

Budget & Finance Committee
 Thursday, February 20, 2014 – 5:00 p.m.
 1st Fl. Council Committee Room – City Hall
Minutes

Present: Chair, Councilor Melissa Cox; Vice Chair, Councilor William Fonvielle; Councilor Paul McGeary
Absent: None.

Also Present: Councilor Lundberg (entered meeting at 5:54 p.m.); Kenny Costa; Jim Duggan; John Dunn;
 Tom Daniel; Mike Hale; Dr. Richard Safier

The meeting was called to order at 5:00 p.m. Agenda items were taken out of order.

1. Administration's proposed comprehensive plan for free cash

DEPARTMENT OF PUBLIC WORKS:

Michael Hale, DPW Director, the Department of Public Works' said that most of the items requested for funding with General Fund free cash for his department are to fill the budget gaps from what was requested for FY14 and what was received through the FY14 budget, as well as to replace funds spent on requests without funding behind them and are as follows:

Dept. 403-Solid Waste	\$10,000
This request is for bag purchases and fills a budgeting gap.	
Dept. 411-Engineering - Office Equipment Maintenance	\$ 5,000
This is for toner, monthly and annual maintenance for the department's specialized printer, again this request is due to is a budget gap.	
Dept. 470-Public Property Maintenance, Salary/Wages-Temporary Positions	\$60,000
The temporary positions account is for seasonal help for beach help, grass cutting, and lot attendants. There was an extended summer season which necessitated additional help. It was noted that any expenses after July 1 st ate into the spring funds.	
Department 470-Spring Paving	\$45,000
Under contract services, the funding request is for general spring paving. There is another contract paving that was totally unfunded for \$30,000 which will only buy patch work.	
Dept. 470-First Parish Cemetery lawn maintenance	\$ 8,600
There was a Councilor and Administration request to cut First Parish Cemetery off of Centennial Avenue, and that there is a need for funds to support the grass cutting.	
Dept. 470-Bocce Court Resurfacing	\$ 7,000
This is request by the Administration. It was noted that the construction costs of the Bocce Courts were donated. The playing service needs to be replaced for a more durable surface which will be installed when the weather allows.	
Dept. 470-Office Furniture & Equipment	\$15,000
Under the public services division, the Public Works Department went through a modest but necessary office upgrade; there are still three offices to be addressed.	
Dept. 472-Facilities Contract Services	\$150,000
The facilities request from last year was \$568,000 but that it was reduced to \$418,000It is for carpet installation, duct cleaning and like things. The need is greater than the supply of DPW workers, and so it necessitates some contracted services. There is an extensive list of work that needs to be done, but not major capital work. A door on the CFO's office, for instance could be contracted out. It was noted that the DPW staff will be devoted for the most part to the Magnolia Fire Station along with some contracted services to get it ready in time to open by July 1 st .	
Dept. 472-Natural Gas	\$12,000
There was a late set of invoices last season for natural gas that was paid for with FY14 funds. This may be an issue again due to the long cold winter, it was noted. While natural gas can be a contracted set price, it is anticipated that due to high demand, the price of natural gas will go up exponentially.	
Dept. 472-Heating Oil	\$10,500
Dept. 472-Building maintenance	\$50,000
Dept. 472- General Supplies and Janitorial Supplies	\$45,000 & \$20,000

This is a general term which covers things like materials purchased at retail outlets that could go to public buildings, and general supplies are similar – for janitorial supplies, gloves, etc. These transfers fill in budget gaps.

Dept. 499-Central services: This refers to the fleet maintenance division.

Dept. 499-Gasoline

\$175,000

Gasoline was cited as a moving target as the gasoline prices can't be locked in like natural gas and electricity and it has gone up in price.

Dept. 499-Tires

\$10,000

The tire account was funded appropriately, but the state bid prices went up late last summer (after the start of FY14). It was pointed out that in addition to managing the department's fleet tires, the DPW also manages the Police Department fleet tires, but not the Fire Department's fleet. This winter was very tough on DPW vehicles, it was noted.

Dept. 499-Other Parts-Maintenance

\$ 8,000

Councilor McGeary confirmed that the funding for spring paving was for regular spring paving. **Mr. Hale** said there is a bid to pick up asphalt and to contract for paving roads. **Councilor McGeary** discussed with **Mr. Hale** the pavement management plan being developed for a five year span to show what needs to be done, what it would cost and where there is a gap in local and state funding to do the work. There is also in development a list of roads being compiled to be incorporated into a plan for the city to take private roads to become public ways. He spoke of a rating system by which roadways for taking by the city would be prioritized, and that the DPW is working with a consultant to accomplish this. He also touched upon what state law allows and does not allow in terms of repairing some private ways and not others by the city.

