

CITY COUNCIL STANDING COMMITTEE  
**Budget & Finance Committee**  
Thursday, April 7, 2011 – 6:00 p.m.  
1<sup>st</sup> Fl. Council Conference Rm. – City Hall

**-MINUTES-**

**Present:** Chair, Councilor Steven Curcuru; Vice Chair, Councilor Paul McGeary; Councilor Jacqueline Hardy

**Absent:** None.

**Also Present:** Councilor Verga; Jim Duggan; Jeff Towne; Jim Caulkett; Mike Hale; Chief Phil Dench

**The meeting was called to order at 6:03 p.m. Items were taken out of order.**

**1. Continued Business**

- A) Talbot Rink sustainability from revenues and discussion of business plan for FY12 (Cont'd from 01/20/11)

**Mike Hale**, DPW Director noted initially they initially set up the enterprise account of \$260,000. They didn't anticipate additional revenue for this year but a flat base relative to last year's reported revenue. As of end of March they have invoiced and received just under \$227,000. They still have April and May receipts. They will be shut down by June 1<sup>st</sup>. They'll be close. A few programs reduced their ice time during this year which accounts for a slight drop but will be close to the \$263,000. Rentals, vending machines, men's programs, figure skating. To date \$187,000 and another \$40,000 billed for March. \$263 is the goal. As far as expenditures how balancing that with no accurate figures. It was all lumped together. Hale the utilities and some contract items. They lost the compressor three weeks ago. The idea was a loan authorization a number of years ago to replace the dehumidification system \$230K. The majority was reprogrammed. It left a small balance of \$6,000 that was respent out. They've installed a sub-meter to the rink to monitor the electrical consumption. There are issues with hot water but he was confident they'll be in the black on June 1<sup>st</sup> with a balance they can carry forward. **Councilor Hardy** asked what the plans for any overage are. **Mr. Hale** stated through the Mayors Report next week the Council will see a memorandum regarding appropriation for capital improvements to the rink; boards and glass which have serious issues and are dangerous as has been previously stated in past B&F meetings. Mechanically they still haven't addressed the dehumidification issues at the rink. The compressors and condensers and how they are configured and the hot water system to melt ice, and hot water for the showers need to be addressed without tapping O'Maley water along with the inner doors to keep cold air from mixing with warm air, adding to the dehumidification issue, in order to open in the fall. It will depend on how these items shake out, noting a ceiling to pay for debt service. He will be programming in his capital plan of enclosing the ice surface from the lobby surface so that there is a glass barrier that keeps cold areas cold and warm areas warm. On inquiry from **Councilor McGeary**, **Mr. Hale** noted a \$198,000 green grant for the O'Maley School will assist in paying for the foil insulated ceiling estimated to cost \$63,000 and was confident that should be just about enough to do the job. While the roofing project for the O'Maley School is on-going they will look to bid the rink roof as an add on alternate in hopes of doing the rink roof at the same time. He pointed out it needs to be done, and would be nice to do it at the same time but if not, they'll need to do interim repairs. On question by **Councilor Hardy**, **Mr. Hale** stated it is the seams that tend to fail and preventative maintenance hasn't always been kept up with. Seaming technology has changed over the years. It is a rubber roof and has the same issues as the other school roofs. **Councilor Curcuru** noted the investments that are going to be made and conjectured 90% would be for safety investments. **Mr. Hale** stated without the investment there is no rink. **Councilor Curcuru** expressed he knew there would be a business plan as to how to pay this loan authorization off considering the revenue is not enough for a loan authorization moving forward for next

