



THE CITY OF SPRINGFIELD, MASSACHUSETTS

MAYOR DOMENIC J. SARNO

HOME OF THE BASKETBALL HALL OF FAME

To: Kristen Lepore, Secretary of Administration and Finance

From: Domenic J. Sarno, Mayor

Timothy J. Plante, CAFO

Date: November 24, 2015

Re: Executive Office for Administration and Finance: Municipal Listening Session

We appreciate the time the Executive Office for Administration and Finance is taking to come to Springfield for the Municipal Listening Session. We would also like to thank Governor Baker for issuing Executive Order 562, commissioning a complete and comprehensive review of all existing Executive Branch regulations. This listening session gives us an opportunity to highlight the many needs of Springfield, and partner with the Commonwealth to find the most reasonable solutions.

New Growth

Issue: Since 2008, the City has lost over \$1 Billion in taxable value, resulting in the inability to capture new growth in tax levy. Springfield has felt the negative effects of lost new growth revenue, which materialized in the form of layoffs, wage and hiring freezes, and little capital and infrastructure investment. These types of sacrifices do not go unnoticed in an urban landscape, and year after year the City struggles financially just to maintain a level standard of service. Other communities are at, or close to, their levy ceiling and will be experiencing similar issues.

Solution: The City of Springfield would draft home rule legislation where Springfield should be able to capture new growth, above the calculated levy ceiling, from 2011 on. This law would automatically sunset when values rise.

Procurement/Contracts

Contractual Obligation Threshold

Issue: The City of Springfield is seeking a special act to change the City Charter (Mass. Gen. Laws Ch. 43, §29) dollar threshold for requiring a written contract from **\$5,000**, to a higher amount (either \$10,000 or \$35,000 depending on the type of contract), based on recently revised thresholds in the Uniform Procurement Act, Mass. Gen. Laws Ch. 30B. Currently, Chapter 30B requires written contracts at \$10,000.

Additionally, Chapter 43, §29, states any purchase of \$5,000 or more requires a written contract containing the signatures of the Mayor (in Springfield) and the requesting Department Head. This law applies to all cities and towns with Plan A, B, C, D, E and F forms of government.

In Springfield, a combination of state laws, special acts and local ordinances require contracts to be signed by the Vendor, the requesting Department Head, the Office of Procurement (if procured under Chapter 30B), City Solicitor, Comptroller, and the Mayor. If the contract term is longer than one year, it must also be signed by the Chief Administrative and Financial Officer (CAFO). After the signature process is completed, an original signed contract is mailed back to the Vendor. This process can take a significant amount of time (upwards of 3 weeks) to complete, and is often an unnecessary burden for smaller contracts, which are generally for the procurement of goods or basic services.

Solution: Please support House Bill 3337: "An Act Exempting the City of Springfield from Certain Provisions of Section 29 of Chapter 43." This hearing was scheduled for October 27, 2015 from 11:00AM to 1:00PM.

The Act seeks to increase the threshold for written contracts signed by the Mayor and Department Head from **\$5,000**:

- To the amount set forth in M.G.L. Ch.30B, §17(a) for requiring written contracts for those contracts *subject to Chapter 30B* procurement rules (**currently \$10,000**); and
- To the amount set forth in M.G.L. Ch.30B, §5(a) for requiring bids (**currently \$35,000**), for contracts *not subject to Chapter 30B* procurement rules. This section of Chapter 30B is used as an objective measure only.

M.G.L. 30, §39M (A) and M.G.L. 149, §44A (2)

Issue: There are three main procurement statutes that municipalities deal with most often. These statutes are: M.G.L. c. 30B for good and services, M.G.L. c. 30, §39M for horizontal and public works construction (construction other than buildings), and M.G.L. 149 for public (building) construction. These three procurement statutes each contain their own unique thresholds and procedures for advertising, the solicitation of quotes, and the need to conduct sealed bids. These respective thresholds for 30B were recently increased, while the thresholds for the other statutes were not. The issue now is that there are several different thresholds and procurement procedures that need to be contended with, depending on what the procurement is being conducted for.