Councilor Cox said she would be interested in Mr. Hale presenting to the Council about the schedule of road takings and for the paving management plan.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-15 in the amount of \$10,000 (Ten Thousand Dollars) from the General Fund-Undesignated Fund Balance ("Free Cash"), Account #101000.10.000.35900.0000.00.000.00.000 to Solid Waste Disposal, Supplies, Account #101000.10.403.54000.0000.00.000.00.054 for the purpose of purchasing disposal supplies.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-16 in the amount of \$5,000 (Five Thousand Dollars) from the General Fund-Undesignated Fund Balance ("Free Cash"), Account #101000.10.000.35900.0000.00.000.00.000 to Engineering, Office Equipment Maintenance, Account #101000.10.411.52620.0000.00.000.00.052 for the purpose of purchasing printer supplies.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-17 in the amount of \$60,000 (Sixty Thousand Dollars) from the General Fund-Undesignated Fund Balance ("Free Cash"), Account #101000.10.000.35900.0000.00.000.00.000 to Public Property Maintenance, Salary/Wages-Temporary Positions, Account #101000.10.470.51200.0000.00.000.00.051 for the purpose of hiring DPW spring season temporary help.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-18 in the amount of \$15,000 (Fifteen Thousand Dollars) from the General Fund-Undesignated Fund Balance ("Free Cash"), Account #101000.10.000.35900.0000.00.000.00.000 to Public Property Maintenance, Paving, Account #101000.10.470.58415.0000.00.000.00.058 for the purpose of spring paving.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-19 in the amount of \$30,000 (Thirty Thousand Dollars) from the General Fund-Undesignated Fund Balance ("Free Cash"), Account #101000.10.000.35900.0000.00.000.00.000 to Public

Property Maintenance, Paving, Account #101000.10.470.58415.0000.00.000.00.058 for the purpose of spring paving.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-20 in the amount of \$8,600 (Eight Thousand Six Hundred Dollars) from the General Fund-Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to Public Property Maintenance, Contractual Services, Account #101000.10.470.52000.0000.00.000.00.052 for the purpose of the First Parish Cemetery lawn maintenance.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-21 in the amount of \$7,000 (Seven Thousand Dollars) from the General Fund-Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to Public Property Maintenance, Site Improvements, Account #101000.10.470.58410.0000.00.000.00.058 for the purpose of improvements to the Bocce Court surface.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-22 in the amount of \$15,000 (Fifteen Thousand Dollars) from the General Fund-Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to Public Property Maintenance, Office Equipment & Furniture, Account #101000.10.470.58504.0000.00.000.00.058 for the purpose of purchasing office furniture.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-23 in the amount of \$150,000 (One Hundred Fifty Thousand Dollars) from the General Fund-Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to Public Property Maintenance, Contractual Services, Account #101000.10.472.52000.0000.00.000.00.052 for the purpose of contract service work.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-24 in the amount of \$12,000 (Twelve Thousand Dollars) from the General Fund-Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to Facilities, Contractual Services, Account #101000.10.472.52150.0000.00.000.00.052 for the purpose of paying gas heating utility invoices for Fiscal Year 2014.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-25 in the amount of \$10,500 (Ten Thousand Five Dollars) from the General Fund-Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to Facilities, Fuel Oil Heating, Account #101000.10.472.52170.0000.00.000.00.052 for the purpose of oil heating utility invoices for Fiscal Year 2014.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-26 in the amount of \$50,000 (Fifty Thousand Dollars) from the General Fund-Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to Facilities, Building Maintenance, Account #101000.10.472.52410.0000.00.000.00.052 for the purpose of building maintenance expenses.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-27 in the amount of \$45,000 (Forty Five Thousand Dollars) from the General Fund-Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to Facilities,

General Supplies, Account #101000.10.472.54000.0000.00.000.00.054 for the purpose of purchasing DPW general supplies.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-28 in the amount of \$20,000 (Twenty Thousand Dollars) from the General Fund-Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to Facilities, Janitorial Supplies, Account #101000.10.472.54510.0000.00.000.00.054 for the purpose of purchasing DPW janitorial supplies.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-29 in the amount of \$10,000 (Ten Thousand Dollars) from the General Fund-Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to DPW Other, Account #101000.10.499.54110.0000.00.000.00.054 for the purpose of purchasing gasoline.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-30 in the amount of \$10,000 (Ten Thousand Dollars) from the General Fund-Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to DPW Other, Tires and Tire Maintenance, Account #101000.10.499.54820.0000.00.000.00.054 for the purpose of purchasing tires and tire maintenance.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-31 in the amount of \$8,000 (Eight Thousand Dollars) from the General Fund-Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to DPW Other, Other Parts-Maintenance, Account #101000.10.499.54850.0000.00.000.00.054 for the purpose of purchasing other DPW parts and maintenance.

