

**BOARD OF MAYOR AND ALDERMEN**  
**Continuation of May 19, 1998 meeting**

**May 20, 1998**

**Following Committee on Finance**

Mayor Wieczorek called the meeting back to order.

The Clerk called the roll. There were twelve Aldermen present.

Present: Alderman Klock, Sysyn, Clancy, Pinard, Shea, O'Neil, Girard, Rivard,  
Pariseau, Cashin, Thibault and Hirschmann.  
Alderman Wihby and Reiniger arrived late.

Mayor Wieczorek advised that the Board had requested the School Administration, Finance Department and Human Resources Director to be present with information relative to continued discussion and consideration of the teachers early retirement plan.

Mr. O'Shea stated thank you, Mr. Mayor and thank you members of the Board of Aldermen. If I can be brief, I met with both Mr. Clougherty and Mr. Hobson and also with your negotiator, Mr. Hodgen today on this matter. The original proposal that we had had a cost associated with it of \$774,475.75 and that encompassed 30 people under the early retirement incentive program. The cost of the incentive portion for this year's budget would only be \$19,575 which means, in effect, that if all of those 30 people decided to retire without the incentive program we would still be faced with a cost of approximately \$755,000. However, in talking with some of the staff and some of the union people, we feel that the active number of retirees without the incentive program would run anywhere from 13 at a minimum all the way up to 19 as a potential maximum. The cost for the 13 minimum without incentive would be \$340,370. With the six additional which we figure would be the maximum of 19, that would amount to an additional \$162,537 so running from a low of 13 at roughly \$340,000, this is without the incentive, to a high of 19, the total for the nineteen high would be \$502,907 and naturally that is what is before you as far as the early retirement incentive package and depending upon how you see the financial situation of both the School District and the City at this time, we would appreciate your indulgence.

Mr. Hobson asked the \$450,000 that is in the School severance account, that is in the restricted item part of the budget that is on the City side, correct.

Mr. O'Shea answered correct. That is in the non-departmental appropriation.

Mr. Hobson asked and in the normal School 110, Salary line item there is \$150,000 budgeted for the normal school portion of the way that the City budgets for that severance.

Mr. O'Shea answered as far as that is concerned, that I believe has already been tapped into for some people who have already retired.

Mr. Hobson replied that is correct.

Alderman Girard asked does the half a million or so dollars for the 19 people who would retire even without the early retirement incentives include the money that is in your 110, Salary line item or is that solely from the City's non-departmental severance account.

Mr. O'Shea answered that would be a combination of the two. Anything remaining out of that \$150,000 that was on the School side.

Alderman Girard asked so of that half a million for the 19, how much of that would come from the School budget and how much comes from the City side of the budget.

Mr. O'Shea answered I would say probably out of the City budget it would be the \$450,000 and then you would have \$52,000 coming out of the small amount for the School side.

Alderman Girard asked so you are using the School Department's budget to absorb the overage in this case or is there a formula that breaks out what comes from where.

Mr. O'Shea answered no, there is no formula to break it out. As I had said before to Mr. Hobson, we have already had some people retire so I don't know exactly what the figure is as far as what has been paid out to them on retirement as of this time but it would be a substantial amount so that is why I am figuring there would just be probably between \$50,000 and \$60,000 left. Your average retirement cost runs anywhere from \$24,000 to \$28,000 or almost \$29,000.

Mayor Wiczorek stated we are going to be meeting with the School Administration, I believe next week we are going to be setting up a meeting to review their budget for FY99, but we want to get this wrapped up here tonight so we can give them an answer regarding early retirement.

Alderman Rivard stated, Mr. O'Shea, you said that there is an estimated 30 individuals who expressed an interest in early retirement. Is that correct?

Mr. O'Shea answered there is an actual 30, we have all the names and all of the calculations.

Alderman Rivard asked so there are 30 people who are interested in early retirement.

Mr. O'Shea answered yes, Sir.

Alderman Rivard stated and there are 19 people who are going to retire under the traditional retirement system.

Mr. O'Shea replied no, we don't know how many will. There is a possibility of about 19.

Alderman Rivard stated okay 19 is a possibility. Are they separate and not part of the early retirement? So we have 19 plus 30 is that what you are telling me?

Mr. O'Shea answered no. Any of the people who are 30 listed on the early retirement, if you people do not vote to fund the early retirement system or approve the early retirement program, what will happen is we will have anywhere from 13 to 19 people who are already on this list of 30 who will retire under the normal retirement procedures.

Alderman Rivard asked so there are 30 people in all. Some early retirement and some traditional retirement.

