

**WEYMOUTH TOWN COUNCIL MINUTES  
BUDGET / MANAGEMENT COMMITTEE  
Council Chambers - Town Hall  
Wednesday, June 23, 2010**

Present:                    Kenneth DiFazio, Chairperson  
                                Patrick O'Connor  
                                Michael Molisse  
                                Michael Smart  
                                Arthur Mathews  
                                Thomas Lacey

Also Present:            Susan Kay, Mayor  
                                James Wilson, Chief Financial Officer  
                                Michael Gallagher, Director Administrative Services

Recording Secretary: Paula MacLeod

Chairman Kenneth DiFazio called the Budget/Management Committee meeting to order at 6:45 PM.

**10 089 - JOINT LABOR MANAGEMENT COMMITTEE FINDING - FIREFIGHTER ARBITRATION RULING**

Mayor Kay read from her prepared statement: "The Town of Weymouth and the Firefighters' Union have entered into binding arbitration in accord with Chapter 150E of the General Laws. The Joint Labor Management Committee (JLMC) has jurisdiction and the authority to order arbitration for fire contracts in accord with these laws. The award I have forwarded to you for consideration is retroactive to the last contract which ended June 30, 2007. An award, once issued, must be presented to the appropriating authority. As Mayor, I may not speak against the award. I am bound, by law, to forward to you a measure to implement the award and a funding mechanism in which to do so and I have done that. I have fulfilled my obligation under the law by introducing it. I have submitted to you measure 10 089. This measure contains two elements - the funding of the JLMC for the firefighters Fiscal Years 2008, 2009 and 2010. The funding mechanism, however, is

for Fiscal Year 10 only. The JLMC awarded the firefighters the following: 0% for Fiscal Year 2008, 0% for Fiscal Year 2009, 6% for Fiscal Year 2010 and nothing more. In this case, you are the appropriating body and as the appropriating body, the Council must weigh the impact and either vote to uphold the award or send the Mayor and Firefighters' Union back to the bargaining table. Again, these are the only two options and I want to be very clear on that because it can be misleading. A) is to appropriate the funds as contained in the measure thereby implementing the award or B) to vote against. The economic impact of the award is \$432,000 to cover the expense in Fiscal Year 2010 and I have forwarded to you a measure for \$395,000 -- the remainder of those funds will come from the existing salary line item to fund the \$432,000. Without further negotiations, there would be a need to layoff fire personnel to cover the expense that will go forward into 2011 and beyond. I must plan for the worst case. The Town of Weymouth will hold hearings on June 30, 2010, in accord with Civil Service requirements, for any potential layoffs. In a worst case scenario, those layoffs have to have individual hearings and we will do that on June 30<sup>th</sup>. If the Council approves the appropriation for 2010, the impact is automatic and goes forward into 2011. We do not have funding, right now, for that.”

Councilor Smart asked the Mayor if a third option would be to continue to negotiate to decrease or eliminate the layoffs. The Mayor agreed and hoped as much but it had not been an option thus far.

Councilor Mathews asked what was remaining in the Fire Department's salary and overtime accounts at the close of the fiscal year. Mr. Wilson replied that the last payroll has not been run as of yet and a lot would depend on if the measure received approval. Councilor Mathews continued asking if more could be rolled in to help absorb some of the impacts in Fiscal Year 2011 in regards to layoff numbers. Mr. Wilson stated that is barred as a matter of law and the Mayor stated that it would be considered free cash and not certified until October/November. Mr. Wilson wished to remind the Council that free cash isn't automatic. He explained that the calculation is revenues brought in less expenses going out presuming to have received all the revenues projected. Motor vehicle excise revenues are down by \$400,000 just since the beginning of the year and medicare reimbursements are down by \$300,000. That difference has to be made up before considering free cash. Councilor Mathews agreed that they must be cognizant of those facts, adding that building permits have plummeted and seen a number of accounts, projected for revenue, that didn't come in, but that, specifically, he was just looking at those two line items.

