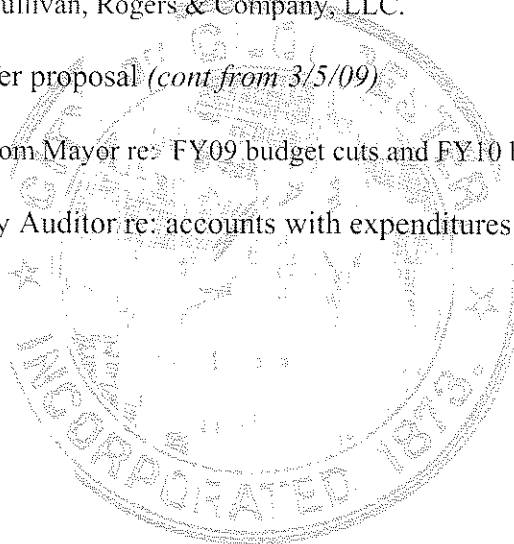


City of Gloucester City Council

CITY HALL • GLOUCESTER • MASSACHUSETTS • 01930
Telephone 978-281-9722 Fax 978- 282-3051

CITY COUNCIL
AND
CITY COUNCIL STANDING COMMITTEE
Budget and Finance
Thursday, March 19, 2009 – 6:30 p.m.
Council Conference Room – City Hall

1. Proposed executive session pursuant to M.G.L. Chapter 39, Section 23B.
2. Chris Rogers of Sullivan, Rogers & Company, LLC.
3. CSO debt transfer proposal (*cont from 3/5/09*)
4. Memo and info from Mayor re: FY09 budget cuts and FY10 budget update.
5. Report from City Auditor re: accounts with expenditures exceeding their appropriations.

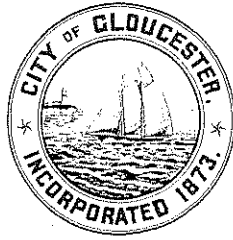


COMMITTEE
Councilor Jason Grow, Chair
Councilor Joe Ciolino, Vice Chair
Councilor Steve Curcuru

Committee members – Please bring relevant documentation

CC: Mayor
Jim Duggan
Marcia McInnis
Jeffrey Towne
Chris Rogers

City Hall
Nine Dale Ave
Gloucester, MA 01930



TEL 978-281-9700
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CITY OF GLOUCESTER
OFFICE OF THE MAYOR

MEMORANDUM

TO: City Council
FR: Mayor Kirk
RE: REVISED FY09 Budget Transmittal and FY10 Budget Status
DT: March 3, 2009

What follows is the re-submission of the FY09 budget required as a result of reductions in state aid from the Commonwealth and badly declining local revenues. The specific line items that need to be voted by the City Council are summarized on the attached chart. In summary:

FY09 REVENUE DECLINE: \$ 854,740

- Comprised of state aid decline of \$484,376 and local revenue decline of \$370,364.

FY09 EXPENSE REDUCTION: \$ 854,740

- Comprised of city budget cut of \$554,740 and school budget cut of \$300,000.

Regarding the city budget, accounts that possess reserve positions have been stripped almost dry. As the Council is aware, the only reserves carried by the city are in the stabilization fund. The city has not historically budgeted general contingency / emergency line items. Rather, some reserves are carried in the Personnel department in order to cover unanticipated liabilities such as workman's compensation claims. These reserves are also typically used toward the end of the fiscal year to cover various unanticipated shortfalls elsewhere in the budget such as snow and ice deficits.

By removing the reserves now with 4 months left to go in the fiscal year, the Administration would like the Council to understand that should any unbudgeted emergency occur, it is likely that a request would need to be made to tap the stabilization fund.

Other reductions in the city budget are a result of seizing the funds allocated for vacant positions that have been subject to the hiring freeze or funds due to a lag in hiring (Auditor's office, City Clerk's office, Treasurer / Collector's office). A significant amount of money (\$200,000) was saved through successful debt management and those savings have been tapped in order to help re-balance the FY09 budget.

NOTE: A reduction in force is not helpful for the FY09 budget, however, needs to be done for the FY10 budget. Also, no funding of the FY 09 snow and ice deficit has been accounted for and will have to be made-up in FY 10.

Regarding the School Dept. budget, the Superintendent last week reported at School Committee that the dept. can make the necessary reduction of \$300,000 without job losses or jeopardizing student programs mid-year.

