



Committee on Finance

April 15, 2015 – 7:32 PM - **Minutes**
Chambers of the City Council, Room 214

NEW BEDFORD, MASSACHUSETTS

MEETING: COMMITTEE ON FINANCE
DATE: APRIL 15, 2015
TIME: 7:32 P.M.
PLACE: CITY COUNCIL CHAMBER, ROOM 214, MUNICIPAL BUILDING

PRESENT: COUNCILLORS JOSEPH LOPES, CHAIRMAN; JAMES OLIVEIRA, VICE-CHAIRMAN; DAVID ALVES; HENRY BOUSQUET; NAOMI CARNEY; DEBORA COELHO (7:37); BRIAN GOMES; STEVEN MARTINS; LINDA MORAD; DANA REBEIRO (7:37); KERRY WINTERSON

ABSENT: NO ONE

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Councillor Lopes called the Finance Committee Meeting to order and took attendance, with everyone present.

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Notice, City Clerk of reference of a Written Motion, Councillor Lopes, requesting, AGAIN, that the City of New Bedford adopt M.G.L., Chapter 59, Section 5N, which allows Cities and towns to create a work-off tax abatement program for the Veterans, this would allow Veterans to earn abatements on their property taxes by working for the community (Ref'd 03/27/13) was received and placed on file by Councillor Alves and seconded by Councillor Oliveira. (1)

The Chair recognized Mr. Chris Gomes, the Veterans Agent for the City of New Bedford, to answer questions from the Committee.

Councillor Bousquet asked Mr. Gomes how many Veterans would take advantage of this program if it was offered. Mr. Gomes responded that if the Veterans were made aware of this it would be something that they might be interested in; he knows that programs like this works well in other communities, from what he has heard.

Councillor Alves asked Mr. Gomes what local communities are using it or programs similar to the abatement. Mr. Gomes said he is not sure if there are any communities that are using it; however, he does know that North Hampton and Lincoln, Massachusetts have similar programs in effect.

Councillor Alves asked if there was information available online about those town's programs, for instance what the amount of the abatement available is. Mr. Gomes said he believes the total abatement is up to \$1,000, which equals to \$19.00 per hour. Councillor Alves asked if Carlos Amado, Administrative Assistant to the Board of Assessors could be recognized for questions.

Mr. Amado was recognized and Councillor Alves asked him what the Board of Assessors' position was on this matter. Mr. Amado responded that it's not up to the Board of Assessors to make the decision, the final approval would fall on the City Council, and they would have to approve the program. Once the program was created there would have to be someone retained to administer the program. He does not know what office would be responsible for overseeing and/or keeping record of the abatements and the hours put in by the individual veterans. He did go on to say that the Board would certify the hours; however, any amounts toward the taxes and the abatement, they would notify the State and Federal Government of the hours put in and the amount earned. The income is not subject to state taxes but it is subject to federal taxes. He did say that he has been told from calls made that a lot of communities that have a similar program like this one in place have it administered by the Council on Aging.

Councillor Bousquet commented that it seems a lot of work for not a lot of yield. Mr. Amado said that is true but it is based on state and federal requirements.

Councillor Morad asked Mr. Amado if he asked the communities that he reached out to if the paperwork is burdensome. He responded that there are two issues that seem to be the same for the communities that he spoke to; the first one is the issuing of the tax adjustments/abatements. The second is the process moving application and the CORI checks for the applicants. He told the Committee that the communities that he has spoken to, the number of veterans actually taking advantage of the program are low.

Councillor Morad asked Mr. Gomes if he knew how many veterans may take advantage of the work-off program. Mr. Gomes responded that he did not know a number off-hand, but once they advertise it through his office they would have a better idea of who may or may not be interested in the program.

On motion by Councillor Alves and seconded by Councillor Oliveira, the Committee VOTED: To table this matter for 30 days, pending additional research and information from Mr. Amado and Mr. Gomes. This motion passed on voice vote.