Councilor O'Connor asked what the Fire Department, historically, has given back at the end of the year, specifically for FY08 and FY09. Mr. Wilson replied that most of the salary line items have been re-appropriated into the overtime line item which has typically fallen short every year. This year, \$150,000 has been appropriated into the overtime from the salaries. Councilor O'Connor continued asking what is the actual number with Mr. Wilson replying that he did not know the exact amount. Mayor Kay added that usually the reason for turn-backs in large departments, such as Police and Fire, is that they are hesitant to fill positions knowing that further cuts are impending. Mr. Wilson added that this year will be more difficult to calculate because if all layoffs projected, will have payouts in accord with the collective bargaining agreement that must come from FY10 as they must be paid out the year it is incurred. That is the unfortunate timing of this, he further explained, as they only had a few days in which to act and didn't have enough time to use the free cash calculation because the Charter requires public hearings which require a publication notice 7 - 14 days prior to the actual vote. You are into the next fiscal year and free cash cannot be appropriated after June 30<sup>th</sup>. The Mayor added that the award was not received in her office until June 14<sup>th</sup> and that their immediate reaction was to try to find funding for FY10. Knowing there was no time to hold public hearings if it was going to get awarded, they had to have something coming out of FY10 so the full impact of \$800,00 would not be rolled into FY11.

Chairman DiFazio asked if they were to allow this measure and \$432,000 would be used out of the reserve fund, what would that mean in terms of layoffs into FY11. The Mayor answered that the \$432,000 would remain for FY11 and still need to be paid. The layoffs going into FY11 would be approximately eight individuals in order to fund the 6% salary increase. Chairman DiFazio continued and asked what would be the amount of layoffs anticipated in FY11 if reserve fund monies are not used if they do not vote favorably for the measure. The Mayor replied that nothing happens and that it actually returns to the bargaining table. Chairman DiFazio asked if negotiations would go back to the arbitrator or to the administration if the Council did not appropriate the full amount of the finding of the arbitrator. The Mayor believed it would go back to the Town for further negotiations. Chairman DiFazio stated that not unlike the School Department, the Council was faced with approving a raise under a contract and in doing so, needing to layoff firefighters instead of teachers. The Mayor answered yes, that in order to satisfy an additional six percent firefighter salary increase in FY11, if nothing else were to occur, as she would have nowhere else to go.

Councilor Mathew expressed his concern about risking laying off sixteen people if the Council didn't act before the end of the fiscal year and look to fund it in FY11 and appreciated the Mayor finding money in the reserve fund to utilize. He stated that sixteen firefighters was too many with only having ninety-three on staff and didn't like the idea of any contract that had to layoff people to pay for salary increases. He added that if they don't do anything now and wait to FY11, losing sixteen firefighters will have a tremendous negative impact to this community of 54,000. The Mayor agreed. Councilor Mathews also expressed concern with even the ability to provide mutual aid anymore.

Chairman DiFazio stated that if the Council did not appropriate and the Mayor goes back to negotiate, there is no raise. The Mayor confirmed this fact. The Chairman continued that as a Council or a majority, they tried to do this with the School Department but could not because they already negotiated their contract without the language requiring authority of the Town Council to approve it. He said that the Council now had the authority to do that with a vote and a determination as to whether the Town has enough money to appropriate. The Mayor confirmed that it was their authority. Chairman DiFazio stated that despite his belief that they all deserved raises, why dig a bigger hole as they did not have the money.

Mr. Mathews stated that his thought process was with Councilor Smart and hoped that the Mayor and the union both recognized the impacts and if Council did approve it, they both sit down and discuss FY11 to possibly negotiate some type of deal not to layoff eight firefighters and maybe cut that deal in half. Knowing that it was not the Council's job as the legislative branch of government but he hoped that it could be seriously considered. He added that if you read the arbitrator's ruling, it discusses a funding source for FY10 when it refers to the retroactive salaries.

