



CITY OF NEW BEDFORD, MASSACHUSETTS

MEETING: COMMITTEE ON FINANCE
DATE: OCTOBER 21, 2024
TIME: 7:01 PM
PLACE: CITY COUNCIL CHAMBER, ROOM 214

PRESENT: COUNCILLORS LINDA MORAD, CHAIR; IAN ABREU (7:18); DEREK BAPTISTE (7:20); SHANE BURGO; NAOMI CARNEY; LEO CHOQUETTE; MARIA GIESTA; BRIAN GOMES (7:53); JOSEPH LOPES; SHAWN OLIVER AND RYAN PEREIRA

ABSENT: NO ONE

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Councillor Morad called the Finance Committee meeting to order, read the Remote Meeting Statement into the record and explained that the meeting was being recorded and live-streamed. She recognized the guests present and took attendance.

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These items were taken out of order without objection.

WRITTEN MOTION, Councillor Morad, requesting that Department of Public Infrastructure Commissioner Jamie Ponte provide the Committee on Finance with a summary report detailing current and past due Commercial, Industrial, Municipal and Residential accounts for Water and Wastewater billings as of January 31, 2022, said report shall include comparable information for the periods of March 2021 and August 2021. (Referred – February 10, 2022.) (May 19, 2022 – tabled 120 days) (October 19, 2022 – tabled) (May 22, 2023 – tabled until November 2023) (December 11, 2023 – tabled 30 days) (February 13, 2024 – tabled until September 2024) (September 23, 2024 – tabled 60 days)

RELATED MOTION, Councillor Lopes, requesting that the Solicitor's Office provide the Committee on Finance with the collection strategy being utilized to collect the past due balances greater than 120 days for the Septage and Pool Hauler accounts that are delinquent with the Department of Public Infrastructure. (Referred from Committee – September 23, 2024.)

Councillor Lopes asked the City Solicitor what steps were being taken to secure delinquent funds that are owed to the Water/Wastewater department. Solicitor Jaikes informed the Committee that Flow Master, which is the largest outstanding account, is in suit in court. Pool Mule, which is the second largest delinquent account, is about to go into suit. Both of these entities have been cut off from the use of the City's water supply. The balance of the outstanding accounts are all of a less significant amount.

It is his understanding through his discussion with DPI that most outstanding commercial accounts are paid in full in November of each year though they do not know why. He supposed it had something to do with the way they run their businesses perhaps that they clear their accounts in this month. Those invoices that are not paid off will result in a collection notice being issued by the City Solicitors Office.

The Councillor asked if a fee is assessed on top of the outstanding bill, much like the City does with delinquent Excise Tax payments. Fernando Gomes, the Water Registrar stated that they do assess a single fee when an account becomes delinquent. However, it is not a monthly fee, it's a one-time charge. The fee is 10% of whatever the individual invoice amount is. Councillor Lopes suggested that the Water Department revisit this fee structure especially as it relates to Commercial accounts, that he was not looking to penalize the Residents, but that Commercial entities should not be delinquent on their bills. DPI Commissioner Ponte stated that it would be worthwhile looking at it.

The Councillor asked if the City is in a position to come up with two different types of collection strategies one for Commercial accounts and one for Residential accounts. The Solicitor stated he would have to look into it. Collections are handled through a contract with Attorney Manning who takes a percentage off the top of each item. He did say one option would be if an account is \$7,500 or less it could be handled through Small Claims Court, which has a 12% rate applied to each day from the date of filing the case.

Councillor Morad asked if there is a substantial amount owed to the City on the residential side, that a lien is placed on the property, is that correct. She was told it was by Commissioner Ponte.

On motion by Councillor Lopes and seconded by Councillor Giesta, the Committee VOTED: To recommend that the City Council take **"NO FURTHER ACTION"** on the WRITTEN MOTION, Councillor Morad, requesting that Department of Public Infrastructure Commissioner Jamie Ponte provide the Committee on Finance with a summary report detailing current and past due Commercial, Industrial, Municipal and Residential accounts for Water and Wastewater billings as of January 31, 2022, said report shall include comparable information for the periods of March 2021 and August 2021. This motion passed by a roll call vote of Yeas 8, Nays 0 with Councillors Burgo – yes; Carney – yes; Choquette – yes; Giesta – yes; Lopes – yes; Morad – yes; Oliver – yes; and Pereira – yes. (Councillors Abreu, Baptiste and Gomes not present for vote.)

