

CITY OF GARDNER, MASSACHUSETTS
CITY COUNCIL FINANCE COMMITTEE
MINUTES OF MEETING OF JUNE 7, 2018

Finance Committee Members present were Council President Scott Graves and Councillors Ronald Cormier and James Walsh.

Other Officials Participating: Mayor Mark Hawke; City Assessor Susan Byrne; City Solicitor John Flick; HR Director Debra Pond; City Auditor John Richard; Director of Community Development & Planning Trevor Beauregard; and, City Clerk Alan Agnelli.

The meeting was called to order by Council President Scott J. Graves at 8:30 a.m. in the City Council Chamber, Room 219, City Hall.

President Graves asked if anyone present planned to record the meeting, in accordance with the requirements of the Open Meeting Law, as follows:

Any person may make a video or audio recording of the open session of this meeting so long as it does not interfere with the conduct of the meeting. All documents and exhibits used or referenced at this meeting shall be submitted in duplicate to the City Clerk, as they become part of the minutes of the meeting. Is there anyone present who will be recording this meeting?

No one responded.

DEPARTMENT BUDGET MEETINGS

City Clerk/City Council/Elections & Registrations

Alan Agnelli, City Clerk

President Graves questioned the difference in the Councillors' salary line item

City Auditor John Richard stated that the difference is due to an error in computing the individual wages, but that he would look into it and get back to the Committee.

President Graves questioned the reason that the Mayor cut \$5,000 from Professional Services, representing the amount that the Council requested for Legislative Counsel.

Mayor Hawke stated that he does not support Legislative Counsel; however, the Council has the option of using the \$2,000 committed in the line item for restoration of the older City Government portraits in the Council Chamber.

Councillor Walsh stated that it seems clear that the Mayor would not commit for Legislative legal counsel.

The Mayor noted that budget reductions were made to every single department.

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Law Department

Atty. John Flick, City Solicitor

Noting that the payroll line item was increased by 2%, representing a cost-of-living adjustment, President Graves stated that he is opposed to adjusting the wages which “is not warranted.”

President Graves questioned the \$2,000 increase in Professional Development & Travel.

Attorney Flick explained that the budget includes the cost of membership in the Massachusetts Municipal Lawyers Association, as well as for professional courses that can cost between \$200 and \$300. He added he budgeted for additional training for the new Assistant City Solicitor.

President Graves stated that he would like to cut the line item by \$2,000.

Outside Counsel expended to pay the cost of NH Counsel to represent the City in Bankruptcy Court (Petricca), which was for legal services for out-of-jurisdiction.

The Mayor informed the Committee that \$10,000 to \$12,000 was expended this year on the Petricca bankruptcy case.

President Graves asked the Mayor, “Where does the money come from?”

The Mayor responded, “Transfers.”

President Graves said, [transfers] “That do not come before the City Council. That’s the Mayor’s position.”

Attorney Flick noted that Outside Counsel is utilized for only areas of specific expertise that the Law Department is unable to provide, such as appearing before the Court in New Hampshire [Petricca case].

President Graves suggested that the City should amend the Law Department Ordinance to reflect the use of outside counsel.

Mr. Flick stated that the City Code provides the City Solicitor the authority to retain outside counsel and that that he oversaw the NH Bankruptcy case and all legal matters in the City, but that he is not admitted to the Bar in NH. He added that he functions “as General Counsel” for the City.

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Councillor Walsh said that Attorney Flick's "point is well taken."

President Graves noted that the Department's Office Supplies line item has been increased to \$4,500.00.

Attorney Flick stated that his expenses for supplies and materials have increased, citing PC supplies and support; Legal Management software; and others. He added that the City does not compensate the Law Office for non-lawyer staffing.

President Graves stated that he opposes the increase to the line item.

Councillor Walsh questioned whether a subscription to Westlaw/online is included in the Law Department's budget and noted that the City Clerk/City Council presently has Westlaw, but that the Mayor reduced the budget. He questioned whether the City Clerk and Council could have access to Westlaw in light of the Mayor's cut, particularly since it is used by both the City's Law Department and Flick Law Group. He suggested that the Council and the City Solicitor's Office work collaboratively in an effort to reduce the Law Department's budget needs.

Attorney Flick suggested that the Clerk/Council could have access.

Mayor Hawke said that he has been trying to build up the Law Department over the years.

President Graves noted that when he was the City Solicitor, the Law Department's expense budget was not even \$3,500.00. He then questioned the request for \$500.00 for Deposition and Discovery.

Attorney Flick responded, saying that it is rare that there is any litigation that involves deposition and discovery.

The Mayor noted that some funds for deposition and discovery were expended in prior years.

Attorney Flick noted that there is a case in the near future that there may be a need for deposition and discovery.

