



CITY OF NEW BEDFORD, MASSACHUSETTS

MEETING: COMMITTEE ON AUDIT
DATE: FEBRUARY 25, 2025
TIME: 7:00 P.M.
PLACE: CITY COUNCIL CHAMBER, ROOM 214

PRESENT: COUNCILLORS RYAN PEREIRA, CHAIR; IAN ABREU;
BRIAN GOMES; LINDA MORAD; SHAWN OLIVER (7:01)

ABSENT: COUNCILLOR JOSEPH LOPES

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Councillor Pereira called the Committee on Audit meeting to order, took attendance, and explained that the meeting was being recorded and live-streamed. The Clerk read a Communication into the record from Councillor Lopes explaining his absence. The Communication was received and placed on file by Councillor Abreu and seconded by Councillor Morad.

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WRITTEN MOTION, Councillors Pereira, Oliver and Morad, requesting, that the Committee on Audit receive monthly reports for expenditures from every department and account. (To be Referred to the Committee on Audit, CFO Robert Ekstrom, the Auditor and the Administration.) (Matter ID #1155) (Referred – June 27, 2024.) (July 15, 2024 – RETURNED UNSIGNED by the Mayor.) (October 17, 2024 – tabled)

On motion by Councillor Oliver and seconded by Councillor Abreu, the Committee VOTED: To remove the item from the table.

Councillor Pereira recognized CFO Bob Ekstrom and stated he wanted the public informed that the Council has been receiving monthly expenditure updates from the Auditor. Councillor Pereira stated that the Committee would like quarterly reports made available to the general public. The Chair asked the CFO Ekstrom if he expected the quarterly reports to be ready for Fiscal Year 2026. CFO Ekstrom stated that he had spoken with the Auditor, Quillan Lowney, and they hope to have a six-month report issued in December of 2025 and it be posted on the on the City's website under the Ordinance page. He will also send the information to the Council by email.

Councillor Morad asked Mr. Ekstrom if the column in the reports they received labeled Encumbrances is committed, spent money. Mr. Ekstrom replied that the money was committed, but not yet spent. For example, if they had a twelve-month service agreement, the City would put that service agreement under a purchase order in which each month he would liquidate one-twelfth of the funds. This happened with DFFM in funding their electricity payment. The Department of Facilities and Fleet Management would estimate the expenditure on electricity for the whole year, which encumbers the funds, and they received a place holder for payments. Councillor Morad asked that when looking at an encumbrance number, he is pretty sure that the funds will be spent but there may be adjustments if needed. She was told, yes. She asked if those encumbrances get calculated into the percentage spending. She was told, yes.

Councillor Morad asked CFO Ekstrom when does he becomes concerned about a potential budget issue, for example if something didn't make sense to him. He explained that he examines different accounts throughout the year and if something does concern him, he will investigate it.

Councillor Pereira asked CFO Ekstrom when does he check an item of concern in a department's budget? For example, if he notices 67% of the Elections department has been spent with no encumbrances does he approach them to find out what the issue is. The CFO stated it is difficult to explain what would alert his concern as it could happen at different points of time for different reasons. Using the Election department as an example, Mr. Ekstrom said that at one point he became concerned and reached out to that department because of a discrepancy he discovered. He determined that the reason was that the Election department had not received the election reimbursement from the State for many of the election/poll workers. The bills are charged to the Election department initially, but will be reclassified when the funds are received from the State and returned to the budget. Mr. Ekstrom said he watches and addresses any concerns that may arise because he generally believes there is a solution to any concern before it becomes a problem.

Councillor Pereira had a series of questions for CFO Ekstrom. CFO Ekstrom was asked about the Election, Councillor Pereira repeated what Mr. Ekstrom had said and wanted confirmation that the City is waiting for reimbursement from the State. Mr. Ekstrom again said the City is waiting for reimbursement from the State.

Another question was regarding the DFFM budget, that it is at 70% of funds spent. Councillor Pereira asked if it was correct that this department encumbers all of their utilities at the start of the Fiscal Year, so it would look like they spent all of their utility budget when in reality they hadn't. CFO Ekstrom said that was correct and went on to say that DFFM is not going to have a deficit or a surplus this year, they will be right on target.

Councillor Pereira went to ask about Veteran Services and Libraries, he felt these departments, that their expended year to date seems very low to him. Mr. Ekstrom explained that the Veterans Services available budget is \$1.6 million, but the Director of Veterans Services has not projected much of a surplus yet. He went on to say that though Veteran's are passing away, the City keeps the Veteran benefits level funded. There is a particular clientele that the department assists and as needs arise the funds are expended. Mr. Ekstrom added that the idea is to let the Veterans fund run its course and return any surplus to Free Cash.

