

Appropriations Committee

Chairman Mortimer, Infurna, Brodeur,
Tramontozzi, Forbes, Wright, McAteer-
Margolis, Seaboyer, Medeiros, Conn,
Boisselle

In attendance: City Auditor/CFO Patrick
Dello Russo; City Engineer Bob Beshara

Appropriations Committee is called to order by Chairman Mortimer at 7:42 p.m.

Order No. 10-58, APPROPRIATION Amount: \$9,432.33 From: A/C #84042-590000 - Contract Stabilization Fund, Transfer Out To: A/C #016111-511000 - Library Salaries as set forth herein.

Alderman Brodeur moves to recommend, 2nd by Alderman Seaboyer. All in favor.

Order No. 10-59, APPROPRIATION Amount: \$50,000.00 From: Certified Free Cash To: A/C #84012-490000 - Stabilization Trust Fund, Transfer In as set forth herein.

Alderman Medeiros motions to suspend the rules to hear from Mr. Dello Russo, 2nd by Alderman McAteer-Margolis. All in favor.

Mr. Dello Russo says this order is the request of this Board to appropriate \$50,000 from available Free Cash to the Foundation Stabilization fund. If approved the balance in the account will be \$1,313,751.51. He requests approval without hesitation. The City has been extremely fortunate that these funds haven't had to be used. It has allowed the City to obtain very favorable bond ratings and interest rates.

Alderman Conn asks the balance of the Free Cash. Mr. Dello Russo says it is \$1,123,139. Alderman Conn hopes to go very slowly on expending Free Cash for the remainder of the year.

Alderman Brodeur says more Free Cash could be put into the Stabilization Fund if the Board chooses; Mr. Dello Russo agrees. Alderman Brodeur asks if it could be drawn if state aid dwindles. Mr. Dello Russo says he is looking to retain a half million dollars of the \$1,415,000 in Free Cash for snow and ice; he hopes to take the strain off of FY 11 with the remainder. Alderman Brodeur says once it's put into the Foundation account it can't be spent lightly; Wall Street gets funny about it if it's tapped. Mr. Dello Russo says the failure of a lot of communities is that when an account of this nature is drawn down there has to be a plan to replenish it in a reasonable amount of time. The fund is there to protect the community and drawing it down creates a risk.

Alderman Forbes asks about the \$500,000 for snow and ice. Mr. Dello Russo says the first \$510,000 spent in FY10 paid for snow and ice for last year. If it can be paid this year with current funds FY11 will begin with a zero balance.

Alderman Medeiros says Free Cash comes from money that was budgeted last year that wasn't spent or from unanticipated additional revenue. Mr. Dello Russo says yes; if more money is taken in than anticipated it helps on the Free Cash side and it also helps when the state makes additional cuts.

Alderman Forbes asks if the \$1.3 million in Free Cash earns interest or if it can be rolled over to the Stabilization Fund. Mr. Dello Russo says the interest earned stays with the fund. This fund earns 3.9% interest. All Stabilization Funds operate the same. Alderman Forbes asks if Wall Street looks down on the City borrowing on the interest. Mr. Dello Russo says Massachusetts law requires the interest to stay with the fund. One could make an argument that only the interest is being spent but the plan to replenish it is still needed.

Chairman Mortimer asks if Moody would be satisfied once the fund reaches \$3 to \$4 million. Mr. Dello Russo says most rating agencies like to see 5% of the operating budget in this type of fund. More important than having a fixed figure is the consistent appropriation to the fund. They want to see a commitment.

Alderman McAteer-Margolis asks if the amount of certified Free Cash is \$1.4 million; Mr. Dello Russo says yes. Alderman McAteer-Margolis asks if he has taken \$500,000 for snow and ice; Mr. Dello Russo says he expects to. Alderman McAteer-Margolis asks if all Free Cash must be appropriated by the end of the fiscal year. Mr. Dello Russo says no; he would put any balance in the Stabilization Funds. Alderman McAteer-Margolis asks where Free Cash resides now. Mr. Dello Russo says it sits in the general fund.

