

Budget & Finance Committee
 Thursday, February 22, 2018– 5:30 p.m.
 1st Fl. Council Committee Room – City Hall
-Minutes-

Present: Chair, Councilor Melissa Cox; Vice Chair, Councilor Scott Memhard; Councilor Ken Hecht
Absent: None.

Also Present: Councilor LeBlanc (entered the meeting at 5:36 p.m. and left the meeting at 5:53 p.m.); Councilor O’Hara (entered the meeting at 5:36 p.m.); Kenny Costa; Jim Destino; John Dunn; Joanne M. Senos; Mark Cole; Chip Payson; Donna Leete; Chris Sicuranza

The meeting was called to order at 5:33 p.m. Matters were taken out of order. There was a quorum of the City Council at 5:36 p.m. until the departure of Councilor LeBlanc at 5:53 p.m.

1. Memorandum from the Fire Chief re: acceptance of two grant applications to FEMA Assistance to Firefighters Grant Program (AFG) -- For Information Only

The documentation received by the Committee was meant for its information only. Both grants have matches below the \$100,000 threshold under the Code of Ordinances and don’t require a vote to permit the grant applications.

This matter is closed.

2. Memorandum from Assistant DPW Director re: request approval to pay invoices for services performed in 2016/2017

Mark Cole, Assistant Public Works Director, explained that there were electrical contractor invoices left unpaid from the last fiscal year by the former DPW Facilities Manager. The invoice for \$6,381.19 was for work done in FY18, he noted. **Kenny Costa**, City Auditor, pointing out that as there was no purchase orders for any of the work completed, that this invoice is included. **Mr. Cole** said that these invoices were for work on fire alarms in advance of the start of the school year, as well as other related work. These invoices were found after the Facilities Manager left, he reported, and said that he asked that the contractor forward all outstanding invoices to him, which was the reason almost all invoice dates were the same. He said they’d like to get these invoices taken care of in order to continue to use this contractor who has worked successfully for the city for some years. He added he had no explanation as to why these invoices weren’t paid. Responding to an inquiry by **Councilor Hecht**, **Mr. Cole** said that the funds were accounted for in the fiscal year budget but could offer no reason as to why these invoices should have been left unpaid.

COMMITTEE RECOMMENDATION: On a motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council in accordance with MGL c. 44, §64 approve payment of a prior year invoices for services rendered in FY2017 and FY2018 with no purchase order in place as follows:

By Ronald Seaboyer Electrical & Fire Alarm Maintenance, 235 Howard Street, Melrose, MA to be paid with FY2018 Budgeted funds from the DPW-Facilities, Purchase of Services, Account #0147252-52000:

<u>Invoice #</u>	<u>Date</u>	<u>Work Performed Dates:</u>	<u>Services Rendered:</u>	<u>Amount</u>
04013038	7/7/17	7/25/2016-8/29/2016	Fire Alarm Tests all city & school bldgs.	\$8,927.24
04013045	7/7/17	8/10/2016	Troubleshoot & replace 2 nd Fl. flow switch	\$ 900.00
04013050	7/7/17	8/19/2016 to 10/18/2016	Parts to repair fire alarm systems in schools and city bldgs.	\$2,969.65
04013104	7/7/17	11/29/2016 to 2/1/2017	High School IT Room	\$8,170.96
04013105	7/7/17	12/01/2016 to 02/01/2017	Parts purchased for IT Room	\$ 739.06
04014597	9/22/17	8/28/2017 to 09/22/2017	Test & Repair City bldg. fire alarm systems	<u>\$6,381.19</u>
TOTAL:				\$28,088.10

3. Memorandum & Special Budgetary Transfer Request (2018-SBT-3) from the Auditor:

Mr. Costa recounted that on the last Overdrawn Report from his office there was a deficit for sick leave buy back for \$1,284.16 under the City Clerk's office. The Special Budgetary Transfer (SBT) before the Committee will only fund a portion of that amount with the remainder of the funds coming from the City Clerk's budget.