Councilor Lacey inquired if anyone else was present to come before Council to ask questions after the Mayor and Mr. Wilson. It was announced that Mr. Hammond from the union was present.

Chairman DiFazio asked the Mayor if this was her first choice or would she rather say no, that she did not have any money right now and want to go back and talk to the union. Mayor Kay replied that she was bound to give the award to Council and ask for appropriation. If it is the Council's choice to vote the award as is, a mechanism was

provided for some relief to FY11 coming out of FY10.

Councilor Mathews commented that upon reviewing the Arbitration Award of nineteen pages, ten of those pages recognized the schoolteachers contract. The ramifications of that contract were now going to be seen town-wide with arbitrators making rulings specifically dealing with the result of what the schoolteachers received in their contract. He referenced page 13 of the Arbitration Award; Settlements in the Community, “an important criterion in this contract dispute is the wage settlements provided to other Town and School employees for the time period at issue”. He added that pages and sections were dedicated to the teacher’s contract and that this was his complaint because now all the other departments might line up and go to arbitration and say this arbitrator says it wants parity amongst the departments and here’s the precedent.

Chairman DiFazio pointed out that page 18 of the arbitration award focused only in excess of \$3,00,000 in free cash as a negotiating standpoint that made the town look like it had an abundance of money and asked Mr. Wilson to explain. Mr. Wilson responded that when going through 9C cuts back to FY09, with one 9C cut after the tax rate was set of 1.057 million dollars and that they filled that gap and a second 9C cut of 2.2 million dollars was in May. They had decided back in January not to expend any free cash in the event it was needed to plug holes. The State came back with ARRA money (Federal stimulus money) to fill the 2.2 million dollar cut in Chapter 70 funding from the schools. A million dollars remained from FY09 that rolled into FY10 therefore, out of the three million they had two. He discussed creating and sending a budget forward by April 1<sup>st</sup> and preparing for possible further cuts without knowing the extent. Mr. Wilson stated that he forecasted a reduction greater than what was projected with the Governor stating one thing but the legislative branch another. He was still off but felt it was accommodated during that budget preparation period. The Mayor informed all departments to be very careful about filling positions as they may be forced to quickly layoff people. Many departments had vacancies that were not filled and unpaid salaries also needed to be addressed. He pointed out that the Budget/ Management Committee questioned why the snow removal deficit for FY09 was not being paid at the end of FY09. He added that they had to let as much as possible accrue to free cash. FY09 closed with 3.2 million dollars in free cash but had to begin supplementing the deficits immediately with two measures for a million dollars - one for the health insurance deficit and one for snow removal deficit - FY09 deficits that had to be appropriated for. He stated that the million dollars in free cash that rolled, really shouldn’t have. Additionally, there was a \$510,000

appropriation for Special Education and equipment for the Police Department and the snow deficit of \$600,000 (\$500,000 plus \$100,000) for FY10. Mr. Wilson said he testified at the arbitration and believed that the arbitrator pointed out there was 1.2 million dollars remaining. Of that, two things occurred - \$500,000 removed for high unemployment costs and another \$510,000 for the 53<sup>rd</sup> payroll week as well as some unpaid bills and some other expenses. 1.2 million less the two FY11 appropriations brought it down to about \$100,000 which is what the balance is today, according to Mr. Wilson, adding that “free cash was utilized by paying FY09, FY10 deficits and extraordinary expenses in FY11 - a million, a million, a million“. Chairman DiFazio asked Mr. Wilson if it was attempted, from a town perspective, to refute the high free cash when he testified at the arbitration but Mr. Wilson replied that it hadn’t been appropriated until the Council acted upon it yesterday.

