

Finance Committee

Monday, September 9, 2024

Video of meeting can be found at <https://youtu.be/HW00VCBTksA?feature=shared>

Members present: Chair Patricia Devine, Vice Chair Kocayne Givner, Kevin Jourdain, Carmen Ocasio

Members absent: Michael Sullivan

Other councilors present: David Bartley

Chair Devine called the meeting to order at 6:35 PM

Item 1: Minutes of August 12, 2024 meeting

---> Approved as amended, 4-0-1 (Sullivan)

DISCUSSION:

Chair Devine made a motion to correct one misspelling, located on page 6 of the minutes, Owens Place was misspelled as Ownes Place. Councilor Jourdain seconded the motion. Motion adopted.

Councilor Jourdain made a motion to adopt the minutes as amended. Chair Devine seconded the motion. Motion adopted, 4-0-1 (Sullivan).

(1:15)

Chair Devine made a motion to remove item 2 from the table. Councilor Jourdain seconded the motion. Motion adopted.

Item 2: 8-6-24 MAGRATH-SMITH, DEVINE - ordered that the Library Director and Financial Manager come into City Council to provide an update concerning how the library is responding to the fees associated with the tax exemption issue and the potential impact to services.

*Tabled 8-12-24

---> Complied with, 4-0-1 (Sullivan)

DISCUSSION:

Chair Devine recognized Library Director, Maria Pagan.

M. Pagan offered a reminder that the Library was taking care of the financial pieces to get their status back. She then explained that while they expected to get it back by the end of the year, they were able to get it back by the end of June and were back to being tax exempt. She added that everything was back into order.

Chair Devine recalled reading that they hadn't given any fees.

M. Pagan clarified that the fee was for their accountant to review the 990's they had that had not been filed. She added that the lawyers dealt with the IRS to get it back, emphasizing that the Library corporation and not the city paid the fees associated with getting the status back.

Councilor Jourdain asked if the corporation ever released the quantity of donations they received.

M. Pagan stated that they had a regular newsletter that was sent to thank people who donated. She noted that they were in the middle of their biggest fundraising push when the status issues happened. She then explained that they had to notify donors about losing their tax exempt status to give them the opportunity to receive their donations back, and everyone told them to keep the donations. She further explained that they didn't take in the funds as donations but as sponsorships for their programs.

Councilor Jourdain asked how much the corporation usually raises over a year.

M. Pagan stated that it was not enough because they needed to be more aggressive in their fundraising, noting that all of their services were free to the community. She added that most of their expenses were paid for between funding from the city and private contributions. She recalled being told years earlier that a value should be assigned to everything they were doing for free to help people understand and appreciate what they were getting.

Councilor Jourdain clarified that he was not questioning the value of the services being provided. He then asked how much cash the corporation raised in donations per year.

M. Pagan introduced their Finance Manager, Alexandra Aguirre, who had been with them since November. She then asked Ms. Aguirre what they had raised.

A. Aguirre stated that their minigolf event was the Library's one major fundraising event every year, and the most recent event raised around \$7,000. She added that they receive occasional donations throughout the year adding up to around \$20,000 a year.

Councilor Jourdain asked if they still had the endowment from when it was built, noting that there had been generous benefactors that donated to help with building it. He asked how much interest and investment income it generated in a year. He then stated that she could provide that when she had an opportunity to look into it.

A. Aguirre stated that she was unsure how much it generated but they were able to get around \$300,000 from the endowment to supplement their expenses.

Councilor Jourdain noted that was substantial.

A. Aguirre stated that even with that, they were in the bottom and that was what they needed to commit every year.

Councilor Jourdain requested that a report be sent explaining how much was in the endowment, what the total assets were, and what was generated in income. He noted it was started over 100 years ago by wealthy benefactors.

Chair Devine explained that the report could be sent to the City Clerk to be put on a Council agenda as a communication.

Councilor Bartley asked if the endowment was a private nonprofit.

A. Aguirre indicated that it was.

Councilor Bartley suggested that it could be sent as a private communication to the administrative assistant, noting that he was unsure it was public information.

