

# CITY COUNCIL WORK SESSION

## Preliminary Budget Review Committee of the Whole

January 10, 2008 – 7:00 p.m.

Eileen Dondero Foley Council Chambers

---

City Council Present: Mayor Ferrini, Assistant Mayor Blalock, Councilors Novelline Clayburg, Dwyer, Smith, Kennedy, Spear and Pantelakos

City Council Absent: Councilor Reynolds

Officials Present: John P. Bohenko, City Manager; Michael Magnant, Police Chief; Police Commissioners, John Golumb, Gerald Howe, and John Russo; Christopher LeClaire, Fire Chief; Fire Commissioners, Michael Hughes, Richard Gamester, and Paul Wentworth; Dr. Robert Lister, Superintendent of Schools; School Board Members, Rebecca Emerson, Dexter Legg, Kent LaPage, Sheri Ham Garrity, Brendan Ristaino, Elizabeth Sweet, and Ann Walker; Julie Belanger, Finance Director and Dianne Kirby, Deputy City Clerk

---

### **I. Call to Order**

At 7:00 p.m., Mayor Ferrini called the work session to order and turned the meeting over to City Manager Bohenko.

### **II. Review of Budget Schedule**

City Manager Bohenko reviewed the FY09 Budget Schedule. He outlined the dates for the various work sessions stating that on May 12, 2009, there would be an additional step which would allow the public to come in to speak to the changes the Council made to the budget. He stated that they are expecting to adopt the FY09 budget by June 2, 2008. He stated that by Charter, the budget must be approved by the City Council by the end of June or the City Manager's proposed budget becomes law. City Manager Bohenko stated that he would have the FY09 Budget Schedule posted to the website.

City Manager Bohenko reviewed the Consumer Price Index stating that there are three major indexes – the US City Average, the Northeast Urban and the Boston-Brockton-Nashua. He stated that the Boston-Brockton-Nashua CIP. The CPI is used by the City in their collective bargaining. He stated that on June 30, 2008 all 15 collective bargaining agreements will expire. He said that the figures in his very Preliminary FY09 Budget will not include any COLA raises as COLA is subject to collective bargaining. He stated that step increases are included and have been added in.

City Manager Bohenko reviewed the Health Insurance Rate History. He stated that seven years ago, the City set up two stabilization funds for health insurance and leave/termination. He said these funds prevented having to go back to the Council for additional budget money when health insurance cost increase or for un-projected leave/terminations. He said that in FY09 we will be using actual costs and suggested that any money overages in health insurance be put in leave/terminations. He stated that the stabilization fund presently is at 4.2 million dollars. He went on to say that employees pay 1.8 million dollars towards this health insurance citywide. City Manager Bohenko stated that the chart shows what is actual for

retirement for next year and that the figure does not include COLA. City Manager Bohenko stated that Workers Compensation has remained stable and on the Municipal side is actually less than 2007. He stated that this is due to the aggressive Risk Management Program we have.

### **III. Review of Budget Projections for FY09**

Finance Director Belanger reviewed the City Manager's Preliminary FY09 Budget. She stated that COLA has not been computed in any of these figures and that there is still a lot of work to do.

Finance Director Belanger stated that within the Municipal Department 67.6% of the budget is contractual obligations. She said that utilities are at a moderate increase of 2% and other general operating expenses show a small increase. She stated that other general operating costs include telephone, postage, government access channel, Christmas parade and the shipyard association. She stated that other operating costs are listed at 22.8%. The operating costs include computer support, outside legal counsel, auditing fees, prosecutor, library books and media, outside social services, welfare direct assistance, repairs and maintenance to buildings and vehicles, rubbish disposal, sand and salt. She stated that these operating costs may increase due to a drop in grants and donations, such as the drop in food donations in the Welfare Department. City Manager Bohenko stated that in the case of the Welfare Department, State Statute dictates that we have to fund any overages. Finance Director Belanger stated that the preliminary Municipal budget shows a 2.5% increase.

