



Committee on Finance

July 14, 2014 – 7:00 PM - **Minutes**
Chambers of the City Council, Room 214

****View Agenda****

MEETING: COMMITTEE ON FINANCE
DATE: JULY 14, 2014
TIME: 7:00 P.M.
PLACE: CITY COUNCIL CHAMBER, ROOM 214, MUNICIPAL BUILDING

PRESENT: COUNCILLORS LINDA MORAD, CHAIRPERSON; JOSEPH P. LOPES, VICE-CHAIRMAN; HENRY BOUSQUET; NAOMI CARNEY; DEBORA COELHO; STEVEN MARTINS; JAMES OLIVEIRA; DANA REBEIRO (7:10); KERRY WINTERSON

ABSENT: COUNCILLORS DAVID ALVES; BRIAN GOMES

* * *

Councillor Morad called the meeting to order and took attendance. The Clerk read Memos into the record from Councillors Alves and Gomes notifying the Committee that they would not be in attendance due to prior commitments. These communications were received and placed on file by Councillor Lopes and seconded by Councillor Martins. Councillor Rebeiro announced her arrival to the meeting and apologized for her tardiness due to her attendance at an important School Committee meeting.

* * *

Notice, City Clerk of reference of a Communication, Mayor Mitchell, to City Council, submitting a LOAN ORDER, that \$15,000,000 is appropriated for the purpose of financing the construction of transmission main improvements including installation and replacement of piping, main line valves, blow-off structures, and air releases along the 36-inch water transmission mains from High Hill Reservoir and major connecting sideline mains, all road and surface treatment repairs including without limitation all costs thereof as defined in Section 1 of Chapter 29C of the General Laws; that to meet this appropriation the Treasurer with the approval of the Mayor and the Committee on Finance is authorized to borrow \$15,000,000 and issue bonds or notes therefore under Chapter 44 of the General Laws and/or Chapter 29C of the General Laws; that such bonds or notes shall be general obligations of the City unless the Treasurer with the approval of the Mayor and the Committee on Finance determines that they should be issued as limited obligations and may be secured by local system revenues as defined in Section 1 of Chapter 29C; that the Treasurer with the approval of the Mayor and the Committee on Finance is authorized to borrow all or a portion of such amount from the Massachusetts Water Pollution Abatement Trust (the "Trust") established pursuant to Chapter 29C of the General Laws; and in connection therewith to enter into a loan agreement and/or a security agreement with the trust and otherwise to contract with the trust and the Department of Environmental Protection with respect to such loan and for any federal or state aide available for

the project or for the financing thereof; that the Mayor is authorized to enter into a project regulatory agreement with the Department of Environmental Protection, to expend all funds available for the project and to take any other action necessary to carry out the project (Ref'd 6/26/14) was received and placed on file by Councillor Bousquet and seconded by Councillor Lopes. (1, 1a)

Councillor Lopes asked DPI Commissioner Ron Labelle to explain the nature and importance of this project. He stated that there are two twin cast iron mains that deliver water to the City from the High Hill Reservoir, and they and their valves are 110 years old. In addition, 80% of the valves on these mains do not work. Therefore, if something should go wrong, there would be a major catastrophe resulting in shutting off almost the entire north end's water supply for an indefinite period of time. He stressed that this is absolutely critical and must be done as soon as possible. He explained that the project would most likely begin next spring and that borrowing from the State would be done at a rate of 2%. There would be no improvements to water pressure or quality, as those two things are not issues in that area of the City anyway, but it is imperative that this be done to avoid catastrophe. Total project time would be between 18 and 24 months and the borrowing would be amortized over 20 years. They may give the job to the City's current contractor, PA Landers, or may go out to bid special for this project.

Councillor Morad asked if the entire \$15,000,000.00 would be needed in his opinion. Commissioner Labelle responded that he hopes to do it for \$10,000,000.00, but gave the Council assurances that the remainder of the money could be received from the State should it be needed, even though the State put a "value" on this project at approximately \$11,000,000.00.

Councillor Carney asked the Commissioner if he would stress to whoever the contractor is that they look to hire New Bedford residents and he stated that he always does and would again.

Councillor Rebeiro raised a concern with PA Landers regarding disturbing neighborhoods in her ward as early as 5:00 a.m., with large trucks and asked the Commissioner to keep an eye on that, in which he stated he would.

