

Budget & Finance Committee
Thursday, March 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 Verga; Kenny Costa; Linda T. Lowe; Jim Duggan; John Dunn; Mike Hale; Mark Cole; Dr. Richard Safier

The meeting was called to order at 5:00 p.m. Councilor Verga entered the meeting at 6:35 p.m. and departed the meeting at 6:55 p.m. Agenda items were taken out of order.

1. Memorandum from City Auditor re: City's FY2013 Basic Financial Statements and a review and discussion with Chris Rogers, Principal, and Shawn McGoldrick, CliftonLarsonAllen, LLP

Kenny Costa, City Auditor, said this is the fifth consecutive year the firm of CliftonLarsonAllen, formerly known as Sullivan, Rogers, has undertaken the City's independent audit. There are three reports, the financial statement audit, the GAO and OMB A-133 Reports and the Management Letter, he pointed out. He noted the opinion in the financial statement on page 2 to page 4. It was a "clean opinion" which is the best possible rating.

On Page 20, the section under fund balances, the unassigned funds amount to \$7,412,492 which he said has gone down from \$8.4 million. In 2009 when this company did their first audit of the city there was an unassigned fund balance of negative -\$616,000 which is now positive \$7.4 million. He noted the *total* fund balance in 2009 was \$1.2 million and in 2013 it was \$10.3 million.

Mr. Costa also pointed out the fund deficits on Page 40. This year's fund deficit as of June 30th was \$118,588. \$105,877 is due to the state's lateness in reimbursing expenditures under the E911 grant for FY13 and \$12,711 for expenditures from FY12, resulting in a total charge against free cash of \$118,588. Not only was this a free cash hit but the shortfall is reflected as a deficit in the city's financial statement. This is becoming a permanent deficit, he suggested. He added that the CliftonLarsonAllen staff is always a pleasure to work with.

Chris Rogers, Partner of CliftonLarsonAllen, explained about the merger between Sullivan, Rogers and CliftonLarsonAllen. He noted that the business hasn't changed – it remains dedicated to Massachusetts municipal finance. This is now a national firm, he said, with 700 staff committed to state and local government and about 40 percent of the business is public sector work.

Shawn McGoldrick, CliftonLarsonAllen, reviewed the process by which his firm audited the city's financials. New rules including Government Accounting Standards Board (GASB) statements 60 through 63 were applied to the audit (Note 1C on page 31). GASB 63 changed the city's changed terminology from "net assets" to "net position." There are new standards that make more clear what is being opined by the outside auditors. His firm's opinion for the city's financial statements is unmodified, which is the best opinion possible, he said. Included in the city's financial statements, he noted, is the Gloucester Lyceum of the Sawyer Free Library, which is audited by another auditor as this is a non-profit charitable trust. CliftonLarsonAllen is placing its reliance on that auditor's report, he said.

Page 17-19: The full accrual financial statement (government wide) includes the long-term debt, fixed assets, fully accrued receivables, net OPEB (Other Post-Employment Benefits) obligation which is very similar to a private company's financial statement. Net OPEB obligation totals are \$44,259,304 at year-end. Net assets are a little over \$26.8 million. Net assets have three components: capital assets; net of debt which is about \$46.1 million; another \$21.1 million that is restricted by third parties (grants and revolving funds restricted to a specific use).

Mr. McGoldrick presented three documents which were referred to in his testimony (on file):

- **"Independent Auditor's Report on Basic Financial Statements and Required Supplementary Information" (Hereafter called "Basics")**
- **"Reports on Internal Control over Financial Reporting, Compliance and Federal Award Programs" (GAO and OMB A-133 Reports)**
- **"City of Gloucester Management Letter" ("Management")**

Governmental Funds Balance Sheet, page 20 of Basics: **Mr. McGoldrick** said that, when looking at the General Fund, the total fund balance was \$10.3 million which is broken into four components:

- A restricted amount of \$99,139 for OPEB1

- \$860,215 which was aside to fund the FY14 budget;
- The amount set aside for ambulance stabilization
- Capital improvement and maintenance stabilization funds (earmarked).

