

Scott D. Houseman-Chair
Julie R. Flowers
Matthew J. St. Hilaire

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2023 JUN 14 P 3: 58

FINANCE AND PROPERTY / CITY COUNCIL COMMITTEE OF THE WHOLE MINUTES

Tuesday, May 30, 2023, 6:30PM

City Council Chambers, 3rd Floor, Beverly City Hall, 191 Cabot St.

Houseman called the meeting to order at 6:32pm.

Finance and Property Committee Members present: Julie Flowers, Matthew St. Hilaire, Scott Houseman

Councilors present: Hannah Bowen, Steven Crowley, Kathleen Feldman, Estelle Rand, Todd Rotondo, Brendan Sweeney

Councilors absent: None

Order #144-Mayor's FY2024 Budget - Department Budget Sessions

Budget Analyst – Gerry Perry

Perry summarized his FY24 budget memo that was emailed to the councilors. Local receipts has a bit of a conservative approach, which will help the city to have a strong balance sheet later on. Perry stated that he was comfortable with revenues all together. Regarding expenditures, schools are the big one, and there were large increases in healthcare costs this year. Overall the general fund is pretty much level. Perry reviewed enterprise funds and water and sewer rates. The proposed increase in the water rate is from \$3.28 to \$3.40, and the sewer rate will increase from \$6.24 to \$6.40. The city has not increased trash user fees in many years. That's an option. Either the tax payers cover it or the rate payers cover it because sanitation costs have increased. The bottom line is this is a balanced budget. The council can cut any budget but cannot raise a budget or take it from one pot and put it in another.

St. Hilaire stated he was thinking about the proposed cut to roads and sidewalks and asked Mr. Perry to elaborate on the proposed transfers from certified earnings to augment the enterprise funds which were mentioned in Mr. Perry's memo.

Perry spoke about free cash and retained earnings. Free cash is a certification of the balance sheet for general fund revenues. Retained earnings are the same as free cash except it involves the enterprise funds. Money for an enterprise fund can only be used for the purposes of the specific enterprise fund itself.

St. Hilaire asked about the transfer for sanitation.

Perry stated in FY24 the mayor is proposing an increase from last year in sanitation. The way they are proposing to pay for it is to take \$2.2 million from general fund revenue, add to it \$99,088 retained earnings as certified by the Department of Revenue, and then the remainder will come from trash fees. There will be three revenues used to pay for sanitation fees.

St. Hilaire asked about using all of retained earnings and less from the general fund.

Perry stated that it would not be wise. Prudent practice is to carry forward some of the retained earnings in order to avoid a deficit.

St. Hilaire stated he would like to see where money can be put back in for roads and sidewalks.

Perry stated his understanding is that the administration will come before the council in the next couple weeks and propose using existing free cash to make up that difference in roads and sidewalks.

Flowers asked if Mr. Perry had a sense of how likely or unlikely it was that the number for local aid would shift.

Perry stated he was pretty confident on that number.

Houseman asked if the city typically goes with the governor's proposed budget.

Ayles stated in preparing the budget they go with the lowest net amount of local aid.

Houseman stated that a few weeks ago the council passed an order for eight million dollars for a number of goals. Houseman asked if this budget was consistent with guidelines Mr. Perry laid out at that time.

Perry stated yes, this is consistent with those principles.

Bowen asked about any further impacts of ARPA funding or the Covid relief fund to augment the budget. Bowen asked Mr. Perry if he sees any other opportunities and how much of the ARPA funds remain. Perry stated there have been some conversations. Perry advised being careful to use it like a one-time expenditure and not make it part of the operation costs. So far the administration has only used it for one-time expenditures, which is smart. They are spending it in a wise manner. Ayles suggested an update from Ms. Dalton on the ARPA funds. The vast majority of those funds have been set aside for particular initiatives, most notably for the McPherson Center. At this point, every dollar utilized out of it pushes the McPherson costs out of ARPA and into either free cash or debt service.

Human Resources – Pauline Teixeira

Teixeira stated the Human Resources budget doesn't have an increase and the only decreases are in overtime and part-time help.

St. Hilaire asked if there was any update on diversity efforts or changes in recruiting.

Teixeira stated HR is looking forward to working with the new DEIB director in helping with the candidate screening process. Ms. Fahari recently helped have new hire paperwork translated to Spanish.

St. Hilaire asked how the line item for seminars and training is used.

Teixeira stated those trainings are specifically for HR department staff and the membership and fees for participating in training each year.

Flowers asked if Teixeira feels the budget is able to fully support efforts in diversity, equity, inclusion and belonging as far as expanding job postings and reaching out to candidates as well as supporting onboarding. Teixeira stated it's supporting the goals that are in place. The job advertising line was significantly increased last year and has all been used.

Rotondo asked if more diverse postings have been successful.

Teixeira stated HR is in the process of gathering that information when people apply for jobs.