POLICE DEPARTMENT:

Lt. John McCarthy reviewed the Police Department’s requests for free cash as follows:

Long Term Injury Replacement Costs

\$86,580

The department has two officers on long term injury. One officer is expected to be out for 11 months of the fiscal year; the other has been out the entire fiscal year and it is questionable whether or not this officer will return. Because of staffing, these two positions need to be filled on a daily basis with overtime to meet protocol.

Beach Patrol Replacement Costs

\$20,950

In the summer of 2013 the Administration and Councilors requested increased beach patrols due to complaints from citizens concentrated at Wingersheek Beach for the most part. It was explained to the Council by the Chief that the expansion of beach patrols was not budgeted for and was assured that replacement costs would be covered. The costs associated represent the hiring of additional officers to patrol the beaches in the summer both by land and by water using the department’s patrol boat.

Contractual Language Expenses

\$ 3,425

The FY14 budget line item covered the Executive Officers bump up in pay for Acting Chief was cut. This is a contractual cost. Whenever the Chief is absent for training, vacation, etc., the Executive Officer is entitled to this pay.

Radio Comparator

\$13,795

Cut from the FY14 budget request, this piece of equipment is crucial, failing and requires increasing maintenance for proper radio communications between cruisers and dispatch. This is an officer safety issue. The cost of the comparator has risen since the budget request.

Ammunition Re-supply

\$ 2,955

This line item was cut from the FY14 budget request. The department has new service weapons. Officers need to be trained correctly and they need bullets. The price of ammunition has gone up significantly, and there is an actual shortage in the market.

Service Weapon Cleaning System**\$ 1,450**

Along with changing over to new weapons, a new cleaning system engineered to the weapon is needed to maintain them and to get the maximum lifespan out of the equipment. In the long-term, this small purchase will save the department thousands of dollars in replacement parts.

Boat Fuel**\$1,845**

The police boat has undergone significant changes in FY14 regarding its status as a public safety tool. The department received significant grant money to repower the boat and add night vision, allowing the department to patrol for emergencies more efficiently and effectively. The boat is now launched an average of five days a week in the summer months to combat complaints from residents and the administration regarding issues at Wingersheek Beach and the Annisquam River. The original amount budgeted was an appropriate amount but was cut.

Councilor Fonvielle asked about the officer who has been out for a year, and it is less expensive to replace an officer than pay overtime. **Lt. McCarthy** said it is an issue in litigation at this time and that he was unable to speak to the matter. **Councilor Fonvielle** asked for more information about the beach patrol. **Lt. McCarthy** said that the situation at Wingersheek Beach does not appear to be abating, and the department expects that the increased land and water patrols, particularly in the evening hours, will likely be necessary this summer as well. The department ATV's are utilized as well as the patrol boat to deal with the issues there, he pointed out.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-36 in the amount of \$86,580 (Eight Six Thousand Five Hundred Eighty Dollars) from the General Fund-Undesignated Fund Balance ("Free Cash"), Account #101000.10.000.35900.0000.00.000.00.000 to Police Uniform – Salary/Wages Overtime Beach, Account #101000.10.211.513600.0000.00.000.00.051 for overtime coverage by duty officers due to long-term injuries.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-37 in the amount of \$20,950 (Twenty Thousand Nine Hundred Fifty Dollars) from the General Fund-Undesignated Fund Balance ("Free Cash"), Account #101000.10.000.35900.0000.00.000.00.000 to Police Uniform – Salary/Wages Overtime Beach, Account #101000.10.211.51360.0000.00.000.00.051 for increased Beach Patrols during Fiscal Year 2014.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-38 in the amount of \$3,425 (Three Thousand Four Hundred Twenty Five Dollars) from the General Fund-Fund Balance Undesignated Fund Balance ("Free Cash"), Account #101000.10.000.35900.0000.00.000.00.000 to Police Uniform – Temporary Upgrade, Account #101000.10.210.51170.0000.00.000.00.051 for the temporary upgrade pay for Executive Officer as Acting Chief.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-39 in the amount of \$13,795 (Thirteen Thousand Seven Hundred Ninety Five Dollars) from the General Fund-Undesignated Fund Balance ("Free Cash"), Account #101000.10.000.35900.0000.00.000.00.000 to Police Uniform – Capital Expenses, Account #101000.10.211.58720.0000.00.000.00.058 for the purchase of a new Radio Comparator.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-40 in the amount of \$2,955 (Two Thousand Nine Hundred Fifty Five Dollars) from the General Fund-Undesignated Fund Balance ("Free Cash"), Account #101000.10.000.35900.0000.00.000.00.000 to Police Uniform – Police Ammunition, Account #101000.10.211.55870.0000.00.000.00.054 for the purpose of purchasing ammunition supply.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-41 in the amount of \$1,450 (One Thousand Four Hundred Fifty Dollars) from the