Mr. O'Shea answered no.

Mayor Wiczorek stated he is talking about the same people. Some will retire if there is no early retirement and I imagine most of them probably would like early retirement so they could get the extra benefit.

Alderman Rivard stated I am still very confused about this whole thing. I understand that there are certain criterias that allow people to retire. Under certain circumstances they can retire. Now there are some incentives for people to retire early and some benefits that we have to pay so there are some people who are going to retire under the traditional retirement system.

Mayor Wiczorek replied no.

Alderman Rivard asked there are none.

Mayor Wiczorek answered there are two who have already retired that would be retired under the old program. Now all of the others, the other 28 that you have they would like to retire under the new program but some may retire under the old program if there is no new program. You are talking about the same people.

Alderman Rivard asked and to do the thing right we need \$774,000 and we got \$450,000 plus \$50,000.

Mr. O'Shea answered we have \$450,000 and probably another \$52,000 or \$53,000.

Mayor Wieczorek stated plus the insurance, another \$100,000 that we have to come up with.

Mr. O'Shea replied that falls in next year

Alderman Rivard stated so you are short \$274,000 give or take to make the whole thing work.

Mr. O'Shea replied that is right. The other thing is, and I am glad the Mayor brought it up, the real crux of this program is that you make a commitment to people on health insurance to pay their health insurance for three year's out. That would be in FY99, FY2000, and FY2001.

Mayor Wieczorek stated and for this next year, FY99, it is approximately \$100,000 as I understand it.

Alderman Rivard asked but the motion would be, if we were to support the early retirement, the motion would be that the Board would support raising \$274,000. Is that correct?

Mayor Wieczorek answered more than that.

Alderman Rivard asked how much more.

Mayor Wieczorek answered you would have to raise more than that because you have got \$100,000 that is not mentioned as part of what Mr. O'Shea is mentioning and that is the health insurance which is a non-departmental.

Alderman Rivard stated so we are \$374,000 short.

Mayor Wieczorek replied no. See here is what you have right now. You have \$450,000 in the severance account this year and the School Department has in one of their line items \$150,000 where the \$6,000 comes out. Now from next year's budget, in the budget that I presented to the Aldermanic Board, the FY99 budget, you have \$465,000 and they need an additional \$325,000. Is that correct?

Mr. O'Shea replied that is correct.

Mayor Wieczorek stated and then to that you add another \$100,000 for the health insurance so now you are talking about \$425,000.

Alderman Rivard asked so they are asking us to fund \$425,000. My question is when you were developing this plan, the School Board or the Administration when they were developing this plan didn't they know how much this was going to cost before they offered it to the people?

Mr. O'Shea replied when you develop the plan, you come out with an average unit cost and you give three different situations. In other words, someone who has the minimum of 20 years who can meet the minimum retirement, someone who might be in their 60's and then someone who might be in their 50's and probably have 25 years so you have to give three different scenarios so you can give three different average costs. We don't know who out of all of our staff are going to do it. However, I would like to point out that we have a very senior staff. In fact, we have, of all of our teachers, we have close to 300 people that are on top step so when you have a 13 step span that means you have got all of them who could qualify to retire or take advantage of an early retirement program.

Alderman Rivard stated that is good, but you didn't answer the question. The question was when you were developing the plan was there an estimate of the cost for this program. An estimate of how many people we thought were going to retire, just an estimate as to how much money we thought we needed.

Mr. O'Shea replied yes and at that time, when we did our original estimates, we figured that there would be about 15 or 16 people and it would fall within the range of funds that we had.

Alderman Rivard stated so you underestimated the program and obviously you don't have enough funds to provide early retirement for everybody.

Mr. O'Shea replied that is correct.

Alderman Rivard stated okay, because the School Department doesn't have the money to do this they are asking the Board of Mayor and Aldermen to find the funding to make this thing whole.

Mr. O'Shea replied that is correct if you so desire.

Alderman Cashin asked in round figures it is going to cost us \$425,000 to \$440,000 to make this whole and get this package together, right.

Mr. O'Shea answered the only correction I would like to make is the fact of the insurance. The insurance, that rough figure of about \$100,000 in insurance would be against next year's budget, not against this years. So what you are really talking about here is about \$325,000.

Alderman Cashin stated okay \$325,000 to make the package whole. Is that right?

Mr. O'Shea replied that is correct.

Alderman Cashin asked how much money do we anticipate we are going to save if we do fund this early retirement.

Mr. O'Shea answered if you do fund it, your savings won't be in this year's budget but it will be in next year's budget and subsequent year's budgets. The savings that we projected out as far as a net savings next year, if you voted to fund the full 30, would be about \$321,000 next year.