Chairman DiFazio asked his committee to look at page 13 of the award reading; “determining the appropriate salary increase is not an exact science. In general, arbitrators consider the cost of living, wages, and benefits of comparable employees, the ability of the employer to pay, the bargaining history of the parties, and recent contract settlements”. It was written on page 14 that comparisons to other public safety bargaining units could not be done because the police hadn’t done anything yet and that no evidence had been submitted from other towns or cities. The focus of this proceeding was on the wage adjustment provided to other employees in the community and the town’s ability to pay. He believed that the arbitrator knew that the Mayor thought the town couldn’t pay for the school’s contract because she voted against it.

Councilor Mathews, citing his concern with the teachers’ contract, read from the last sentence of page 15 - “most relevant of criteria is the across the board increases agreed to for the teachers in the same three year period of one percent, two percent, three percent for a total base increase of six percent”.

Councilor Smart pointed out that it was referenced 26 times within the contract.

Paul Hammond was invited to address the committee. He announced that, of the sixteen firefighters that received their layoff notices, eight are paramedics, three are EMT’s, and five are first responders. 93 firefighters are presently on the job but 137 had been when Mr. Hammond came on. With two retiring in July, the department would be down to 75 if the layoff is 16. He added that if 8 are laid off instead, 7 are paramedics and 8 are

returning Gulf War Veterans. Mr. Hammond continued that they hoped that the committee had come wanting to avoid layoffs and to vote on the arbitration ruling and not as a way to circumvent the arbitration ruling. From his standpoint, he reported it to have been a long, nasty, bitter three and a half year dispute that came out with a 0%, 0%, 6%, giving no raises for the first and second year for all those who worked and retired in those years. He added that in one of the zero years, insurance increased by 30% percent with a 16% and a 14 % increase so they agreed to enter into the State's GIC insurance, with Justin Myers and Chris Sparda leading the PEC, which saved the Town 2.4 million dollars. Mr. Hammond stated an additional 3 million dollars would have been paid in additional premiums for a net savings of 5.5 million dollars yet employees had 3 increases in co-pays in one year since entering. Mr. Hammond announced that with the return of \$340,000, there is no need for any layoffs in the Fire Department adding that with all the money the Fire Department has returned to the town, they can makeup any shortfall. He stated, "if the Town chooses to layoff firefighters, it's just that - the town choosing to layoff firefighters". He asked if it was about saving jobs and avoiding layoffs or about the arbitrators' ruling. They had met with the Mayor and reviewed five plans with no plan guaranteeing no layoffs. He stated that if they were in agreement that this was about public safety and protecting the residents of Weymouth, they were willing to meet and discuss a plan as long as it respected the ruling of the arbitration and guaranteed no layoffs come July 1<sup>st</sup>. He indicated that the 3 ½ year process was the worst that he had ever been involved in and something that never had to take place. He believed that they could have run more than 3 and 1, feeling it was unnecessary to run short looking at the money returned. He added that they didn't want a catastrophe to happen when they still had money in their own budget adding that where 3 and 1 is not a recipe for disaster, 2 and 1 is. He explained that all of Weymouth, including the naval air station, is covered running 3 and 1 and doing over seven thousand runs per year station. Station 3, doing over 3500 per year, is one of the busiest in the United States. He ended by commenting that the firefighters and retirees were not happy but willing to accept what it was, move on, and hoped that it was voted favorably.

Chairman DiFazio inquired what Mr. Wilson's position was with the thought of being able to fund 6% in FY11 based upon the representation that the Fire Department would have \$340,000 at the end of the year. He added that maybe it's assumed that it is known that departments have some amount of dollars that goes back and eventually gets certified as free cash. He asked why they couldn't earmark it for that. Mr. Wilson replied that they cannot cross fiscal years. Free cash is a calculation, he explained, of actual revenue less