The other two components are

- “Assigned” which represents the City’s encumbrances of about \$1.9 million.
- “Unassigned” in the amount of \$7.4 million (that includes the general stabilization fund. (**Mr. Costa** noted that there is about \$2.7 million in the general Stabilization Fund.) Free cash is part of the \$7.4 million, and the starting point is the unreserved fund balance. Stabilization Funds are part of that as well.

Mr. McGoldrick said the Sewer Betterment Fund had \$1.31 million and the Community Preservation Act Fund had \$1.2 million at the end of the year.

Proprietary funds (page 24 of Basic): **Mr. McGoldrick** said net assets for the Sewer Department were approximately \$91 million. Two components of that are the investment of capital and net of debt in the amount of about \$74.5 million. Unrestricted net assets totaled about \$16.2 million, which includes betterment. The actual free cash in that fund is about \$1.6 million and the rest is earmarked.

Water enterprise funds net assets were about \$17.9 million with unrestricted of \$7.1 million. Talbot Rink had \$228,000 in total assets with unrestricted funds were \$144,000. Waterways had a net position of \$2.1 million.

Pension Fund: **Mr. McGoldrick** said net assets are \$73.2 million. When looking at unfunded liability, the city’s actuarial pension obligation is only 44.3 percent funded (as of January 1, 2012).

Page 54 Long-Term Debt: Governmental Funds outstanding debt \$40 million.

OPEB (pages 60 to 62 of Basic): **Mr. McGoldrick** said this is the fifth year of the accrual. The total unfunded liability is a little over \$204 million. If the City was funding the actuarial requirement annually over a thirty-year period, the City should be setting aside a little over \$15 million a year. **Mr. Rogers** said that based on the actuarials the city is paying about 30 percent of what it should be paying in every year. Another \$10.5 million over what is currently set aside is needed to maintain the 30-year funding schedule, he said. **Mr. McGoldrick** added this is better than many other communities.

Page 70-General Fund Schedule of Revenues, Expenditures and Change in Fund Balance was briefly reviewed by **Mr. McGoldrick**.

Reports on Internal Control over Financial Reporting, Compliance and Federal Award Programs:

Grants (GAO): **Mr. McGoldrick** said no opinion is provided because it is not required by governmental auditing standards. He noted page 4 through six that there were no findings as to internal control compliance with laws and regulations. Page 10 is notes to the actual schedule, and Pages 11 through 23 are the actual findings. Page 12 lists the major federal award programs. The auditors have to provide an opinion and report on the internal controls over compliance. Some grants still did not comply with one of the federal requirements. The federal government can pull the funds because of this, he said. **Mr. McGoldrick** said that the findings again point out the needs for a grant administrator position for the city.

Pages 3 through 6 show an unmodified opinion, which is the best available, on the Child Nutrition Grant cluster, and capitalization grants for drinking water. The city received a modified opinion, which is a qualified opinion on CDBG, Title I cluster and Special Ed cluster.

Twelve findings were identified: The qualified opinions were made on Community Development Block Grants (CDBG), Title I, Special Education, and EPA Capitalization Grants for Drinking Water which broke down to 3 material non-compliance and material weaknesses, and 7 non-compliance and significant deficiencies, and 2 significant deficiencies. Material non-compliance is determined by the amount of money at issue to the actual grant program and was why CliftonAllenLarson had to qualify their opinion. Some grants still did not comply with one of the federal requirements.

Mr. Costa expressed his concerns regarding the CDBG findings, suggesting it would be difficult for the city to pay pack that money as there is no source for it.

Management Letter: **Mr. McGoldrick** said there are 13 repeat comments with 4 new comments, and two comments were removed that were repeat comments in the past. The pension accounting was pointed out as a new comment. Sewer Betterment Reserves are annual estimates made, and because they are estimates it is not a true reflection of the amount that should be budgeted. **John Dunn**, CFO, said that there may not be a problem, but it isn’t known at this time.

Mr. Rogers spoke to Risk Assessment and Monitoring acknowledging that the city, like many municipalities, has not implemented a formal risk assessment and monitoring program, which is an important element of internal control.