Alderman Cashin asked if the initial cost to the taxpayer is \$325,000 and we are going to save \$321,000 next year, what do we got, a wash.

Mr. O'Shea answered pretty much a wash. The only difference is you are making the expenditure one year and making the savings the next.

Alderman Cashin stated but then the following years we are going to be saving more, aren't we.

Mr. O'Shea replied that is correct.

Mayor Wieczorek stated Alderman, let me reduce it to its most simplest form. There is a deficit that we are working on this year with the School Department.

Alderman Cashin replied, your Honor, I understand about the deficit. I realize that but I think that that is a whole different subject.

Mayor Wieczorek responded really, no it isn't.

Alderman Cashin stated I am talking, with all due respect. If we are going to save \$321,000 next year and we have to come up with \$325,000 and then every year after we are going to be saving some dough, to me this makes some business sense. Now I may be 100% wrong, but if I was running this business, and I know the Mayor is going to talk about the deficit and I understand about it and I realize that, but I don't think that these people who were planning to retire should be penalized because there is a deficit in the School budget. I don't think that is their problem. I don't know whose problem it is and I am not going to point fingers at anyone. I think we have two different issues here and as long as you try to combine them you are never going to solve them.

Alderman Klock stated, Mr. O'Shea, I am 110% behind the early retirement program but I have a major problem with this right now. Are you actually coming to the Board and suggesting that we support this program when the School Board is \$1.1 million in deficit. I mean that just

seems outrageous for you to come and ask us for more money when you are already in debt. I don't understand why you are coming to the Board asking for us to support this program.

Mr. O'Shea replied I think you must be under misapprehension, Alderman. I was requested to come here and present figures to this Board as to what the actual costs were, not to make a request.

Alderman Klock responded it was my understanding of last night that the School Board was to come and make a recommendation as to whether or not they wanted for us to support this program.

Mr. O'Shea replied I haven't been authorized to make a recommendation, however, Mr. Hobson might be able to add something to that.

Mr. Hobson stated in defense of Mr. O'Shea, I came over here this morning and left a voicemail for Mr. Tanguay and I said I would like to meet with you and the Chief Negotiator immediately. We would like to put some numbers together and we would like to explain this to the Board of Mayor and Aldermen so they can understand where we were coming from during the negotiation process, why we did this, why we pulled this together. Dick was very gracious. He had a lot of information and we sat down and worked on a lot of detail. I think he did a fine job of pulling the information together. I truly believe that he is here tonight trying to edify us. I don't think he is attempting to jam something at us. I am not trying to put words in his mouth.

Alderman Klock asked then, for the Board, what is the recommendation of the School Board.

Mr. O'Shea answered I will defer to the Finance Committee Chairman.

School Committee Member Cook stated as we all know, we did not have time to notice or have a legal meeting of the School Board since last night and we did not have the opportunity to get a recommendation. The only official action which has been taken by the School Board on the early retirement program and this is akin to some of the things we talked about last week in the budget, one of those unfortunate circumstances where everybody is right, we have not had the chance to have a meeting of the School Board. We have met this afternoon with officials of the MEA. I have talked to Mr. Hobson and I have talked to Mr. Clougherty. I met with these folks. We did ask you to deal with the budget deficit situation last year and we were asked to bring you all the facts. We have brought you the facts and I think that everybody who has spoken so far recognizes that. We have a budget deficit we have to deal with. We do not know how many of the 31 people who signed up for the early retirement program would not, in fact, retire or will not, in fact, retire if the incentive portions of that are not there and most of those are not the cost that is in your budget this year. Most of those are the costs for insurance that are in our budget in future years, but Alderman Cashin is absolutely right that the overall effect in spending is a

wash. That is a big difference, I think, if I were analyzing it from whose budget it was and in which year although it certainly, the net effect over the years but we do not have a recommendation on what you should do. We are telling you what the facts are. We have asked you to deal with our deficit and I think it is fair to say that we will understand any decision you make but we have not had a chance to get a recommendation.

Alderman Klock stated this is what really bothers me. This is not a new issue. This has come before the Board I don't know how many times in the past months and we have had the facts, we keep getting conflicting stories and now, you know, the teachers need to know and we are put in a predicament here with what we need to do.