Then Councillor Pereira asked about the Libraries, Mr. Ekstrom explained you can transfer funds out of that department, but you cannot cut their budget more than other departments, to do so would jeopardize State funding to the library system. The CFO stated the he would have to get back to him on that item.

Councillor Pereira gave CFO Ekstrom credit and thanked him for keeping his word by putting the necessary funds into the retirement account first. He complimented Mr. Ekstrom as a man of his word. Mr. Ekstrom thanked him for his kind words and informed the Committee that the City intends to do the same for Fiscal Year 2026.

Councillor Pereira asked Mr. Ekstrom for clarification on the Court Judgements line, wanting to know if the number budgeted yearly is a historical figure, is it low or is it where it normally should be? Mr. Ekstrom explained that the normal funding is \$300k, but with one major claim loss, that figure could be easily wiped out. Councillor Pereira asked since only \$42k has been expended does this account normally run with a surplus. CFO Ekstrom said sometimes it does and sometimes it does not. It just depends on cases and settlements. He went on to say that most departments by this date will not have a surplus but that will all pan out in the next few months if this remains true. but, in the next few months, that could change.

Councillor Morad asked about the negative \$3 million figure under Expended to Date in the Healthcare line and wanted to know what this was attributed to. CFO Ekstrom said this would be a reversal of accrued, but couldn't elaborate, but would look into this and would report the findings to the Committee.

CFO Ekstrom stated that the health insurance line indicates the City would only be funding up to just short of \$18.1 million. It will be short, but the City does have a Medical Claims Trust Fund that can be applied. He noted that in the spring he will appear before the Council and ask them to fully fund that line, because he will not be able to take from the Medical Claims Trust Fund many more times.

Councillor Pereira asked about the Airport Enterprise Fund, stating it is typically subsidized, yet they are showing pretty low on expenditures. Councillor Pereira asked if they had received their General Fund allocation. Mr. Ekstrom said they had not, nor had they paid their debt service payment. The Airport account will not have any surplus funds at the end of this Fiscal Year.

Councillor Pereira questioned Mr. Ekstrom about Water and Wastewater, which the Councillor found to be high on their year-to-date expenditure. Mr. Ekstrom explained that while Wastewater indicates it is at 73%, that is attributed to the two big contracts the department has with Veolia and Synagro, the two companies that provide services for treatment plant operations and sludge removal. The Department of Public Infrastructure will issue a purchase order to create a place holder for the funds. Councillor Pereira asked Mr. Ekstrom if he was predicting a break-even or deficit for either fund. Mr. Ekstrom replied that at the moment they are showing deficits in each fund, but they should be manageable.

Councillor Pereira asked Mr. Ekstrom if he projected a deficit in the Capitol Waste account. Mr. Ekstrom replied yes, in the vicinity of \$525k. Councillor Pereira asked at what point does he think the department would be unable to pay the bill? Mr. Ekstrom answered, by June. Mr. Ekstrom said this would be one of his first transfer requests when he came before Council.

Councillor Morad asked when the Capitol Waste Services contract was due to be renewed. She was told in June of 2026, but during the spring of 2026, the City would go out to bid again.

On motion by Councillor Morad and seconded by Councillor Oliver, the Committee VOTED: To receive and place on file a Communication from CFO Ekstrom regarding Capitol Waste Services. Councillor Morad will email the Communication to the Council Office.

Councillor Oliver inquired about the Capitol Waste Services contract, is it soon to be negotiated, and whether the City anticipates a contract to be submitted in excess of the three years like the current one. The CFO stated he is not in a position to answer that question and would refer the question to Jennifer Vieira, Director, Department of Facilities and Fleet Management as she is the one that deals with the negotiations. Councillor Oliver asked if it would be preferable for the City to negotiate a longer contract. CFO Ekstrom answered yes, providing the fees were reasonable.

On motion by Councillor Oliver and seconded by Councillor Abreu, the Committee VOTED: To table the matter at this time.

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WRITTEN MOTION, Councillor Gomes, requesting, that the Committee on Audit ask the Administration to provide the Committee with a list of all contractors that contract for service work, engineering, etc., awarded by the City over the past eight years; and further, that the list be provided to the Committee by year, from January 2014 to September 2022. (Matter ID #1670) (Referred – October 13, 2022.) (October 28, 2022 – RETURNED UNSIGNED by the Mayor.)