FY10 – Budget Status

Where we end up on employee health insurance will be a determining factor in terms of how deep the cuts go for FY10. As you are aware, local aid is being cut heading in to FY10 by another \$1.4 million. This, combined with declining local revenues, puts the gap we are trying to close for FY10 at over \$2 million.

The guidance to the School Committee is to prepare for a level-funded budget (based on the FY09-reduced budget). Level-funded could mean a cut in the school budget by \$600,000 or more as they have to absorb increases in employee health insurance, special education, existing contractual obligations, etc.

NOTE: This guidance could change as we learn more about the Federal stimulus package and how it might be used to support local education.

The strategy we are undertaking for city departments is as follows:

- By mid-March, we will firm up budget estimates on health insurance based on negotiations. Negotiations are active and include representatives from all 16 city and school bargaining units in the PEC.
- The Administration has contacted each bargaining unit and offered an early retirement incentive. The deadline for participating is March 16. The goal is for the program to yield 5 retirements from each group for a total of 25 positions. Groups include: Fire; Police Patrolmen/Superiors; AFSCME A; AFSCME B; and, GMMA.
- The success of the early retirement program and health insurance negotiations will determine the extent of involuntary reductions in force which are slated to take place in mid-April. Because the city is obligated to pay unemployment in this circumstance, April timing is important so that the obligation can be covered this fiscal year, and we can realize the full savings in the next fiscal year, thereby minimizing staff reductions.

The Administration is doing everything we can to minimize the impact on involuntary job losses. These are extraordinary times – unlike any other we have seen in generations as a country, state and city. I know there is uncertainty for city (and school) employees and their families. Bargaining units have been encouraged to step forward with their own ideas for minimizing involuntary job losses. In addition to health insurance savings, payless pay days, furloughs, and other concessions could all be considered.

Going forward, we need to work together to try to come up with creative, efficient and still effective local government. We need to overcome these financial difficulties and position the city for a stronger future. We need to respond by streamlining operations; putting technology to work in a greater manner than we have in the past; regionalizing services where possible; and, partnering with outside organizations when it makes sense. Hours of operation for the public will also be impacted so departments have time to catch up on work.

As we near completion of the FY10 budget, the articulation to the City Council and to the citizens of Gloucester will be forthcoming regarding how the reductions in force will impact city services.

Description	FY09-Actual	FY09-YTD	FY09-Reduced	Reduction/(Addition)
Cherry Sheet: A10-Loc Aid: Addl	(1,923,054.00)	(961,526.00)	(1,735,660.00)	187,394.00
Cherry Sheet: C11-Lottery	(3,047,653.00)	(1,523,826.00)	(2,750,671.00)	296,982.00
Rev-Other State: Other Rev	0.00	(210.00)	0.00	0.00
Rev-Other Misc: Misc Receipts	(32,640.00)	(22,205.80)	(27,640.00)	5,000.00
REV-OTHER MISC: MISC RECEIPTS	(11,650.00)	(608.25)	(9,000.00)	2,650.00
REV-OTHER MISC: Varian - Balckburn -Lot 10A & 11A	0.00	(50,000.00)	(50,000.00)	(50,000.00)
Rev-One Time Misc: 1 Time Rev	0.00	(18,662.99)	(7,650.00)	(7,650.00)
Rev-Other Misc: Assess Cards	(5,100.00)	(1,319.66)	(1,300.00)	3,800.00
Cherry Sheet: B10-Elderly Abate	(71,789.00)	(70,280.00)	(70,280.00)	1,509.00
Cherry Sheet: B11-State Land	(22,066.00)	(22,066.00)	(22,066.00)	0.00
Cherry Sheet: CS B9 Vets Abate	(70,748.00)	0.00	(70,748.00)	0.00
Rev-2007 Pp Tax Revenue	0.00	(215.63)	0.00	0.00
Rev-2008 Pp Tax Revenue	0.00	(3,351.65)	0.00	0.00
Rev-2009 Pp Tax Revenue	(859,454.46)	(614,195.16)	(859,454.46)	0.00
Rev-2006 Re Tax Revenue	0.00	(63,077.14)	0.00	0.00
Rev-2007 Re Tax Revenue	0.00	(101,243.11)	0.00	0.00
Rev-2008 RE Tax Revenue	0.00	(556,391.70)	0.00	0.00
Rev-2009 RE Tax Revenue	(53,967,151.56)	(39,002,543.13)	(53,967,151.56)	0.00
Prov for Abatements - OVERLAY - BUDGET ONLY	310,527.68	0.00	310,527.68	0.00
Rev-Tax Lien Revenue	0.00	(21,733.20)	0.00	0.00
Rev-Deferred Real Est Taxes	0.00	(3,968.95)	0.00	0.00
Rev-Redempt Tax Forecl	0.00	(23,917.30)	0.00	0.00
Rev-2000 Mvx Revenue	0.00	(71.25)	0.00	0.00
Rev-2001 Mvx Revenue	0.00	(82.50)	0.00	0.00
Rev-2002 Mvx Revenue	0.00	(399.17)	0.00	0.00
Rev-2003 Mvx Revenue	0.00	(1,151.41)	0.00	0.00
Rev-2004 Mvx Revenue	0.00	(1,129.08)	0.00	0.00
Rev-2005 Mvx Revenue	0.00	(1,419.43)	0.00	0.00
Rev-2006 Mvx Revenue	0.00	(5,197.85)	0.00	0.00
Rev-2007 Mvx Revenue	0.00	(35,406.88)	0.00	0.00
Rev-2008 Mve Tax Revenue	0.00	(484,102.92)	0.00	0.00
Rev-2009 Mve Tax Revenue	(2,900,000.00)	(1,179,643.47)	(2,850,000.00)	50,000.00
Rev-1991 Mve Revenue	0.00	(12.17)	0.00	0.00
Rev-1992 Mve Revenue	0.00	(4.97)	0.00	0.00
Rev-1993 Mve Revenue	0.00	(23.62)	0.00	0.00
Rev-1994 Mve Revenue	0.00	(16.12)	0.00	0.00
Rev-1995 Mve Revenue	0.00	(16.12)	0.00	0.00
Rev-1997 Mvx Revenue	0.00	(29.17)	0.00	0.00