General Fund-Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to Police Uniform – Firearms Maintenance, Account #101000.10.211.55860.0000.00.000.00.054 for the purpose of service weapon cleaning.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-42 in the amount of \$1,845 (One Thousand Eight Hundred Forty Five Dollars) from the General Fund-Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to Police – Harbors, Gasoline, Account #101000.10.216.54110.0000.00.000.00.054 for purchasing Police Boat fuel.

SCHOOL DEPARTMENT:

Dr. Richard Safier, Superintendent of Schools, reviewed for the Committee the following which comprised the total request for the School Department:

Special Education Paraprofessionals	\$150,000
Due to the increased needs of the schools based upon student Individual Education Plans and the incursion of new students from the charter school, St. Ann’s, and others—post-FY12 Free Cash—we have had to add staff last spring and this year as well.	
Special Education Out-of-District Tuitions	\$68,000
Recently, the district had a student from Perkins School for the Blind move into our district; that student has been placed at the NEC consortium. The student has multiple handicaps. As of this January 2014, they will have a profoundly deaf, multiply handicapped young man placed at Beverly School for the Deaf. The \$68,000 covers the cost of one-half year for both students.	
Pre-School Teacher	\$26,553
Due to increased enrollment and the nature of the disabilities of students, a new class is being created at the preschool. This has required the hiring of a preschool teacher (and a paraprofessional, the cost of which is included in the first item). The figure of \$26,553 is for the second half of this year, and will need to be carried over into FY15.	
Sentinel Extra Charge for Medical Insurance Co-payments	\$92,000
As per the Public Employees Committee (PEC) agreement, the school dept., like the City has been paying 100% of the co-pay/deductible for the period from July 1 through December 31, 2013. This agreement was made long after the budget was submitted to the Mayor’s Office. As a result, the school dept. account is over budget by \$92,000.	
Preschool/Central Office Move to 2 Blackburn Drive	\$46,000
The district was notified of the move to 2 Blackburn Drive in August, 2013, after the FY14 budget had been approved. To-date, the costs of the move are as follows:	

Movers	\$12,000
Space Planning Architects	\$10,000
Security	\$6,000
Playground Fence	\$5,000
Carpeting	\$3,500
Preschool Soundproofing	\$10,000
Sub-Total:	\$382,553

Councilor Cox pointed out that there was a \$500 difference between the School Department total and that which was requested on the Supplemental Appropriation form. The Committee assented forwarding the total amount of \$383,053 to the Council.

MOTION: On a motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-45 in the amount of \$383,053 (Three Hundred Eighty Three Thousand Fifty Three Dollars) from the General Fund-Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to School Department-MO Contingency, Account #101000.21.370.53800.2305.00.270.00.052 for the purpose of educational expenses for Fiscal Year 2014.

2. Memorandum from CAO re: Economic Development Incentive Program for Mazzetta Company: Tax Increment Financing Agreement & Amendment to Blackburn Industrial Park Economic Opportunity Area Designation

Jim Duggan, CAO, said that last evening at P&D the Committee approved the site specific Economic Opportunity Area (EOA) for 21-29 Great Republic Drive. He related the following information to the Committee: This Tax Incentive Financing (TIF) agreement is for five years and 10 percent on the increased value of the property. The Mazzetta Company (Mazzetta) is an Illinois based company with annual sales of \$500 million. He noted Mazzetta has two locations in New England (New Hampshire and Maine). They are the fifth largest seafood processor in the country and sixth in the world. Mazzetta was originally negotiating for a lease for the Good Harbor Filet building but instead will purchase the building this week. Mazzetta will bring 125 permanent full-time jobs to the city, with 100+ seasonal employees who will work 9 months but with overtime will recognize a full year's salary. The property will be purchased for \$5.1 million with Mazzetta constructing at a cost of \$1.0 million a large holding tank; purchasing \$5 million in processing equipment to be installed in the building, and making approximately \$1.5 million in building improvements. The local approval will forward the company into the state process for tax abatement. The state would like to get this on to their economic assistance meeting agenda for March which requires the TIF and EOA go before the Council in an expedited manner so it goes to the state by February 28th to make the state's March agenda. An estimated abatement cost to the city would be approximately \$17,500 or about \$3,500 a year for five years.