Rand stated the City has had a lot of turnover recently and asked if Ms. Teixeira expects advertising will be higher because of that.

Teixeira stated this year all of the advertising line will be used. We use a website called workplacediversity.com where we pay one price and then that posts on many diverse job boards. With that and social media, which is free, this should be sufficient.

Bowen asked about plans for supporting staff in the coming year.

In HR in general, we are looking for out of the box benefits. We offered the Calm app. We also have an employee assistance program along with employee events.

Ayles noted there are also other areas in the budget that fund and support DEIB efforts which will come up in the executive budget.

Purchasing – David Gelineau

Rand stated she appreciated the overview and setting of goals in the digital presentation and asked to hear more about the push to educate departments about using purchase orders and what that does.

Gelineau stated using purchase orders more is a way to control costs and keep people aware as well as a way to have more than one person looking at things. Once someone does a requisition and a purchase order, that money is set aside.

Bowen asked if there were any highlights to share related to DEI goals.

Gelineau stated that recently the purchasing department has started giving Wangari copies of all the bids. The goal is to get people on state contracts and guide them to the places where the city is legally required to post.

Bowen stated a few other communities have been working on recommendations. Brookline, Somerville, Boston, Salem and Cambridge have been taking steps in their field. Bowen asked if Beverly is considering policies like those here.

Gelineau stated he does not make policies. That's probably a better question for the mayor.

Houseman stated HR goes to different websites for posting and asked if in procurement there are sites that have not been used that can reach different audiences.

Gelineau stated he has not heard of any websites that are specifically for diversity advertising for bids or RFPs.

Houseman asked for a motion from Committee of the Whole to set the public hearing for Order #144-Mayor's FY2024 Budget on June 13 at 6:30pm. A motion to set the public hearing was made and seconded. A vote was taken, and the motion passed (9-0).

Assessors, IT, Enterprise, Revenues – Bryant Ayles

Ayles stated the enterprise funds may be better discussed with Mr. Collins.

Houseman stated those could be taken department by department later. Houseman asked about developments in the last couple years in the IT department.

Ayles stated IT is a department that a lot of other departments rely on as a central service. Right before the pandemic, we rolled out new email platforms and a new city website. Ayles said he could not say enough good things about how quickly they reacted during the pandemic for going remote and making sure the city could always operate. There have also been improvements to security and investments in infrastructure.

Ayles noted that within the accounting budget are citywide insurance policies which make that look like a higher percentage than the other departments under finance. If that was taken out, it would be about the same.

St. Hilaire asked about the changes to staffing under assessors.

Ayles stated the chief assessor resigned this year and that was taken as an opportunity to restructure. All day-to-day office functions flow through Terry DeBlasie and some costs were shifted around to support this structure. There's an increase in part-time help due to the 10 year requirement to review every parcel which will take from FY23-FY25 to complete.

Sweeney asked about the \$23,000 line called purchase of service under accounting [11352-53034] and if that has to do with the audit.

Ayles stated \$50,000 for the audit firm is under the clerk's department budget, \$5,000 is to the retirement board, \$5,000 under accounting, and \$5,000 for schools. Another accounting firm, helps with other reports such as schedule A and balance sheet work as well as fixed-asset reporting. The hope is to reduce some of those functions with the role of the assistant finance director. There is a decrease there because we expect to use consultants less. In FY23, there was also money in that line for the recent BMEA union salary survey and other consulting.

Sweeney stated he hears concerns from constituents about proposals to increase the tax levy to 2½%. Sweeney asked how substantially different new growth would need to be by November/December to impact the 2½% proposal.

Ayles stated that in his experience, new growth would need to be much larger to make an impact on the taxpayer, over a million. Historically the city has levied to the limit, except the past two years we have been able to provide some relief. The levy limit is the maximum amount of taxes that the city can assess against all property owners in the city (residential, commercial, industrial, and personal property). When creating the budget, some assumptions are built in for the rest of the year. It's a little too early to commit one way or the other. We will revisit in December when setting the tax rate.

Rotondo asked under IT for an update for remote/hybrid meetings.

Ayles stated he would make a note to find out more and get an update.

Houseman asked Ayles to confirm that the City has excess levy from the past two years so there is tax relief on an ongoing basis even when going to 2 ½% this year.

Ayles confirmed and stated the proposed 2½% increase remains about 1½% under the levy limit.

Bowen asked what some of the factors are as of today that affect new growth and noted the Cabot St. project will limit new growth since that development plan is not happening.

Ayles stated building permits are a good indicator of what to expect, knowing that things may change throughout the year. Ayles stated he is still comfortable with the projection.

A motion to adjourn Committee of the Whole was made and seconded. A vote was taken, and the motion passed (9-0). A motion to adjourn Finance and Property was made and seconded. A vote was taken, and the motion passed (3-0). The meeting adjourned at 8:07pm.