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WRITTEN MOTION, Councillors Morad and Giesta, requesting that Chief Financial Officer Robert Ekstrom and Airport Director Scot Servis appear before the Committee on Finance to discuss the source of funding for a recently issued Request for Proposal for a consultant contract for "Air Service Investigation"; said contract not to exceed \$65,000; since it would appear that funding for this proposal is not within the recently approved FY2025 Airport Enterprise Fund budget. (Referred – August 13, 2024.) (Matter ID #1358)

The Chair recognized Airport Manager Scot Servis, who gave an overview of the RFP for a Consultant. This is for an Air Service Investigation which is an update to the Airport's Business plan post-Covid. It focuses on Commercial Service, Corporate and Private Jet use, potential for offshore wind development as well the potential for electric aviation. This request was brought to the Administration, and it was funded through the use of ARPA funds that included a do not exceed \$65,000 clause. This is why the limit is allowable to \$65,000. The reason for this request was that the Airport wanted to look at where they were post-Covid and how the Airport will stand in the future.

The two applicants were McFarland-Johnson who also did the airports business plan study, and another company called Empire Aviation Services.

CFO Ekstrom informed the Committee that this funding was provided under the ARPA line of Arts, Culture and Tourism, reports and studies. The amount is committed but not obligated.

Councillor Pereria asked Mr. Servis when he applied for the ARPA funding. He was told May of 2024. Mr. Ekstrom was asked at what point did the City commit all of its ARPA funds. He was told July 2024. The Councillor expressed dismay that back in FY23 they had requested that ARPA funds be used for a specific project and the request was not honored and here we are in May 2024 submitting an ARPA request and it was awarded.

Councillor Giesta questioned the need to hire consultants and asked why this was necessary on an issue that she believes the City would already know the answer. Mr. Servis said when the FAA is looking at a new terminal they look for a terminal base forecast. The airport has done a study regulatory wise, but they wanted to do something that the State would accept other than his or the Airport Commissions' personal beliefs. They wanted something independent of the City so that when they have a discussion with the State on the size of the terminal they would be able to present them with something they could work with. The Councillor asked if this request was a requirement of the FAA she was told it was not.

Councillor Morad asked if the deadline was up as it was related to the bidding process. She was told it was. Mr. Servis said they had an interview with one of the applicants last week and interviewed the second company today. The Commission was planning to meet tomorrow to go over the pros and cons of each applicant. The Councillor asked what their fees were to be. Mr. Servis said they would not exceed the \$65,000 allocated. The Commission is still going over the qualifications and have not opened up a discussion on the actual fee yet. The Councillor asked when the last time this was addressed. She was told the last time a portion of it was discussed was during the 2019 business plan process. She opined that this request was a waste of money and wanted to know why Airport Solutions a consulting firm currently retained by the airport wasn't handling this request. Mr. Servis explained that Airport Solutions' fee every year is based on a contract that the airport receives, he further stated that this is not something Airport Solutions perform, they would have to farm it out, where it was not a part of their original RFP he was told from a Purchasing Department standpoint they could not ask them to do without revamping the current agreement between them. The Councillor asked what was paid in 2024 to Airport Solutions, she was told \$75,000 was billed for the perimeter road design in which 90% was paid by the FAA and 5% by the state the remaining 5% was paid for by the airport.

Councillor Morad asked the CFO how this qualified under arts and tourism within the ARPA funds. The CFO stated it was Arts, Culture, Hospitality and Tourism category and that tourism is the angle.

Councillor Lopes asked why the Administration would not use the 30B process with the Airport Solutions agreement to sub-out the study. He was told by Mr. Servis that since it was not on the original RFP scope of work there would have to be a new RFP and they would have to bid on it if they were interested. Mr. Ekstrom stated that if the work was mentioned in the original RFP agreed to by Airport Solutions, then the City would have been able to use 30B to link the new request to the existing agreement, but this was not the case.

On motion by Councillor Giesta and seconded by Councillor Burgo, the Committee VOTED: To recommend that the City Council take **“NO FURTHER ACTION”** on the WRITTEN MOTION, Councillors Morad and Giesta, requesting that Chief Financial Officer Robert Ekstrom and Airport Director Scot Servis appear before the Committee on Finance to discuss the source of funding for a recently issued Request for Proposal for a consultant contract for "Air Service Investigation"; said contract not to exceed \$65,000; since it would appear that funding for this proposal is not within the recently approved FY2025 Airport Enterprise Fund budget. This motion passed by a roll call vote of Yeas 10, Nays 0 with Councillors Abreu – yes; Baptiste – yes; Burgo – yes; Carney – yes; Choquette – yes; Giesta – yes; Lopes – yes; Morad – yes; Oliver – yes; and Pereira – yes. (Councillor Gomes not present for vote.)