Councilor Fonvielle asked why the company is headquartered in Illinois. **Mr. Duggan** said this is a family owned and operated business started in 1987 as an importer and grew to encompass other product lines. Since the summer, he said, there has been communication with Mazzetta, the city team and the state. The company was convinced that Gloucester was the place to be and that it was due in no large part to the efforts of Tom Daniel, Community Development Director, Suzanne Egan, General Counsel and Tom Gillette, EDIC Director that this all came together.

Councilor McGeary confirmed that the corporate entity is entirely at 21 Great Republic Drive. He also noted that the blanket EOA for Blackburn Industrial Park will expire in September 2015. He asked why the entire industrial park EOA wasn't renewed. **Mr. Duggan** said the state looked at a blanket EOA area back in 1995 to initiate the programs. Gloucester is an Economic Target Area, he said, but over the course of years the Mass. Office of Business Development moved to individual EOA's. The recent Gorton's EOA was a site-specific as a result of this change at the state level. The EOA expiration of the industrial park overall does not preclude renewal of site-specific EOA's within the industrial park, he said.

Councilor Cox pointed out that the P&D Committee approved the EOA unanimously.

Councilor McGeary said that as with the Gorton's EOA and TIF, this is a good opportunity for Gloucester to which **Councilor Fonvielle** expressed his agreement. **Councilor Cox added that this was an important step for the city.**

MOTION: On a motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council amend the Blackburn Industrial Park Economic Opportunity Area (EOA) to create site specific EOA to be located at 21 Great Republic Drive as shown on Assessors Map 263, Lot 56 for a term of 12 years ending in February 2026.

MOTION: On a motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council:

- (1) adopt the Tax Increment Financing (TIF) Plan and Agreement between the City of Gloucester and 21 Great Republic, LLC, for property located at 21 Great Republic Drive, as shown on Assessors' Map 263 Lot 56 within the proposed 21 Great Republic Way Economic Opportunity Area;**
- (2) approve the project application and find that it meets the requirements of Mass. General Law chapter 23A section 3F in that it provides a reasonable opportunity to create jobs within the City of Gloucester as indicated in the TIF Plan; and**
- (3) authorize the Mayor to execute the TIF Agreement and submit the TIF Plan and Agreement and the Certified Project Application and all other necessary documents to the Economic Assistance**

Coordinating Council of the Commonwealth of Massachusetts (EACC), and take any other actions as necessary and appropriate to implement the provisions of those documents.

3. Memorandum from CAO re: Loan Authorizations & Free Cash requests for the Commercial Street Infrastructure Project

Jim Duggan, Chief Administrative Officer, said this is a continuation of what was withdrawn about a year ago to support the infrastructure project for water, sewer, and drainage for Commercial Street, Fort Square, Beach Court and Pascucci Court. He said the project budget is 5.7 million. The MassWorks grant received the previous year in support of the infrastructure project is intact and available at \$3.0 million; and \$1.4 million in place from Beauport Gloucester LLC as a contribution for the project, he pointed out. The balance will be split between the Water and Sewer fund, he said.

Councilor McGeary questioned that the loan order had been advertised and the water fund loan amount had changed and asked if it needed to be readvertised was confirmed by **Mr. Duggan** that it did not.

Councilor Cox said that there was a question whether free cash should be used for this sort of project for such a small area. This project was always going to happen but that the timetable has been moved up, she noted. **Mr. Hale** said there was a nexus between the construction of a hotel there and the infrastructure work. Commercial Street was always in a five year plan for capital infrastructure work with the CSO projects completing, and that it is a timing link than anything else. He pointed out that a lot of utility work has been done in Wards 2 and 3 in recent years, and this is an investment of infrastructure. **Mr. Hale** also pointed out the fact that free cash/retained earnings have been used for other infrastructure projects in the city, pointing to the Annisquam project last year and for the Ward 3 sewer project so there is a precedent for it. He noted it is heartening there is a retained earnings balance for the Water and Sewer Enterprise Funds that can be drawn from, although he didn't wish to do so frequently.

Councilor McGeary and **Mr. Hale** discussed the possibility of installing a waste water pre-treatment facility in the Commercial Street area during the infrastructure project. **Mr. Hale** said that such a facility would require extensive planning and design could not be ready in time for inclusion in the project. Further, he said, it might not be possible to create a single facility to serve the needs of all the present and future businesses in the Fort area. He did say he would be willing to work with the businesses if they were to come forward with a proposal for a privately funded facility. **Mr. Duggan** said the city would be willing to work with businesses as well, but stressed that, in his view; the city's participation would be limited to making city land available for the location of such a facility.

Patti Page, 3 Tidal Cove Way, who said she represented the processors in the Fort area, said they were looking at the possibility of a privately funded facility. **Councilor Cox** noted that if someone wanted to approach the administration with the plan the administration would be willing to consider it. She also announced that on Thursday, February 27th at the American Legion, 5 p.m. to 6:30 p.m. there will be a meeting open to the public on the infrastructure project.