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Notice, City Clerk of reference of a Communication, Mayor Mitchell, to City Council, submitting AN ORDER that the City of New Bedford accept M.G.L. Chapter 32B, Section 20, which authorizes the establishment of an Other Post-Employment Benefits Liability Trust Fund, requires the segregation of all monies held in the fund from other funds, and designates the City Treasurer as the fund's custodian, the statute further requires the City to annually submit a summary of post-employment benefits costs and obligations to the Massachusetts Public

Employee Retirement Administration Commission (PERAC) (Ref'd 10/09/14) was received and placed on file by Councillor Alves and seconded by Councillor Winterson. (2, 2a)

Ari Sky, CFO gave an overview of the need for this order and the establishment of the other employment benefits liability trust. He explained that the State has provided new reporting requirements. He said about 50% of the local communities has a program in place and he is just moving the city in the right direction by instituting this trust fund. He did admit that he does not know how to fully fund this program yet, but they would take it one step at a time. In order to fully fund this program they would need to have 561.1 million dollars as a part of this trust, with an annual payment of 25.9 million dollars per year towards fully funding the trust. He did explain that with new steps being taken by the city such as the reduction in healthcare deductibles and reducing liability this has brought the fully funding amount to 424.8 million dollars. If approved they would open the trust and then would discuss term and how it would be funded.

Councillor Martins was pleased with the work that's being done and encouraged the forming of a trust. He asked Ari Sky if a trust has already been set up. Mr. Sky said no that they would need the City Council to approve the creation of the trust and then they would need to secure someone to manage it.

Councillor Alves asked Ari Sky if he had a timeline, to which he said no he did not but once it was implemented they would need to figure out how to fund it, but at least the trust vehicle will now be available.

Councillor Morad asked if there are any upfront costs. Mr. Sky answered that there were none at this point in time but he will need to investigate potential options and establish a funding scenario once approved.

Councillor Carney gave her opinion on the trust and provided her support to the program.

Councillor Lopes informed the Committee that the last couple of Audit Statements he looked at when he looked at the Auditor's note section, the Auditor stated that this is a very important trust and that the city should move forward with it, and he sees this as a positive first step.

Councillor Gomes asked Ari Sky how this affects the city's bond rating and Mr. Sky responded that it affects it in a positive way. The rating right now is AA which is good.

Councillor Morad said we should funnel whatever we can into this trust it seems that a million dollars a year would stabilize the issue.

On motion by Councillor Martins and seconded by Councillor Oliveira, the Committee VOTED: To recommend to the City Council, ADOPTION of AN ORDER, that the City of New Bedford accept M.G.L. Chapter 32B, Section 20, which authorizes the establishment of an Other Post-Employment Benefits Liability Trust Fund, requires the segregation of all monies held in the fund from other funds, and designates the City Treasurer as the fund's custodian, the statute further requires the city to annually submit a summary of post-employment benefits costs and

obligations to the Massachusetts Public Employee Retirement Administration Commission (PERAC). This motion passed on a voice vote.

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Notice, City Clerk of reference of a Related Motion, Councillor Morad, requesting that the Economic Development Council Director, Derek Santos, provide the Committee on Finance a listing of the City's current TIF and/or STA Agreements to include information detailing when the agreement was approved; when said agreements will expire, the number of jobs originally projected for each said agreement; the number of jobs which have been created and the date each TIF and/or STA Agreements were audited by the Economic Development Council (Ref'd 12/18/14) was received and placed on file by Councillor Morad and seconded by Councillor Alves. (3)

The Chair recognized Derek Santos, NBEDC Director and he gave an overview of the program since taking it over eight and half years ago. At the end of his overview Councillor Morad asked him when the last time the TIFs were physically audited and visits made to the businesses that were granted these tax increment financing programs. He went on to tell the body that they do not do a physical audit that they rely on what the businesses tell them. The only time they take action is when they hear that a business is leaving the city or is suffering financially.

Councillor Morad asked him if that means that anyone could fib when they provide their annual notification to the Board; that the Board doesn't know if they are really in compliance. The Board doesn't do an audit that needs to be done.

Councillor Oliveira commented on the fact that there is language in the TIF that requires companies to work with the Career Center in filling positions and if we are not auditing on a regular basis then we are missing a return on investments in ensuring people from New Bedford are being hired.

Councillor Martins stated that it was good to have Derek provide details for the last five years. He wanted to ensure that these businesses were hiring through the Career Center.

Mr. Santos said that the language states it must go through the Career Center but they do not have to hire through the Career Center.

Councillor Carney asked for a clarification of jobs retained against jobs created.

Councillor Gomes expressed concern that the packet provided had TIF's that were long gone and confusing to those who were reading it.

Councillor Morad expressed her concern that if we do not do physical audits regularly that we don't know if those businesses are living up to their TIFs.

Councillor Lopes asked about a recent company closing, Symmetry, they were granted a five-year TIF, but are closing; are we instituting the claw back program to recover some of the tax incentives we gave. Mr. Santos responded yes, the New Bedford Economic Development Council will institute the claw back initiative.