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WRITTEN MOTION, Council President Morad, requesting, that New Bedford Retirement Board Executive Director Eric C. Cohen be invited to attend a meeting of the Committee on Finance to provide a general overview of the operation of the Retirement Board; and further, to discuss the annual COLA recommendation process and the calculation of the City’s annual contribution to the OPED Trust Fund. (Referred – June 22, 2023.) (Matter ID #1192)

The Chair recognized Attorney Cohen. Attorney Cohen thanked the Committee for the opportunity to come before them and explain how the Retirement Board functions. He explained that the board is autonomous to the City. It is not a part of the City of New Bedford. They oversee the retirement plans of SRTA, the City of New Bedford, the Refuse District, Greater New Bedford Regional Vocational Technical High School, and the New Bedford Housing Authority.

He went on to say that if you work in the public sector you are not technically eligible to pay into the Social Security system, and that is what triggered the creation of these type of public pension systems. There are 104 public pension systems within the Commonwealth of Massachusetts. The rules and regulations are all dictated by Chapter 32 of MGL as well as constant continuous oversight by a State agency named the Public Employment Retirement Administration Commission, (PERAC).

This department offers a great website with answers to all retirement questions one may have, and he suggested that the Committee members visit the site to get a better understanding of how the retirement systems works and the services they provide. Attorney Cohen further stated, that the New Bedford Contributory Retirement System is run by a five-member board.

Councillor Morad asked about the annual contribution from the City that the Retirement Board requests. Mr. Cohen explained that it is not a recommendation but more of a mandate. Per MGL Chapter 32 every two years every retirement system goes through an actuarial evaluation. That is when an independent actuary company comes in and conducts what equates to a six-month review. This is when they examine everything from increases in salary to mortality rates, etc. They attempt to figure out where the system is in regard to funding percentages and liabilities. This whole evaluation culminates in a funding schedule that needs to be met. At the time, Governor Baker, mandated that every retirement system needs to be fully funded by 2035. This is why every two year the board review the evaluation report received and then adopts a funding schedule that will hopefully bring them to being fully funded by 2035. This is why every two years the Board moves to approve and adopt a different funding schedule. The last funding schedule review was held as of January 1, 2024, and from the evaluation the Board did adopt a funding schedule.

Councillor Morad asked if the independent actuary company did similar reports for other boards statewide. She was told they do. Atty. Cohen stated that the New Bedford Retirement fund has been using the same firm that approximately 30 other funds use, and this firm has been with the Retirement Board for a number of years. The Attorney offered to send the most recent actuary report done to the Committee if they wished him to do so.

Councillor Morad asked if he would send it, it would be appreciated. Attorney Cohen did make comment that most of the Council were members of the Contributory Board, and some are not. He suggested those that were not members look into the system and what it has to offer. This is truly a tremendous benefit available to employees in those member units.

As it related to the COLA process, Attorney Cohen said that this is directed by the State as well and on an annual basis, in addition to monthly meetings the board is required to meet prior to July 1 and review a Cost-of-Living Adjustment (COLA). They meet, discuss and deliberate on a percentage. The highest a board can increase a COLA is by 3% but that 3% is not on the full amount of an individual's pension, it is only applicable in New Bedford's case to the first \$14,000 of a monthly allowance. This means as long as you make more than \$14,000 a year while working for the City a 3% increase would result in your monthly allowance of \$35.00 a month or \$420.00 annually. If a person makes less than \$14,000 yearly they will receive a lesser percentage than the 3%. He suggested that if you need to reach out to the office you can call them or reach out by email at newbedfordretirement.org.

Mr. Cohen made a comment on OPED. The only post-employment benefit that their office oversees is the retirement allotment. The health and life insurance originates with the employer and the remains with the employer. The Retirement Board is not involved in the OPED process.

On motion by Councillor Giesta and seconded by Councillor Lopes, the Committee VOTED: To recommend that the City Council take **"NO FURTHER ACTION"** on the WRITTEN MOTION, Council President Morad, requesting, that New Bedford Retirement Board Executive Director Eric C. Cohen be invited to attend a meeting of the Committee on Finance to provide a general overview of the operation of the Retirement Board; and further, to discuss the annual COLA recommendation process and the calculation of the City's annual contribution to the OPED Trust Fund. This motion passed by a roll call vote of Yeas 9, Nays 0 with Councillors Abreu – yes; Burgo – yes; Carney – yes; Choquette – yes; Giesta – yes; Lopes – yes; Morad – yes; Oliver – yes; and Pereira – yes. (Councillors Baptiste and Gomes not present for vote.)

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This item was not read, the Chair announced it remain on the table.