Joanne M. Senos, City Clerk, explained that under the AFSCME B contract unit members have a sick buy back benefit for any hours accumulated over 1,260 hours. A new employee was hired in January 2017. It was known that this employee had previously bought back sick time from the city department she had previously worked for, but that the City Clerk's FY18 budget didn't have this type of payout funding reserved. As a result, when this employee declared for her sick leave buy back benefit, the City Clerk's budget didn't have funds reserved for such payouts. She said she had to ask for additional funds as she didn't enough funds from her FY18 personnel budget, and the City Auditor was willing to cover the balance of this transfer with his available funds. She assured that such a payout will be budgeted for in her FY19 budget.

Ms. Senos, responding to an inquiry by **Councilor Memhard**, said that since her tenure with the City Clerk's office starting in 2004 she's not had this situation occur. She said in hindsight she should have realized this was possible seeing the amount of accumulated sick time this employee had and will be better prepared moving forward.

COMMITTEE RECOMMENDATION: On a motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve Special Budgetary Transfer 2018-SBT-3 in the amount of \$325.00 from Account #0113551-519010, City Auditor's Office, Sick Leave Buyback to Account #0116151-519010, City Clerk's Office, Sick Leave Buyback, for the purpose of funding a partial Sick Leave Buyback in the City Clerk's Office.

4. Memorandum & Supplemental Appropriation Budgetary Request (2018-SA-17) from the CFO

John Dunn, CFO, conveyed the following information: In the last fiscal year the city signed Memorandums of Agreement (MOA's) with the American Federation of State, County and Municipal Employees (AFSCME) Units A & B for a 2% increase (for cost of living adjustment or COLA). It was going to be a one-year contract, which would be up at the end of last year. There is a class/compensation study on-going, and it was hoped it would be completed by now. It turned out to be more complicated than anticipated, and the study is still being worked on. It does affect a lot of the clerks on the city side. The city went back to both AFSCME units and agreed to continue the class/compensation study and whatever changes come out of that study they'll work through. For the time being the COLA's for FY18 and FY19 were settled at 2%.

The Supplemental Appropriation before the Committee is for the employee COLA's on the General Fund side throughout the city budget totaling about \$103,000. The funds are being transferred from the city's Overlay Surplus account. The Board of Assessors, at the request of the Mayor, released \$275,000 from that account. The Overlay Surplus account is used for abatements and exemptions each year as they come forward. In general the city ends up with more in that account than is needed, and the city is allowed by law to take funds out of the account by appropriation when it is recognized funds aren't needed for abatements and exemptions.

Mr. Dunn explained that this supplemental appropriation is funding this year's COLA increases for AFSCME Units A & B with previous year's budgeted funds citing that they're not using Free Cash but funds that were already a part of the fiscal budget. The remainder of the \$275,000 moved from Overlay Surplus (about \$172,000) will be set aside for settlements of two union contracts which are still in negotiation -- Patrolmen and Firefighters unions.

Responding to a series of questions from **Councilor Cox**, **Mr. Dunn** said that the Surplus Overlay is put forward each year during the Council's budget review. They are essentially projecting what the entire tax revenue is going to be, then putting some aside for the Overlay Surplus. The Council confirms that when they take the Tax Classification vote in November which sets the tax rate -- with few exceptions, there has always been Overlay Surplus. They don't release the funds every year; and he noted they released funds three years ago. **Mr. Dunn** assured it doesn't happen often. With the release of \$275,000 there will be by the end of this year about \$400,000 in the Overlay account. The Overlay Surplus funds can be appropriated during the course of this fiscal year or it will fall to Free Cash at the end of the fiscal year. An appropriate use of these funds would be for the Snow & Ice deficit and contract settlements it was pointed out.