On motion, by Councillor Lopes and seconded by Councillor Bousquet, the Committee VOTED: To recommend Adoption of the LOAN ORDER, appropriating \$15,000,000.00 for the purpose of financing the construction of transmission main improvements including installation and replacement of piping, main line valves, blow-off structures, and air releases along the 36-inch water transmission mains from High Hill Reservoir and major connecting sideline mains, all road and surface treatment repairs including without limitation all costs thereof as defined in Section 1 of Chapter 29C of the General Laws; that to meet this appropriation the Treasurer with the approval of the Mayor and the Committee on Finance is authorized to borrow \$15,000,000 and issue bonds or notes therefore under Chapter 44 of the General Laws and/or Chapter 29C of the General Laws; that such bonds or notes shall be general obligations of the City unless the Treasurer with the approval of the Mayor and the Committee on Finance determines that they should be issued as limited obligations and may be secured by local system revenues as defined in Section 1 of Chapter 29C; that the Treasurer with the approval of the Mayor and the Committee on Finance is authorized to borrow all or a portion of such amount from the Massachusetts Water Pollution Abatement Trust (the "Trust") established pursuant to Chapter 29C of the General Laws; and in connection therewith to enter into a loan agreement and/or a

security agreement with the trust and otherwise to contract with the trust and the Department of Environmental Protection with respect to such loan and for any federal or state aide available for the project or for the financing thereof; that the Mayor is authorized to enter into a project regulatory agreement with the Department of Environmental Protection, to expend all funds available for the project and to take any other action necessary to carry out the project. This motion passed on a Roll Call vote of Yeas 9, Nays 0.

* * *

Notice, City Clerk of reference of a Related Motion, Council President Lopes, to request that CFO Ari Sky provide the Committee on Finance with a full financial breakdown of all the cost incurred in the \$5,400,000.00 Loan Order within thirty (30) days (Finance 6/16/14), was received and placed on file by Councillor Lopes and seconded by Councillor Bousquet. (2)

Councillor Lopes asked where the savings of \$86,000 in maintenance costs per year would be coming from when these new LED's are supposed to last for 20 years. Commissioner Labelle answered that often the bulbs and fixtures are damaged and must be replaced. He referred to the fact that licensed electricians have in the past been changing light bulbs, which is a significant waste of money and resources. They can now work on other projects that warrant their skill set and pay grades.

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.

* * *

Notice, City Clerk of reference of a Related Motion, Council President Lopes, requesting 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 decision to/by the City's Insurance Company in a timely manner (Ref'd 5/12/14) was received and placed on file by Councillor Lopes and seconded by Councillor Coelho. (3)

The Clerk read a Communication from City Solicitor Mikaela McDermott stating that there is no fee for City residents who file claims with the City. Apparently, the City did charge a filing fee for a period of time during the administration of Mayor Frederick Kalisz, but that filing fee has long since been revoked. If the City's insurance company denies a claim, or if the City denies a claim that is not covered by insurance, the next step is for the claimant to file suit in court, for which there will be a filing fee. This Communication was received and placed on file by Councillor Lopes and seconded by Councillor Carney.

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

* * *

Notice, City Clerk of reference of a Written Motion, Councillor Martins, requesting, that the Committee on Finance meet with a representative of the MIS Department, City Auditor, CFO

and City Treasurer for the purpose of having the City of New Bedford's checkbook placed online for all taxpayers and Citizens to view; and further, that the City has a large budget, monies being transferred, items being bought and salaries being paid for that although the City Budget is posted on the web, it's not easy to follow and doesn't give them, the information needed to follow the monies being spent, nor the access to see what they pay for and what we do with City funds; and further, that this process would increase transparency of local government and we should have our books open to the public to show the people of New Bedford what is being done with their tax dollars; and further, this process should include the School Department's budget, especially during times like these when so many Citizens and taxpayers want answers to their questions and rightfully so (Ref'd 5/9/13, 11/19/14 - tabled for 6 months), was received and placed on file by Councillor Lopes and seconded by Councillor Carney. (4)

Councillor Martins asked that this be left in Committee for six months for an update. CFO Ari Sky provided information regarding why he has not yet been able to implement the "open check book" on the City's web-site as of now. First, he stated that the School Department just got onto the system, so their information would not have been included. Second, the technical ability to provide the "open check book" was not available. However, the new MUNIS system will have an optional module for such a thing, but it will cost money. However, he does not see that as an obstacle moving forward. And third, his operational staffing has just now been brought up to full strength and things are finally running smoothly. Once there is stability in the office, he will certainly move forward and should be able to provide an update on significant progress by September or October.