Currently, the procurement for public works and public building construction require the use of two different acquisition methods in the range of \$10,000 to \$35,000. Procurements in this range are very common and the differences in the procurement processes (having to perform a sealed bid versus simply obtaining quotes, for example) causes an unnecessary burden, a delay in obtaining services, and presents the risk for errors in understanding between requesting departments and Procurement.

Solution: The proposed changes to M.G.L. c. 30, §39M (A) and M.G.L. c. 149, §44A (2) (B) are as follows:

- Streamline the method of procurement, advertising requirements, and contractor submission requirements for contracts estimated \$10,000 - \$25,000.
- Increase threshold from \$10,000 - \$25,000 to \$10,000 - \$35,000 (as it has been in 30B earlier last year).
- Provide uniformity under M.G.L. c. 30B, M.G.L. c. 30, §39M (A) and c. 149, §44A (2) (B) method of procurement, advertising requirements.

The above statute changes would make the procurement process much easier to implement to departments and much easier to manage administratively in the Office of Procurement. The operational cost of resources would be significantly reduced as a result of this ease of administrative burden. The turnaround time for getting these smaller projects would also be reduced significantly, as the advertising

requirements being brought into harmony with 30B would eliminate the delay period currently required for posting procurements obtained through quotes on the Central register.

Group Insurance Commission (GIC)

GIC Utilization Data

Issue: When requesting utilization data from the GIC, the City or Town receives very limited data. In order to create funding and loss claim ratios, additional resources direct from the City are necessary. The necessity of finding additional data and reconciling different documents is burdensome and time consuming, often slowing down the analysis process. Reconciling documents then creates the issue of which numbers to use and which assumptions to be made.

The GIC provided the following data:

Enrollment – Provided by month and included plan, subscriber count and member count. This is not an actual census and does not contain the level of data needed by consultants and health insurers to give the City the best possible analyses and quotes. Due to the lack of data, carriers who are asked for quotes need to make assumptions in order to develop fully-insured premium rates to support the carriers' risk.

Claims – The medical and prescription claims provided are useful to consultants and providers. However, because actual prescription utilization data is not provided, an estimate for CanaRx is not possible.

High Cost Claimants over \$25,000 – The GIC report does not provide the plan that the member is associated with, nor does it indicate whether the member is active or termed. Status is important as it tells the reviewer whether the high claims may continue (active) or if the risk is gone (terminated). Termination may mean the subscriber left employment or moved to a retiree plan, so the risk is not likely but could come back, or that the member is deceased and the risk is permanently gone. It is helpful to get as much information as possible to determine what risk may continue and what will go away.

Solution: In order to receive a detailed, comprehensive analysis of the City's health insurance benefits offered through the GIC, as well as other market options, the City requests the following information in addition to the supplied GIC utilization data:

- Detailed Member Census and "Subscriber" enrollment information
- "Paid" claims and premium/admin paid information by month by plan
- Hospital, Primary Care Physician, and Specialist utilization data in order to geographically track insureds
- Prescription drug utilization

OBRA Pension

Issue: Currently, the GIC requires that all employees be enrolled in a formal pension plan in order to enroll in a GIC health insurance plan. Many employees are enrolled in OBRA, which is not a formal plan. Therefore part-time, temporary and seasonal employees are often times not eligible for GIC health insurance.

Under the Affordable Care Act (ACA), the City must offer health insurance to employees who work 30 or more hours per week. Some of these employees are OBRA employees, and therefore can't be enrolled in a GIC plan. If the City fails to reach a rate of 95% for offers of insurance to eligible employees, we are subject to the 4980 (h) (a) penalty, which is a penalty of \$2,000 per employee (less the first 30 employees).

Solution: It would be beneficial to all municipalities in the GIC and the Commonwealth if the City could offer insurance to all employees, whether or not they were in a formal pension plan. If the

Commonwealth won't agree, the City asks that the GIC would put together a minimal value plan just for employees in OBRA plans, so that the City would be compliant with both the GIC and ACA.