School Committee Member Cook stated well I don't think you have gotten conflicting stories from us, frankly, and I think there has been a lot of attempts to deal with this problem in good faith by everybody because of the recognition that we want to deal with the teachers. We all feel very badly that the initial, and this program was passed and this is no excuse, but this program was passed before I was on the School Board, but the estimate, I was at the meeting and I watched them, the estimate on how many people would opt for this program in good faith presented, as Mr. O'Shea said, was within the funds available. Then about twice as many people opted for the program. That was an unanticipatable circumstance and were it had to have come up in a set of circumstances when we didn't have a budget deficit to deal with, I suspect we would be here saying we feel compelled to find some way to deal with it. Under the circumstances that we find ourselves in with the deficit and with the need to address the deficit, I think all we can do in good faith is give you the facts that make you deal with it because if we say to you one week you have got to help us with the deficit and we say to you the next week we have got to have more money, I am not that smart or audacious a guy.

Alderman Klock asked Mr. Tanguay his opinion on the subject. You represent the Administration. What do they say? Give us some enlightenment.

Superintendent Tanguay answered to rehash history we will go back to when the incentive was proposed to the School Board. At that time the estimate was maybe 14 teachers based on the information that the union provided and the survey and that was within the affordable funding of \$450,000. Unfortunately once they saw the incentive passed by the School Board, or fortunately, they said this is a good deal so that doubled to about 30 or actually 33. In the meantime, a couple of teachers died so the number went down to about 31 and now we are down to 30 who would like to avail themselves of that incentive. As Mr. O'Shea has said, we know of a certain 13 that would retire because they are not affected by the incentive. In other words, if you passed the incentive tonight, those 13 would retire with no incentive money. Then we looked at how many might retire in addition to that with incentive money. We looked at an additional 6 teachers that, if the incentive was in place, would receive under \$1,000. Some a couple of hundred and some \$300. That is where the 6 teacher number came from. We felt that

would be a reasonable assumption. Again, 6 of those people who would receive incentive if it would pass would be under \$1,000 so they might retire also. We are looking at about 19. I think also when the incentive was passed by the Board, the City deficit was unknown at that time. Now that has come to surface over the last two months and that obviously somewhat influences the decision of the incentive now. There are two ways to go. The one is to say to get the incentive we will take care of those 19 people within the available funding of \$450,000 plus \$50,000 and look at the incentive next year and that is not a bad decision based on the fact that we don't know what the City deficit may or may not be. We have a feel for it now. The fault on that whole scenario is that, and as Mr. Cashin has addressed, is that if this were a good year and we were not facing a deficit you would want to do this because of the savings in the future. We are looking at about \$300,000 next year and that number would decline as teachers went up in steps. By the way, the savings that we are looking at would be based on a Bachelor's 6 which is equal to a Master's 3. Our goal, and I know you have had the School records and maybe it has been different, but our goal would be to hire as many at Step 1 as possible. Would that happen? Not 100%, no. We can't tell you that it would. How many would we hire Step 1? We don't know but our goal would be to hire as many as possible. That is why we budgeted in the middle step. If you look at it long term, if you could somehow deal with this City deficit, the savings in the future would be well worth it because we are looking at substantial savings. The savings also, and just for clarification, it would be about \$330,000 next year. The question is well with the savings how would that money be used. Well we would be anticipating another 30 teachers next year retiring and maybe another 30 the year afterwards just to continue I think into maybe three or four years based on our best information now and talking to union officials so the bottom line is that \$330,000 savings would have the same situation next year unless, and our budget process for next year the amount was more than \$450,000 and not \$465,000 as proposed, that number would have to be higher otherwise we would be back here next year and saying well by the way we need another \$300,000 or some such amount. So that is the other piece that has to be factored in.

Alderman Klock stated so your recommendation is to have the early retirement incentive in place. You wish us to vote on that tonight. That is your recommendation. To vote yes on this.

Superintendent Tanguay replied my recommendation tonight is to let us go about our business with what we have available for funding now and that is factored by the deficit that we know now which we didn't know before.

Alderman Klock stated but that doesn't answer the question. Are you recommending us to vote on this tonight? You are the Superintendent of Schools.

Superintendent Tanguay replied I just told you my recommendation. My recommendation is to stay where we are now. We will fund the 12, 13 or 19 teachers within the \$500,000 available.

Alderman Klock stated so no early retirement. So you wish us to not vote on the early retirement package?

Superintendent Tanguay replied I would like you to, but being a realist and not knowing exactly how the City deficit is going to turn out, I think it would be prudent to wait.

Alderman Sysyn asked do we have the money for the 12 or 19.

Mayor Wieczorek answered yes. There would be 15 actually.

Alderman Wihby stated if I understand this correctly, if we go ahead and vote the early retirement in we would also be having to give you another \$325,000 this year.

Superintendent Tanguay replied approximately.