Chair Devine stated that she agreed.

Councilor Bartley stated that he was unsure about sending information about a private nonprofit to the Clerk, but it could be provided to city councilors to look at in executive session. He then commended Ms. Pagan for steering the ship at the Library for so many years.

A. Aguirre asked if it would be important for their president to be involved in this.

M. Pagan stated that she would send it to Chair Devine to share with the rest of the committee.

Chair Devine suggested asking attorneys for the endowment fund if it was private information.

M. Pagan stated that they would provide the information soon.

Councilor Jourdain made a motion that item 2 had been complied with. Councilor Givner seconded the motion. Motion adopted, 4-0-1 (Sullivan).

Chair Devine noted that Sullivan was not in attendance because he had another commitment.

(15:00)

Councilor Givner made a motion to remove item 3 from the table. Councilor Jourdain seconded the motion. Motion adopted.

Item 3: 8-6-24 MAGRATH-SMITH - Ordered, that there be and is hereby appropriated by transfer in the fiscal year 2025, ONE HUNDRED ELEVEN THOUSAND AND 00/100 Dollars (\$111,000) as follows:

FROM:

8811-10400 CAPITAL STABILIZATION \$111,000

TOTAL: \$111,000

TO:

14252-52600 HIGHWAYS R&M STREETS & FIXTURES \$111,000

TOTAL: \$111,000

*Tabled 8-12-24

---> Return to Auditor, 4-0-1 (Sullivan)

DISCUSSION:

Chair Devine stated that the mayor asked that this order be returned to the auditor, and he would talk to the interim engineer to put something together for the streets that needed repair.

Councilor Jourdain made a motion to return item 3 to the auditor. Councilor Givner seconded the motion. Motion adopted, 4-0-1 (Sullivan).

(15:45)

Councilor Jourdain made a motion to remove item 4 from the table. Motion adopted.

Item 4: 3-19-24 MURPHY-ROMBOLETTI - Ordered that the City Council invite the Mayor, Police Department and relevant financial department heads to a future meeting of the Finance Committee to provide an update on the status of the off-duty police account and former vendor Off-Duty Blue.

*Tabled 4-3-24, 5-15-24, 8-12-24

---> Laid on the table, 4-0-1 (Sullivan)

DISCUSSION:

Chair Devine stated that the mayor called her and let her know he would be at the School Committee meeting that evening, but noted that City Treasurer, Rory Casey, was in attendance.

R. Casey suggested deferring to the auditor or a member of the Police Department. He then explained that the of duty account had run into deficits in the past. He also stated that they discussed this with Council 18 months earlier and that things were going in the right direction, adding that they had engaged with a new vendor serving as a third party administrator to handle invoicing and collection for off duty work such as road jobs. He further explained that they had become concerned that they were not getting reporting, the data the city needed, and it was unclear the money the city was receiving tied out on their end, motivating their decision to have the order filed to keep the Council informed. He then stated that the Police Department cancelled the contract with them and reengaged with the previous vendor, Roll Call, and that working relationship was much better than with Off Duty Blue. He suggested that the workload may have been too much for them. He explained that the spirit of the order was to get ahead of potential issues with Off Duty Blue, but with the signing of the new contract, new deposits and reports were being sent weekly.

Acting Chief Cruz explained that they had Roll Call first but had issues, leading to them going with Off Duty Blue, but went back after issues got worse. He added that they were now happy with Roll Call and had no complaints within the department. He then stated that while \$120,000 was still owed from Off Duty Blue, they had paid the city over \$1 million, and they still have pending payments of \$51,000. He added that Roll Call had been better and more transparent. He suggested that they should have stayed with Roll Call. He then offered to provide a printout.

Chair Devine requested that it be sent to the administrative assistant.

Acting Chief Cruz stated that he could send invoices as well, and then compare the differences between the two.

Chair Devine asked him to clarify what was owed.

Acting Chief Cruz stated that the printout showed Off Duty Blue still owed \$120,238.91. He added that the printout would show which vendors still owed the city, including some city vendors.