A. General Fund Loan Authorization

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve the following General Fund Loan Authorization:

Ordered: That \$3,075,000 (Three Million Seventy-Five Thousand Dollars) is appropriated for improving roads, drainage, sidewalks, seawall replacement and streetscapes, including the payment of all costs incidental or related thereto; that to meet this appropriation the Treasurer with the approval of the Mayor is authorized to borrow \$3,075,000 under Chapter 44 of the Massachusetts General Laws or any other enabling legislation; that the Mayor is authorized to contract for and expend any federal, state or private aid available for the project, provided that the amount of the authorized borrowing shall be reduced by the amount of any such aid received prior to the issuance of bonds or notes under this order; and that the Treasurer is authorized to file an application with the Municipal Finance Oversight Board to qualify under Chapter 44A of the General Laws any or all of the bonds authorized by this order and to provide such information and execute such documents as the Municipal Finance Oversight Board may require for these purposes.

B. Water Fund Loan Authorization:

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve the following Water Fund Loan Authorization:

Ordered: That \$1,375,000 (One Million Three Hundred Seventy-Five Thousand Dollars) is appropriated for the purpose of financing the construction of the following water pollution abatement facilities: water system improvements, including without limitation all costs thereof as defined in Section 1 of Chapter 29C of the General Laws; that to meet this appropriation the Treasurer with the approval of the Mayor is authorized to borrow \$1,375,000 and issue bonds or notes therefor under Chapter 44 of the Massachusetts General Laws, or any other enabling legislation and/or Chapter 29C of the General Laws; that such bonds or notes shall be general obligations of the City unless the Treasurer with the approval of the Mayor determines that they should be issued as limited obligations and may be secured by local system revenues as defined in Section 1 of Chapter 29C; and that the Treasurer with the approval of the Mayor is authorized to borrow all or a portion of such amount from the Massachusetts Water Pollution Abatement Trust established pursuant to Chapter 29C and in connection therewith to enter into a financing agreement and/or a security agreement with the Trust and otherwise to contract with the Trust and the Department of Environmental Protection with respect to such loan and for any federal or state aid available for the project or for the financing thereof; and that the Mayor is authorized to enter into a project regulatory agreement with the Department of Environmental Protection, to expend all funds available for the project; that the Mayor is authorized to contract for and expend any federal, state or private aid available for the project, provided that the amount of the authorized borrowing shall be reduced by the amount of any such aid received prior to the issuance of bonds or notes under this order; and that the Treasurer is authorized to file an application with the Municipal Finance Oversight Board to qualify under Chapter 44A of the General Laws any or all of the bonds authorized by this order and to provide such information and execute such documents as the Municipal Finance Oversight Board may require for these purposes.

C. Sewer Fund Loan Authorization:

MOTION: On motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve the following Sewer Fund Loan Authorization:

Ordered: That \$2,200,000 (Two Million Two Hundred Thousand Dollars) is appropriated for the purpose of financing the construction of the following sewer pollution abatement facilities: sewer system improvements, including without limitation all costs thereof as defined in Section 1 of Chapter 29C of the General Laws; that to meet this appropriation the Treasurer with the approval of the Mayor is authorized to borrow \$2,200,000 and issue bonds or notes therefor under Chapter 44 of the Massachusetts General Laws, or any other enabling legislation and/or Chapter 29C of the General Laws; that such bonds or notes shall be general obligations of the City unless the Treasurer with the approval of the Mayor determines that they should be issued as limited obligations and may be secured by local system revenues as defined in Section 1 of Chapter 29C; and that the Treasurer with the approval of the Mayor is authorized to borrow all or a portion of such amount from the Massachusetts Water Pollution Abatement Trust established pursuant to Chapter 29C and in connection therewith to enter into a financing agreement and/or a security agreement with the Trust and otherwise to contract with the Trust and the Department of Environmental Protection with respect to such loan and for any federal or state aid available for the project or for the financing thereof; and that the Mayor is authorized to enter into a project regulatory agreement with the Department of Environmental Protection, to expend all funds available for the project; that the Mayor is authorized to contract for and expend any federal, state or private aid available for the project, provided that the amount of the authorized borrowing shall be reduced by the amount of any such aid received prior to the issuance of bonds or notes under this order; and that the Treasurer is authorized to file an application with the Municipal Finance Oversight Board to qualify under Chapter 44A of the General Laws any or all of the bonds authorized by this order and to provide such information and execute such documents as the Municipal Finance Oversight Board may require for these purposes.

