

CITY COUNCIL STANDING COMMITTEE  
**Special Budget & Finance Committee**  
Thursday, November 10, 2011 – 3:00 p.m.  
1<sup>st</sup> Fl. Council Committee Rm. – City Hall  
-MINUTES-

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

**Absent:** None.

**Also Present: Kenny Costa; Jim Duggan**

**The meeting was called to order at 3:00 p.m.**

**1. Memorandum from Mayor Kirk re: Use of Restored Local Aid**

**Mr. Duggan** stated the memorandum had been submitted to the Council as a recommended information only in order to continue a discussion with a formal request to follow as to how to distribute the \$244,250 in Unrestricted General Government Aid through another Mayor's Report. However, it is the recommendation that they apply these funds in order to give the taxpayers of Gloucester a break. It is very small, but they want to do the right thing, a symbolic gesture. **Councilor McGeary** thought there was a better uses for this amount of money. The Mayor has indicated she wishes to do this. He indicated in discussions with the Administration that he would be OK with this if in a future Mayor's Report (November 29<sup>th</sup>) there would be a recommendation to use some of the free cash for some of the purposes that have arisen since the budget was submitted; the phone system for the schools and the shortfall of the Schools; and there are other needs as well. **Mr. Duggan** noted they asked department heads at the most recent managers meeting to submit lists of needs for things they were unable to fund due to the budget constraints from the FY12 budget and note any shortfalls. Some of the other areas they would look at with free cash is a police issue. They want to continue to support the Fire Department training; and they also want to support the schools for the rest of the fiscal year. There will be an outline of needs for potential discussion where to use some of the free cash. Referring back to the memorandum, he stated as a good gesture they wish to send this money back to the citizens. **Councilor Curcuru** expressed his concern regarding the timing of the announcement by the Mayor regarding the return of State unrestricted government aid. **Mr. Duggan** indicated there was no control when this came up from the governor's office. The proposal by the Governor's office was already out through Sen. Tarr's and Rep. Ferrante's office. **Councilor Hardy** stated free cash could be addressed at a later time to fill gaps they'd like to see taken care of; but also wished to know if free cash could be used to give back to the citizens versus what the Mayor proposes to do with this return of State funds. **Mr. Duggan** stated it could; he'll have that discussion with the Mayor. When they assess all of the requests, needs and shortfalls, they'll look at that as well. It is an eligible expense. **Mr. Costa** reminded the Committee of the \$300,000 appropriated from the Stabilization Fund to reduce Snow and Ice. That money should be replaced in the Stabilization Fund. **Mr. Duggan** agreed it was a priority. **Councilor McGeary** believed they all agree they'd like to see some funds to the Stabilization Fund, and it was a question of how much. If they were to return this money to the taxpayers, and perhaps more from free cash, does it affect the base level for Prop 2-1/2 for the next fiscal year? **Mr. Costa** clarified there is the base levy and new growth. It is just a funding source. It is common in a lot of communities; but he wouldn't recommend doing it on an on-going basis. It is not a good practice to appropriate money out of free cash to reduce the tax levy annually. Many communities do it and want to come off it. As a one-time event he thought it would be OK. **Councilor McGeary** asked should they be more realistic in calculating revenues and anticipating revenues. They've been conservative the last few years; and by being conservative they've built up this stabilization fund and free cash; but wondered if it not was fair to the taxpayers to make a better "guess". They've come through some lean years with a surplus in revenues; and suggested perhaps the Committee needs to revisit the revenue estimations for the FY13 budget. **Mr. Duggan** stated the Committee has challenged them during the budget review. As long as they continue to do that, the checks and balances they'll be there. **Councilor McGeary** thought they should refine their estimates to get them closer to actuals. **Mr. Costa** agreed they should be conservative; but also they should be cautious. If they are too aggressive, they'll create a revenue deficit that they'll have to raise on the recap. **Councilor McGeary** indicated he didn't wish to go that far. **Mr. Costa** expressed as far as the tax levy goes, if it was a one-time payment he didn't have an issue with that; but if it was to be an annual occurrence he would. **Councilor Hardy** stated she wasn't advocating that per se. Rather, she was trying to find another way to accommodate the Mayor in getting money back to the citizens. She wished to take \$200,000 of the \$244,250 to pay down the school bonding they just

