

Appropriations Committee

Chairman Brodeur, Boisselle,
Mortimer, Infurna, Tramontozzi,
Wright, McAteer-Margolis,
Seaboyer, Medeiros, Conn
Absent: Forbes
In attendance: Human Resources
Director Marianne Long, Deputy City
Solicitor Robert Van Campen,
Deputy Director Steve McGoldrick,
MAPC Executive Office Group; City
Engineer Bob Beshara; City
Auditor/CFO Patrick Dello Russo;
Mayor Robert Dolan, Peter Frazier,
Senior Vice President, First
Southwest Company; Nick Gove,
Superintendent of Mt Hood and
Melrose Public Open Spaces

Appropriations called to order by Chairman Brodeur at 8:25 p.m. Order No. 08-075A, Adoption of the Administrative Code for the City of Melrose, MA. Chairman Brodeur says the public hearing required by the City's Charter was held on 11 February 2008 at which time the order was remanded to the Appropriations Committee. Human Resources Director Marianne Long, Deputy City Solicitor Robert Van Campen, Steve McGoldrick of the MAPC Executive Office Group are in attendance to answer any last questions that the Aldermen may have.

Ms. Long says they are here to ensure passage of the Administrative Code. The process began in November 2005 when the Charter was passed by the voters of the City. This document represents change and progress for the City. In managing the day-to-day operation of the City, it will become clear that amendments will have to be made to the document much like the City's ordinances are amended.

Alderman Seaboyer says the Personnel Board is not listed in the multiple member bodies. Ms. Long says the Personnel Board oversees the 27-30 non-union employees. The remainder of the City's employees belongs to unions. Non-union compensation is currently regulated in the City's ordinances. That Salary Administration Schedule will become personnel policy in the Human Resources Department governed by the Mayor. Alderman Seaboyer asks about new positions being created. Ms. Long says a new non-union position would be proposed by a department head and would be reviewed from a financial perspective first. If it was decided favorably, it would be assigned a title and the CFO, Mayor Dolan and the department head would work together to create it. The necessary funds will require a transfer or appropriation which will come before the Board of Aldermen. Ultimately it is the Aldermen's decision. Mr. McGoldrick says that under Massachusetts General Law, no new position may be created without a supplemental budget to fund it.

Alderman Medeiros says the proposed Administrative Code give multiple member bodies the authority to set fees. In the past the Board of Aldermen has set fees. She is concerned about taking that responsibility away from the Board. Attorney Van Campen says that language will be stricken and a revised version will be submitted on Monday

evening. Alderman Medeiros says the Melrose Energy Commission is not included in the list of multiple member bodies. Mr. McGoldrick says it is an advisory body and should be included. Alderman Medeiros says the Board of Annuities is in the current Code. Mr. McGoldrick says there is no longer a need for it. Alderman Medeiros says she does not see term limits defined for the Human Rights Commissioners. Mr. McGoldrick says the beginning of the section addresses terms. All should be treated equally but some are governed by state statute.

Alderman Infurna thanks Ms. Long, Mr. McGoldrick and Attorney Van Campen for all of their work on this. She says the Aldermen risk violating the Charter if the Administrative Code is not approved in due time. The modifications addressing Alderman Medeiros' concerns are reasonable and she thanks them for providing a revised version at the full board meeting.

President Conn says this is an important issue before them. Some people may not have heard all the discussion that's been had. The Administrative Code will be an ordinance. If the Aldermen pass this there will need to be follow-up to amend the ordinance book. This is a unique order in that the Board of Aldermen cannot amend the document. Amending the document is prohibited by the Charter that was passed by the voters of the City. This document must be passed by March 22. If it isn't passed it will come before the board again for further discussion. His concerns are that Section 1 gives the mayor the authority to abolish multiple member boards and Section 1.03 authorizes the mayor to remove members by cause as the mayor deems sufficient. He would like "as the mayor deems sufficient" stricken. He is also concerned that Section 1.10 allows the mayor to waive the residential requirement. He says there are some positive changes here including the reorganization of City departments. He knows a lot of good work has gone into this document but he wants to be sure everyone is comfortable with it.

Alderman Mortimer says there are certain multiple member boards that are state-created agencies and cannot be abolished. The Park Commission is one of them.

Attorney Van Campen says the mayor could only abolish, create or modify a multiple member board by a vote of the Board of Aldermen on a future order. The authority still rests with the Board of Aldermen.

Chairman Brodeur says this proposal is an Administrative order. Mr. McGoldrick says the language was lifted from the Charter itself.