Alderman Medeiros asks if it earns interest; Mr. Dello Russo says yes.

Alderman Forbes moves to recommend, 2nd by Alderman Medeiros. All in favor.

Alderman Conn motions for concurrent action on Orders 10-60 and 10-61, 2nd by Alderman Brodeur. All in favor.

Order No. 10-60, APPROPRIATION Amount: \$200,000.00 From: Certified Free Cash
To: A/C #84054-490000 - Capital Stabilization Fund, Transfer In

Order No. 10-61, APPROPRIATION Amount: \$80,000.00 From: A/C #84052-590000 - Capital Stabilization Fund, Transfer Out To: A/C #019313-551002 - Public Works, Vehicle & Equipment This order is contingent on the passing of the free cash appropriation to the capital stabilization fund.

Alderman Wright motions to suspend the rules to allow Mr. Beshara to join Mr. Dello Russo, 2nd by Alderman Medeiros. All in favor.

Alderman Forbes asks if the trucks used for sanders in the winter months will be used as every day trucks the rest of the year. Mr. Beshara says yes; they're dump trucks which will have sanders and plows installed on them in the winter. Alderman Forbes asks the savings to the City on an 8-hour shift. Mr. Beshara says the City's overtime rate is \$35 per hour; the contractor rate is \$72 - \$85 per hour. He expects about \$120,000 in savings. Alderman Forbes asks where the \$120,000 savings will go. Mr. Dello Russo says there are two parts to the Capital Stabilization Fund order. There is \$115,000 obligation to Pine Banks and this purchase.

Alderman Brodeur asks if \$80,000 buys two dump trucks and sanders. Mr. Beshara says he's getting a good rate on them with sander and blade. Alderman Brodeur asks Mr. Dello Russo why the money is being moved twice. Mr. Dello Russo says there are

multiple reasons. The creation of the Stabilization Fund was voted upon as a community. These vehicles will be paid for in cash, not bonds. This way also provides an audit trail which is good for many reports. It allows the City a lot of credibility and illustrates what items were purchased in this way.

Alderman McAteer-Margolis says there are some CIP projects still on the list and asks if the fund builds up to fund some long-term items. Mr. Dello Russo says the whole nature of this fund is direct expenditure whereby finance costs are avoided, not building the fund. A lot of CIP items are big dollars. The CIP is a living document just as the City's debt is a living document. The items will be tiered in as the City can afford them. Alderman McAteer-Margolis says these are two smaller trucks; she asks if the DPW has the manpower to run six vehicles at one time. Mr. Beshara says yes.

Alderman Infurna thanks Mr. Dello Russo for the Stabilization Funds; the community is very fortunate. She tells Mr. Beshara she appreciates that he is looking at ways to improve snow operations.

Alderman Medeiros asks Mr. Beshara if this purchase will allow the City to bring operations in-house that are currently being outsourced. Mr. Beshara says yes. Alderman Medeiros asks if it costs \$85 per hour to outsource. Mr. Beshara says it's between \$72 and \$85. Alderman Medeiros asks how much it costs in-house. Mr. Beshara says it is \$35 per hour and he doesn't have to rely on a contractor to get steep streets and hills, narrow streets and dead ends. Alderman Medeiros asks the lifespan of the vehicles. Mr. Beshara says they will last 15-20 years with proper maintenance.

Alderman Conn asks when the last time the City bonded for motor vehicles. Mr. Dello Russo says it was three years ago, for the two fire apparatus. Alderman Conn says this is a much better way to go than borrowing for vehicles.

Alderman McAteer-Margolis asks what the vehicles will be used for off-season. Mr. Beshara says one will be used by the Tree Department and one will go to the cemetery.

Alderman Medeiros moves to recommend, 2nd by Alderman McAteer-Margolis. All in favor.

Alderman Brodeur motions to adjourn, 2nd by Alderman Infurna. All in favor.

Appropriations adjourns at 8:28 p.m.

Maribeth Harrington
Clerk of Committees