Wet Signature Requirement

Issue: Under current GIC guidelines, all annual health insurance enrollment forms and change forms require the original signed form to be sent to the GIC. Signatures for both the applicant and the municipality's authorized official are required on each form. Municipalities must receive all signed documentation from employees and retirees, and then mail all original forms to the GIC prior to the enrollment date of July 1st. The necessity of a "wet signature" on each form creates a burden for human resource departments who have large numbers of employees and retirees to manage. This costs the municipalities both time and money for a process that could be performed electronically.

Solution: The City proposes that the GIC accept electronic signatures on enrollment and change forms. Employees and retirees of municipalities could log-in to their City's/Town's benefits site to enroll in a health plan following MUETA (Massachusetts Uniform Electronic Transactions Act). Only the enrollment and change forms would be affected as MUETA does not apply to a transaction involved in the cancelation or termination of health insurance. If, an electronic signature system is not feasible, the City suggests the allowance of a copy of the form for scanning and submission.

Environmental Bond Bill

Issue: On August 13, 2014, the governor signed the Environmental Bond Bill which provides funding the immediate preservation and improvements of environmental assets such as dams. Acts of 2014 c. 286, §2A (2000-7028), state that \$1,700,000 shall be provided for improvements to the Lower Van Horn Dam in the City of Springfield.

Solution: Please release the funding for this bill to the City of Springfield or provide funding from another source.

State Grant Disbursement

Disbursement of Reimbursement Timeline

Issue: In June of 2015, the City borrowed \$2.01M in Grant Anticipation Notes. This was necessary largely in part due to the State withholding previously requested State 911 Grant Funds. The Department of Revenue requires that all State Grant reimbursements have been received in the City Treasury by September 30th of the following fiscal year to avoid a reduction to certified free cash. The lack of a set reimbursement/disbursement time frame forces the City to use free cash, or short term bonds, in order to cover expenses before receiving money from the State.

Solution: The City proposes that all State Grant reimbursements are disbursed 60 days after submission of a drawdown by a Municipality. This would eliminate the need for the City to incur interest costs associated with temporary borrowing.

Governor signature on Federal Grants

Issue: In June of 2015, the City issued Federal Aid Anticipation Notes in order to cover expenses on a project receiving partial funding through a grant awarded by the U.S. Economic Development Administration (EDA). Pursuant to Ch. 74 of the Acts of 1945, the Governor's signature is required in addition to approval from the Municipal Finance Oversight Board (MFOB) approval. In this case, the process went smoothly and did not hinder our timeline in order to receive the notes by the June 20th deadline. However, with the City actively seeking out more federal grant funding, this requirement could prove to be a bottleneck in the future.

Solution: When a federal grant agreement exists between the federal government and a municipality, it seems that the signature of the Governor is unnecessary, and we'd ask that this requirement be removed.

Education

Charter School Transportation

Issue: With the cap on the number of charter schools allowed in an area lifted, Springfield anticipates the number of charter schools will increase. According to Massachusetts General Law (M.G.L. c. 71 § 89), the school district in which the charter school is located, is required to provide transportation to the charter school on the same terms and conditions as transportation provided to children attending local district schools. Charter school acceptance is based on a lottery system, meaning that charter school students can live all over the City and are not bound by the Boundary Plan (implemented in 2005). Furthermore, charter school calendars and schedules are approved by the Board of Education and do not follow the Springfield Public School (SPS) calendar. Often, their schedules and calendar year make more costly and less efficient transportation service plans. Even with tiered busing schedules at some schools to offset costs, the City pays \$365 a day per bus. The additional 56 buses used for charter school transportation cost the City over \$3.6M in Fiscal Year 2015.

Solution: The City asks for the inclusion of revenue for transportation as part of the Chapter 70 formula, in a manner similar to M.G.L. c.71 § 7A. In addition, the City asks that charter schools must work with the City on their start times in order to effectively tier busing schedules. If the City proposes a start time that would minimize costs, the charter school must either accept the start time proposal or pay for their student busing.

