

NEW BEDFORD, MASSACHUSETTS

MEETING: COMMITTEE ON FINANCE
DATE: JUNE 20, 2017
TIME: 7:03 P.M.
PLACE: CITY COUNCIL CHAMBER, ROOM 214, MUNICIPAL BUILDING

PRESENT: COUNCILLORS LINDA MORAD, CHAIRPERSON; JAMES OLIVEIRA, VICE CHAIRMAN; IAN ABREU; NAOMI CARNEY; DEBORA COELHO; HUGH DUNN; STEVEN MARTINS; DANA REBEIRO (7:45); KERRY WINTERSON

ABSENT: COUNCIL PRESIDENT JOSEPH LOPES; COUNCILLOR BRIAN GOMES

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Councillor Morad called the Finance Committee Meeting to order and took attendance; two Communications were read into the record explaining the absences of Councillors Lopes and Gomes. These Communications were received and placed on file by Councillor Martins and seconded by Councillor Carney.

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A motion was made to take item number three (3) out of order by Councillor Abreu and seconded by Councillor Coelho. This motion passed on a voice vote.

Notice, City Clerk of reference of a COMMUNICATION, Mayor Mitchell, to City Council, submitting AN ORDER for the TRANSFER of \$620,000.00 from POLICE SALARIES AND WAGES in the amount of \$550,000.00 AND FACILITIES AND FLEET SALARIES AND WAGES in the amount of \$70,000.00, to FIRE SALARIES AND WAGES (Ref'd 5/23/17) was received and placed on file by Councillor Oliveira and seconded by Councillor Abreu. (3, 3a)

On motion by Councillor Coelho and seconded by Councillor Winterson, the Committee VOTED: To recommend to the City Council APPROVAL of the ORDER for the TRANSFER of \$620,000.00 from POLICE SALARIES AND WAGES in the amount of \$550,000.00 AND FACILITIES AND FLEET SALARIES AND WAGES in the amount of \$70,000.00, to FIRE SALARIES AND WAGES. This motion PASSED on a Roll Call Vote of Yeas 8, Nays 0, with Councillor Rebeiro not present for the vote.

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Notice, City Clerk of reference of a COMMUNICATION, Mayor Mitchell, to City Council, requesting, on behalf of the New Bedford School Committee, the renewal of a second one-year option on all New Bedford School bus contracts for authorization to ratify the extension of said contacts (Ref'd 5/23/17) and a RELATED MOTION, Councillor Morad, requesting that the School Committee supply to the Committee on Finance a copy of each school bus contract for which the renewal of a one-year option is

being requested (Ref'd 5/23/17) were received and placed on file by Councillor Abreu and seconded by Councillor Winterson. (1, 1a)

Andrew O' Leary, NBPS Business Manager, and Jeff Tetreault, NBPS Director of Transportation were present to address the Committee.

Mr. O'Leary explained that the City currently utilizes three bus companies, for a total of seven contracts, with Special Education being the largest of those contracts. They are currently preparing next year's new contracts, which they intend to go out to bid in January. However, they have the contractual ability to extend the current contracts by one year, per agreement. Although this will lock in the lower rate for one more year, it is currently an unfavorable market and they anticipate higher prices in the future. Pricing is broken down by routes. Communities like Westport, Plymouth and Dartmouth are presently paying \$300 a day for services while New Bedford is spending \$190 to \$250 a day.

Councillor Carney asked if they have looked at Fall River or Taunton. She was told no, but that Plymouth routes are actually closer in comparison to that of New Bedford, in terms of the number of students served.

Councillor Morad asked if the school department was planning ahead for the anticipated increase in cost. She was told that they were.

Costs are estimated to be approximately 10 million dollars a year, and this is an area of concern for them. The one-year extension protects the City and allows the school department the time to find a way to accommodate those who need transportation in an economically-feasible way.

Some ideas currently being considered are further breaking up the routes, extending walking distances, smart-routing, leasing busses, and presenting the option to bid on the contract package as a whole. With estimated transportation costs between 10-15 million dollars for 2019, Mr. O'Leary assured the Council that they will carefully consider all options, and that the way to get the best price is to go out to bid.

On motion by Councillor Coelho and seconded by Councillor Winterson, the Committee VOTED: To recommend to the City Council APPROVAL of the COMMUNICATION, Mayor Mitchell, to City Council, requesting, on behalf of the New Bedford School Committee, the renewal of a second one-year option on all New Bedford School bus contracts for authorization to ratify the extension of said contacts. This motion PASSED on a Roll Call Vote of Yeas 8, Nays 0, with Councillor Rebeiro not present for the vote.