year. If they need to borrow \$500,000, short term, it is not a lot of money in debt service. **Mr. Hale** stated prices have come back favorably and will likely be around \$400,000. Regarding some of the basic ice scheduling changes for next year, they've had a discussion with the School Superintendent, and the Athletic Director regarding the re-allotment of ice time which will be implemented regarding the high school hockey program. At the in-town rate it is net revenue of \$18,000. Speaking to some of the mechanical issues, Mr. Hale noted they had a compressor go down, and while there is redundancy built in; but they don't want the rink to run off of one compressor. **Mr. Towne** stated he didn't see anywhere the dehumidification system was going to come out of the enterprise fund and would have come out of the general fund with all the school debt. It was never meant to be recovered through the rates. **Mr. Hale** added that with the dehumidification system, the Mt. Vernon Group subcontracted the design of the dehumidification system and the price was around \$300,000. The City's current vendor who services the rink and two other vendors quoted \$65,000 to \$80,000 with a natural gas line installed. He didn't specify air conditioning. He believed this is equipment that will truly sustain the facility for 10 months from early September to early June giving them the ability to be able to promote the shoulder seasons. They don't have stick time then, but most rinks do and is a big revenue booster at a lot of rinks. Public skating with rentals took in \$19,000 which is two days a week. He believed they could potentially double that with outside promotion. He gave the Committee several ideas on promotions. **Councilor Curcuru** asked about contracts. **Mr. Hale** noted they have a contract developed by the Schools for the ice. **Councilor Curcuru** noted there was a contract that was sent to the Youth Hockey and was returned to the Schools. City Solicitor Suzanne Egan has read it and suggested modifications. Their intentions are to have the ice completely scheduled out for the large users (youth hockey and school organizations) before the rink is shut for the season so that they'll know what their open slots are so to advertise them as, say, for open skating times. **Councilor Curcuru** asked where they would put this on the City's website. **Mr. Hale** noted the Schools have a link; but it is not updated. He agreed there needs to be a proper link and that it is plain what events are going on. They recently had cable installed in the rink and are looking to get video monitors to display schedules and run ads. He noted Market Basket has this sort of advertising. Other rinks have annual or multi-year contracts for advertising. This may be appealing for larger companies.

**[Mr. Duggan left the meeting at 7:42 p.m.]**

**Mr. Hale** noted they want to focus on 7:30 a.m., to 5:45 which is never rented. Other municipal rinks will rent it out 10-noon. The rinks are still in service and staffed. Stick time noon to 2 p.m. would be great for a daily fee and may be appealing to employees of local businesses. This would be ideal for the shoulder season. Promoting hockey tournaments are a great way to generate revenue. **Mr. Towne** added there are home shows, etc. for the summer season. **Mr. Hale** stated historically in the summer they use that time for maintenance. They paint locker rooms, enhancing the lobby, etc. It's not that big a building and suggested perhaps they could use the month of August and promote something else. There are opportunities out there, and he didn't want to focus on being the end of the line. With a little effort Mr. Hale believed there could be more revenue generated. **Councilor Curcuru** wondered if it would be more than \$263,000, **Mr. Hale** thought they could do it through promotion. **Councilor Hardy** asked the status of netting. **Mr. Hale** stated that is in the capital improvements proposal. Eight foot glass around the ice (3/4 of the facility) would mean they'd put netting on the bleacher side and the ends of the board. With the 8 ft. glass they may not need as much netting as they originally thought. They also need a program for assigning locker rooms. **Councilor Curcuru** noted they had previously talked about the locker rooms and the O'Maley School's unused adjoining locker rooms. **Mr. Hale** stated that he needs to work that out but it is not part of the initial capital improvements requests/program. He discussed some of the locker rooms he had toured at other facilities and what they consisted of compared to the current condition of the rink's hockey room and how poorly laid out it is; and thought for minimal money they could improve them and make them more safe and efficient. **Councilor Hardy** asked if the rink is cooled by ammonia. **Mr. Hale** responded their looking at all the mechanicals but assured her that it was not cooled with ammonia. **Fire Chief Phil Dench** added the Fire Department was unaware that it was cooled with ammonia as well, and if it were, they would have knowledge of it as it is flammable. **Councilor**

**McGeary** noted their business plan is highly contingent on the energy costs and asked if they have a sense of what the costs are as opposed to the complex with the sub-meter. **Mr. Hale** thought they had to do a whole audit on the energy consumption. They want to weigh some other things, like the hot water which uses heating oil. They're looking at a dedicated hot water system that is on call by natural gas. Inefficient oil fired burners across the school feed the rink and when called upon pulls water away from the school. National Grid will do some work on Cherry Street this summer and they can take the service off then. **Councilor Hardy** noted the neighborhood wants it all underground and that they've done everything they can to keep it that way to the school. **Mr. Hale** replied they'd only be extending the gas line to the school.

