

FY2009 Budgetary Hearings

Appropriations Committee

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

In attendance: Retirement
Administrator Barbara-Jo Belliveau,
City Auditor/CFO Patrick Dello
Russo, Mayor Dolan, Health Director
Ruth Clay

Appropriations called to order by Chairman Brodeur at 7:36 p.m.

Order No. 08-201, City of Melrose Operating Budget for Fiscal Year 2009 in the amount of \$60,553,844.79.

Alderman Medeiros motions to open Public Participation, 2nd by Alderman McAteer-Margolis. All in favor. No one comes forward. Alderman Mortimer motions to close Public Participation, 2nd by Alderman Seaboyer. All in favor.

Alderman Forbes requests a point of personal privilege to thank the Aldermen for listening to his views regarding the Class II Motor Vehicle license for Detour Motors. He says it will be revisited in 60 days and he and the residents of Ward 7 thank Alderman Infurna as the Chairman of Protection and License.

Pension Weekly 5,171,224.67 Retirement Administrator Barbara-Jo Belliveau
City Auditor/CFO Patrick Dello Russo

President Conn asks Ms. Belliveau if the City has only two separate lines for two pensioners. Ms. Belliveau says she is not aware of it. Mr. Dello Russo says there are only two non-contributory members; there used to be 15. President Conn asks that the pension assessment be explained. Mr. Dello Russo says first that he will ask for an additional \$1,780.37 to the contribution assessment. He says Melrose's liability schedule extends to 2021 whereas typically most communities extend out to 2028, which is allowed by law. Some are extended to 2025. President Conn asks what the difference would be if the City extended to 2028 instead of 2021. Mr. Dello Russo says the appropriation would be approximately \$800,000 less than it currently is.

Alderman Tramontozzi asks Ms. Belliveau why the City can't extend to 2028. Ms. Belliveau says it isn't up to her; it's the Retirement Board's decision, and there is a letter from PERAC advising against it. Alderman Tramontozzi asks if the Retirement Board is telling the City what to do. Mr. Dello Russo says the PERAC actuary doesn't have the final say; it's the Retirement Board's decision. He says there is no reason why it can't be done.

Chairman Brodeur asks if PERAC said the City shouldn't extend to 2028. Ms. Belliveau says PERAC didn't say "shouldn't" but advised against it.

Alderman Tramontozzi says the City would save \$800,000 per year if the schedule was extended to 2028. Chairman Brodeur says it would free up the cash flow but it wouldn't be in-pocket savings.

Alderman Wright asks if PERAC says why it wouldn't advise the extension. Ms. Belliveau says it's in the letter. Alderman Wright says there would be an \$800,000 savings today and asks Mr. Dello Russo the benefits and downside of going to 2028. Mr. Dello Russo says the whole purpose of going to 2028 originally is to spread the payments over time. There is no penalty or downside of extending out to 2028. The liability changes every two years. The investment return should pay down the liability, not the taxpayers' dollars. Without a doubt, it is more advantageous for the City of Melrose to spread it out over time. He says he does not agree with the actuary's findings. Market returns play a big role in determining the liability; Melrose doesn't have the resources or luxury to pay it down sooner.

Alderman Mortimer says it seems incongruous that it would be a better deal; it's similar to why someone would get a 15-year mortgage. Mr. Dello Russo says the objective is to make 8% return. If you reduce costs or increase investment return the City wins. The Pension Obligation Bond turns the unfunded liability into a hard liability; if investment returns are 10-11% the City wins again. Alderman Mortimer asks if there is much likelihood that the Retirement Board could be persuaded to alter the schedule. Mr. Dello Russo says that he and the Mayor asked them to two months ago and they were shot down.

Chairman Brodeur tells the committee to keep in mind the City is locked into this figure and although it's an important issue, to focus on how to pick the appropriate number for FY09.

