

**24-045**  
**COMMITTEE OF THE WHOLE**  
**MEETING REPORT**  
**TUESDAY, APRIL 23, 2024 @ 6:00 P.M.**

Attendees: Council President Isaac “Zac” Bears; Council Vice President Kit Collins; Councillor Anna Callahan; Councillor Emily Lazzaro; Councillor Matt Leming; City Clerk Adam Hurtubise; Chief of Staff Nina Nazarian; Finance Director Bob Dickinson; other participants as noted in the body of this report.

President Bears called the meeting to order at 6:00 p.m. on April 23, 2024 in the Medford City Council Chambers on the second floor of Medford City Hall, and via Zoom. The purpose of the meeting was a preliminary budget meeting (Paper **20-045**).

President Bears thanked participants for attending. He detailed work done to date. This is the second preliminary budget meeting.

Director Dickinson presented a budget overview. He said he is pretty much done with state reporting. He said that these items then go to the auditors. He said once the state has all the information, it will give us a number for free cash. He said that the general fund budget is \$179, 604, 106, and \$71,227,145 for the schools. It includes \$2.8 million in ESSER funds. He said he doesn’t expect any budget transfers as of right now.

Councillor Callahan asked about state aid. Director Dickinson said that state funding under Chapter 70 comes every year. He said that there are state assessments made against that funding every year. He said that the governor generally puts out an estimate midway through the fiscal year. The MBTA is one of the assessments. He said this does not include Chapter 90, which is entirely separate. President Bears said that the Division of Local Services has a great website where people can view the cherry sheet. He said we are only talking about the general fund budget tonight, not the Water and Sewer budget, or other items.

Councillor Lazzaro asked about reimbursements for charter schools. President Bears said that there is a charter school reimbursement formula. There is a three-year stepdown reimbursement. He said we send out about \$8 million per year for charter schools and only get back about \$1.6 million per year. Director Dickinson said that the cherry sheet estimate is usually fairly conservative but that revenue does not generally come in much over those estimates.

Director Dickinson said the actual new growth numbers are on the recap. He said motor vehicle excise tax is expected to be flat, along with building permits. He said there should be a small increase in hotel and meals taxes, and a much better number

for investment income than 2023. He estimated local receipts of \$21 million. He said that the Department of Revenue will require justification for estimates that seem excessive. If revenue targets are not achieved, the Administration and Council would need to meet and vote a new budget and 2025 tax bills could be delayed. He said that there is an estimated net cherry sheet of slightly over \$20 million. He said that is slightly less than 2024. He discussed revenue from casino mitigation and cemetery sale of lots and perpetual care. He said that the snow and ice deficit is about \$350,000 right now.

President Bears said that this is about \$10 million more than last year in terms of revenue but he suspects that expenses have also grown. Director Dickinson said that the budget should be finalized and ready by mid-May. He said GIC rates are expected to increase by 10%. He said pension obligations will likely increase at about 5.7%. He said settled contracts are now budgeted in the General Fund. He said we are trying to fully fund our pension obligations by 2032. He said that these will likely increase by about 6% per year. He detailed the review by department heads to right-size budgets by looking at past actual expenses.

Councillor Scarpelli said he is concerned about getting something that will work. He said he didn't want to have the same problem that the schools are having with their budget. He asked if any departments are looking to eliminate positions. Director Dickinson said that right now we are not expecting any budget freezes on departments. He said we will likely be looking at budget transfers in early June. Chief of Staff Nazarian said that we have had a number of ARPA positions on the City side. She said we are getting to where we want to be, but we are not there yet.

Councillor Leming asked if it is feasible to switch health insurance providers. Director Dickinson said that he has not been part of those negotiations. Chief of Staff Nazarian said that we did look at this some time ago. She said that the claims have shown high history. She said that the claims are in such a position that we wouldn't want to get out of the GIC at this stage. Director Dickinson said we are scrutinizing our actual expenses for 2024.