For the benefit of **Councilor Hecht** it was explained that AFSCME Unit B is comprised of all the clerical staff on the city side and AFSCME Unit A is comprised of the DPW workers. **Mr. Destino** recounted there are six bargaining units on the city side: AFSCME A & B; GMAA (City Managers); Police Patrolmen and Police Superior Officers; and one Firefighter's union. **Mr. Dunn** pointed out that the School Department has nine unions. It was briefly described how funds are reserved for the settlement of city-side contracts in the General Fund. **Mr. Destino**

said it is hoped that for the FY19 budget the city will be able to set aside funds in an account in anticipation of the Patrolmen's and Firefighter union contracts. Speaking as to why the city didn't budget for these negotiated AFSCME Unit A & B COLA increases, **Chip Payson**, General Counsel, pointed out that at the time of the FY18 budget season review it was unknown at what level the outstanding contracts would settle.

Mr. Dunn confirmed for **Councilor Cox** said this (appropriation) settles AFSCME A & B for the straight salary. There will be an impact on overtime, but that only affects DPW. He said they believe "strongly" that the impact of the settlements within the Enterprise Funds can be absorbed by those Funds, but he assured that they will watch that situation carefully. He said that only if absolutely necessary will they come forward to appropriate Free Cash before the end of the current fiscal year. **Councilor Cox** confirmed the numbers before the Committee are for FY18 only. **Mr. Dunn** reiterated the FY19 budget will include the 2% COLA.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Hecht, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve 2018-SA-17 in the amount of \$103,659.44 (One Hundred Three Thousand Six Hundred Fifty Nine Dollars and 44 Cents) from General Fund, Balance Reserved For Overlay Surplus, Account #0001-322000, to Various General Fund Salary Accounts for the purpose of transferring funding to various General Fund Salary accounts to fund AFSCME A and B Fiscal Year 2018 Cost of Living Adjustment (COLA) per Memorandums Of Agreements as follows:

<u>Account #</u>	<u>Account Name</u>	<u>Amount</u>
0112151-511000	Executive - Mayor's Office, Salaries	\$ 958.19
0113551-511000	City Auditor's Office, Salaries	\$ 1,186.12
0114151-511000	Board of Assessors Office, Salaries	\$ 1,766.53
0114551-511000	Treasurer/Collector, Salaries	\$ 4,197.04
0114551-512000	Treasurer/Collector, Salaries & Wages - Temp.	\$ 507.67
0115151-511000	Law Department, Salaries	\$ 1,438.67
0115251-511000	Human Resources, Salaries	\$ 2,298.08
0115551-511300	MIS, Wages - Hourly	\$ 290.47
0116151-511000	City Clerk's Office, Salaries	\$ 2,101.54
0116151-511300	City Clerk's Office, Wages - Hourly	\$ 309.81
0116351-511000	Registration, Salaries	\$ 1,039.24
0118151-511000	Community Development, Salaries	\$ 1,360.64
0121051-511000	Police-Admin. Department, Salaries	\$ 1,872.57
0121151-511300	Police-Uniform Department, Wages - Hourly	\$ 150.59
0121851-511000	Police-Parking Department, Salaries	\$ 897.15
0121851-511300	Police-Parking Department, Wages - Hourly	\$ 492.66
0122051-511000	Fire Department, Salaries	\$ 740.83
0124151-511000	Inspectional Services, Salaries	\$ 2,965.47
0124151-511300	Inspectional Services, Wages - Hourly	\$ 771.76
0129251-511000	Police-Animal Control Department, Salaries	\$ 2,050.43
0129651-511300	Shellfish Control Department, Wages - Hourly	\$ 993.23
0141151-511000	DPW-Engineering, Salaries	\$ 325.69
0142151-511000	DPW-Admin. Department, Salaries	\$ 475.92
0147051-511000	DPW-Public Services Department, Salaries	\$16,934.35
0147251-511000	DPW-Facilities Maint. Department, Salaries	\$35,338.49
0147251-511300	DPW-Facilities Maint. Department, Wages - Hourly	\$ 391.02
0149951-511000	DPW-Central Services Department, Salaries	\$ 1,934.19
0151051-511000	Board of Health Department, Salaries	\$ 2,842.01
0151051-511300	Board of Health Department, Wages - Hourly	\$ 464.68
0154151-511000	Council on Aging Department, Salaries	\$ 1,846.18
0154151-511300	Council on Aging Department, Wages - Hourly	\$ 1,088.36
0154351-511000	Veteran's Benefits Office, Salaries	\$ 957.92
0161051-511000	Library Administration, Salaries	\$11,918.33
0161051-511300	Library Administration, Wages - Hourly	\$ 753.61
	TOTAL:	\$103,659.44

