



# Lowell City Council

## *Finance SC/School FSC Minutes*

Michael Q. Geary  
City Clerk

**Date:** October 16, 2018  
**Time:** 5:37 PM  
**Location:** City Council Chamber  
City Hall, Lowell, Ma.

### **PRESENT:**

Present on Roll Call were C. Elliott, C. Milinazzo, C. Nuon, SC Nutter, SC Descoteaux and SC Lay. Also present were Conor Baldwin (CFO), City Manager Donoghue, Heather Varney (Asst. CFO), C. Conway, Bryan Perry (Auditor), M. Samaras, SC Doherty, SC Martin, Paul Georges, Supt. Khelfaoui, Billie Jo Turner (Asst. Supt. Of Schools), and Jeannine Durkin (Supt. of Schools).

### **MEETING CALLED TO ORDER:**

C. Elliott called the meeting to order.

### **ORDER OF BUSINESS:**

C. Elliott said he would like to continue where the committee left off at the previous meeting and asked if any members had any objections or questions. C. Elliott said he then would like to continue with the dialogue. C. Elliott then asked if there was any update from the City regarding Free Cash. City Manager Donoghue explained they would not have a number until next month or possibly early December but that we have fund balances. Mr. Baldwin explained that the Finance Department is actively for the Department of Revenue purposes closing out FY 18 submitting required reports to the state and that the City Auditor is actively working on the balance sheet. C. Elliott then turned the floor over to the Supt. Durkin. Supt Durkin explained that since they met last they have done some more assessments of the budget and that we have a budgeted adjusted summary that was presented to the School Committee last evening. Supt. Durkin then asked Asst. Supt. Turner to provide a brief overview. C. Elliott commented that it would be a good idea as we are trying to sort out the financial position of the City and also the impact. Asst. Supt. Turner explained that after a very extensive review of the budget, we have identified that there is a 4.69 million dollar deficit that does not include the 2 million dollars that we do have to pay back to the food service fund. Asst. Supt Turner explained that the 4.6 million dollar deficit does include 3.2 million dollars in underfunded accounts and 1.48



million in offsets and grants that were not available. Asst. Supt. Turner provided a handout which included all the Munis reports. Asst. Supt. went on to summarize the 3.2 million dollars in the underfunded accounts; one is the transportation (1.3million in Special Ed Transportation).

SC. Nutter asked if Asst. Supt. Turner could explain the offset to 4.6 million dollars by other accounts that are available and then provide what the remaining balance really is. Asst. Supt. Turner noted that we are able to get the deficit down by 2.4 million because of the additional Chapter 70 revenue (1.1 Million) that we have received as well as Hurricane Relief (485 thousand), Emergency Relief Grant (572 thousand). C. Elliott noted that the deficit will then be 2.5 million. C. Elliott asked for Asst. Supt. to go over the larger accounts that ran a deficit for 3.2 million. Asst. Supt. Turner explained the largest one is the Special Ed Transportation which was budgeted at 5.1 million but the actual is 6.3. C. Elliott asked why that was underfunded. C. Milinazzo questioned responsibility with respect to the transportation, was school or city. Asst. Supt Turner said it is the responsibility of the School to budget. C. Elliott asked for clarification on responsibility. Mr. Baldwin said they would look into the matter and prepare something for the committee. SC Nutter noted that his understanding is Lowell gives a cash contribution to the School Department and out of that cash contribution the school bus and transportation is included. C. Milinazzo questioned who is responsible for the transportation. SC Nutter commented that it is all of us who jointly need to look at transportation issue. At this point C. Elliott made a motion "To obtain a report from the City Manager on what the process is, what the state law is as to the requirements, and who is budgeting". City Manager Donoghue said she would provide a report to the Committee. C. Nuon question what the historical amount for transportation was from the year before to now. Asst. Supt. Turner explained in Munis the past year it was 5.83 million dollars for Special Ed Transportation, but the actuals are 6.3 million dollars. C. Nuon questioned the jump in numbers and Asst. Supt. Turner is not sure if it has to do with the change in vendors and the increased price with the new vendor. C. Nuon then questioned how many vendors we have for transportation. Asst. Supt. Turner explained there are several but the two main ones are NRT and Pridestar. C. Elliott then asked if there was someone who could explain why if there was a new contract, why was that not factored into the budget. SC Nutter explained that we approve the budget based on the information that was provided in the budget. C. Elliott again asked if there was anyone that could provide why this happened and Mr. Khelfaoui said the best thing to do is to ask the former CFO as he is the one who prepared the information. C. Milinazzo questioned the amount of unpaid bills. Asst. Supt Turner clarified that it was 1.4 held back for the Aramak food service bill. Asst. Supt Turner also noted that it is not common practice to push bills forward to the following year as it is not allowed. C. Elliott noted that this is a significant cost and expense and that there needs to be a better job when we are looking at this. Asst. Supt Turner noted there were 2 other large item that cause this 3.2 million dollar deficit in underfunded accounts and they are regular Ed transportation and out of district tuition as well as other deficits in other accounts. C. Elliott



questioned amount of student enrollment. Asst. Supt Turner provided explanation. Asst. Supt Turner went on to explain the additional deficit was caused which were under funded account i.e.: food service offsets, use of facilities, grants that could not cover amounts. C. Milinazzo asked about the corrective action plan and Asst. Supt Turner said after review they submitted a corrective action plan. C. Elliott asked what is being done so that this does not happen again and Supt. Durkin explained that they have had communication with the State regarding what can and cannot be charged. After further discussion Supt. Durkin noted there are positions vacant right now that they are not filling and that they are trying to maintain as many staff as we possibly can. C. Elliott questioned if there were positions filled since July 1 that were new positions etc. and Supt. Durkin explained there were teaching positions as well as administrative positions. C. Elliott then questioned how many position and the dollar amount for the positions and Supt. Durkin said she could speak for July 19 they were Principal positions and that she would get the information to the Committee. SC Nutter said before time ran out he would like to bring an issue forward regarding the television studio and the peg funding. SC Nutter asked for a report from the City regarding the reimbursement amount and Comcast and how much is actually given to the education portion. City Manager Donoghue said she would provide a report.

**ADJOURNMENT:**

**Motion** to adjourn by C. Nuon, seconded by SC. Nutter. So voted.

Meeting adjourned at 6:29 PM.

Angela Gitschier, Asst. City Clerk

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