Mr. McGoldrick reiterated that, in his opinion, the city still needs a grant administrator. The city's current structure, he said, places the responsibility of administering federal grants at the department level. The current structure is inadequate as administration and adherence to compliance requirements is lacking.

Mr. McGoldrick also pointed out that there is no process in place to record advance and current refunding transactions (Page 6) in the General Ledger for debt refunding, and recommended that the city develop and implement procedures to record debt refunding transactions in the General Ledger.

Mr. McGoldrick also touched briefly upon Page 7, Governmental and Enterprise Capital Projects and Page 8, Parking Tickets Account Receivable, and how each could be remedied with development and implementation of policies and procedures.

Mr. McGoldrick noted that on Page 9 Treasurer/Collector Account Receivables had small variances that should be reconciled monthly. Page 10, Uncollectable Accounts Receivable is a repeat from the previous year, and it is recommended a policy be developed for financial reporting purposes. Capital Assets on Page 11 are consistent with the previous year and are not performing an annual inventory of assets.

Councilor McGeary asked whether assets were being tagged for inventory. **Mr. Costa** confirmed tagging is being done for computers. **Councilor Cox** noted there is no physical inventory done each year. **Mr. Costa** reviewed the procedures in place to track when property is retired.

Page 12, Old Outstanding Checks and Tailings were briefly reviewed. It was recommended that the Treasurer/Collector's office implement monthly procedures to investigate and resolve the status of the sale checks in a timely manner.

Student Activities Funds, Page 13- **Mr. McGoldrick** pointed out that the School Department still has not adopted the School Activity law of 1996. Once the law is adopted there are agreed upon procedures for reporting.

Mr. Rogers commented this is a very big risk for the City, and it is very real. This has been on the list every year for five years.

Councilor McGeary said the city seems to be improving but has a way to go. Procedures and finances are better, but more and better procedures need to be adopted. **Mr. Costa** pointed out there has been a major financial turnaround for the city since 2009. He said the General Ledger has been cleaned up and the books can be closed each year, but he admitted there is room for improvement. The issue of the Sewer Betterment Reserves could become a potential problem, he added.

Councilor Cox suggested that the departments that have repeat findings need to be asked how they can be best helped to improve their documentation process to stop these repetitive findings. She thanked Mr. McGoldrick and Mr. Rogers for their good work.

The Committee recessed at 6:21 p.m. and reconvened at 6:30 p.m.

2. Administration's proposed comprehensive plan for free cash

Supplemental Appropriation 2014-SA-50: **Jim Duggan**, Chief Administrative Officer said that the Mayor's office has almost expended the FY14 budgeted reserve of \$10,000 for a variety of purposes, including hosting events and to reimburse the Mayor when she attend events on behalf of the city. He said his funds the Mayor's department to the end of the fiscal year.

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-50 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 Mayor's Office, Contingency/Emergency, Account # 101000.10.121.57800.0000.00.000.00.057 for the purpose of unforeseen expenditures in the Mayor's Office.

Supplemental Appropriation 2014-SA-51: **Mr. Costa** explained that the appropriation is to pay part of the cost of the Other Post-Employment Benefits (OPEB) report for June 2013, which is an actuarial evaluation so the city understands what its liability is for the increasing cost of retiree health insurance. He noted in order to complete the funding for the new OPEB report, another \$2,000 will come from his departments accounts, with will be a done through a Special Budgetary Transfer.

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-51 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 Auditor’s Office, Contractual Services, Account # 101000.10.135.52000.0000.00.000.00.052 for the purpose of conducting the City’s Other Post Employment Benefit (OPEB) Actuarial Study as of June 30, 2013 for required financial reporting purposes as part of Government Accounting Standards Board (GASB) #45.