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Notice, City Clerk of reference of a COMMUNICATION, Mayor Mitchell, to City Council, submitting AN ORDER that the City accept M.G.L. c.40, §13E, which authorizes a Special Education Reserve Fund to pay for unanticipated or unbudgeted costs for special education, out-of-district tuition or transportation (Ref'd 6/8/17) was received and placed on file by Councillor Martins and seconded by Councillor Winterson. (2, 2a)

Andrew O' Leary, NBPS Business Manager was present to answer questions from the Committee.

According to Mr. O'Leary, Special Education is a budget-buster. The state has allowed for the creation of a fund that will allow municipalities to place money in a stabilization fund which they could then draw upon to cover specific, unanticipated costs relative to Special Education. This fund can best be described as a subset of a rainy-day fund. The creation of this fund for the City must be approved by the School Committee, and then by the City Council, which is why the matter is before the Committee.

An example of an appropriate use of this fund would be if a student with severe medical fragility and health-care needs moved into our district. Depending upon what transportation and medical services the student required, it could potentially cost \$300,000-\$500,000. This fund could be used to cover these costs.

The Chair recognized Dr. Lawrence Finnerty, Vice Chairperson of the New Bedford School Committee.

Dr. Finnerty explained that costs associated with Special Education can be volatile and unpredictable, that we are legally bound to provide the required services, and that there are often highly litigious procedures surrounding special education services. He went on to state that he feels the creation of this type of fund has been needed for some time.

Councillor Oliveira stated he agreed with the purpose of this fund, and asked what the short-falls have been in New Bedford over the years. He was told by Mr. O'Leary that if the city cannot accommodate the needs of a particular student due to medical, behavioral or therapeutic reasons, than that student is transferred to a collaborative or private school. The city is responsible for the transportation and tuition costs related to that out-of-district placement, and there are typically very high costs associated with these types of placements. This fund would allow them the ability to save money to cover these costs.

Councillor Oliveira asked if there were projections for the funding of this account. Mr. O'Leary shared that they are exploring various revenue streams and sources. They have analyzed their Medicare billing system through MassHealth, and are stepping up their diligence regarding reimbursements. They also have legal settlements pending with other communities that have sent their children to our district but have not adequately funded them. Lastly, in the event of a surplus in the Special Education budget, they will now have the ability to transfer those funds into this particular account and save them for a time when they are needed.

Councillor Morad asked if they have established an amount for this fund. Mr. O'Leary told her that they have not, but that the account could not exceed 2% of Net School Spending at any given time.

Ari Sky, CFO, explained that the goal was to build and maintain a balance in this fund. The school committee would be managing and appropriating the fund, with Mr. O'Leary responsible for oversight. Before any funds could be used from this account, it would take a vote of the School Committee and then of the City Council, and the specific amount and purpose must be included in the request.

On motion by Councillor Oliveira and seconded by Councillor Abreu, the Committee VOTED: To recommend to the City Council ADOPTION of AN ORDER that the City accept M.G.L. c.40, §13E, which authorizes a Special Education Reserve Fund to pay for unanticipated or unbudgeted costs for special education, out-of-district tuition or transportation. This motion PASSED on a Roll Call Vote of Yeas 8, Nays 0, with Councillor Rebeiro not present for the vote.

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Notice, City Clerk of reference of a COMMUNICATION, Mayor Mitchell, to City Council, submitting a SIX-MONTH WAIVER OF RESIDENCY for Ryan DeCoste, Raynham, as DIRECTOR OF EMERGENCY MANAGEMENT and place Mr. DeCoste at Grade 10, Step 6 with a salary of \$68,650.00 (Ref'd 5/11/17) was received and placed on file by Councillor Coelho and seconded by Councillor Winterson. (4)

The chair had a letter read into the record from Sandra Vezina, Director of Personnel, explaining the reason for her absence. A motion was made to receive and place on file by Councillor Oliveira and seconded by Councillor Winterson.

A motion to table this matter was made by Councillor Coelho and seconded by Councillor Carney. This motion FAILED by a Roll Call Vote of Yeas 4, Nays 4, with Councillors Dunn, Martins, Oliveira and Winterson opposed.

The chair recognized New Bedford Fire Chief Michael Gomes.

Councillor Martins asked how much this position was advertised for and why this step and grade were offered. Chief Gomes replied that the position had been advertised for a number of months. They received a total of thirteen applications, and the selection committee consisted of himself, Police Chief Cordeiro, Sandra Vezina from Personnel and Mark Mahoney, who currently holds the position. Together, they reviewed each application and identified their top three candidates. After the interview process was complete, all four chose Mr. DeCoste as their number one choice.