Alderman Medeiros says Section 9 allows the city solicitor to settle suits and claims. Currently the Board of Aldermen has to approve a legal settlement. Attorney Van Campen says once approved, the city solicitor could settle suits and claims against the City without the Board of Aldermen's approval. Mr. McGoldrick says the current ordinance would be revised once this document is adopted. Attorney Van Campen says that following the adoption of the code a team will determine where the conflicts are between the current ordinances and the code. Mr. McGoldrick says the new Charter requires the adoption of a new Administrative Code.

Alderman Wright says he is curious and perplexed by the last paragraph in Part II, Section 1.04. He says he thinks it would be assumed that matters of public record certainly should not be denied to the Board of Aldermen. Mr. McGoldrick says that

language is there to make clear that no member of the legislative body may tell an employee what to do. Alderman Wright says there are laws requiring information to be given out.

President Conn says he agrees that the change to the settlement process is a positive one.

Chairman Brodeur says he has a procedural concern; the administration cannot submit a newly revised code to the Board of Aldermen without a public hearing. That puts the Aldermen in a box about passing this one although they could hold another hearing.

President Conn says that perhaps they could send it forward and ask the City Solicitor for his opinion to see if the Administration, as the maker of the order, may make amendments. Attorney Van Campen says the Administration can submit an administrative order addressing Alderman Medeiros' concerns at the next board meeting and he will obtain the opinion for Monday evening.

President Conn motions to send the order to the full board without recommendation, 2nd by Alderman Infurna. President Conn also requests the opinion of the City Solicitor regarding the revised document. On the motion, All in favor.

Order No. 08-129, Amending Melrose Revised Ordinances, Chapter 228 – Water and Sewers as set forth herein.

Chairman Brodeur says this order comprises a significant body of amendments. City Engineer Bob Beshara says it addresses storm water management required by the Department of Environmental Protection and the Federal Clean Water Act. It's required that municipalities adopt these amendments.

Alderman Seaboyer asks what happens if a community doesn't adopt them. Mr. Beshara says the state will fine the city or town. Alderman Seaboyer asks if Section 228-59 C, which allows a representative of the City to inspect a building for sump pumps or other prohibited discharge into the sanitary system, is enforceable without violating the home owner's rights. Mr. Beshara says yes; the City owns the sanitary systems. Alderman Seaboyer asks if there is a timeline for home owners to disconnect an illegal system. Mr. Beshara says they have 30 days. It is his intent to work with residents to comply with the ordinance.

President Conn asks if the state has imposed a deadline to adopt this. Mr. Beshara says no; the state requires him to make the proposal to the Board of Aldermen. President Conn asks if there is no compliance issues if this isn't passed on to the full board for Monday evening's meeting. Mr. Beshara says no. President Conn asks if all the verbiage is required by state or federal regulators; Mr. Beshara says yes.

President Conn motions to place the order on hold, 2nd by Alderman Infurna.

Alderman Wright says in regards to Section 228-59 C, the language "Property owners shall allow an employee of the City or a designated representative of the City to inspect the building to confirm that there is no sump pump or other prohibited discharge into the

sanitary system" doesn't mean forced entry. He says the City will have to get a court order to enter the property. Mr. Beshara says that is correct.

On the motion to place on hold, All in favor.

Order No. 08-132, An Order Authorizing the City to Petition the General Court for the Passage of Special Legislation Permitting the City to Issue Pension Obligation Bonds.

Mayor Dolan says this is very important and asks the aldermen to take the time to consider it. He says that in the past six years, dealing with the pension obligation is one of the largest white elephants in municipal finance. People are living longer and collecting pensions longer than ever before. The unfunded liability could be catastrophic. The pension obligation is the first check the City has to cut at budget time. He believes the finance team has done due diligence in preparing this order and asks the aldermen to take the first step tonight in approving it. By fully funding the pension system the retirees will be allowed to collect their pensions while giving the tax payers a break.

City Auditor/CFO Patrick Dello Russo says this would ultimately produce a savings of \$5.5 million or \$275,000 per year. That amount is 90% of new growth the City realizes every year. Bonding the unfunded liability will allow the City the opportunity to reduce costs.

Mr. Peter Frazier says it is important to understand that the order authorizes the beginning of the process – to petition the General Court to allow the City to borrow for this purpose. It is relatively routine practice now. The second step is to ask for authorization to borrow the money. Melrose has a contributory pension system. The City pays into it every year and there is an unfunded accrued actuarial liability. Bonding the funding at a lower rate creates the opportunity for savings. Pension Obligation Bonds is not a new liability; it is substituting an existing liability at a lower rate.

Alderman Seaboyer asks what the City's credit rating is. Mr. Frazier says it is currently A2 and A+. Alderman Seaboyer asks what would happen if the City's credit rating slips over the next 20 years. Mr. Frazier says for this purpose, the City is only allowed to borrow at a fixed rate and the annual payment will always be known.