Supplemental Appropriations 2014-SA-54 and 2014-SA-55: Mark Cole, Assistant Director of Public Works, said that the free cash requests for Newell Stadium reflected the cost to the DPW last fall to open and run Newell Stadium. He noted the costs included overtime for several DPW employees, purchased supplies and materials for the stadium. This money will go towards the cost of running the stadium for the spring season, he said. He pointed out that the FY15 DPW budget will include requested funds to run and maintain the stadium. **Mr. Duggan** said that the DPW had to utilize resources budgeted for other DPW endeavors last fall with the understanding that the budget deficit would be replenished with free cash, he said.

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-54 in the amount of \$9,150 (Nine Thousand One Hundred Fifty 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/Wage-Temporary Position, Account # 101000.10.470.51200.0000.00.000.00.051 for the purpose of funding temporary staffing through June 30, 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-55 in the amount of \$13,545 (Thirteen Thousand Five Hundred Forty Five 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/Wage-Overtime, Account # 101000.10.470.51300.0000.00.000.00.051 for the purpose of funding overtime through June 30, 2014.

Supplemental Appropriation 2014-SA-56: **Mr. Duggan**, responding to an inquiry by **Councilor McGeary**, said that this funding, in part, was requested by former Councilor Ciolino who had expressed concern that since the Seaport Advisory Council grant had run out, for the continued maintenance of the Harbor Walk. This funding would be under the direction the Downtown Development Commission (DDC) funds, but reside in a DPW account. **Mr. Duggan** discussed with Councilor McGeary the process by which the DDC funds are utilized by the Commission with the assistance of the DPW.

Councilor Cox also discussed the matter briefly with **Mr. Duggan**. She pointed out that that the DPW should not have to do the downtown planting work. **Mr. Duggan** gave a brief background history of the Downtown Development Commission funding, and how it came to be under the auspices of the DPW’s budget but remained defined as DDC funds. **Councilor Cox** also discussed a number of city street lights not working on Main Street, particularly lower Main Street.

Councilor McGeary asked whether there was any strategy in place to maintain the Harborwalk gardens. **Councilor Cox** encouraged **Mr. Duggan** to express to the DDC that it would serve them well to bring in the original landscape designer of the Harbor Walk to join the Commission. **Mr. Duggan**, responding to both Councilors noted there is not a plan in place for the Harborwalk landscaping maintenance at present, and that he would discuss with the DDC Councilor Cox’s suggestion and add his support for the original landscape designer’s involvement with the DDC.

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-56 in the amount of \$6,225 (Six Thousand Two Hundred Twenty Five Dollars) from the General Fund- Undesignated Fund Balance (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to Public Property Maintenance, Supplies, Account # 101000.10.470.54000.0000.00.000.00.054 for the purpose of the maintenance of the Harbor walk and purchasing supplies for Newell Stadium.

Supplemental Appropriation 2014-SA-57: Mr. Duggan explained that this was a request originally put forward by former Councilor Ciolino through the Council's list of items it wanted to see funded through free cash. Councilor Cox briefly discussed with Mr. Duggan whether the funds should be transferred to the Veterans' Office or the DPW. It was noted these funds would be used for plantings and signage for the approximately 12 memorial squares in the city. Councilor Cox noted there are people already waiting to volunteer to assist the city with this beautification effort and discussed with Mr. Duggan several possible ways to accomplish the improvements.

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-57 in the amount of \$2,000 (Two Thousand Dollars) from the General Fund-Undesignated Fund Balance ("Free Cash"), Account #101000.10.000.35900.0000.00.000.00.000 to Veterans Services, Public Relations, Account # 101000.10.543.57890.0000.00.000.00.057 for the purpose of the upkeep and improvements to Memorial Squares.

Supplemental Appropriation 2014-SA-58: Mr. Duggan explained there is a weekly standing meeting with the Planning Director, Community Development Director, General Counsel, the Mayor and himself addressing the future opportunities at the Fuller site. He said now under discussion is how best to respond to the request for the use of the Fuller site submitted by the Cape Ann YMCA as a potential location for their facility. He reviewed for the Committee that the YMCA will submit a master plan for the location and cited some examples possible uses including: a YMCA facility, offices, some retail space, a small number of housing units above the retail portion in order to create a village-like atmosphere. He noted that discussions have been high level thus far. He pointed out that in the meantime in order for the city to do its due diligence there is a need to survey the existing conditions and do, preliminary engineering, and do legal research. Mr. Duggan added that the establishment and location of a public safety facility at the Fuller site would be factored into the study as well. He said this is an opportunity that won't come along again for some time.