McKinney Vento

Issue: The Federal McKinney-Vento Homeless Education Assistance Act (42 U.S.C. § 11301) requires homeless students the right to school selection and transportation services. McKinney-Vento allows homeless students to continue their education in their schools of origin for the remainder of the academic year in which they become permanently housed, in order to provide for school stability. In Massachusetts, students from other states and countries can register for school using a Springfield address, attend school for one day, and then claim homelessness. Homeless students are often temporarily housed in towns surrounding Springfield, requiring special busing to and from their school of origin. The State grants some funding towards these costs, but the City's responsibility continues to increase as transportation costs rise. The cost of transporting the City's homeless children has grown to \$1M.

Solution: The City proposes a residency requirement where the student must have been a permanent resident in the City for at least forty-five days, before qualifying to continue their education in their school of origin after being displaced. In addition to residency requirement, the City requests full reimbursement from the Department of Elementary and Secondary Education (DESE).

Chapter 70 Reform

On October 30th, the Chapter 70 Foundation Budget Review Committee released the findings of their review of the Chapter 70 formula, along with their recommendations for foundation budget changes. The study found that some of the assumptions contained in the formula for calculating the foundation budget have become outdated. Some of the actual costs have surpassed the assumptions built into the formula, significantly reducing the resources available to schools.

Springfield Public Schools (SPS) is supportive of the Foundation Budget Review Committee's health insurance and special education recommendations, but is mostly focused on the English Language Learners (ELL) and Low-Income Pupil funding which most negatively impact SPS.

English Language Learners (ELL)

Issue: Starting this past school year the Department of Elementary and Secondary Education (DESE) has required SPS to double the amount of ELL services that we provide to kids; however, the funding for ELL services has stayed the same.

Solution: We recommend that the foundation's budget for ELL pupils be increased to reflect this new mandate.

Issue: In addition, the current formula for ELL is not equitable across the foundation pupil categories. For example, at our vocational high school 11.9% of our student population is classified as ELL. However, we only receive the base vocational allocation for those pupils even though we are required to provide the additional services. Using only this school as an example and considering that other high schools receive an additional \$636.96 per ELL pupil, this school is underfunded by almost \$100K.

Solution: We recommend that funding for ELL pupils be moved from the "Base Foundation Components" section to the "Incremental Costs above the Base" in order to ensure that all pupils are funded equally.

Low-Income Pupils

Issue: SPS spends a significant amount of money in an attempt to remove barriers to education, unique to low-income students. These costs include: social/emotional wraparound services, counseling, extended learning time, tutoring interventions, summer school, night school, credit recovery, parental involvement, athletics, and after school programs, among other services. While the current foundation formula does provide an additional amount for every low income student, the funding isn't adequate enough to address the issues that students living in poverty face.

Solution: We recommend that the funding for each Low-Income pupil be increased by \$500.

Teacher Summer Unemployment Collection

Issue: At the end of every school year, teachers and other school employees begin collecting unemployment insurance for the summer months. They collect this money even though they will be returning to work the following school year. Once the new school year begins, they are then entitled to start collecting their salary as normal.

Solution: Please support Senate Bill 961: "An Act relative to Municipal Unemployment Insurance Reform" sponsored by Cynthia Creem, currently in the Joint Committee on Labor and Workforce Development (Hearing Scheduled for November 10, 2015 from 1:00PM-4:00PM in B-2).

Barbershops and Nail Salon Regulation

Issues: Barber Shops and Nail Salons are licensed at the state level and are regulated by the new Board of Registration of Cosmetology and Barbering. The City issues Barbershops and Nail Salons personal property bills but currently does not have a solid mechanism for collection, as it does with other establishments.

For example, if a bar or nightclub does not pay personal property taxes in a rented establishment, the City's License Commission can withhold the renewal of their liquor license. This almost always results in the immediate payment of all outstanding obligations to the City.

Solution: The City of Springfield would like to have jurisdiction over licensing and inspecting cosmetology and barber shops. This would give the City the ability to withhold a license for barbershops and nail salons upon failure to pay personal property taxes or other City obligations.

North Riverfront Park Lease

Issue: The City of Springfield desires to promote recreational opportunities at North Riverfront Park and to encourage the development of the City's waterfront. The Pioneer Valley Riverfront Club, Inc. (PVRC) has proposed to develop the Park as a community rowing and boating center, and to assist in the renovation of the historic North End Boathouse located on the land. Currently, the City and PVRC must renew the lease every three years, making long term plans difficult. The City and PVRC wish to enter into a twenty year lease, which will allow PVRC to develop and operate its community programs and raise capital for renovation of the Boathouse.