Councilor Givner asked for clarification of who these vendors were. She stated that she had no understanding of why they owed the city money.

Acting Chief Cruz stated that they used to after the vendors specifically. He then explained that the vendors pay Off Duty Blue or Roll Call, who then pays the city.

Councilor Givner clarified that she did not understand why there were vendors.

R. Casey explained that the city decided a few years earlier to outsource booking off duty officers for jobs such as directing traffic around construction work, or for road races, or for Parade weekend, or other events that required off duty officers to be hired. He then offered as an example that a construction company may need a permit to open the road to perform work and would need to hire an officer to direct traffic. He further explained that the city would set up a payment portal through Roll Call, they invoice the vendor, the vendor pays them, and Roll Call then pays the city. He added that the city would charge a 10% administrative fee, with half going to the city and half going to Roll Call. He then stated that the issue came from the fact that the city was required to pay those officers for the work they perform, creating a deficit until the city receives the money back from the vendor.

Councilor Givner expressed her understanding that the issue was that Off Duty Blue was getting paid and not paying the city.

Acting Chief Cruz stated that was correct.

R. Casey stated that the issue could also be that Off Duty Blue was not getting paid by the vendor. He then stated that they had been working with the Law Department to make sure debts were settled as well as holding Off Duty Blue accountable for paying the city as well as documenting that payments match what should be owed. He noted they were concerned about the deficits ballooning to the high 6 figures, but it had since gotten far below that, officers were being paid, and the auditor and payroll offices were getting reports. He added that this was in a much better position than when this order was filed.

Councilor Bartley recalled that there was over \$1 million in debt the taxpayers had to eat 6-7 years earlier because of the incompetence of the vendor and the Police Department to collect the funds for detail jobs. He noted the city was only bailed out thanks to ARPA funds. He then emphasized that the city was doing the work and then expecting to be paid. He then expressed frustration that while the Council had been saying for years that the money should be paid first to pay the officers, it did not appear to have been heard. He also expressed disbelief that it was still going on. He then expressed his intent to file an order to terminate all detail jobs until the issue was rectified. He then asked who approved the contract with Roll Call, emphasizing that that it should have been presented to the City Council.

Acting Chief Cruz stated that he hadn't been involved in the contract and could not explain it, noting it was under the previous chief.

Councilor Bartley stated that the contract was subject to City Council approval.

R. Casey stated that he did not disagree but added that he was also not involved in the execution of the contract. He then stated that he could forward it.

Councilor Bartley stated that he did not understand how this issue was annually perpetuated. He then asked to see the contract to see how it was signed without City Council approval. He then reiterated his concern that the city performed work and then expected to be paid. He then explained that detail jobs could be road jobs or construction jobs, for example. He then used the Holyoke Parade Committee as an example, noting that they needed security every year and paid the city for it, adding that the city could count on them to pay. He then stated that there were many private contractors who expected HPD to provide services, but the city was not collecting money in advance, paying the officers, and then hoping the money comes in. He then asked if the \$120,238 owed to the city from Off Duty Blue was money that vendors had paid to them but that had not then been paid to the city.

Acting Chief Cruz stated that the vendors had not paid them yet.

Councilor Bartley reiterated that he would be filing an order for the next meeting to make this stop. He then expressed incredulity that this had not been figured out after all these years. He then suggested that the department didn't care because officers were getting paid their money, even if the taxpayers paid it. He then asked for a report explaining the remaining \$120,000 still owed. He then asked for an explanation of the \$51,000 still pending.

Acting Chief Cruz stated that his notes showed that figure, adding that he would be willing to sit down and go through the list. He then reiterated that he was not involved with any of this prior to being asked to recently, emphasizing that he was a patrol supervisor in operations and not in management, and was only learning this in the last couple days.

Councilor Bartley apologized and clarified that he did not mean to direct his comments at the Acting Chief specifically, but at the Police Department. He then stated that there had been veteran officials in the department and in the city government who should have known better. He then asked that the regular process be followed by having the City Council approve contracts. He then emphasized that other entities in other parts of the economy would usually get their money first. He then stated that while he appreciated there was a 10% admin fee, he would like to see the list of vendors that still owed the city. He also suggested posting their names much like the list of people who owed taxes to the city. He then asked if the system could be changed to make sure the city was getting paid first.