Description	FY09-Actual	FY09-YTD	FY09-Reduced	Reduction/(Addition)
Rev-1998 Mvx Revenue	0.00	(31.56)	0.00	0.00
Rev-1999 Mvx Revenue	0.00	(75.00)	0.00	0.00
Rev-Mvx Prior Years Rev	0.00	(2,667.16)	0.00	0.00
Rev-Int/Pen On Taxes	(151,980.00)	(154,904.60)	(226,980.00)	(75,000.00)
Rev-Int/Pen On Excise	(55,080.00)	(33,256.40)	(55,080.00)	0.00
Pen/Int on Lien Certificates	(44,880.00)	(23,555.00)	(33,880.00)	11,000.00
Pen/Int on Tax Titles	(100,000.00)	(48,591.56)	(100,000.00)	0.00
Rev-Lieu/Tax-Housing	(36,720.00)	(18,757.29)	(36,720.00)	0.00
Rev-Hotel/Motel Exc Rev	(262,600.00)	(247,360.00)	(262,600.00)	0.00
Rev-Fines/Forfeits: Ticket Int	(11,220.00)	(273.54)	(5,720.00)	5,500.00
Rev-Interest Income: Savings	(92,000.00)	(148,465.84)	(162,000.00)	(70,000.00)
Rev-Interest Income: Investment	(203,000.00)	(117,061.21)	(133,000.00)	70,000.00
Rev-Other Misc: Prem On Bond	0.00	(304,401.00)	0.00	0.00
Rev-Other Misc: Vital Stat	(44,880.00)	(24,531.00)	(44,880.00)	0.00
Rev-Lic/Per: Amusement	0.00	(300.00)	0.00	0.00
Rev-Lic/Per: Junk	(1,000.00)	(150.00)	(250.00)	750.00
Rev-Lic/Per: Peddlers	0.00	(378.00)	0.00	0.00
Rev-Lic/Per: Dog	(48,000.00)	(9,097.50)	(36,000.00)	12,000.00
Rev-Lic/Per: Marriage	(4,080.00)	(3,779.50)	(4,080.00)	0.00
Rev-Lic/Per: Business	(23,000.00)	(6,122.25)	(23,000.00)	0.00
Rev-Lic/Per: Clerk Misc	(12,240.00)	(6,430.00)	(9,240.00)	3,000.00
Rev-Fee: Passports	(5,100.00)	(4,970.00)	(5,100.00)	0.00
Rev-Fee: Recording	(7,140.00)	(6,077.00)	(7,140.00)	0.00
Rev-Other State: Polling Fees	0.00	(7,762.00)	0.00	0.00
Rev-Other Misc: Late Dog Lic	0.00	(720.00)	0.00	0.00
Rev-Other Misc: Registr Book	(3,060.00)	(294.00)	(560.00)	2,500.00
Rev-Lic/Per: Liquor	(131,580.00)	(98,150.00)	(116,580.00)	15,000.00
Revenue Fees, Licenses, Business	0.00	(10,065.00)	0.00	0.00
Rev-Fee: Zoning/Appeals	(33,000.00)	(11,000.00)	(19,000.00)	14,000.00
Cherry Sheet: Cs C5-Urban Renw 121	0.00	(44,435.00)	(44,435.00)	(44,435.00)
Rev-Parking Meters	(338,640.00)	(235,571.36)	(338,640.00)	0.00
Rev-Other Misc: Parking Bags	0.00	(7,175.00)	0.00	0.00
Rev-Other Misc: Pol Det Chrg	(35,700.00)	(23,215.24)	(35,700.00)	0.00
Rev-Lic/Per: Firearm	(2,040.00)	(3,837.50)	(6,040.00)	(4,000.00)
Rev-Other Misc: Pol Ins Rpt	(1,020.00)	(892.00)	(1,020.00)	0.00
Cherry Sheet: C1-Pol Career Inc	(241,000.00)	(10,800.01)	(241,000.00)	0.00
Rev-Fines/Forfeits: Parking	(260,000.00)	(152,236.73)	(260,000.00)	0.00
Rev-Fines/Forfeits: Court	(59,160.00)	(42,767.50)	(64,160.00)	(5,000.00)

