from FREE CASH to GENERAL GOVERNMENT UNCLASSIFIED, OTHER FINANCING USES, contingent to a Member of the City Council sitting on the Steering Committee. This motion passed on a Roll Call Voted of Yeas 10, Nays 0.

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Notice, City Clerk of reference of a Communication, Mayor Mitchell, to City Council, submitting AN ORDER for the TRANSFER of \$500,000.00 from FREE CASH, to STABILIZATION FUND (Ref'd 2/27/14) was received and placed on file by Councillor Bousquet and seconded by Councillor Alves. (7, 7a)

CFO Ari Sky was present and addressed the Committee. He explained that this is General Fund Free Cash and will go toward adding to the Stabilization Fund, bringing it to over \$8,000,000.00 and will also increase the city's cash reserves.

Councillor Martins asked Mr. Sky if the administration is planning to use any of the money from the Stabilization Fund this fiscal year. Mr. Sky stated that there are no such plans.

On motion by Councillor Martins and seconded by Councillor Alves, the Committee VOTED: To recommend to the City Council ADOPTION of the ORDER for the TRANSFER of \$500,000.00 from FREE CASH to STABILIZATION FUND. This motion passed on a Roll Call Vote of Yeas 8, Nays 2, with Councillors Alves and Martins opposed.

Councillor Alves made a motion to adjourn, which was seconded by Councillor Martins.

This meeting adjourned @ 9:17 p.m.

ATTEST:

Clerk of Committees