**Councilor Curcuru** asked when the business plan would be ready. **Mr. Hale** stated it is very specialized and he will work with the financial team as he has never built a business plan for a rink. He has met with industry professionals looking for models for Gloucester. They'll have a spending plan for revenue and a revenue plan. They will have hard figures before that for the loan authorization plan. They're already working on the rental part right now. They've met with the schools, Cape Ann Youth Hockey, reaching out to the other existing programs and plug that into the schedule to see where they have ice open. Before, it wasn't until November when they had that information. If they know this they can then seek out other groups to take that open ice time. **Councilor Curcuru** asked is there a benefit to skate rental there. **Mr. Hale** stated they do rent skates there and bought more skates this year to supplement their supply. **Councilor Hardy** asked if they have anyone experienced. **Mr. Hale** stated their full time maintenance person is highly experienced and does a great job. There were agreements made with the union years ago that they could get positions back. If you run the facility more than it is run now they'll need additional staff. There is someone there in the morning; but there is a great deal of other work done. **Councilor Hardy** asked what regulates the lights in the parking lots. **Mr. Hale** knew they had checked them thoroughly and they're on timers. The timers have been reset. If they are an issue, they can reset it again. He noted some of the lights on Osman Babson Road are owned by the utility and they've asked them to look at them. **Councilor McGeary** noted the business plan would take a little longer. For this budget season they'll try to accurately project the revenue projections and expenses and suggested they include some consulting money. **Mr. Hale** agreed with the Councilor that including some consulting money may be a good idea. **Councilor Hardy** asked about the vending machines. **Mr. Hale** stated they own the beverage vending machines and the snack vending machines are owned by a vending company. The beverage vending machines made \$4,100 in receipts. He indicated they're way underpriced in that machine. Part of his memo (on file) is that they need a lease on the food concession. Cape Ann Youth Hockey Boosters built and now run the snack bar. They sometimes open up during varsity games but are not open as consistently as it could be. As they promote the rink more they'll need it open more, and it is handled currently contrary to how they run things of this nature in the City. There are certain things it could handle for food service. It can't just be whatever a youth hockey group wants it to be. They have to open it up to opportunities like the City does with the beach concession stands.

**Councilor Verga** didn't know when the agreement was made, maybe 10 years ago and never saw anything on the rink snack bar. **Mr. Hale** didn't think there was anything in place. **Councilor Curcuru** noted an outside vendor is running it for the hockey boosters now and thought that vendor probably taking a large percentage of the monies taken in. **Mr. Hale** stated there is nothing paid towards maintenance, there's no user fee paid, etc. regarding the snack bar. **Councilor Curcuru** asked where the user fee revenue goes. **Mr. Towne** stated it is a revolving fund. **Councilor Curcuru** noted the City pays for the janitorial services now and **Mr. Hale** added if it is to cover custodial time and utilities. When a custodian leaves a school at 4 p.m. the schools run on a lower level until the next morning. A function uses more energy and a custodian. On inquiry from **Councilor Curcuru**, **Mr. Hale** noted the building use forms need to have responsibility and liability spelled out. **Mr. Towne** stated some of these groups don't pay. In response to **Councilor Hardy**, **Mr. Hale** stated the building use fees are set by the School Committee which he believed were reduced. He didn't know how the formula was derived. The ASFME employees from the school side as part of the newer larger AFSCME A group now have parity on grades. The majority of the building custodians did receive a raise in pay to make parity. They've done this right