Due to restrictions imposed by Article 97 of the Massachusetts Constitution, the Uniform Procurement Act, and other general and special laws, the lease must be authorized by a special act of Massachusetts Legislature. The Springfield City Council approved the Special Act Exempting the City of Springfield from Certain Provisions of the General Laws and authorizing it to Lease Certain Park Land on December 15, 2014.

Solution: Please support House Bill 3818: "*An Act Exempting the City of Springfield from Certain Provisions of the General Laws and authorizing it to Lease Certain Park Land*" sponsored by Carlos Gonzalez.

DA Appeals of Low Bond Bail

Issue: Under Massachusetts General Laws, the right to appeal a bail decision by a District Court judge lies solely with the defendant. A defendant who is aggrieved by the amount or terms of bail can petition the Superior Court for a hearing to review the bail amount and/or conditions. The District Attorney does not have the right to petition a judge's bail decision that they feel is too low, or conditions which are insufficient to protect the victim and the public, and to ensure the defendant's return to court.

Solution: The City of Springfield puts forth House Bill 3830: "*An Act relative to the Commonwealth's right to appeal bail decisions.*" Under this act, the City suggests that Section 58 of Chapter 276, of the General Laws as appearing in the 2014 Official Edition, be amended by adding the Commonwealth's right to petition the superior court for a review of the order of the district court, for bail amounts or releasing the defendant on his personal recognizance without surety. Conditions have been added to the bill requiring that such an appeal be filed in a timely manner, and it must be approved by the District Attorney/Attorney General or their designee.

This goal is aligned with Mayor Sarno's stance on crime in Springfield. The belief is that if the DA has the right to contest a bail decision they feel is too low, they will have an additional means to ensure the defendant will return to court for their next appearance while protecting the victims and the public.

Neighborhood Homes with Educational Components

Issue: The cities of Springfield and Chicopee have seen a large rise in the number of educational group homes over the years. When an organization applies to open a group home, they must submit documentation to the City to prove they have an educational use, per zoning ordinances. If the

City determines the home has legitimate educational component to it, the City has no regulatory power to reject the application, even if the location is not zoned for such an establishment. Typically the City would require a special use permit, but under the Dover Amendment (M.G.L. c. 40, §3) no zoning ordinance or by-law can regulate or restrict the use of structures for educational purposes. The group homes are then inspected and certified through the state, overriding all city regulations.

Solution: The City proposes an amendment to M.G.L. c. 40, §3, which establishes a limit to the number of group homes with educational and religious components in a certain location (ex. 50 homes in a radius). Furthermore, the City proposes an increase in regulation by allowing the City to control where a group home opens in order to stay in compliance with city zoning regulations.

Underground Storage Tank (UST) Removal

Issue: There are a number of aspects of the state requirements, the Massachusetts Underground Storage Tank Program 527 CMR 5.06 and Underground Storage Tank System Regulation 310 CMR 80.00, that municipalities could use both financial and technical assistance with.

Requirements for UST Removal:

1. As municipalities strive to conserve resources by converting their fuel consumption from fuel oil to natural gas, state law requires underground storage tanks no longer in use to be removed within 12 months.
2. In addition, the law requires that all single, steel walled tanks be removed by August 7, 2017. At this point in time, the total number of tanks (including those no longer in use) that Springfield would need to remove is at least 53 tanks.

Requirements for Mitigation of Releases under the Massachusetts Contingency Plan (MCP):

1. The City currently has several USTs that are currently in various stages of mitigation under the MCP. It is an extremely costly and long reiterative process (at least five years) to investigate and mitigate a release under the MCP.
2. Based on issues regarding the loss of integrity of single walled steel USTs, it is estimated that 1/3 of all single walled steel tanks leak. Thus, the City may face astronomical costs to investigate and address any releases related to the removal of these USTs.

Solution: The City would like both financial and technical assistance to comply with these regulations.