Description	FY09-Actual	FY09-YTD	FY09-Reduced	Reduction/(Addition)
Rev, Fines and Forfeits - Towing Costs	(25,000.00)	0.00	0.00	25,000.00
Rev-Refunds/Reimbursemt: Restitution	0.00	(320.00)	0.00	0.00
Rev-Ambulance Charges	(818,750.00)	(594,063.85)	(918,750.00)	(100,000.00)
Rev-Other Misc: Fire Det Chg	0.00	(48.36)	0.00	0.00
Rev-Lic/Per: Fire Dept	(45,900.00)	(19,954.00)	(33,900.00)	12,000.00
Rev-Bld Insp (Annual)	(10,000.00)	(8,331.00)	(10,000.00)	0.00
Rev-Lic/Per: Building	(872,260.00)	(228,967.90)	(547,260.00)	325,000.00
Rev-Lic/Per: Gas	(38,760.00)	(18,015.00)	(33,760.00)	5,000.00
Rev-Lic/Per: Plumbing	(57,120.00)	(45,182.00)	(62,120.00)	(5,000.00)
Rev-Lic/Per: Wt & Ms	(16,320.00)	(12,782.00)	(16,320.00)	0.00
Rev-Lic/Per: Electrical	(143,820.00)	(86,302.00)	(128,820.00)	15,000.00
Rev-Lic/Per: Clams	(43,860.00)	(43,635.00)	(46,860.00)	(3,000.00)
Cherry Sheet: A1-Sch Aid Ch70	(6,408,130.00)	(3,306,064.00)	(6,408,130.00)	0.00
Cherry Sheet: B10-Sch Constr	(1,508,609.00)	(1,508,609.00)	(1,508,609.00)	0.00
Cherry Sheet: E2-Charter Tuitions	(6,172.00)	(1,910.00)	(6,172.00)	0.00
Rev-Other State: Medic Reimb	(350,000.00)	(250,623.00)	(350,000.00)	0.00
Rev-Trash Disposal Fees	(1,227,150.00)	(567,374.25)	(1,077,150.00)	150,000.00
Rev-Fee: Priv Cost	0.00	0.00	0.00	0.00
Rev-Lic/Per: Drain Layers	(7,140.00)	(5,500.00)	(7,140.00)	0.00
Rev-Dept: Street Bttrmt	0.00	(3,011.68)	(2,000.00)	(2,000.00)
Sewer Betr - Release Fees	0.00	(4.00)	0.00	0.00
Rev-Other Misc: Dpw	(2,000.00)	(403.50)	(478.00)	1,522.00
Rev-Parking Fees-Season	(206,000.00)	(42,335.00)	(206,000.00)	0.00
Rev-Parking Fees-Daily	(1,402,000.00)	(982,870.23)	(1,327,000.00)	75,000.00
Rev-Optical Tower Income	(1,020.00)	(242.98)	(1,020.00)	0.00
Rev-Fee: Beach Concessions - Rent	(54,000.00)	(55,000.00)	(100,000.00)	(46,000.00)
Rev-Rent: Pub Prop	(59,000.00)	(31,231.65)	(54,000.00)	5,000.00
Rev-Fee: Health Department	0.00	(1,240.00)	(1,240.00)	(1,240.00)
Rev-Lic/Per: Health	(116,280.00)	(75,055.50)	(126,280.00)	(10,000.00)
Cherry Sheet: Cs C7-Vet Benefits	0.00	(8,490.00)	(8,490.00)	(8,490.00)
Rev-Other State: C.O.L.A.	(3,060.00)	(9,447.60)	(9,447.00)	(6,387.00)
Gen Fd - OFS - Transfers In	(3,337,811.44)	(2,878,565.83)	(3,337,811.44)	0.00
Totals	(81,571,147.78)	(57,369,683.88)	(80,716,407.78)	854,740.00

