

City of Beverly
Special Budget Meeting of the City Council
Finance & Property/Committee of the Whole
Public Meeting Minutes
Tuesday, June 15, 2021, 7pm
City Council Chambers, City Hall, 191 Cabot St.

CITY OF BEVERLY
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This meeting was live streamed by BevCam.

Tim Flaherty called the meeting to order at 7:01pm and called the committee of the whole to order.

Members Present: Timothy Flaherty, Kathleen Feldman, Julie Flowers, Todd Rotondo, Estelle Rand, Paul Guanci, Scott Houseman,

Members Absent: Dominic Copeland, Stacy Ames

Flaherty gave an introduction to the meeting, stating that hearings with department heads were held in the last couple of weeks and tonight he would summarize what was under each department then take the votes by department total.

Order #117 Mayor's FY22 Budget

The motion was made and seconded to approve General Fund Transfers of \$2,000,000.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the City Council budget of \$648,856.16. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Executive budget of \$837,696.00.

Guanci asked if under the Mayor's budget is where the payroll for those positions best fits.

Ayles stated the rationale behind it was that these positions by their function cross over many other departments and are not responsible to any one particular other department but more to the executive branch and directed through the mayor's initiatives. They kind of act as a centralized point to coordinate the initiatives. Ayles stated he feels it is the appropriate place. Each one of them provides a level of coordination and project management that would not exist without them in their own specific areas.

Flaherty asked if Mr. Ayles could go over how some of the federal government money the City has received, like the CARES money, is throughout the budget. Flaherty stated his concern is making sure that there is not staffing as a part of the budget because in a few years when this money is not going to be here, it is hard to know where the city, state, or country will be financially.

Ayles stated the discussion around the CARES Act funding that has already been received, which expires in December and is a little more than three million dollars, was how to take the infrastructure that supports City services and bring it to a higher level without increasing the recurring burden on the budget. We were very mindful of the types of investments that were made. They were targeted to address the pandemic, so there were a lot of costs in there that had to do with the ability to continue to operate as a government remotely, so whether that is enhanced security functions or remote computing enhancements throughout the staff; those are the types of things that when the money goes away, the need for that will not be there either, so the budget can go back to where it was pre-CARES funding. The ARPA money, which is the support plan that the Biden administration put in, is significantly more money, twelve million

dollars, and the potential uses of that are much broader than just supporting city government, and so we are still in the process of digesting the scope of what that funding can be used for. There will be conversations over the next few weeks, maybe even months to determine the best use of that money. Ayles stated his recommendation on the use of that money, without getting into specific areas, is that the money is designed to support the community as a whole through the pandemic so we can be thoughtful about how the money is spent and create a better foundation to build the community on, so that at the end when the money is gone, the community is in a better place. Ayles stated he would be concerned if that resource was looked at as a way to either shift recurring costs off of the City budget or to enhance the City's budget through staffing increases or things that are going to continue to cost and take away from the flexibility in the budget as it exists now to address various concerns throughout the year.

A vote was taken on the previous motion to approve the Executive budget and the motion carried (3-0).

The motion was made and seconded to approve the Reserve for Appropriation at \$1,295,000.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Municipal Finance budget of \$3,244,221.66. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Solicitor budget of \$602,468.79. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Human Resources budget of \$224,816.18. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Planning budget of \$695,529.20. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Municipal Inspections budget of \$628,341.19.

Guanci asked about Mr. Fredrickson's retirement and if there would be a new appointment coming in the fall.

Ayles stated he was not sure of the timing on it. Fortunately the pandemic legislation allowed for an extension. He technically has already retired but has been able to stay on to help transition.

Houseman stated that Mr. Fredrickson brought a level of professionalism to that office and raised the caliber of the office tremendously.

A vote was taken on the previous motion to approve the Municipal Inspections budget and the motion carried (3-0).

The motion was made and seconded to approve the Public Safety budget of \$16,848,568.01. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Engineering budget of \$2,963,557.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Public Services budget of \$6,236,148.20. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Community Services budget of \$4,320,763.68.

Guanci stated he feels the Council on Aging Director's position is a little low compared to others in the City. For all the work she has done, especially during the pandemic, compared to some people she seems to be underpaid.

Flaherty said it used to be that the increases were in individual budgets, but then the council worked with the mayor at the time to instead give a bucket of money based on percentages, and the mayor as the supervisor could decide to give a department head an increase. That is kind of the history of how that came about, and it seems to have worked and to be a little bit more productive.

Flowers agreed and stated particularly when anyone is working in helping professions that can be the kind of work that is hard to quantify. It can be different from other kinds of work but also is incredibly important to our community. The Council on Aging director has talked several times about the rising senior population, which means that position will continue servicing more Beverly seniors.

Houseman and Feldman agreed as well that the position was underpaid.

A vote was taken on the previous motion to approve the Community Services budget and the motion carried (3-0).

The motion was made and seconded to approve the Schools budget of \$67,274,926.00.

Rand asked if this is one of the main places that we do actually see CARES Act funding incorporated into the budget, for example the temporary positions of the additional counselors.