Councilor Novelline Clayburg asked if COLA will be added to the budget. Finance Director Belanger stated that it will be added to salaries only. City Manager Bohenko stated that contracts do not expire until June 2008. He stated that they should reserve some dollars to fund these contract settlements. Councilor Novelline Clayburg asked what if Health Insurance changes. City Manager Bohenko stated that this figure will not change. Councilor Novelline Clayburg asked how we know without the contracts. City Manager Bohenko stated that the Stabilization Fund was established for this very reason.

Finance Director Belanger stated that within the Police Department we are looking at a 2.2% increase to contractual obligations. She said that utilities will increase by 0.9% due to the price of gasoline and other operating costs are on the rise at 22.8%. She stated that within the Police Department other operating costs include vehicle maintenance, equipment, computer software and maintenance, telephone/cell phones, training. Finance Director Belanger stated that the preliminary Police budget shows a 2.36% increase.

Finance Director Belanger said that the contractual obligations for the Fire Department are 95.2% of the budget. She further stated that there is a small increase in utilities at 1.2% and other operating expenses of 3.6%. She stated that vehicle maintenance, equipment, telephone/cell phones, training and protective clothing constitutes other operating expenses for the Fire Department. Finance Director Belanger stated that the preliminary Fire budget shows a 3.67% increase.

Finance Director Belanger stated that with the School Department the contractual obligations are 84.4%. She went on to report that utilities are 3.2% and other operating costs are 12.4%.

She stated that other operating costs for the School Department include SPED mandates, transportation, building maintenance, and classroom supplies. Finance Director Belanger stated that the preliminary School Department budget shows a 1.38% increase.

Finance Director Belanger reviewed the non-operating budget. She reviewed the tax notes, debt service, contingency programs, overlay or tax abatements, county tax, other general government non-operating (to include rolling stock, technology equipment and landfill closure monitoring fee), capital and property & liability. She stated that the preliminary non-operating budget shows a 7.71% increase.

City Manager Bohenko stated that the \$298,000 increase under other general government non-operating is due to bundling all computer needs into one area. Councilor Dwyer asked if this number also includes the School computers. City Manager Bohenko stated that it did not. He said this figure is for Municipal, Police, Fire, Library and Recreation. He further stated that in the past the City received grants for a lot of their communication center needs within the Police Department. He said now these items need to be replaced. Councilor Kennedy asked what is the estimated value of all the IT equipment. City Manager Bohenko stated that he did not know, but that he can get her that information. Councilor Kennedy stated that would be helpful. Councilor Pantelakos stated that the County tax rate is not set until October. City Manager Bohenko stated that the percentage is based on the City's equalized value. He stated that the City pays a percentage of their budget.

Finance Director Belanger stated that the preliminary combined contractual obligations are 83%, with an overall increase of 3.12% without COLA.

City Manager Bohenko stated that these are guidelines for the Departments to take back and work with. He stated that the only thing missing in these figures is COLA.

Mayor Ferrini thanked City Manager Bohenko and his staff for the preliminary budget work-up. He opened up the meeting for questions.

#### **IV. Discussion of Budget Guidelines FY09**

School Board Member Ristaino requested if, as the Council is going over their budget, they could submit any questions in writing to the School Board so a dialogue can be started. He requested if the School Board needs to mainstream their questions, should they go through the City Manager. Mayor Ferrini stated that that would be appropriate.

Councilor Smith asked if all the salaries are funded and filled positions. City Manager Bohenko stated that all Municipal salaries are funded. Councilor Smith asked about the other departments. Dr. Lister stated that all School salaries are funded. Chief LeClaire stated that all Fire Department salaries are funded with 1 vacancy. Chief Magnant stated that all Police Department salaries are funded with 3 vacancies.

City Manager Bohenko stated that there will be many meetings scheduled for discussion. He stressed that when you look at salaries remember that these figures do not include COLA. He stated that 1% is equal to \$400,000 and as we go into collective bargaining that number will go

up. He further stated that if the Council wants, they can put in a line item for collective bargaining adjustments. Mayor Ferrini said that by starting early, we can hopefully set a direction which gives clarity to all sides, because there are a lot of moving parts that are undecided at this time.