FY09 Appropriation Reduction (NET)	<u>Amount</u>
<u>Auditor</u>	
Personnel	(14,000)
<u>Assessor</u>	
Personnel	(19,085)
<u>Treasurer/Collector</u>	
Personnel	(81,750)
Ordinary (Includes Debt)	(250,000)
<u>Legal</u>	
Ordinary	(14,500)
<u>Personnel</u>	
Personnel	(163,168)
<u>Mgt Info Systems</u>	
Ordinary	6,950
Ordinary	(4,250)
<u>City Clerk</u>	
Personnel	(12,463)
<u>Fire Department</u>	
Ordinary	100,000
<u>Civil Defense</u>	
Personnel	(2,000)
<u>Veteran's Services</u>	
Ordinary	76,973
<u>Council - Other</u>	
Personnel	(43,889)
<u>Reserve - Council Special</u>	
Personnel	(133,559)
<u>School Department</u>	
	(300,000)
Total Appropriation Reduction (NET)	<u>(854,740)</u>

**CITY OF GLOUCESTER
AUDITOR'S OFFICE**

RECEIVED

FEB 23 2009

February 27, 2009

Mayor's Office

TO: CITY COUNCIL
FROM: CITY AUDITOR
RE: CODE OF ORDINANCE CHAPTER 2, ADMINISTRATION, ARTICLE III,
OFFICERS AND EMPLOYEES, DIVISION 6, CITY AUDITOR, S 2-104
p. 161, EFFECTIVE MARCH 1, 1986
cc: MAYOR CAROLYN KIRK

S 2-104 DUTY WHEN APPROPRIATIONS ARE EXHAUSTED
WHENEVER THE APPROPRIATIONS FOR ANY DEPARTMENT FOR ANY OBJECTS HAVE
BEEN EXHAUSTED, THE CITY AUDITOR SHALL COMMUNICATE THE FACT TO THE
MAYOR AND THE CITY COUNCIL, AND ALL EXPENDITURES THEREFORE SHALL CEASE
UNTIL A FURTHER APPLICATION IS DULY MADE.

AS OF THE WEEK ENDING FEBRUARY 27, 2009. THE FOLLOWING ACCOUNTS HAVE
EXPENDITURES THAT EXCEED THEIR APPROPRIATIONS: CITY DEPARTMENTS

<u>ACCOUNT #</u>	<u>ACCOUNT TITLE</u>	<u>AMOUNT OVER</u>
101000.10.121.51100.51	Mayor Sal/wage Perm Pos	(\$196.03)
101000.10.138.51100.51	Purchasing, Sal/Wage Perm	(\$8,927.85.)
101000.10.138.51400.51	Purchasing Sal/Wage Longevity	(\$901.10)
101000.10.152.51970.51	Retirement-Sick Buy Back	(\$16,868.19)
101000.10.211.51350.51	Police Uniform Court Overtime	(\$7,211.83)
101000.10.423.51310.51	DPW Snow/Ice Overtime	(\$66,303.54)
101000.10.423.52970.52	DPW Snow/Ice Contract	(\$465,096.13)
101000.10.423.53900.52	DPW Snow/Ice Snow Removal Contracts	(\$4,690.04)
101000.10.423.54900.54	DPW Snow/Ice Removal Food & Food Serv.	(\$2,150.00)
101000.10.423.55410.54	DPW Snow/Ice Salt/Sand Road	(\$288,609.29)
101000.10.543.57700.57	Verteran's Service Vets Direct Assess	(\$13,341.48)