President Graves questioned the uses for the Legal Fees/Closing Costs budget line item.

Attorney Flick stated that the budget line item was created in the current FY budget to pay for closing costs associated with municipal land acquisitions/disposal/easements, and for recording fees, etc.

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Mayor's Department

Mayor Mark Hawke

Professional Services – Increase covers JATA membership (\$5,500) and City website (\$6,000).

Mayor's Office new furniture – Paid from the Capital Improvement Account in the Mayor's Unclassified Account.

Mayor's Dept., Unclassified

Mayor Mark Hawke

Termination Leave Reserve – Four Police officers known or expected to retire in FY2019 and three eligible for sick leave buy back benefits.

Councillor Walsh asked if the buyback is paid at current wage rates.

The Mayor said that following the anticipated four retirements, only about 5 remain with the buyback benefits. He noted that Mayor Manca changed the practice during his term.

Assessors

Susan Byrne, City Assessor

Valuation Update – Upgrade to Vision software in the new FY - \$20,000. Offers new features – more user friendly.

Temporary Salary – Line item reduced due to difficulty finding workers to perform this type of work.

Professional Development & Travel – Assessing Assistant attending assessing classes.

Human Resources/Employee Benefits/Insurances

Debra Pond, HR Director

Medical Exams – Firefighter hirings.

Communications – Employment advertising (TGN, MMA).

Employee Benefits – Life/Health Insurance broken out by Municipal (45%) and School Department (55%).

Councillor James Walsh questioned the cost to the City to award the recent employee and retiree health insurance premium holiday.

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Mayor Hawke said that there was no cost to the City, since nothing was coming into the Health Insurance Trust Fund, adding that the City is “self-insured.” He said that employees and retirees contribute 25%, which amounts to about \$680,000, which was not collected and the City did not contribute its 75% share.

Councillor Walsh noted that in FY2017, there was a \$339k surplus in the health insurance line item that reverted to Free Cash at the end of the Fiscal Year and by about the same amount at the close of FY2016. He said that it suggests to him that if the City could offer an insurance holiday, then there are sufficient funds in the Fund to satisfy the City’s needs.

The Mayor stated that the City is slightly below the mark, so the City has had to “ramp up over the years.” He added that the City is self-insured and the re-insurance policy kicks-in when a claim reaches \$120k.

City Auditor John Richard explained that an error was made in FY2017, resulting in the Fund “being behind from where it should have been.”

Councillor Walsh stated that another reason that he is raising the issue of excess budgeting is that over the last several years, the City’s Free Cash has increased year-to-year. Looking at budgeted line items and to actual expenditures and estimated revenues to actuals, he said that some of the expenditures were significantly lower than budgeted and the City’s revenues have been significantly higher than estimated, resulting in a very large Free Cash amount. He questioned the pattern over the past several years and expressed concern over the Mayor’s policy budgeting and revenue estimate policy.

Mayor Hawke stated, “You always want to underestimate revenues as opposed to overestimating revenues.” He cited DOR Guidelines which advocates for 3.5% of the annual budget to be certified Free Cash.

Councillor Walsh remarked that the Health Insurance line item was over-budgeted by \$330k or more.

Mayor Hawke said that the City’s health insurance program was re-tooled under the Health Plan Design authority and in the past 5 years, health premium costs have increased about 2% each year, but that premium costs are now under control. He added that there as an error in payment in 2017.

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Commenting on the Mayor's statement that DOR recommends that the City achieve 3.5% of its budget in Free Cash, President Scott Graves questioned the Mayor about the method that he uses to accomplish this feat.

Mayor Hawke responded, saying that he looks at historical revenues and estimates most local revenue categories from 90% to 95% of the prior year's actuals.

Councillor Walsh suggested that the Mayor would then establish his revenue budget from 5% to 10% less than the prior year's actuals.

The Mayor noted that he "uses extreme caution" when estimating Excise Tax receipts, taking into account any foreseeable "dips in the economy."

HR Director Debra Pond added that the City has not had to implement an increase in insurance premiums for the past year.

The Mayor informed the Committee that Cook & Company Insurance Services, Inc. administers the City Health Insurance program.

Councillor Walsh questioned whether Cook & Company recommends to the City the amount of money that should be in the Insurance Trust Fund.

Mayor Hawke responded, saying that the Trust Fund is currently below the recommendation, but that the City should catch up in FY2020.

Community Development & Planning

Trevor Beauregard, Community Development & Planning Director

Planning Agent – Position is split with the Conservation Agent – no increase in hours. Hourly rates are different with each position.

ADJOURNMENT

On a motion by Councillor Ronald Cormier and seconded by Councillor James Walsh, it was voted to adjourn at 10:04 a.m.