actual expenses plus subtracting out any deficit. They must presume that someone who is employed at the start of the year will finish the year. The Charter requires that by August 1<sup>st</sup> every year, each department head is asked for their allocation based upon their budget and manpower. This must be verified against the appropriation and by available monies in the budget by person in the salary line items. If there are insufficient funds, Mr. Wilson cannot certify to the Council. In the Fire Department, specifically, in order to meet their number, the Chief indicated that there are two retirements in the course of the year that he has accommodated into his total reduction. He is planning on two employees working on July 1<sup>st</sup> to not be by the end of the fiscal year. Chairman DiFazio said that Mr. Hammond's argument was that at the end of FY10 there was money to give back to the town. Although understanding that not all receipts are in and not knowing how much is needed until November, he believed Mr. Hammond's argument to be true, that out of their FY10 budget, there is money coming back to the town side of government to be used to pay for something by November this year.

Councilor O'Connor, understanding that they cannot cross fiscal years and that the appropriation is for this fiscal year, asked if the amount of the money that is currently unused in FY2010 could go to offset the reserve fund transfer so more money would be in the reserve fund for next year to cover the FY11 base salary. Mr. Wilson replied that was "smoke and mirrors". He explained that if you have a unreserved fund balance in one account versus an unreserved fund balance in another account, they both fall to free cash. It would avoid the "you can't transfer the fiscal year" problem, replied Councilor O'Connor. \$340,000 goes from the Fire Department to DOR, gets certified, and then doesn't come available until November. He added, "but, right now, it's there and it's available". He asked if they shouldn't be looking to tap into that money right there now, and not have it go to DOR, and use it for the salary increases adding that would save some money on the reserve transfer side and take it over for FY11. Mr. Wilson replied that it would be still crossing fiscal years-- noting the Charter requirement. He added that was the box they were in and why they pulled the measure on the reserve fund for the police radios. There had to be a funding source readily available, ready for appropriation, and not contingent. It all had to be available by June 30<sup>th</sup> he reported adding that if they had the award on May 17<sup>th</sup>, then appropriations could have been done outside the fiscal year with a 14 day public hearing and all the notice requirements under the Charter.

Chairman DiFazio supporting Councilor O'Connor's idea, asked why they couldn't take the money, what Mr. Hammond says is a FY10 salary line item, and use it to pay for FY10

retroactive raises. Mr. Wilson replied that he could have, but was unwilling, not knowing what the total impact would be. He stated that right now, the impact was \$393,000 just for FY10's 6 percent, which doesn't include any payouts. Chairman DiFazio said that he, "now realized they would not have it for FY11 stating it was going to bolster the free cash amount potentially in FY11. The reserve fund would still sit at approximately \$300,000 because the radios had not been purchased.

Councilor Molisse asked what was the balance in the reserve fund (correcting to free cash). Mr. Wilson, asking for clarification, replied that free cash was at \$194,000.

Mr. Hammond wished to respond to Mr. Wilson's statement about crossing fiscal years and calling it smoke and mirrors. He commented that the town paid \$1,010,000 in FY11 bills with FY10 money - \$500,000 in unemployment costs and \$510,000 for the 53<sup>rd</sup> week of payroll of next year. Mr. Hammond believed, to him and the firefighters behind him, that was "smoke and mirrors". He continued his comments that "before the arbitration award, there was 3.2 million dollars in free cash available with \$1,010,000 of it spent for next year's bills with this year's money. They took an additional \$900,000 by selling the tax warrants in town which would have given them 4.1 million dollars. With less teacher layoffs, the town should have less of a need for the \$500,000 unemployment costs as some of the pink slips were pulled back. Referring to the arbitrators' ruling and the policy of parity with the teachers' union, the arbitrators, "seeing no need, hence gave a 0,0,6 - not 1,2,3,4,3. With step raises, the 1 2 3 4 3 is 13.64 percent and with longevity, it equals over 24%. This is a 0%, 0%, 6%."