Alderman Wihby stated which we don't already have and is not part of the \$1.1 million deficit. It is on top of that and if we don't vote this in there is a possibility that we might be able to get \$100,000 of that \$450,000 to come and put towards that deficit of \$1.1 million.

Superintendent Tanguay replied I am not saying that.

Alderman Wihby asked you don't know if there is any money left in that account. You don't know the number of retirees.

Superintendent Tanguay answered exactly and ideally I think it would be prudent to vote on the early retirement but I can't tell you to vote on early retirement until we know if we can resolve the deficit factor. If we knew on May 30 that the deficit was resolved and we had that money, I would say do the incentive retirement.

Alderman Wihby moved to accept the recommendation of the Superintendent, and not to fund the early retirement program for this year. Alderman Klock duly seconded the motion.

Alderman Thibault asked just to make sure that I understand this, what you are saying is that this is basically a wash but if we go into this the savings would come from hiring new teachers at a lower level. Is this the savings you are talking about for next year and the following years?

Mr. O'Shea answered that is correct.

Alderman Thibault stated I am a little scared of that because from what I understand that hasn't happened already this year on something else that the Board went into last year so I am a little scared of that. That is why I wanted to clarify that. Thank you.

Alderman Girard asked of all of the people who have indicated their desire to retire, none can retire without the early retirement. In other words, none of the ones who have indicated their desire to retire can or are eligible for regular retirement.

Mr. O'Shea answered all of them are eligible for regular retirement.

Alderman Girard asked for regular retirement without penalty.

Mr. O'Shea answered that is correct. Without a penalty, anyone who retires at an age rather than majority receives a penalty.

Alderman Girard asked of the 30 or so who have indicated their desire to retire, how many would be penalized for retiring now.

Mr. O'Shea answered I don't want to sound like I am evading the question. If I could rephrase your question. How many of them would receive an incentive if they retired right at this time? Those who would receive an incentive if they retired right at this time would probably be about 18 out of the 30. I could give you an exact count because, as I said in my opening statements, that the incentive program only amounts to \$19,575.

Alderman Girard asked and that is where the number 13 comes from that are going to retire anyway.

Mr. O'Shea answered no, the \$19,575 is the incentive that would be paid to all 30 across the board.

Alderman Girard asked there are 12 people who would not suffer any penalty if they were to retire today, of the 30.

Mr. O'Shea answered with this caveat. Without the program, they don't receive the health insurance for three years out.

Alderman Girard stated in the early retirement program material that was given to the Board, it said that the Board could impose a cap on the amount of money to be spent in the early retirement program. Is there enough money in the half million that is available to take care of those who would retire regularly and to do some early retirements and cap it.

Mayor Wiczorek replied no, we are not going to get into that because that it a little more complex issue than trying to answer your question. I think that this needs certainly more study.

Alderman Shea stated I want to mention that anyone who retires before they are age 65 loses. They lose money because they don't retire at full amount so if they retire at 62 they lose. That is one thing. Another think is, is this a contractual agreement that was brought into the contract. Was this contractual?

Mr. O'Shea replied yes. This is not part of the full contract, but this was a sidebar agreement to the contract pending the vote of both Boards.

Alderman Shea asked do people who have this incentive being denied to them, can they file suit against the City.

Mr. O'Shea answered no they can't. Not unless we are not able to pay after both the Board of School Committee and your Board would approve.

Aldermen Cashin stated I feel that the teachers who were planning to retire this is being put on their backs to compensate for the budget that was underfunded and revenues were overextended and I don't think it is fair.

Mayor Wieczorek stated so if it is underfunded, you suggest that we add to the underfunding.

Alderman Cashin replied the budget was fouled up to begin with and those teachers that were planning to retire shouldn't be penalized for it.

Mayor Wieczorek responded but the question I am posing to you is you are suggesting that since it is underfunded and we already have a problem that we should add more to the deficit.

Alderman Cashin replied no, your Honor, my suggestion is that if this Board really wanted to do something they would look into the rooms and meals tax money that we have stashed away and use that to pay this off. That is what I am saying.

A roll call vote was taken on the motion to support the Superintendent's recommendation not to fund the early retirement program for teachers this year. Aldermen Hirschmann, Wihby, Klock, Reiniger, Sysyn, Pinard, and Pariseau voted yea. Aldermen Cashin, Thibault, Clancy, Shea, O'Neil, Girard, and Rivard voted nay. Mayor Wieczorek voted yea. The motion carried.

There being no further business to come before the Board, on motion of Alderman Thibault, duly seconded by Alderman Wihby, it was voted to adjourn.

A True Record. Attest.

City Clerk