authorized and pay cash for the telecommunication system which she believed would be a win for the City, a win for the schools and taxpayers who don't have to pay an additional \$38,500 over the life of the loan (9 years) over the \$200,000. **Councilor Curcuru** thought that was more prudent; feeling if they can show that is what they've done with the money; taxpayers would appreciate it more once they knew of the savings. **Councilor Hardy** believed in the long run it benefits the Schools, the City and the taxpayers. This could also satisfy the Mayor's desire to give back to the citizens because they would be giving back to them by saving \$38,000 projected out over 9 years. As for the balance of \$44,250, she'd like to see some of it that go to the Capital Improvement Fund so that they're in a pattern to do that regularly. **Councilor Curcuru** inquired what a new ambulance cost; and **Mr. Duggan** and he agreed it was around \$250,000. **Councilor Curcuru** thought this would be a way to pay for an ambulance in cash versus giving everyone back \$20. In this case, they could do one of several things: they could pay down the phone system and put some funds in to the Capital Improvement Stabilization Fund. At least the funds don't drop to the bottom line; the City pays cash now for something coming down the line. **Mr. Duggan** reiterated this was an informational memorandum submitted through the Mayor's Report with an understanding that a formal request, after the conversation they have here, would come forward. **Councilor Curcuru** stated they're not advocating this one recommendation. This is not a formal request but a conversation. **Mr. Duggan** stated it is their recommendation; but understanding the concerns of the Council now, he would like to go back to the Mayor and discuss the points brought up during this conversation and amend their recommendation and channel the money for the phone system and potentially the \$44,000 for the Stabilization Fund or for a one-time asset. **Councilor Curcuru** thought if there is something they can pay for, most citizens have taken the hit; and if they know they can pay for something in cash instead of having to borrow, the Councilor felt they'd appreciate it more. If the money was distributed to the taxpayers it would be \$20. He expressed he'd like **Mr. Duggan** to have that discussion with the Mayor. **Mr. Duggan** assured the Councilor and the Committee he would share their concerns with the Mayor, stating their concerns were all legitimate. **Councilor McGeary** made clear if the Mayor wants to use this money for the taxpayers, as long as they get from the free cash which is \$3.2 million; as long as they get sufficient funds he would want to pay cash for the phone system and see the schools have the unanticipated expenses be substantially retired. **Mr. Duggan** had mentioned firefighter training; and felt sure the DPW had some uses for the money. He thought they can do that within the free cash and still make substantial contributions to the Capital Improvements Stabilization Fund and General Stabilization Fund still have a goodly sum of free cash remaining. He would look forward to seeing the recommendations from the Mayor on how to achieve those goals or similar goals she may have. **Councilor Hardy** asked what kind of time frame they're under to appropriate this money. **Mr. Costa** informed the Committee he'd like to submit the actual tax rate next week. If this is delayed, they won't send out the tax bills on time. He recommended it go to the next City Council and appropriated. He noted the three options for the returned State funds – it wouldn't be appropriated and it falls to free cash; estimate it as a receipt and reduce the tax levy as the Mayor recommended; appropriate the funds for a purpose or put into an account or multiple accounts which was outlined in a bulletin from the DOR. **Councilor McGeary** pointed out that two of the options require Council action. The option to allow it to fall to the bottom line does not. **Mr. Duggan** confirmed to the Committee he would get the Mayor's formal recommendation to the Committee on Monday, November 14<sup>th</sup> for their consideration. **Councilor Curcuru** stated they would have a special meeting of the Committee just prior to the City Council Meeting of November 15<sup>th</sup>.

**This matter is continued to a special meeting of Budget & Finance on Tuesday, November 15, 2011 at 6 p.m.**

**2. *Request from Gloucester Fishermen's Athletic Association re: acceptance of gift of \$100,000 (One Hundred Thousand Dollars) for partial payment of engineering services for plans for Renovation of Newell Stadium***

**Mr. Duggan** explained that they have had discussions with Jonathan Pope of the Gloucester Fishermen's Athletic Association (GFAA) absorbing half of the soft costs associated with the Newell Stadium renovation project. He had asked **Mr. Pope** if the GFAA would put forward \$100,000 towards the cost of the design services by Camp, Dresser & McKee (CDM). **Councilor Curcuru** stated the design services are \$234,000. The City will do partial borrowing of \$134,000. The GFAA will put up \$100,000, keeping them on track for the design phase to take them to the bid phase; and then be ready to go out to bid in the spring. There are no more fees coming forward. **Mr. Duggan** confirmed not that he was aware of unless something comes out in the engineering services for the project. He also confirmed that CDM had not been paid to date. They're still addressing the scope of services for the contract. [Note: CDM had already been approved as the winning bidder for the design services.] There was a discussion on the New Balance naming rights over 20 years with New Balance paying for it over the first ten years. This was not

required to come before the Council for approval (as noted by Mr. Duggan). It is considered a one time fee as a result of an RFP to be paid over ten years. The Auditor and the Treasurer would set up an account for this money to be placed in annually. **Mr. Costa** requested Mr. Duggan have the City Solicitor send to him her legal opinion that this is, in fact, a fee; so that he has this available for the outside auditors. It was noted the total project was \$3.5 million. There is the \$1 million funding requirement/obligation from the GFAA fundraising; \$1.5 million by a loan coming from the City; \$500,000 sponsorship and \$500,000 potentially from the State Park Grant when it become available. The Governor's office have made announcement on some of the Park Grants, but 90% are still in the queue and still under review. He indicated that the Governor's office would call him prior to any announcement. **Mr. Costa** recommended a separate account be created for the Park Grant. On inquiry by **Councilor Hardy**, **Mr. Duggan** explained there are other spots they are selling other than the naming rights; and will be part of the \$1 million GFAA fundraising efforts. The GFAA will send a transmittal to the Council in the spring. The GFAA will show the money to date; who is on their sponsor list (who is obligated to pay over the next 1, 5, 10 years) and will come through as a donation. The Council will have to accept them as donations. He advised Mr. Pope, President of the GFAA will be at the Council meeting on Tuesday with the \$100,000 check and make that presentation at that time.

**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 under MGL c. 44, §53A to accept a donation of One Hundred Thousand Dollars (\$100,000) from the Gloucester Fishermen's Athletic Association to be used solely for the purpose of partial payment of engineering services for the plans for the renovation of Newell Stadium. The funds are to be placed in Fund #300078.**

**A motion was made, seconded and voted unanimously to continue this meeting at 3:40 p.m.**

**Respectfully submitted,**

**Dana C. Jorgensson  
Clerk of Committees**

**DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.**