Councilor O'Connor spoke about the \$340,000, and the money still available by not purchasing the radios, which would move forward to FY11. He believed that in the current reserve fund transfer, if they identify the funding source inside of the Fire Department budget, and outside of that, took \$50,000 from the \$119,000 free cash and had that as a funding source for FY10, then in FY11 they would be able to have the reserve fund that are currently using for this, to fund the raises that year. Mr. Wilson replied that they do not have sufficient time for free cash appropriation. The Charter prohibits it. It requires public hearings, notice in a newspaper, 7-14 days wait. Even if it was brought before Council the very day it was received, there was insufficient time. He explained that was the dilemma - timing. He continued, citing when Mr. Hammond talked about the free cash being utilized for the 53<sup>rd</sup> week and unemployment, that they went through that process. It was published in the newspaper, had a public hearing, and

waited the fourteen days, meeting all of the Charter requirements. Those are the requirements the DOR reviews to make sure that the appropriation is valid and he must prove that each year at tax setting time.

Councilor O'Connor asked if it was an option, that even with free cash off the table, there still is the reserve fund transfer which they could lower to \$50,000, use the \$340,000 that's in there, and make it \$390,000 making it up that way. With that, only \$50,000 of the current reserve fund transfer would be taken out and the rest would transfer to next year. He suggested that they would be, "in a lot lower of a dilemma but looking for \$100,000 somewhere", adding that free cash would be certified and find some other funding source. Mr. Wilson replied that, at this stage, it was not an option. Councilor O'Connor asked if it would have been a potential option and Mr. Wilson answered that, if knowing all factors, it would have been.

Councilor Lacey thanked Mr. Hammond for coming before the committee and stated that he had covered many of the points he was interested in. He was in attendance, not as a committee member, but wished to hear the rationale from the union's perspective relative to raises and layoffs. Although, he felt Mr. Hammond did a great job of trying to separate the two, Councilor Lacey felt he was personally struggling with whether to vote yes or no on this award at the Town Council meeting Monday night. He explained that as the administration had notified 16 firefighters with the receipt of a layoff notice, and, potentially, an unfunded source for FY11, that could cut that in half for next year. He was not interested in voting for anything that was going to reduce firefighters. After hearing the process and a third option that was referenced by Councilor Smart, he asked for clarity. Stating that the Council had a tight timeline and a vote on Monday with two options - "vote yes, and they move on, both on the FY10 funding source that's been identified, and the award, and then they need to figure out in FY11 how that balance is funded, or not, through layoffs, or vote no on this award and potentially send all back to the table to negotiate". Councilor Lacey asked why, in both of those cases, 16 notifications for layoffs were sent out not knowing either one of those options could have avoided that. Mr. Wilson then discussed the competing factors with Civil Service's specific timeline requirement and good budgeting's requirement to presume and take the entire economic impact. He added that if the Council approves the funding source, they can pull back the 16 in time for Wednesday. Councilor Lacey questioned if that was a requirement through Civil Service to plan for worst case scenario and Mr. Wilson replied that they had to paint the worst case scenario, otherwise, the layoff is invalid.

Chairman DiFazio then asked that if they vote for the measure before them, he understood that they knew they would be only laying off 8 people. If they voted against it, it was his understanding that they would go back and re-negotiate, and that “there was no scenario that there would be 16 notices required”. Mr. Wilson responded with there would be and if the group agreed, there is an impasse. Chairman DiFazio said that they still wouldn’t have had to pay the 6% yet and would have to come back before them for which Mr. Wilson replied that they could send them back again and they could have accepted it. Chairman DiFazio thought he was contemplating results of some future negotiation.

Councilor Lacey stated that he was going to reinforce his interpretation. “Vote yes - it is awarded, fund part of it and figure out the other source. Vote no - there is no need for 16 layoffs because they have to go back to the table”. He asked, again, why notices were sent. Mr. Wilson replied that it would be 6% for the entire year and since further into the year, a higher impact with numbers of people and it is still a worst case scenario unless the firefighters agreed to other percentages which would be bargaining beyond the scope of the arbitrators award. The arbitrator could only deal with the three years in question. Councilor Lacey followed up by asking for clarity as he felt that part of Mr. Wilson’s explanation, in the administration’s opinion, was a Civil Service requirement, not an Administration strategy. Mr. Wilson replied that was correct and that they had to have valid layoffs.