AGING OF OVERDRAWN ACCOUNTS		CITY OF GLOUCESTER						
ACCOUNT	DESCRIPTION	27-Feb-09	13-Feb-09	30-Jan-09	16-Jan-09	19-Dec-08	21-Nov-08	
101000.10.121.51100.0000.00.000.00.051	Mayor Sal/Wage Perm Pos	\$ (196.11)	\$ (196.11)					
101000.10.138.51100.0000.00.000.00.051	Purchasing Sal/Wage Perm	\$ (8,927.85)	\$ (8,927.85)	\$ (8,927.85)	\$ (8,927.85)	\$ (8,927.85)	\$ (4,733.10)	
101000.10.138.51400.0000.00.000.00.051	Purchasing Sal/Wage Longevity	\$ (901.10)	\$ (901.10)	\$ (901.10)	\$ (901.10)	\$ (901.10)	\$ (901.10)	
101000.10.152.51970.0000.00.000.00.051	Retirement - Sick Buy Back	\$ (16,868.19)	\$ (16,868.19)	\$ (16,868.19)	\$ (16,868.19)	\$ (16,868.19)	\$ (16,868.19)	
101000.10.176.51100.0000.00.000.00.051	Zoning Board Sal/Wage Perm.						\$ (220.00)	
101000.10.211.51350.0000.00.000.00.051	Police Uniform Court Overtime	\$ (7,211.83)						
101000.10.211.51570.0000.00.000.00.051	Police Uniform Workers' comp						\$ (946.54)	
101000.10.220.51420.0000.00.000.00.051	Fire Med Diff EMT			\$ (11,302.72)	\$ (11,302.72)	\$ (11,302.72)		
101000.10.220.51400.0000.00.000.00.051	Fire Dept Sal/Wage Longevity			\$ (2,494.80)	\$ (2,494.80)	\$ (2,494.80)		
101000.10.220.51400.0000.00.000.00.051	Fire Dept Sal/Wage Longevity						\$ (1,394.80)	
101000.10.241.51250.0000.00.000.00.051	Inspectional Serv Sal/Wage PT		\$ (14.57)					
101000.10.411.51400.0000.00.000.00.051	Engineering Sal/Wage Longevity		\$ (13.16)					
101000.10.423.51310.0000.00.000.00.051	DPW Snow/Ice Overtime	\$ (66,303.54)	\$ (63,894.88)					
101000.10.423.52970.0000.00.000.00.052	DPW Snow/Ice Contract	\$ (465,096.13)	\$ (442,937.13)					
101000.10.423.53900.0000.00.000.00.052	DPWSnow/Ice Removal Contracts	\$ (4,690.04)	\$ (4,690.04)					
101000.10.423.54900.0000.00.000.00.054	DPW Snow/Ice Food & Food Serv.	\$ (2,150.00)	\$ (2,150.00)					
101000.10.423.55410.0000.00.000.00.054	DPW Snow/Ice Salt/Sand Road	\$ (288,609.29)	\$ (288,609.29)					
101000.10.510.51100.0000.00.000.00.051	BOH Perm Sal/Wage					\$ (702.28)		
101000.10.543.57700.0000.00.000.00.057	Veteran's Serv Vets Direct Assess	\$ (13,341.48)	\$ (13,341.48)	\$ (4,391.14)	\$ (4,391.14)			
101000.10.911.51870.0000.00.000.00.051	Pensions, Non Contrib Pensions						\$ (1,946.97)	
600000.10.440.51400.0000.00.000.00.051	Sew Enterprise Longevity		\$ (39.45)					
600000.10.440.51570.0000.00.000.00.051	Sewer Enterprise Workers' Comp		\$ (1,755.65)					
610000.10.450.51400.0000.00.000.00.051	Water Enterprise Sal/Wage Longevity		\$ (39.45)					
610000.10.450.51570.0000.00.000.00.051	Water Enterprise Workers' Comp		\$ (299.99)					