

AN ACT PROVIDING FOR THE FINANCIAL STABILITY OF THE CITY OF LAWRENCE *(summary reflects bill as amended by Senate Committee on Ways and Means, and as amended in the March 9, 2010 Senate formal session)*

· **Senate Ways and Means Chairman Panagiotakos's floor amendment strengthened state oversight by making several changes to the bill that was reported from Senate Ways and Means:**

- Establishes a department of administration and finance upon the abolition of the control board, or upon abolition of the overseer.
- No collective bargaining agreement can be approved unless the overseer or control board certify to the Executive Office of Administration and Finance that the city has adequate resources to meet its current and future obligations.
- If the control board concludes that its powers are insufficient to restore fiscal stability, it shall notify the secretary of A&F. The secretary shall recommend to the governor that the governor file legislation terminate the board and appoint a receiver.

· **The Senate Committee on Ways and Means reported the bill out of the committee with an amendment the increased state oversight:**

- Required approval of the commissioner of DOR and the secretary of ANF to borrow.
- Required the fiscal overseer to report to the secretary of ANF and the house and senate committees on ways and means on the city's progress towards reducing its deficit.
- Requires quarterly reports from the overseer to ANF and the ways and means committees on loan expenditures.
- A finance control board will be appointed if the overseer reports, in writing to the Secretary, that that the city is unable to achieve a balanced budget.

· **The legislation authorizes the city of Lawrence to borrow, in the aggregate, up to \$35 million in fiscal years 2010 and 2011. This is NOT a loan from the commonwealth.**

- Bond or notes shall not be issued for a term in excess of 20 years.
- Loan proceeds will be deposited into the City of Lawrence Financial Stability Fund.
- The Secretary must appoint an overseer to advise and assist the mayor and city council.
- The city shall be deemed to have consolidated its city and school administrative functions.

- The overseer shall develop a 3-year plan to achieve fiscal stability.
- The overseer shall analyze the impact of transferring retirees to Medicare, and transferring employees to the Group Insurance Commission.
- The Secretary will immediately appoint a finance control board if the overseer reports to the Secretary, at any time, that a finance control board should be appointed.
- The 5-member control board shall consist of 3 appointees of the Secretary, the mayor and the president of the city council; the board shall continue until abolished by the Secretary.
 - All spending must be approved by the board.
 - Other powers include:
 - § Develop budgets
 - § Approve all contracts for goods or services;
 - § Establish new rates, or adjust existing rates for fees and permits;
 - § Reorganize, consolidate, abolish or establish departments;
- Establishes a department of administration and finance upon the abolition of a control board.
- The officer will certify that the city's financial resources and revenues can support certain proposed expenditures, including collective bargaining agreements.