5. Memorandum from CFO re: repurposing completed Sewer Project Capital Project funds dating back to 1999

Mr. Dunn conveyed that repurposing of loan remainders has been done several times over the past few years. The city borrows for capital projects, and there is some variance in terms of the total project cost; bids come in lower than expected, there's a change in scope. These funds are from older sewer capital projects that have funds in them because the completed projects didn't totally expend the authorized fundings. The total of these remaining 10 fund balances is \$928,842.59. He reported that the Public Works Director confirmed these projects are complete and that there are no outstanding commitments. When they repurpose these funds a new account will be created whose purpose is as broad as possible for sewer-related projects. The debt service is paid out of the Sewer Enterprise Fund. He pointed out that there are plenty of projects on the DPW's list, which he briefly described, saying that these funds will be spent fairly quickly in the coming months. He reiterated that these are funds already borrowed and that the city is currently paying the debt service -- now these remaining funds will be put to work.

Councilor Hecht said he understood whatever projects these funds are utilized for must have a lifespan of at least of 20 years. **Mr. Dunn** gave the example that they can't repurpose 20-year money and buy a police cruiser with a five-year lifespan. Everything they do in sewer and water has a minimum lifespan of 20+ years. **Councilor Hecht** asked if there's ever an allocation of the money of this nature for the purpose of paying off debt. **Mr. Dunn** said it wouldn't be used in that manner and discussed how this is a way to avoid removing capital funds out of the Sewer Enterprise Fund which in turn helps to hold down increases to the city's ratepayers.

COMMITTEE RECOMMENDATION: On motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council authorize the following loan order:

Ordered: That in accordance with c. 44, §20 of the General Laws, the \$32,493.30 unexpended balance of Fund #6401 initially borrowed to pay the costs of CIP 2005 Sewer Project, the \$67.05 unexpended balance of Fund #6403 initially borrowed to pay the costs of CIP 1999 Surface Drains, the \$96,702.30 unexpended balance of Fund #6404 initially borrowed to pay the costs of CIP 2000 Kent Sewer Recondition, the \$140,930.97 unexpended balance of Fund #6405 initially borrowed to pay the costs of CIP 2000 Sewer Electric, the \$5,498.57 unexpended balance of Fund #6406 initially borrowed to pay the costs of Combined Sewer Overflow, the \$26,332.25 unexpended balance of Fund #6407 initially borrowed to pay the costs of EPA Storm-water, the \$44,757.12 unexpended balance of Fund #6408 initially borrowed to pay the costs of CIP 2004-Combined Sewer Overflow, the \$150,000 unexpended balance of Fund #6410 initially borrowed to pay the costs of CIP Vector Pad, the \$101,810.93 unexpended balance of Fund #6411 initially borrowed to pay the costs of CIP Sewer Pump Station Improvements and the \$327,250.00 unexpended balance of Fund #6412 initially borrowed to pay the costs of CIP Surface Drainage Improvements - West Gloucester, which projects are complete and such amounts are no longer needed for the projects, are hereby appropriated by this Council to a new Sewer Capital Project Fund #6417 to pay the costs of Miscellaneous Sewer Main and Sewer Pump Station improvements within the City, including the payment of any and all costs incidental and related thereto.

This matter will be advertised for public hearing.

6. Memo from City Auditor regarding accounts having expenditures which exceed their authorization & Auditor's Report and other related business

Kenny Costa, City Auditor, reviewed his reports (on file) with the Committee.

A motion was made, seconded and voted unanimously to adjourn the meeting at 6:12 p.m.

Respectfully submitted,
Dana C. Jorgensson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.