On motion, by Councillor Martins and seconded by Councillor Oliveira, the Committee VOTED: To table this matter until the Finance Committee meeting in October 2014. This motion passed on a voice vote.

* * *

Notice, City Clerk of reference of a Related Motion, Councillor Morad, requesting, that in conjunction with the referral of the \$15,000,000 Loan Order, that Chief Financial Officer, Ari Sky provide the Committee on Finance a projection as to all new proposed bonding requests that may be presented to the Council for consideration between now and year end 12/31/14 (Ref'd 6/26/14), was received and placed on file by Councillor Martins and seconded by Councillor Lopes. (5)

Vice-Chairman, Councillor Lopes took the Chair so that the Councillor Morad could debate this issue. Councillor Morad asked CFO Sky to explain this process. CFO Sky stated that this is a plan that is updated each year. He discussed projects that are receiving funding, such as Fire Station 8 and maintenance on some schools.

Councillor Lopes asked what the \$2,100,000.00 Planning Grant is for? Commissioner Labelle stated, two years ago, the EPA found a number of deficiencies in the Waste Water Department and this Grant was awarded to the Department to address those deficiencies.

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

* * *

Notice, City Clerk of reference of a Communication, Mayor Mitchell, to City Council, submitting a letter regarding Fiscal Year 2014-2018 Capital Improvement Plan, including City's consideration of an energy management services contract (Ref'd 2/27/14, 3/24/14 – rpf), was received and placed on file by Councillor Morad and seconded by Councillor Martins. (6)

There was no discussion on this matter.

No additional action was taken.

* * *

A motion was made by Councillor Morad and seconded by Councillor Oliveira to take “No Further Action” on items seven (7) through eleven (11), they are as follows:

Notice, City Clerk of reference of a Communication, Gerard Arnaudet, Executive Director, New Bedford Contributory Retirement System, to Councillor Lopes responding to a Written Motion on the July 18, 2013 meeting, regarding retirees currently receiving less than the ceiling amount of \$15,000.00 per year as a minimum pension (Ref'd 9/12/13), and a Written Motion, Councillor Lopes, requesting that the New Bedford Contributory Retirement System provide this Councillor with what the projected yearly cost would be to New Bedford, if the City were to provide 80 retirees with a \$10,000.00 and \$15,000.00 yearly pension. (Ref'd 9/12/13) (7,7a)

Notice, City Clerk of reference of AN ORDER for the APPROPRIATION of \$85,000.00 from ORDINARY REVENUE AND MUNICIPAL RECEIPTS, to PLANNING & COMMUNITY DEVELOPMENT, CHARGES & SERVICES. (Ref'd 10/24/13) (8)

Notice, City Clerk of reference of a Communication, Mayor Mitchell, to City Council, submitting AN ORDER for the TRANSFER of \$75,000.00 from OVERLAY RESERVE, to GENERAL GOVERNMENT UNCLASSIFIED, CHARGES & SERVICES. (Ref'd 2/13/14) (9, 9a)

Notice, City Clerk of reference of a Communication, Council President Lopes, submitting a copy of the Citistat/Performance Measurement Update from CFO Sky, dated April 18, 2014. (Ref'd 5/8/14) (10)

Notice, City Clerk of reference of a COMMUNICATION, Mayor Mitchell, to City Council, submitting AN ORDER for the TRANSFER of \$35,000.00 from LIBRARY, SALARIES & WAGES, to MAYOR, SALARIES & WAGES. (Ref'd 6/12/14, 6/16/14 – Failed in Committee on a Roll Call Vote of Yeas 5, Nays 3, with Councillors Alves, Martins and Morad opposed) (11, 11a)

* * *

Councillor Morad made a motion to adjourn, which was seconded by Councillor Oliveira. This motion passed on a voice vote.

This meeting adjourned @ 7:45 p.m.

ATTEST:

Clerk of Committees