WRITTEN MOTION, Councillors Morad, Gomes, Giesta and Lopes, requesting that Chief Financial Officer Robert Ekstrom, City Solicitor Eric Jaikes and a representative of the Administration appear before the Committee on Finance to discuss options regarding the \$3.5 million settlement to be received from the MBTA; said discussion shall include but not be limited to appropriating the monies to the Stabilization Fund or to a newly created Revolving Fund account with the intention of restricting the funds to create a revenue stream dedicated to paying for ongoing maintenance of the pedestrian bridge currently being constructed across Route 18 that the City of New Bedford will be required to maintain after construction is completed. (Referred – August 13, 2024.) (Matter ID #1357)

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WRITTEN MOTION, Councillor Morad, requesting that Facilities and Fleet Management Director Jennifer Vieira, Chief Financial Officer Robert Ekstrom appear before the Committee on Finance to discuss the construction currently being performed at the former Downtown Police Station located at 572 Pleasant Street, to include the purpose of the construction, the anticipated costs associated with the construction and the source of funding for the construction. (Referred – July 18, 2024) (Matter ID #1218) (September 23, 2024 – tabled 45 days)

Councillor Pereria spoke on past conversation as it related to this item, where the Committee was trying to understand how the ARPA funding category of health and public safety was being used to outfit the former Downtown Police station to becomes the new offices for Housing and Community Development.

The Chair recognized CFO Ekstrom who spoke on the matter. He stated he believes that where the building was a former police station was that people are in the habit of calling it the Downtown Police Station. He has since made the correction which will show up in the next report released identifying the location of 572 Purchase Street.

CFO Ekstrom said that prior to drafting his response to the Committee, he reached out to the ARPA team which consists of COO Christina Connelly and Community Preservation Coordinator Jessica Bailey. It was explained to him that it was an appropriate ARPA expense because they were able to address the buildings HVAC system and egress improvements. The CFO stated that it was only really half the project. He stated he did not believe the Council was questioning that piece as the HVAC system qualifies. The renovations and the term egress were classified as acceptable items, it is to make the building safe for public gatherings.

Councillor Pereria stated he looked back in his notes on this item and the funds being spent was not generally what the Council summed up the category to be according to his notes which make comment on what this category was supposed to mean.

The category being Health, Safety and Wellbeing, when this was being formed and ARPA funds were coming out the pandemic was still an unknown at that point. He recalled past meetings with the Mayor on ARPA funding and the term Health, Safety and Wellbeing, was for masking, vaccinations, and similar Covid related expenses. In his opinion this category does not seem to meet the definition of egress, it was not a part of the aforementioned reasons to spend the funds allotted.

The Councillor asked if the funds were being used to construct individual offices within the building. Mr. Ekstrom, stated that while did not have intimate knowledge of the project. Some of the statement about the work being done would be the whole soup to nuts to include the building of actual office spaces. The Councillor believes that using this funding for the work being done on the property is not being used correctly. Mr. Ekstrom went as far to say that he has looked at past expenses paid under the ARPA line item, and it is pretty much what the Councillor said, which meant, masks, vaccinations, etc. Mr. Ekstrom seemed to basically agree that the funding approved should not have been allowed, with the exception of the HVAC system.

Councillor Morad echoed Councillor Pereira's concerns, stating that in her mind this is not what ARPA funds were to be used for. She reminded the Committee that this item had come before them in the form of a Capital Improvement item, and it was rejected. It seemed to her this was just away for the Administration to circumvent the Councils wishes. She opined that the general public sees no benefit to the way the \$700,000 is being spent.

On motion by Councillor Pereira and seconded by Councillor Giesta, the Committee VOTED: To recommend that the City Council take **"NO FURTHER ACTION"** on the WRITTEN MOTION, Councillor Morad, requesting that Facilities and Fleet Management Director Jennifer Vieira, Chief Financial Officer Robert Ekstrom appear before the Committee on Finance to discuss the construction currently being performed at the former Downtown Police Station located at 572 Pleasant Street, to include the purpose of the construction, the anticipated costs associated with the construction and the source of funding for the construction. This motion passed by a roll call vote of Yeas 9, Nays 0 with Councillors Burgo – yes; Carney – yes; Choquette – yes; Giesta – yes; Gomes – yes; Lopes – yes; Morad – yes; Oliver – yes; and Pereira – yes. (Councillors Abreu and Baptiste not present for vote.)

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Councillor Pereira made a motion to adjourn, seconded by Councillor Burgo. This motion passed by a roll call vote of Yeas 9, Nays 0 with Councillors Burgo – yes; Carney – yes; Choquette – yes; Giesta – yes; Gomes – yes; Lopes – yes; Morad – yes; Oliver – yes; and Pereira – yes. (Councillors Abreu and Baptiste not present for vote.)

This meeting adjourned at 8:07 pm.

ATTEST:

Denis Lawrence Jr.
Clerk of the Committees