Ayles stated none of the CARES money or any other funding sources related to the coronavirus relief are in this budget, so it is not in this number, but this is one of the budgets that has the alternative source of those funds to push potential pandemic-related costs over to. There are positions that they are looking to the ESSR funds to fund for a period of two years to aid in some of the transition to back to school, so they are very intentional about the use of those funds; those are the types of costs that are related directly to the transition and so theoretically in two years when the money goes away, so too hopefully does the need for the majority of those costs.

Flaherty stated staffing costs within the grant money is a concern.

Ayles stated back when they were building the budget they sat down and went through exactly what they were intending to push over to that funding source, and the positions that were labeled to be coming from this finite funding source were the types that they could pull back from in two years if the resources could not continue to support them or if the need goes away for those types of positions. Ayles stated he is fairly comfortable with the strategy that they are employing in that it is not going to overly burden the budget in two years.

Flaherty stated his concern is that the tax revenue is not going to be there. We are running a pretty lean city, and the concern is going forward whether we could, on the revenue side, support that long term.

Ayles said that plays into the overall budget strategy. The benefit to the City's strategies around excess revenues going into free cash at the end of the year is that a buffer period is built in to

react when the economy begins to sour because the City not relying on every last nickel that is expected to be brought in in the current year. The excess revenue, if there is any at the end of the year, goes into the free cash, and then we decide collectively which things it will be spent on. It does get spent, and it does go back to the taxpayer, so it is not lost revenue. By pushing it to the free cash certification, it builds in a buffer period. If in the middle of the year, we are not hitting our targets for certain revenues, then we will know when going to build next year's budget to make adjustments and react and still be solvent.

Flowers clarified the positions and the timeline of the ESSR II and ESSR III funding that may be coming afterwards.

Ayles confirmed those positions are only two-year contracts.

Houseman asked Ayles' thoughts on how or if it is needed, as a council and administration, to better convey budgetary information to those who are not immersed in this every day.

Ayles said he does not disagree that a better job can be done at communicating the budget to residents. Ayles stated he and his staff are, by training, finance professionals and IT professionals who are extremely effective at their jobs and very hyper focused on a lot of the nuts and bolts that keep an organization running that sometimes we forget about explaining what we are doing and why we are doing it. There is an opportunity to work over the next few months to try to get something that is more digestible out there in terms of process and products that people can review. If the council approves the budget as presented, it does include an additional staff member in the IT department who can help. Currently there is an individual that does all of the help desk work, the website, and dozens of other things, but if this new position can be positioned as the primary help desk point of contact, it can help alleviate some of the restraints that are on some of the IT staff that can help to get there. That is part of the pathway to help get there. The other part is potentially some additional resources on a temporary basis or contractual basis to just get over the initial hump so that it gets to a point where it is more manageable.

Flaherty asked if the mayor is having everybody back in the office full time and if that is the plan, and Ayles confirmed it is.

A vote was taken on the previous motion to approve the Schools budget and the motion carried (3-0).

The motion was made and seconded to approve the Debt Service at \$10,923,584.93. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Annuities and Pensions at \$12,004,594.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Other budget items totaling \$11,648,263.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve Assessments at \$1,783,062.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Total General Fund Expenditures at \$144,180,396.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Total General Fund Revenues at \$144,180,396.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Water Fund Expenditures at \$5,839,000.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve a \$900,000.00 Transfer of Retained Earnings. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Water Fund Revenues at \$5,839,000.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the water rate of \$3.17 per 100 cubic feet. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Sewer Fund Expenditures at \$8,953,145.73. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the \$805,145.73 Transfer of Retained Earnings. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Sewer Fund Revenues at \$8,953,145.73. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the sewer rate of \$6.24 per 100 cubic feet. A vote was taken and the motion carried (3-0).

Perry stated the rates are a very small increase because of the transferred retained earnings, just be prepared that there may not be as much retained earnings next year, so there may be a larger rate increase in the future.

The motion was made and seconded to approve the Sanitation/Recycling Fund Expenditures at \$3,335,500.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Sanitation/Recycling Fund Revenues at \$3,335,500.00. A vote was taken and the motion carried (3-0).

Flaherty asked if that includes the increase of the new contract.

Ayles stated the contract has not been completely settled, but there is an idea of what the costs will be and that is included in this.

The motion was made and seconded to approve the Recreation Enterprise Fund Expenditures at \$443,575.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve an \$80,000.00 Transfer of Retained Earnings.

The motion was made and seconded to approve the Recreation Enterprise Fund Revenues at \$443,575.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Golf and Tennis Enterprise Fund Expenditures at \$380,000.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Golf and Tennis Enterprise Fund Revenues at \$380,000.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Senior Citizen Enterprise Fund Expenditures at \$35,196.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the \$12,476.00 Transfer of Retained Earnings. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Senior Citizen Enterprise Fund Revenues at \$35,196.00. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Airport Enterprise Fund Expenditures at \$515,513.64. A vote was taken and the motion carried (3-0).

The motion was made and seconded to approve the Airport Enterprise Fund Revenues at \$515,513.64. A vote was taken and the motion carried (3-0).

The motion was made and seconded to adjourn Finance and Property. A vote was taken, and the motion carried (3-0).

The motion was made and seconded to adjourn the Committee of the Whole. A vote was taken, and the motion carried (7-0). The meeting adjourned at 7:42pm.