from the beginning. However, it didn't come over as quickly as they thought it would. There are serious deficits in the school facilities that they're trying to manage. **Mr. Hale** stated they would be doing some transfers to correct these deficits but would be budgeting these issues. Other than the utilities there was one custodian who wasn't included in the budget. He thought they would be OK on the personnel side. Fuel and gasoline has gone up so much in recent months, and they've had to cover these overages. The school side is disparate also by some bit. **Councilor McGear** asked what they saw in this plan. **Mr. Hale** sketched out if they expend all the ice opportunities; there are a lot of part time people who work in that rink with no benefits to them. A staffing plan is part of what they need to do also without "breaking the bank". At one of the municipal rinks they have an arena manager, a rink manager and have a thick level of staffing. If they triple operations in the next few years, they will need to increase the staffing of the rink. He discussed ways in which they could staff with the Committee. He also discussed the ice time that the hockey teams from other schools use at these rinks and pay the rink directly as well as outside groups when subsidizing their school group ice times; citing examples of Peabody and Winthrop High School's hockey programs and ice rental fees. He went on to explain the City does not charge our student athletes ice time and are not proposing to do that. They're proposing to do limited hours; they still get the first hour; the first two "sheets" after school. They get from 2:45 p.m. to 4:50 p.m. and two 'ice sheets' for the junior varsity and varsity, and the O'Maley team skates before school which is the same. Other than trimming off 1-1/2 hours/2 hours at the end of the day, the program remains the same. That time is significant to them, and he understood that as it was a big change for them. But there are youth programs lining up at the door to get ice time, and they're the ones pay for it. **Councilor Curcuru** asked by reducing the ice time what the discussion points from the schools are. Cape Ann Youth Hockey contributed \$80,000 in revenue this year. **Councilor Curcuru** inquired that by reducing the ice time they're really limiting the time it took them to get on and off the ice which was a casual and slow process. They also may have not been on the ice the full time either, becoming wasted time. **Mr. Hale** they've clearly stated to him they don't use all their allotted time. But they're scheduled for that time; even if they're not on the ice, Cape Ann Youth Hockey may show up early, but they can't take to the ice because it is allotted to the high school program. This is an enterprise fund and needs to be run like a business because it has to be run to be self-sustaining. **Councilor Curcuru** agreed that it needed to be in an enterprise fund to be self-sustaining. **Mr. Hale** added when you are proposing major cuts to a school department and City government for things you can live without, this rink is one of those things you couldn't live without. Because it is an enterprise fund you don't have to live without it; it can sustain itself.

**Councilor Verga** noted he agreed with the tightening up of the ice time for the school hockey programs for the time they don't use and that it needed to be in an enterprise fund to be self-sustaining; that while it may now be an enterprise fund, the rink was built for students; as was the same with Newell Stadium. The students should come first, that's why they built these recreational facilities. While they point out it is an enterprise fund now, it wasn't why these facilities were built. **Councilor Curcuru** understood the Councilor's viewpoint but noted the City doesn't have the money to supplement into that account to make it run. They'll have to spend \$500,000 to \$1 million to keep the rink open. If not, the rink closes. Then those hockey players are going to be going to another city [for ice time]. **Councilor Hardy** pointed out Councilor Curcuru was justifying the continued preference to the local facility. Both **Councilor Curcuru** and **Mr. Hale** expressed that was the case. **Councilor Verga** also stated if they're making money but then in turn they're telling the schools that if they don't use the ice they'll sell the ice time. He believed there should be a reserved spot for the Gloucester teams. **Mr. Hale** reiterated that is why they spoke to the Gloucester school programs first. **Councilor Curcuru** again reiterated the rink has to be self-sustaining with **Mr. Towne** pointed out that the rink will never make money. **Councilor Curcuru** stated he too didn't believe they would ever make a profit. **Councilor Verga** reiterated it should be for the students first.