Councillor Martins asked how many New Bedford residents applied. Chief Gomes answered that there were many, but none nearly as qualified as Mr. DeCoste. Councillor Martins asked if there were any New Bedford residents in the top three, and Chief Gomes said that there were not.

Councillor Martins asked what the reason was for the salary bump. Chief Gomes replied that what they offered to Mr. DeCoste was under what Mr. Mahoney was earning, and that in order to attract and retain qualified candidates, it's important to offer a competitive wage. He shared that he initially made the suggestion to offer this particular step and grade, and that the selection committee as well as the Mayor concurred. Chief Gomes stated that he felt this decision was warranted based upon the candidate's education and experience.

Councillor Martins asked what the candidate's current salary was. Chief Gomes answered that it was upwards of \$90,000 but that he had a wife and young child at home and was seeking full-time, permanent, shore-based employment.

Councillor Carney expressed her concern due to the recent Unit C Study and asked if Chief Gomes had input when the study was being conducted. Chief Gomes replied that he did, but at the time, he only had one Unit C employee. Chief Gomes went on to reiterate the importance of having a qualified candidate in this position.

Councillor Winterson stated that he believed Mr. DeCoste was well-qualified, and that he understands the need for appropriate compensation. However, he went on to express that he would be insistent on a move into New Bedford, and that although he would grant a six-month waiver at this time, he would be hesitant to do so a second time.

Councillor Oliveira concurred with Councillor Winterson regarding the residency waiver request. He mentioned that he sat on the Review Board for the Unit C Study, but could not recall how closely they looked at this particular position or the responsibilities associated.

Councillor Morad clarified that a vote in this committee would be in regards to the salary and not the residency waiver. She went on to say that she also served on the review committee with Councillor Oliveira, as did Councillors Lopes and Martins. She shared that she reviewed her notes from during that time, and found that the committee actually moved the starting point for that position up two grades from what the consultant had recommended, because they did in fact see just how important that position was. She went on to say that there was a lot of money, time and effort put into the Unit C Study to ensure that people were paid comparably, and it would be unfair to people currently in similar positions that are at Grade 1. She also stated that the grades were in place so that there would be a progression for employees during their tenure with the City.

On motion by Councillor Oliveira and seconded by Councillor Carney, the Committee VOTED: To table this matter at this time. This motion PASSED by a Roll Call Vote of Yeas 7, Nays 2, with Councillors Dunn and Coelho 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 \$180,000.00 from FREE CASH to GENERAL GOVERNMENT UNCLASSIFIED – RESERVE FOR APPROPRIATION (Ref'd 4/27/17) (5/16/17-motion for adoption FAILED yeas 5, nays 4, with Councillors Martins, Morad, Rebeiro and Winterson opposed.) was received and placed on file by Councillor Abreu and seconded by Councillor Oliveira. (5, 5a)

Councillor Martins asked CFO Ari Sky to give the Committee some background on this matter.

CFO Ari Sky informed the Committee that this was the payment for the AFSCME contract that was agreed to between the city and the Union. It would need to be approved by the City Council. If it is not approved the Mayor, should he choose, would need to reopen negotiations.

Attorney Jane Friedman explained the agreement was 5% over the next three (3) years; the Mayor negotiated the raise.

Councillor Rebeiro asked that Karen Hathaway, the Negotiator for the Union be able to speak to the Committee and give her input. Ms. Hathaway told the Committee they negotiated in good faith and brought the city's offers back to the Union for a vote. She stated that New Bedford has a history of going back to the table many times. If the Council does not vote to fund this contract, then the Union has the ability to go back to the table to discuss monetary issues. Whether or not the Union gets more money is a roll of the dice. What she is seeing is that her members have been waiting so long that they are tired of waiting and want to be paid, at the very least something, which is why they agreed to the 5%.

Councillor Rebeiro asked if the wage comparison for AFSCME members were the same as Unit C employees and she was told they were not. Ms. Hathaway stated that these employees are vastly under paid. 40 hours a week labor, 37-1/2 hours a week clerical. The Union had originally asked for an upgrade on all positions like Unit C, but was denied. They wanted to upgrade the lowest positions and that was denied as well.

Councillor Morad asked the CFO if the contract was not honored in FY17 would this cause a deficit in FY18. If after July 1 the money has already been budgeted. However, if they need to pay retro then they may need to make up the difference from free cash. Councillor Morad stated she is looking to provide AFSCME workers with a fair wage like the Unit C employees. It seems the only wages that were bumped up were those that were found to be under minimum wage. Only 30 employee's positions were adjusted.