Acting Chief Cruz stated that he would be willing to discuss making that happen. He added that he could provide the list of vendors.

Councilor Bartley asked that it be emailed to the administrative assistant.

Councilor Givner asked why the middle man was needed. She also asked why a vendor like Off Duty Blue didn't just hire people and pay them. She questioned why the city had to be involved if this was off duty work, noting they weren't working for the city but for a private entity.

Councilor Jourdain recalled the city having to pay \$200,000 over 20 years earlier, at a time when staff within the department were doing the work of collecting what was owed. He also recalled hearing an array of stories, from companies going out of business to others being unreachable. He noted that the city was not required to pay the officers until it collected the money, but the city didn't want to see the officers getting shortchanged. He then explained the concerns with the old system was that there was no incentive to collect because the employees were getting paid. He also questioned how it was that there were issues with Roll Call, the department went with Off Duty Blue who was even worse, and now the department had gone back with Roll Call. He suggested tabling this order to have deeper discussions about that. He also expressed his understanding that if vendors didn't pay, they couldn't get services again, and then would have to pay ahead going forward.

Councilor Givner suggested that there was no reason in the current day that things could not be paid in advance. She noted that it was difficult to get any work done without at least paying a deposit on contracts of any sort. She emphasized that the city had just updated its payment systems.

Atty Bissonnette noted that one of the problems was that some of the entities and individuals, particularly nonprofits doing charitable fundraisers, had not provided security or paid up front and now were required to provide a credit or debit card for the services of off duty police.

Councilor Bartley questioned if officers performing off duty work was leading to the department being short staffed and having to pay overtime at a cost to the taxpayer.

Chair Devine made a motion to lay item 4 on the table, noting that more information needed to come in. She also suggested that the Auditor come in, along with the Acting Chief, City Treasurer, and someone from the City Solicitor's office. She suggested that the item could be the only thing on the agenda, or just one of a small few items.

Councilor Jourdain seconded the motion, agreeing with the suggestion. Motion adopted, 4-0-1 (Sullivan).

Chair Devine reiterated the request that the contract for Off Duty Blue be sent, as well as a list of vendors still owing money.

(53:45)

Item 5: 9-5-23 BARTLEY - (copy) Ordered, The City Engineer redesign and the DPW replace the traffic island proximate to 2 Brown Ave & 274 South St. for the purposes of creating public parking spaces. This is the area that was left after the roadwork to alter Brown Ave. was completed and it's in need of alterations; the plan to increase parking is supported by the effected residents. Refer to City Engineer. Refer to Finance Cte. &

Mayor.
*Tabled 8-12-24

---> Complied with, refer to mayor, interim engineer, 4-0-1 (Sullivan)

DISCUSSION:

Councilor Bartley noted that the mayor left a notation on the order, which stated, "contingent upon strategic direction of the DPW and available appropriation." He then suggested that the order could be considered complied with, along with a request with a report from the engineer. He then recalled that this traffic island came as a result of the efforts of former councilor, Helen Norris, to counter dangerous traffic. He then explained that there were now more houses there, and it was tight for parking and turnaround. He then reiterated that it could be complied with, and then he could refile for financing after he heard from the engineer.

Chair Devine made a motion that item 5 had been complied with and be referred to the mayor and interim engineer. Motion adopted, 4-0-1 (Sullivan).

Meeting adjourned at 7:32 PM

Documents for meeting can be [found here](#).

LAI D ON THE TABLE

Item 6: 8-6-24 DEVINE - Ordered, that there be and is hereby appropriated by transfer in the fiscal year 2025, THIRTY THOUSAND AND 00/100 Dollars (\$30,000) as follows:

FROM:

11211-51104 MAYOR - CAFO \$30,000

TOTAL: \$30,000

TO:

11611-51210 ELECTIONS OFFICERS \$30,000

TOTAL: \$30,000

*Tabled 8-12-24