**Mr. Hale** firmly stated the Gloucester school programs get first choice, the best slots. If they want an extra hour a day two days a week beyond their 'contracted' ice time, it has to be a local rate, and maybe their boosters could come into it then. They'll maintain that reduced hourly rate because he believed

they're relatively light compared to other rinks. Rockport historically skated at 5:30 a.m. at a greatly reduced rate because no one wanted the ice at that time. Rockport skated a couple of times this winter in the afternoons. They only have four hours a week and paid \$14,000 this year. On inquiry by **Councilor Curcuru**, **Mr. Hale** stated they've spoken with the Rockport Athletic Director and that they can really only afford to skate in the morning and can't sustain the afternoon time, but they have the later game typically. If Cape Ann Figure Skating, Cape Ann Youth Hockey said they want every available ice slot after the school hockey programs, they would give it to them but they can't because they couldn't sustain that cost. But they are the two biggest users. **Councilor McGeary** noted they'll know more when they'll see the budget, and **Mr. Hale** agreed. **Councilor Hardy** asked what feedback he's had on the business plan. **Mr. Hale** didn't have the impression the high school wasn't fond of the reduction of practice hours for the high school program. He also let the athletic director know that they need the O'Maley and JV games scheduled as soon as possible, to not get that schedule in November. He was anticipating that he would see those schedules soon, however. They can accommodate them now for holding ice open. It is why they reached out as the season was ending and met a week ago on this very matter with Cape Ann Youth Hockey for their weekday schedules as their weekends won't change much. They'll meet with Cape Ann Figure Skating shortly. The next step will be a loan authorization with supporting documentation to come through the Mayor's Report. He would welcome anyone to come and take a tour of the facility. There will be support letters to come from Cape Ann Youth Hockey. No one would like the rink not to open; but the bottom line was it won't open next season if they don't get the money. **Councilor Curcuru** noted that it would be about \$41,000 just to bus the hockey programs out of town if the rink couldn't open. **Councilor McGeary** thought a business plan would be helpful then. **Mr. Hale** stated if there is no other catastrophic issue in the City, they hope to have a full business plan to present by the end of the summer or early fall.

B) Grant Application Process (Cont'd from 02/17/11)

**This matter is tabled at this time with no action by the Committee.**

## ***2. Special Budgetary Transfer Request (#2011-SBT-15) from Department of Public Works***

**Mike Hale**, DPW Director explained this transfer is to replace monies used for surveying land earmarked for a capital project. When they contracted for the Essex Avenue water main project, an oversight in the contract was to provide an as-built record drawing. This is going from capital to ordinary. These drawings are done by the consulting program. On inquiries from **Councilors Hardy** and **Curcuru**, **Mr. Hale** noted this followed in 2009 a \$10 million capital plan in two weeks and was an oversight by the Engineer. This wasn't included in the contract services. This is within this fiscal year budget. This was hiring a survey company to pick everything up. The project engineer will provide detailed notes but they wanted the layout of the improvements for a good record drawing of the main work. From previous experience it has proved to be important to have these types of drawings on file. For some utilities it is usually included but not always for as-built plans. They would have had to do a change order. Councilor Curcuru asked about what the balance of the account and why it is so large. **Jeff Towne**, CFO responded this is their contingency fund and rolls over to the next year. **Mr. Hale** noted they'll be pricing a few more of these. They have applied to the State DEP and haven't gone for a loan authorization locally. There are some other pieces they will likely do first (referring to Western Avenue, two lines). Phase 3 of the water work will include the tunnel (under the Blyman Bridge).

**MOTION: On motion by Councilor McGeary, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the transfer (2011-SBT-15) of \$25,800.00 (Twenty-Five Thousand Eight Hundred Dollars) from Water Additional Equipment, Unifund Account #610000.10.450.58500.0000.00.000.00.058 to Water Contract Services, Unifund Account #610000.10.450.52000.0000.00.000.00.052.**