Chairman DiFazio asked if the administration had any thoughts on how they could potentially pay for any type of raise for the Fire Department outside of paying it during FY11 and/or FY12. He added that, “equitably, these people deserved a raise, although they are at the very worst two years that they could ever want a raise - that I have ever experienced in 11 years and I would hate to deprive them of their raise”. Although 6% is less than the parity of the school department, he has, “preached from day one that the town did not have enough money in FY11”, and that it would be worse in FY12. He asked if there was some plan to go back and start negotiating concessions or would they somehow pay further into the future. Mr. Wilson replied that he was not a member of the bargaining team. He explained that if he had a crystal ball, the question he needs to answer: “As the Commonwealth of Massachusetts exits Fiscal Year 2010, there is an \$800,000,000 deficit. It is using in FY11, ERRA money, which is due to go away at the end of FY11. That takes that 800 million dollar deficit to 2 billion dollars in FY12 and

FY13, so if someone can explain to me how the State, without the ERRA money, can deal with an 18 billion dollar budget and not affect the local communities, then I can answer your question. Because if I see a stability with regard to state aid, I can then say you have Proposition 2 ½. I suspect, if not this year, FY11 will be the bottom year on motor vehicle excise, so you might begin seeing a little upturn there but what we have seen every year since FY08, is that the state is cutting back, our property taxes are going up, are fees are going up and that's backfilling it and FY11 is the first time we have had insufficient revenues to backfill it simply because the state has cut to such an extent, that Proposition 2 ½ - we can't raise any more than the 2 ½ levy increase. There is no new growth and that's actually diminished off lower than I have ever seen it in my years here. I can't say the state is going to reimburse us on Medicare that was cut from 1.1 million to \$300,000 in one year's time. School department - go back to them. The superintendent said right here a couple of weeks ago that she was very concerned about the SPED formulas. That is something we must fund and doesn't count toward net school spending. So, if someone can explain to me how each of those elements, on the state level are not going to impact this town, then I can give you the answer. But, until those questions are answered, because at the State House, they are not finding the answers. They are all sending the warning signals out right now, that 2 billion dollars is facing us come one year from today."

Chairman DiFazio then commented that the answer was no to his question that there really isn't a good plan in sight to compensate them in a future year if they don't compensate them in FY11. Mr. Wilson responded that the state's problems are being pushed back onto the towns.

Chairman DiFazio asked Mr. Hammond that if they do not get COLA increases, do they have step, level, ranges, or anything that goes up every year automatically within their contract and Mr. Hammond replied that only brand new firefighters for the first three years receive anything. He added that if they don't get a contract they don't receive an increase. Mr. Hammond continued that he had to say that they were putting the state's problems, the town's problems, the excise problems, and the tax problems, all on the backs of these firefighters and their families. The Chairman agreed adding that it was on the backs of the town employees as well but Mr. Hammond disagreed. He further commented that the town has the \$340,000 that was given back this year, and will have money at the end of next year. He asked if they spent the \$900,000 from the tax warrants and Mr. Wilson answered that it could not be spent as it must go to free cash.

Mr. Hammond continued with stating that there was \$900,000 in free cash right there.

Chairman DiFazio asked Mr. Wilson if it was his argument that they could not fund the contract because they needed the money given back every year. The Mayor responded that the policy of her administration has been that she would not deliberately layoff a body for salary increases in this economy. The Mayor explained that she must still negotiate in good faith and that they deserve salary increases as all of the employees do.