It was noted that all three loan authorizations were advertised for public hearing for February 25, 2014.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-48 in the amount of \$500,000 (Five Hundred Thousand Dollars) from the Sewer Enterprise Fund- Undesignated Fund Balance (“Retained Earnings”), Account #600000.10.000.35900.0000.00.000.00.000 to CIP Commercial Street Infrastructure Project – Sewer, Account # 310025.10.470.58760.0000.00.000.00.058 for the purpose of necessary Sewer infrastructure improvements for the Commercial Street Infrastructure Project.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-49 in the amount of \$350,000 (Three Hundred Fifty Thousand Dollars) from the Water Enterprise Fund- Undesignated Fund Balance (“Retained Earnings”), Account #610000.10.000.35900.0000.00.000.00.000 to CIP Commercial Street Infrastructure Project - Water, Account # 320022.10.470.58760.0000.00.000.00.058 for the purpose of necessary Water infrastructure improvements for the Commercial Street Infrastructure Project.

4. *Special Budgetary Transfer Request (2014-SBT-16) from Mayor’s Office*

Mr. Duggan said that this account was under budgeted and did not include sick incentive pay for his position.

MOTION: On motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Special Budgetary Transfer 2014-SBT-16 for \$200 from Mayor, Contingency/Emergency, Account #101000.10.121.57800.0000.00.000.00.057 to Mayor, Sick Incentive Pay, Account #101000.10.121.51944.0000.00.000.00.051 for the purpose of funding the Sick Incentive Pay in the Mayor’s Office.

5. *Special Budgetary Transfer Request (2014-SBT-17) from Veterans’ Services*

Mr. Duggan explained that in order for the Veterans Services Department to keep up with the 115 benefits (a combination of utilities and medical benefits) for Gloucester veterans it requires specialized training and knowledge, so a consultant service needs to be brought on board until a new Veterans Agent is hired. It is anticipated that this position will be filled soon, he said. Mr. Duggan noted that the state authorizer for veterans’ benefits expressed his appreciation that there would be no delay in benefits being processed and received for Gloucester veterans.

MOTION: On motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Special Budgetary Transfer 2014-SBT-17 for \$3,500 from Veterans, Salary/Wages-Permanent Position Account #101000.10.543.51100.0000.00.000.00.051 to Veterans, Contractual Services, Account #101000.10.543.52000.0000.00.000.00.052 for the purpose of paying for consulting services by former Veterans Agent until new Veterans Agent is hired.

6. *Special Budgetary Transfer Request (2014-SBT-18) from Purchasing Department*

John Dunn, CFO, said this transfer is a correction of a previous transfer.

MOTION: On motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Special Budgetary Transfer 2014-SBT-18 for \$300 from Advertising, Account #101000.10.138.53480.0000.00.000.00.052 to Purchasing, Salary/Wages-Full Time, Account #101000.10.138.51100.0000.00.000.00.051 for the purpose of eliminating a projected deficit in the Salary account.

7. *Communication from the City Hall Restoration Commission re: City Council approval to submit grant application to both the Mass. Cultural Council Facilities Fund & the Gloucester Community Preservation Act to complete exterior restoration of City Hall*

Maggie Rosa, member of the City Hall Restoration Commission (CHRC), said that the Commission wishes to apply for a Mass. Cultural Council Facilities Fund grant and has scaled back their request to \$150,000 rather than pursue the maximum of \$675,000, and had been previously reported to the Budget & Finance Committee at their February 11th Special Meeting. This grant has a 100 percent dollar-for-dollar match. She noted that City Hall needs \$1.2 million worth of work, mostly for masonry repointing. She said obtaining highly competitive awards are helped by having the match completely in hand. The supplemental appropriation that the City Council approved for \$100,000 in free cash recently will apply towards the grant match, as well as \$23,000 in hand in private donations and the \$36,000 recently granted by the Council for Community Preservation Act (CPA) funds, she said. She noted that there are additional funds in the Gloucester Fund if needed to use as part of the match. If the Mass. Cultural Council Facilities Fund application is successful, the grant would go towards masonry work. This grant is unusual in that the match can be applied by providing invoices for work done from January 1, 2014 onward spent on restoration of City Hall, such as the windows for the east and south elevations, **Ms. Rosa** pointed out.

MOTION: On motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council permit the City Hall Restoration Commission to apply for a Massachusetts Cultural Facilities Fund Grant in the amount of \$150,000.

8. *Memorandum & pertinent materials from the Director of Finance & Operations for the Gloucester Schools re: permission to pay for services/goods procured without a purchase order in place for: \$384, \$195.35 and \$487.36 and permission to raise the spending limit on Revolving Fund #283013 from \$20,000 to \$40,000*

At the request of **Dr. Safier**, the Committee continued this matter to the next regularly scheduled B&F meeting when the Director of Finance and Operations for the Gloucester Schools could be available to answer Committee questions.