**3. Memorandum from Harbormaster re: permission to waive the “Daily User Fee” at Dun Fudgin on May 21, 2011**

**Jim Caulkett**, Harbormaster explained he is asking for a one day waiver of the Daily User Fee at Dun Fudgin Public Boat Ramp on Saturday, May 21, 2011 only when the U.S. Coast Guard Station Gloucester will host a one-day Boating Safety Fair. As a part of this event, the courtesy Coast Guard Auxiliary Recreational Motorboat Safety Inspection will take place. He asked that those boat owners who participate and pass inspection and receive a decal that day upon the successful completion of this inspection have their user fee waived for launching their vessel that day only at the Dun Fudgin ramp. Mr. Caulkett explained some of the particulars of the inspection process. In answer to **Councilor Hardy**, they expect not more than several dozen boat owners. They do the inspections on the tennis court side. The facility will be available to other boat owners as well and will be manned by his boat ramp attendant. Councilor Hardy asked that he send the Committee an update. **Councilor Hardy** thanked Harbormaster Caulkett for coming up with this idea.

**MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the full City Council to waive the \$5.00 “Daily User Fee” at the Dun Fudgin Public Boat Ramp on Saturday, May 21, 2011 for those recreational boat owners who successfully complete the U.S. Coast Guard Auxiliary Recreational Motorboat Safety Inspection at that location on that day only.**

**4. Memorandum from Co-Chairs of Archives Committee re: acceptance of donation in the amount Of \$2,000**

**Jim Duggan** explained that the Archives Department was in receipt of a donation from the estate of Robert Elwell’s mother for \$2,000 which would be used towards their on-going task of document preservation to be placed in an account to draw off as needed for it to go towards book rebinding and have a long-term goal of a new vault. Jane Walsh and Mr. Duggan will continue their discussion on that matter. **Councilor Hardy** thought there was an account for the vault as they had previously received monies donated for that. **Mr. Towne** noted if there was going to be a separate fund to be set up Mr. Costa (City Auditor) would need to do that. Mr. Duggan could advise them to spend it this fiscal year for book binding, and knew that it would be invested directly into the Archives. **Councilor McGeary** asked was there an account which it can be placed. **Mr. Towne** stated it would be placed in the existing donations account. If they don’t spend it by the year end, they could encumber it. They have to write a legitimate purchase order.

**MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to accept under M.G.L. c. 44, §53A, a donation of \$2,000.00 from Robert Elwell to the Archives for the purpose of documents preservation with a stipulation that said \$2,000.00 be spent in this fiscal year.**

**5. Communication from Mayor to Ward 5 Councilor Greg Verga re: Magnolia Woods Wind Turbine Study**

**Councilor Curcuru** stated the Communication from Mayor to Ward 5 Councilor Greg Verga re: Magnolia Woods Wind Turbine Study has been placed on file and no further action is necessary by the B&F Committee. **Councilor Verga** agreed with the Councilor’s assessment.

**Councilor Hardy** noted the grant directed at Magnolia Woods was no longer in front of B&F because it was withdrawn by the Mayor and is no longer in front of the Council. This would be reported during Committee Reports at the April 12<sup>th</sup> meeting.

**This matter is considered closed at this time.**

**6. *Memorandum from Director of Public Works re: Public Works Reorganization for FY2012***

**This matter is continued to May 9, 2011.**

**7. *Memo from City Auditor regarding accounts having expenditures which exceed their authorization And Auditor's Report***

**Mr. Costa** was not in attendance. His department submitted the report of accounts having expenditures which exceed their authorization to the Committee previous to the meeting. With regard to that report, **Mr. Towne** noted he solved the Veteran Services completely (transfers are at the Mayor's office); the ones having to do with Legal were also solved (\$234.00). **Mr. Towne** then reviewed with the Committee the General Fund Budget to Actual Revenue Projections for FY11 (document received at meeting and on file) in conjunction with the Auditor's Report.

**A motion was made, seconded and voted unanimously to adjourn the meeting at 8:55 p.m.**

**Respectfully submitted,**

**Dana C. Jorgensson  
Clerk of Committees**

**DOCUMENTS/ITEMS SUBMITTED AT MEETING:**

- **General Fund Budget to Actual Revenue Projections for FY11 from Jeff Towne, CFO**