Alderman Medeiros asks if the number being sought is \$5,171,224.67. Ms. Belliveau says no, it's \$5,436,729. Mr. Dello Russo says it is \$5,135,702. Alderman Medeiros says those are very different numbers. Mr. Dello Russo says there are two sets of numbers in the budget; the Salary and Wages line-item and the Contributory line-item. There was confusion about the Contributory number which needs to be increased by \$1,780.37.

Alderman Medeiros motions to increase line-item 511010 by \$1,780.37, from \$5,133,921.63 to \$5,135,702.00, 2nd by Alderman Forbes. All in favor. Alderman Medeiros motions to move the new bottom-line of \$5,173,005.04, 2nd by Alderman Infurna. All in favor.

Alderman Mortimer motions to draft a letter from the Board of Aldermen to the Retirement Board requesting extending the schedule to 2028. Chairman Brodeur suggests creating an order rather than sending a letter.

Chairman Brodeur says there is a letter before them from the Mayor requesting to further amend the budget. The Aldermen have cut the Regional School budget by \$25,669.00 and the Mayor requests \$20,000 be appropriated to the Melrose Teen Center. So moved by Alderman Mortimer, 2nd by Alderman Infurna. All in favor.

Chairman Brodeur says the Mayor requests \$25,471.37 be deducted from Health

Contractual line-item 549201. So moved by Alderman Mortimer, 2nd by Alderman Tramontozzi.

On discussion Alderman Boisselle asks why this amount is being deducted. Chairman Brodeur says it is to make up for the state not keeping its promise to fund a grant. Mayor Dolan says as the Aldermen are aware, Health Director Ruth Clay is extraordinary at grant writing. In the last nine years, Melrose has been the recipient of the state nursing grant. This year Ruth and the nurses went to the grant hearing and were told they'd receive it again this year. They submitted the grant and were told everything was in order as were 26 other communities. On the commonwealth's website it was noted that the 26 communities are no longer getting the grant. The Commissioner of the Massachusetts Department Public Health couldn't say why. The state delegation is working hard on this; there is no rhyme or reason as to who was chosen and who wasn't. As it stands no formal notice has been received from the state. This position must be funded; quality nurses are hard to find and the City has to provide them with the security of knowing that everything will be okay and provide stability in the schools. Alderman Infurna says she feels strongly that each school has a nurse. It is something that the Board of Aldermen and the Health Department has worked hard at to accomplish. She is grateful the City has the means to fund this position. Alderman Seaboyer asks if there is an outside chance that Melrose will receive the grant money. Ms. Clay says yes; technically the grant was approved but not funded. Mayor Dolan says Melrose has a Health Insurance Trust, like an enterprise fund. This is one way in which the funds may be used.

On the motion to recommend, All in favor.

Chairman Brodeur says the Mayor is requesting that \$2,120.00 be appropriated to IT Licenses, line-item 525303. Ms. Clay says this is also part of the school nursing grant, which pays for software, annual updates and maintenance. Alderman Mortimer moves to recommend, 2nd by Alderman Boisselle. All in favor. Alderman Mortimer motions to move the bottom-line of \$339,323.48, 2nd by Alderman Boisselle. All in favor.

Chairman Brodeur says the Mayor requests \$61,240.00 be appropriated to the Health Department Salary and Wages line-item 511000. So moved by Alderman Mortimer, 2nd by Alderman Infurna. All in favor. Alderman Mortimer motions to move the new bottom-line of \$513,365.53, 2nd by Alderman Infurna. All in favor.

Chairman Brodeur says the new bottom-line for the FY2009 budget is \$60,552,844.79. Alderman Mortimer motions to move the bottom-line as amended to the full board, 2nd by Alderman McAteer-Margolis. All in favor.

Chairman Brodeur says the budget as amended is recommended to the full board.

Alderman Mortimer motions to adjourn, 2nd by Alderman McAteer-Margolis. All in favor.

Appropriations adjourns at 8:30 p.m.

Maribeth Harrington
Clerk of Committees