This matter is continued to March 6, 2014.

9. *CC2014-001 (Verga/McGeary) Request that B&F Committee in consultation with Police Dept. and local merchants consider adopting certain days as "parking meter holidays" to begin in FY14 (Cont'd from 2/20/14) TBC TO 3/6/14*

10. *CC2014-005 (McGeary/LeBlanc/Verga/Cox/Fonvielle) Amend GCO Sec. 16.1 "Grant Applications"*

Councilor McGeary said that this is a proposed amendment to simplify the process for city departments applying for grants if the grant match is less than \$100,000 in kind or cash. He said that if the grants meet this qualifier, a city department will not need approval to apply for a grant, but it would require a notice to come forward to the Council through the Mayor's Report to the Council outlining the grant that was applied for. It speeds the process by several weeks, he noted, and that the vast majority of grants would fall under this umbrella. The language was vetted by General Counsel, he said.

Councilor Cox said that as long as the memos come forward in the Mayor's Report she would be supportive of the ordinance amendment.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council to Amend GCO Sec. 16-1 By DELETING Sec. 16-1 in its entirety and ADDING:

Sec. 16-1. Grant applications.

(a) Prior to a city agency or employee filing any grant application that requires an in-kind or monetary match in excess of \$100,000 or multiple year commitment the total of which is anticipated to exceed \$100,000 on behalf of the city, such application shall be submitted to the City Council for approval and referred to its Budget and Finance committee for recommendation. If the application deadline is prior to the next regularly scheduled city council meeting; then the applicant may file the application and seek committee approval at the next regularly scheduled meeting following the deadline.

b) Applications for grants with match requirements below the threshold set forth in (a) above may be submitted without prior approval of the Council, provided that the department or employee applying for the grant notifies the Council in writing of the intention to file such application. Such notification is for information only and no permission by the Council is required to complete the application.

It was noted this matter would be advertised for public hearing.

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

Mr. Costa reviewed his reports with the Committee. Additionally, he asked the Committee to approve an increase for the Snow & Ice Deficit allowed. He reported that the Snow & Ice Deficit now totaled, after the most snow storms about \$1.0 million in the red. The biggest plow's warrant to date will be coming forward (\$130,000 already has been entered into the system) shortly. Because it is unknown when the snow season ends, he recommended an increase of the Snow & Ice Deficit not to exceed \$2 million. **Mr. Duggan** added that the Administration is looking at what lag funds exist in the city budget to cover the Snow & Ice deficit. Additionally, he said that \$350,000 from free cash would be earmarked for the Snow & Ice account along with funds from savings from the General Insurance Commission health plan will be able to be transferred into that deficit. This deficit has to be made up, he pointed out, but at the expense of the day-to-day operations of city departments, he said. **Mr. Costa** recommended overlay surplus, money that is set aside for tax abatements may have to be utilized as well at the start of the new fiscal year. He said he has spoken with Principal Assessor, Nancy Papows, who will examine those accounts to determine what funds may be available to help reduce the Snow & Ice Deficit. In the past, he said, there has been about \$100,000 made available.

Councilor McGeary noted that he and Mr. Costa had discussed retained earnings in the Water Enterprise Fund which as that as part of the tax recap process, the Department of Revenue (DOR) raised a concern on the Water Enterprise Fund. He advised that for the rest of FY14 there needs to be more vigilance in supervising the account. This goes to why the money from Water Enterprise Retained Earnings was reduced from \$500,000 to \$320,000 for the Commercial Street Infrastructure Project, **Mr. Costa** pointed out. **Mr. Duggan** said normally that the city looks to collect 94 percent in water earnings, but there was an error in the budgeting process of anticipating 100 percent collections. **Mr. Costa** said the DOR looked at the smaller gap on the sewer side, but there was a zero percent increase on the sewer rate for FY14 whereas there was an increase in the water rate for FY14. He recommended that the account finish in the black at the end of the fiscal year. **Mr. Duggan** said the goal is to have a \$500,000 cushion for the Water and Sewer Enterprise Funds as it has been over the last several years.

MOTION: On motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to accept the provisions of MGL c. 44, §31D Snow and ice removal, emergency expenditures not to exceed \$2,000,000. The increase of emergency expenditure authority is \$1,350,000 added to the current FY2014 Snow & Ice Removal appropriation budget of \$650,000.

A motion was made, seconded and voted unanimously to adjourn the meeting at 7:10 p.m.

Respectfully submitted,

Dana C. Jorgenson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.