It was explained the bottom step Grade 1, Step 1 pays \$12.24/hour, by the end of 5% they will be making \$13.92/hour. Middle grades get \$20 - \$21 per hour, which equates to \$40,680, which is the top step and would take you 6 years to reach this top step.

Councillor Morad stated this was the year to fix the discrepancies, but the Administration chose not to; as much as it pains her she cannot support the motion.

Councillor Oliveira stated the negotiations were conducted in good faith, the members want their money and they should be given their money.

Councillor Martins stated the contract is not right. It is sad that it is always those on the top who get the raises before those on the bottom. The ones who do the labor, do they deserve a raise, yes they do. The Mayor needs to go back and renegotiate this contract.

On motion by Councillor Oliveira and seconded by Councillor Winterson, the Committee VOTED: To recommend to the City Council ADOPTION of AN ORDER for the TRANSFER of \$180,000.00 from FREE CASH to GENERAL GOVERNMENT UNCLASSIFIED – RESERVE FOR APPROPRIATION. This motion passed on a Roll Call Vote of Yeas 6, Nays 3, with Councillors Abreu, Carney and Martins opposed.

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Notice, City Clerk of reference of a WRITTEN MOTION, Councillor Morad, requesting, that CFO Ari Sky provide the Committee on Finance the total financial obligation of the City of New Bedford for payment of utilities, to include "Gas, Electric

Water, Sewage etc." as detailed in the Zeiterion Theater contract, as well as any additional charges that were paid by the City of New Bedford, in addition to the \$210,000 Annual Contract Compensation, the request for this information should cover the period of FY 2014, 2015, 2016 and 2017 to date (To be Referred to the Committee on Finance.) (Ref'd 6/8/17) was received and placed on file by Councillor Coelho and seconded by Councillor Abreu. (6)

The Chair entertained a motion to receive and place on file the email with a financial breakdown provided by CFO Sky, which was made by Councillor Rebeiro and seconded by Councillor Martins.

Councillor Morad thanked CFO Sky for the breakdown it was exactly what the Committee was looking for.

On motion by Councillor Rebeiro and seconded by Councillor Martins, the Committee VOTED: To recommend to the City Council to receive and place on file the WRITTEN MOTION, Councillor Morad, requesting, that CFO Ari Sky provide the Committee on Finance the total financial obligation of the City of New Bedford for payment of utilities, to include "Gas, Electric Water, Sewage etc." as detailed in the Zeiterion Theater contract, as well as any additional charges that were paid by the City of New Bedford, in addition to the \$210,000 Annual Contract Compensation, the request for this information should cover the period of FY 2014, 2015, 2016 and 2017 to date. This motion passed on a voice vote.

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Notice, City Clerk of reference of a Written Motion, Councillor Bousquet, requesting that the City Council look into establishing a revolving fund for the Department of Parks and Recreation and Beaches, in order to manage the care and maintenance of the proposed Dog Park in the City of New Bedford. (To be referred to the Committee on Finance) (Ref'd 7/16/15) (Tabled - 8/19/15; 9/9/15; 2/24/16) (5/16/17-No Further Action) (7)

On motion by Councillor Martins and seconded by Councillor Rebeiro, the Committee VOTED: To recommend to the City Council to take "No Further Action" on the Written Motion, Councillor Bousquet, requesting that the City Council look into establishing a revolving fund for the Department of Parks and Recreation and Beaches, in order to manage the care and maintenance of the proposed Dog Park in the City of New Bedford. This motion passed on a voice vote.

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Notice, City Clerk of reference of a COMMUNICATION, City Solicitor Mikaela A. McDermott, to City Council, providing an overview of how the funds in the Judgments, Claims and Settlements line item in the General Government Unclassified account have been spent thus far in FY17; and an overview of the claims and litigation currently pending against the City and finally an estimate of how much additional funding will be needed for Judgment/Claims/Settlements line item for the remainder of FY17. (Copy all Councillors 01/27/2017.) (Ref'd 2/23/17) (5/16/17-No Further Action) (8)

On motion by Councillor Martins and seconded by Councillor Rebeiro the Committee VOTED: To recommend to the City Council to take “No Further Action” on a COMMUNICATION, City Solicitor Mikaela A. McDermott, to City Council, providing an overview of how the funds in the Judgments, Claims and Settlements line item in the General Government Unclassified account have been spent thus far in FY17; and an overview of the claims and litigation currently pending against the City and finally an estimate of how much additional funding will be needed for Judgment/Claims/Settlements line item for the remainder of FY17. This motion passed on a voice vote.

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

This meeting adjourned @ 8:42 p.m.

ATTEST:

Denis Lawrence, Jr.,
Clerk of Committees