Councilor Smart inquired if the department head, the Chief, could have done an “evaluation three months in, six months in, nine months in, during the course of the year to determine if the department was going to have \$200,000 or \$300,000 left over”. He asked why would they be reducing the number of engines or ladders in the community and not have been providing a higher level of service based on an assessment of the amount of money they had. Mayor Kay responded that the Chief wanted to put new firefighters on and was looking at a grant that unfortunately mandated no layoffs within the next couple of years. The Mayor said it was very frustrating because she couldn’t commit to that. She understood that they want new personnel believing they are understaffed. Councilor Smart asked where the level of service goes to if they approve the measure and have to layoff 8 people.

Mr. Hammond shared that he was laid off from the town in 1990. He didn’t believe Civil Service required notices to any more than are going to be laid off stating that when he was laid off, 13 firefighters received notices and 13 were laid off. He added that he did not believe that Civil Service required you to notify 16 people to layoff 8 nor did he believe that they even had to layoff 8.

Mayor Kay replied that it was not her intention to lay off 16 firefighters and that Civil Service says that any possible layoff needs to receive a notification and a hearing. As they would not know what the Town Council’s vote would be until Monday evening, it was well past the deadline that is required. She reiterated that they had to do a worst case scenario. Much like the schools with the teachers contract, they hand out pink slips and call back as many as they possibly can. She added that she did not like doing it but had to cover the town and send the notices out as bound by law.

Chairman DiFazio stated that the dilemma was that if they approved the measure and take

half of the money now out of FY10, they do reduce it down to 8 that they need to worry about next year. He stated that if they don't approve the arbitration, there would be no layoffs but that they would need to negotiate again, Accepting the measure would reduce the layoffs to 8. He recalled having the Chief before them sharing what he believed a good fire department was and that they had passed that resolution wanting that. By accepting this and reducing the Fire Department by 8 more people, he felt that they just went in the opposite direction.

Councilor Lacey said that as he understood that there was two sides to the Civil Service requirement, adding that he would look further into it, asked what the notification said to the 16 firefighters. Mr. Hammond replied that it stated, "you will have a hearing on June 30<sup>th</sup> for the purpose of laying you off for lacking funding". Councilor Lacey asked if the hearing would not happen if they didn't vote for this. Mr. Wilson replied that it was not his decision.

Chairman DiFazio stated that if they didn't vote for this, they are going to go back to negotiate and there would be no immediate layoffs. Councilor Lacey emphasized that this was very important for him to understand. The Chairman agreed and stated that the way he understood it was that if they vote no, then they are going back, everyone is staying employed, they are not going to be happy that they didn't get increases, but they are going to stay employed and the level of service that we have will continue. He added that they are going to have a big negotiation process that could last one month, or last all year, and could end up costing more once a decision is finally reached.

Councilor DiFazio said that he and Councilor Lacey felt that they were never going to layoff 16 and questioned the need to send out 16 notices, and that their response to that was, at some time during the year, it was a possibility that they couldn't fund any of it in FY11 and having to as required by Civil Service. Councilor Lacey wished to be clear about the Civil Service requirement since it was the administration's position, it was very important for him as he deliberated.

Chairman O'Connor made a MOTION to recommend favorable action to Item 10 089 - Joint Labor/Management Finding Reserve Fund Transfer. Councilor Molisse seconded the MOTION.

Chairman DiFazio made a SUBSTITUTE MOTION that the Budget/ Management Committee consider not voting the favorable action on Measure 10-089. Hearing no

second, procedure falls to the original motion.

The ORIGINAL MOTION, by Councilor O'Connor, to forward Measure 10 089, with recommend favorable action, to the Town Council, was then voted. VOTE PASSES 4/1 with Chairman DiFazio voting NO.

At 8:11 PM, with no further business to conduct, a MOTION was made by Councilor O'Connor to ADJOURN and seconded by Councilor Matthews. UNANIMOUSLY VOTED.

Respectfully submitted by Paula MacLeod as Recording Secretary.

Approved by:

Chairman DiFazio