On a Related Motion by Councillor Martins and seconded by Councillor Alves, the Committee VOTED: That the Greater New Bedford Workforce Investment Board look to provide the New Bedford City Council with a full report of those New Bedford companies who received a TIF and were required to use the Greater New Bedford Career Center; how many hires they received within the last five years (TIF/STA Certified Projects Report provided to the Greater New Bedford Workforce Investment Board for review). Report should be provided to the Committee on Employment Opportunities. This motion passed on a voice vote.

On a Related Motion by Councillor Martins and seconded by Councillor Alves, the Committee VOTED: That the Committee on Employment Opportunities look to schedule a Committee meeting at the Greater New Bedford Career Center to meet with Staff and Leadership to have a discussion on any challenges that they have with employers from New Bedford who receive a TIF and are required to use the Career Center and furthermore to review the report provided by the Greater New Bedford Workforce Investment Board on how many hires came through the Career Center within the last five years as provided in the Related Motion before this one; furthermore, that the discussion also include a review of the agreement with the Career Center to see if we need to strengthen the language so New Bedford companies follow through and utilize the Career Center for hires. This motion passed on a voice vote.

Councillor Martins spoke on the need to hold New Bedford companies accountable for the hiring of the people of New Bedford.

Councillor Oliveira spoke in favor of the motion and said that we should be using the Career Center for example American Pride was last before the Council touting the expertise and professionalism of all the people at the Career Center.

On a Related Motion by Councillor Morad and seconded by Councillor Alves, the Committee VOTED: That the Economic Development Council update the City Council with any and all active TIF/STA to be updated with an effective date as of 12/31/14, and moving forward all active TIFs are updated on a yearly basis and reported to the City Council. This motion passed on a voice vote.

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Notice, City Clerk of reference of a Written Motion, Councillor Morad, requesting that in consideration of the recent announcement from the Mitchell Administration that the City of New Bedford would impose a hiring freeze effective immediately, that the acting Personnel Director provide to the Committee on Finance, a listing of all personnel hires from January 1, 2015 to March 31, 2015; said listing to include the hiring Department, employee name, hire date, job position and job grade. It is requested that this information be supplied to the Committee on Finance so that it may be reviewed at the scheduled meeting on April 15, 2015 (Ref'd 04/09/15) was received and placed on file by Councillor Morad and seconded by Councillor Alves. (4)

Communications from Mayor Mitchell informing the Committee that this information will be submitted when he submits the budget and from Acting Personnel Director Sandra

Vežina informing the Committee that she would not be in attendance, were read into the record and received and placed on file by Councillor Morad and seconded by Councillor Martins.

Councillor Morad stated the letter from the Mayor was not the response she was looking for, she was told that the problem with her request was that she included the request of employee's names which she should not have asked for; but that the body would have appreciated all of the other information requested less the names. She is simply asking the Administration to work with the Council. Her request of hiring departments, date, positions and grade was so simple that a ten year old could have provided it; but, she has been told that Ari Sky and Sandra Vežina were told not to respond to the Council's request. She is concerned about the financial future of the city and wanted to know that we have been doing the past 90 days. Not getting this information is bull.

Councillor Martins expressed his frustration as well, that with the Administration it is politics as usual. This is something that could have been reported to the Council in 10 minutes time. There is a reason, a reason the Mayor is not providing this information to the Council.

On motion by Councillor Morad and seconded by Councillor Carney, the Committee VOTED: To refer this matter, a Written Motion, Councillor Morad, requesting that in consideration of the recent announcement from the Mitchell Administration that the City of New Bedford would impose a hiring freeze effective immediately, that the Acting Personnel Director provide to the Committee on Finance, a listing of all personnel hires from January 1, 2015 to March 31, 2015; said listing to include the hiring Department, employee name, hire date, job position and job grade. It is requested that this information be supplied to the Committee on Finance so that it may be reviewed at the scheduled meeting on April 15, 2015, to the City Council's meeting on April 23, 2015 in hopes a responses will be received by that date. This motion passed on a voice vote.

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Notice, City Clerk of reference of a Related Motion, Councillor Linda Morad, Chairperson, Committee on Finance, that the City Council be provided with a listing six (6) months after implementation of the streetlight replacements for the savings purse per the energy budget specifically for streetlights in the City of New Bedford and that it be referred to the Committee on Finance. (Finance 06/16/14) (5)

On motion by Councillor Morad and seconded by Councillor Oliveira, the Committee VOTED: To waive the reading and follow the Chairman's recommendation and take "No Further Action" on this matter. This motion passed on a voice vote.

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

This meeting adjourned @ 9:18 p.m.

ATTEST:

Clerk of Committees