President Conn asks when the unfunded liability figure was last determined. Mr. Dello Russo says in 2006, at \$38.5 million. President Conn asks when the next determination will be made. Mr. Dello Russo says this year – it's a three year cycle. President Conn says this order requests to seek special legislation to join 12 other communities that have been approved to issue Pension Obligation Bonds. Mr. Dello Russo says yes. President Conn asks if the City is granted special legislation by the General Court, at what point it goes to the Executive Office for Administration and Finance as due process. Mr. Dello Russo says before the issue of any bonds. President Conn asks if the Mayor will come to the Board of Aldermen to borrow money once those two hurdles are cleared. Mayor Dolan says the Executive Office for Administration and Finance will make a recommendation to the House and Senate. Mr. Frazier says before the City issues any bonds it has to go to the Executive Office for Administration and Finance with a specific plan. President Conn says when the City goes to bond it will be one-time borrowing of approximately \$38 million. Mr. Dello Russo says yes, and he will have an

updated schedule from the actuaries and it will then be determined to bond 90% or 100%. President Conn asks if there are no restrictions on how much or how little to bond. Mr. Dello Russo says he is not sure how flexible they can be. Alderman Conn says if the City bonds to be fully funded for \$38.8 million over 20 years, there remains the \$4.5 million line-item each year for those 20 years. That appropriation will drop off the cliff in 2029 because the City will be fully funded. In the short term the City wouldn't see the bumps in the City's contribution each year. President Conn asks what the impact on the tax rate will be as a result of the bond. Mr. Frazier says that from a budget standpoint one debt has been replaced with another. The net savings of \$375,000 to the community would be realized in the fifth year. President Conn asks if it is intended to have this in place for the FY09 budget. Mr. Dello Russo says he hopes that could happen but he is funding the FY09 pension line-item as usual. Mayor Dolan says he would like to have the bond passed by the first of the year.

Chairman Brodeur says that of the 12 communities that are authorized by the General Court, only two have gone to bond. Mr. Frazier says the decision to bond is interest driven; by the time it goes through the legislative process rates may increase. Chairman Brodeur asks if this would lock the City into the state's PRIT fund for the life of the bond. Mr. Frazier says his sense is that it would. Chairman Brodeur says that's a good thing as long as PRIT performs better than the interest on the bond.

President Conn says passing this is not committing the City to bond if it is not favorable.

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

Order No. 08-183, TRANSFER Amount: \$40,000.00 From: A/C #012111-511000 – Police, Salaries To: A/C #012211-513000 – Fire, Overtime This is necessary to fund overtime for the Fire Department.

Alderman Boisselle moves to recommend, 2nd by Alderman Tramontozzi.

On discussion Mayor Dolan says Fire Chief John O'Brien is doing the best he can under the circumstances.

Chairman Brodeur asks if this is the final appropriation for Fire Department overtime this year. Mr. Dello Russo says he hopes so.

On the motion to recommend, All in favor.

Order No. 08- TRANSFER Amount: \$6,852.98 From: A/C #014221-511000 - Public Works, Highway Salaries To: A/C #014011-511000 - Public Works, Administration Salaries This is necessary to fund the Public Works Administrator program.

Mr. Beshara says this transfer is necessary to fund a portion of the Budget and Project Administrator position that was just approved.

Alderman Boisselle moves to recommend, 2nd by Alderman Wright. All in favor.

Order No. 08-188, TRANSFER Amount \$16,870.00 From: A/C #012111-511000 – Police, Salaries To: A/C #016511-511000 – Park, Salaries This will fund the Parks Superintendent's salary for the remainder of Fiscal Year 2008

Mr. Gove says this transfer will fund his salary for the remainder of the fiscal year. Another order will be submitted next week transferring funds from Mount Hood as a pilot payment into the Police salaries account.

Chairman Brodeur asks why this wasn't fully funded in the budget. Mr. Gove says there's been a change in the 50/50 agreement. Mount Hood offered to pick up more than 50% but the funds have to go through the pilot payment.

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

Order No. 08-189, TRANSFER Amount: \$4,276.84 From: A/C #016931-512000 - Memorial Building, Part Time Salaries To: A/C #016932-529010 - Memorial Building, Custodial Services This will cover custodial services for the remainder of Fiscal Year 2008.

President Conn moves to recommend, 2nd by Boisselle. All in favor.

President Conn motions to adjourn, 2nd by Alderman Wright. All in favor.

Appropriations adjourns at 10:30 p.m.

Maribeth Harrington
Clerk of Committees