Councilor Novelline Clayburg asked if the City Manager could get the Council the percentage increases for all Departments. City Manager Bohenko stated that Municipal was 4.9%, Police was 6.67%, Fire was 6.10% and School was 5.71% for a total of 5.6%.

Councilor Dwyer stated that with more operating dollars to deal with we need to make changes such as in personnel benefits, replace older workers with younger workers etc. in order to have more dollars for non-operating needs. Mayor Ferrini stated that that is where a lot of dollar savings came from within the Police Department last year.

Councilor Kennedy stated that a 3.1% increase is high and the COLA is not figured in. She said that she would like to see lower than 3.1%. She said that the Departments need to dig deeper to lower these percentages as the community has to dig deeper to pay them.

City Manager Bohenko stated that he appreciates what Councilor Kennedy is saying. He said that he will probably come in with a 3.1% increase. He stated that it is not his job to cut personnel, it should be the Council in conjunction with the City Manager and Department heads that determine how best to arrive at that.

Councilor Dwyer stated that because we are not capping anything, she is comfortable with having the Departments think about using the rate of inflation as what they should use as a target rate. She said the increase in budget is not the same as a tax increase.

Councilor Smith stated that the largest part of the budget is personnel and the Council does not want to lay people off. He said that the Council should look to consolidating our services, such as the School Department and Recreation Center did. He said as far as personnel issues within the Police Department, the Council has not heard about the new funding that is coming in for the street sweeping program. He said if these revenues have dried up then the reason we brought on extra police officers was because that's was where we saw the dollars. If this money has dried up maybe we have to look at cutting back a position in the Police Department.

Councilor Kennedy stated that she agreed with Councilor Dwyer, but the Council owes it to these Departments to let them tell us what they can give up. She stated that we need to give them a figure to work within.

Councilor Spear said a number like 2% would cause a lot of creativity to reach. He stated that the budget should go up with the rate of inflation, but he would not discourage creative or inventive ideas. He stated that he would not like to see personnel or programs cut and going to low might cause that. He stated that one of the things he and others are concerned about is the amount of new growth coming into the City.

Councilor Pantelakos stated that she would like to see the Departments get more creative like the School and Recreation Center did, maybe as combining custodian and snow plowing.

Commissioner Gamester said that with 0% COLA and 15 collective bargaining contracts have to be dealt with within a five month period. He asked what if all 15 bargaining contracts reach an impasse when the FY09 budget goes into effect. City Manager Bohenko stated that by law the collective bargaining contracts stay in effect, but there will be no cola adjustment. Commissioner Gamester asked if that meant that all salaries and benefits would remain the same except COLA. City Manager Bohenko stated that was correct.

Councilor Kennedy requested if the Council could get a revenue sheet. City Manager Bohenko stated that it would be part of their budget book.

Assistant Mayor Blalock stated that the budget will see some increases and there are some things we don't know. He said that he does not want to see services or personnel cut. He stated that the Council has to make this work without putting too much burden on the taxpayer.

Councilor Pantelakos stated that the last year's budget was good. She said all departments worked hard on their budgets. She said that if we want this great, beautiful City as it is today or better then we can not cut too much.

Mayor Ferrini said we are trying to set a direction not vote a budget. Assistant Mayor Blalock said that the Council is trying to set a direction and avoid the possibility of any kind of capping. Mayor Ferrini said if we do not work creatively and as hard as we have done in the past we may well face a tax cap. He stated that in the past two years there has been significant involvement by all the departments. He said that a 3% to 3.5% increase is a range to start with and if the Departments come in at the range we are discussing here we will be in the right area. Councilor Dwyer said this is the year where we are benefiting from the last few years.

## **V. Adjournment**

At 8:25 p.m., Mayor Ferrini closed the meeting.

Respectfully submitted by:

Dianne M. Kirby, Deputy City Clerk