Chief of Staff Nazarian said she takes exception whenever anyone is criticized. She said that the Finance Director had been working on certain areas of the budget and that she and the Mayor were working on other parts. Councillor Scarpelli said he was not trying to be disrespectful. He said that he assumed that the budget director would have all the numbers in front of him as had been the case in the past during previous budget meetings with other budget directors. He said he tends to get disappointed when leaders of the Administration don't have answers to questions and then Councillors are accused of criticizing leaders of the Administration. Chief of Staff Nazarian said that the

Finance Director was answering a question as to this year's budget and that she was trying to supplement that answer.

President Bears said that most of the budget is DPW, Fire, Police, Schools, pension obligations, and some other expenses. He said that Elections may need a transfer because of the cost of the recount. Director Dickinson said that he is not yet prepared to go into all the details on the proposed budget, including transfers at the end of the year, but that he would have that information later.

President Bears said he appreciates this topline number. He said he appreciated hearing that departments were asked to make requests and the requests were not tailored. He said he appreciates the work that went into this. He said he would like to know what the initial budget requests were.

Vice President Collins said she appreciates the work that has been done so far. She said she appreciates the communication so far. She said the question is how we reconcile what we have with our non-negotiable costs.

Councillor Callahan asked what percentage our health insurance increases are. Director Dickinson said he would have to look at the spreadsheets. He said that \$25-28 million for health insurance is a big chunk of the budget.

Councillor Scarpelli asked if we could have a copy of the presentation e-mailed to the Council. President Bears said yes.

Director Dickinson presented his department's budget. There is a small increase because Finance is absorbing the costs of admin software subscriptions. He said audits and admin cost a little more every year. He said that there is a little more money in the budget for conferences to allow for more training. He said that the Assistant Finance Director has done a phenomenal job with these budget numbers. He said that Procurement is mostly continuing education. He said we keep having trouble with 1099 forms. He said he is still working on the budget book.

President Bears asked about RFPs on the financial software. Director Dickinson said it will take about nine months to get some of these back. He said municipal software is a niche. He said many municipalities cannot afford that.

Vice President Collins asked about some departmental RFPs and Director Dickinson elaborated. He said that these RFPs for financial software will be a long process.

President Bears said that some of the items loaded into ClearGov last year had some issues. He said we have just been keeping up the proposed budget versus the approved budget.

City Clerk Adam Hurtubise presented his department's budget. The budget includes small increases in salaries, small cuts in expenses for subscriptions and office equipment, and an overall increase of 6.44%. Clerk Hurtubise highlighted the new legislative software that allows for even greater transparency in producing Council agendas and records. He thanked his team in the Clerk's Office and thanked the Council. The total budget is about \$404,000.

President Bears presented the legislative budget of \$312,689, identical to FY 24. He asked for a shift of \$1,800 from 5240 to 5202 (videographer) to pay the videographer closer to market rate. Councillor Callahan asked about the repair and maintenance budget. President Bears said it is essentially for the legislative software and agenda software. He said we have not had a full-year expenditure there yet. He said the professional/technical funding is for the zoning project.

Chief of Staff Nazarian said we may need to shift the funding to an employee position.

Councillor Scarpelli moved to request the projections of new growth for the last three fiscal years from the assessor and the budget office, including projections and final numbers (Councillor Leming second)--

Councillor Scarpelli moved to request an update on any budget shortfalls for departments for FY 2024 (Councillor Leming second)--

Councillor Scarpelli moved to shift \$1,800 from 5240 to 5202 (Councillor Leming second)—

The Council considered all motions together and approved them on a roll call vote of six in favor, zero opposed, and Councillor Tseng absent.

Vice President Collins thanked the Finance Director and the Chief of Staff.

Vice President Collins moved to adjourn at 7:54 p.m. (Councillor Callahan second)—approved on a roll call vote of six in favor, zero opposed, and Councillor Tseng absent.

President Bears adjourned the meeting at 7:54 p.m.