Councillor Gomes, not a member of the Committee on Audit, but was present and recognized by Councillor Pereira. Councillor Gomes, went on to state, that this matter had been on the agenda for some time. He further stated, that he wanted to obtain a record of who received contracts from the City. He wanted to see if there was any favoritism involved or if everything is being done fairly. Councillor Gomes believes that the Committee on Audit is the correct Committee to review and address the information when received.

Councillor Pereira recognized CFO Ekstrom, who stated that he has a list, and does not expect anyone has seen it. He anticipated that Councillor Gomes would want it updated and that has been done. A spreadsheet has been put into an Excel format, there are 1882 contracts on the spreadsheet. The spreadsheet includes the name of the contractor, contract number, vendors, departments and date. Mr. Ekstrom informed that Committee that it may not be evident from looking at the list what the services were requested, but the description in the printout is accurate. He asked any Councillor who had a question about a specific contract to reach out to him personally and he would get them an answer.

Councillor Gomes stated he was looking at what Mr. Ekstrom had presented, and it has everything and more, but that he was mainly interested in the major contracts for road work. He was not finding them. Mr. Ekstrom stated perhaps the contractor's name was hidden by the contract number. Mr. Ekstrom said he would be able to provide the Councillor with the information he is seeking.

Councillor Morad asked if the description had the name of the contractor or the name or the service that was provided. She was told it would be the service. She asked if the vendor is the name of the contractor. She was told it was. Councillor Morad went on to ask that if Contracts that extend more than one year would be listed multiple times. Mr. Ekstrom said no, they would be listed as non-encumbering in which the contract is listed once, and has the period of time it is in place for. Councillor Morad asked if this could be sorted out by vendor and was told, yes.

Councillor Oliver asked what the top three contracts in place in the City are. CFO Ekstrom stated that interest seems to be in the construction contracts and those would be general City construction, school construction, wastewater and water projects, all of which would be huge numbers. The Capitol Waste removal contract would be another high-cost item. Councillor Oliver asked if the School Department has most of the contracts. Mr. Ekstrom answered the municipality, not the school department has most of the contracts. Councillor Oliver asked if there is a pattern of who is awarded these contracts or are they awarded sporadically. He was told for the most part there isn't a lot of change with contractors, primarily because they become very familiar with how to bid on a government job, and normally come in lower than a new company who would be looking to secure a project in the City. Mr. Ekstrom stated that guidelines for many contracts require you to rate what type of services you can provide prior to looking that price of what they would charge to complete the project.

Councillor Abreu asked if the City has standard operating procedures to investigate a company we are interested in to see what their business history is and whether they have done similar jobs in the past with satisfactory results. Mr. Ekstrom stated that normally these contracts have a rating board which rates the submitted contracts. The rating board will execute a check and balance to make sure the City is complying with the guidelines in place and availability of funds to make sure they will be secure in awarding a contract.

Councillor Pereira explained that he would send an email to Mr. Ekstrom on the Committee's requests and the deadline on sending the information back to the Committee. Councillor Morad said she would like to see vendor IDs and department IDs moved into new fields on the spreadsheet to make sorting easier. Councillor Gomes said he would like to see the Committee provided with a separate Excel spreadsheet showing contracts just pertaining to roads, building, engineering and architectural contracts.

On motion by Councillor Abreu and seconded by Councillor Oliver, the Committee VOTED: To table the matter at this time.

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On motion by Councillor Abreu and seconded by Councillor Oliver, the Committee VOTED: To follow the Chair's recommendation to waive the reading and take **"NO FURTHER ACTION"** on the following item.

WRITTEN MOTION, Councillor Morad, Vice Chair of the Audit Committee, requesting that under the City Code, Section 2-70 that the Audit Committee be provided, by the 10th of each month, a summary report of all expenditures from the City of New Bedford FY2023 budget, said report shall be provided to the Chair of the Audit Committee in print copy and will reflect by department and by expenditure category; the approved FY2023 budget allocation, expenditures for the month and year-to-date totals; and further the Audit Committee will reserve it's right under the City Code, Section 2-70 to examine individual expenditures as needed throughout the year. (To be Referred to the Acting Chief Financial Officer, the City Auditor and the Committee on Audit.) (Matter ID #1386) (Referred – August 18, 2022.) (September 06, 2022 – RETURNED UNSIGNED by the Mayor.)

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Councillor Oliver made a motion to adjourn, which was seconded by Councillor Abreu. This meeting adjourned at 8:29 p.m.

ATTEST:

Denis Lawrence, Jr.
Clerk of Committees