It was noted that a previously approved free cash appropriation for a study for the public safety building was for the specific purpose of a response-time analysis study. He added that the Owner's Project Manager said the fields may not be the optimal location for the building, but a better location might be somewhere else on the Fuller site.

Councilor McGeary asked what the goal of the Fuller site study is for \$50,000. Mr. Duggan said the basic goal is for the city to accomplish its due diligence. He reiterated that this study would survey existing conditions, perform preliminary engineering and legal work that has to be done because there are small pieces of the property that Sam Park, the Gloucester Crossing developer, controls through conditions agreed upon some time ago. He explained there is a small triangular piece of property that once Mr. Park's construction financing turns into permanent financing, is to be turned over to the city. The city has to confirm that the construction financing has become permanent.

Councilor Fonvielle suggested that if the auditorium in the former Fuller School were demolished in the developing of the parcel it would be a loss to the city, and he asked whether preserving this important community asset had been explored. Mr. Duggan said there are no promises in that regard. Unfortunately, due to lack of attention and maintenance it may not be possible, to preserve the auditorium, he said. Councilor Fonvielle responded that the concert hall might have issues coexisting in the same area as the public safety building, but he reiterated the auditorium is a community resource that is not comparable to anything else available in the city.

On inquiry by Councilor Cox, Mr. Duggan said if another developer wants to submit a master plan in response to the city's Request For Proposal (RFP) the city would assess it.

Councilor McGeary said he hoped this RFP would be an open process and not tailored to a particular non-profit organization as all options need to be explored. Mr. Duggan agreed and said that there may be another development team that would be interested. There is an on-going discussion whether the property will be leased or sold, he noted.

Councilor Cox engaged in a discussion with Mr. Duggan regarding the fact that of the School Committee had declared the Fuller School surplus, but that the City Council had not yet accepted it and how that process should proceed.

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-58 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 Community

Development, Contractual Services, Account # 101000.10.181.52000.0000.00.000.00.052 to fund additional Community Development needs including the Fuller Site Study.

Supplemental Appropriation 2014-SA-59: Mr. Duggan said that the Tourism Commission will be recommending uses for this \$50,000 free cash appropriation. The Commission is expected to recommend funding for the Schooner Festival at \$2,500 and fund advertising and additional commercial production for video advertisement, website maintenance, a video monitor for the welcoming center and other initiatives investing in the city's tourism infrastructure.

Councilor McGeary reminded **Mr. Duggan** that he preferred to see the Commission spend its money on impactful investments. **Mr. Duggan** pointed out that the television ads cost \$20,000 to produce plus the cost air time. **Councilor Cox**, Council liaison to the Commission, said the Commission is looking to do a survey of local inns, motels and hotels to determine where the visitors to the city are coming from and how they heard about the city. This, she said, is needed in order to target advertising.

Councilor McGeary suggested hiring a marketing or public relations firm with this money which he said would serve the Tourism Commission in a better way. **Mr. Duggan** said the Community Development Department recently hired a Senior Project Manager for the Visitor-Based Economy, Carol Thistle, who will oversee the Welcome Center. He said she has already done a lot of outreach to the Chamber of Commerce, the Direct Marketing Organization (Discover Gloucester) and other tourism promotion entities in the city.

Councilor Cox asked for patience for one more year to allow Ms. Thistle to get acclimated and to come back during the next budget season or next round of free cash to give the Committee her ideas on what should be done to promote the city's visitor-based economy. **Mr. Duggan** added that the five-year tourism plan is going to be developed by the Tourism Commission with the assistance and guidance of Ms. Thistle. **Councilor Cox** said that this newly composed Tourism Commission is already doing great work and has already accomplished quite a bit. **Councilor Fonvielle** agreed that the development of a survey that Councilor Cox put forward was a very good development tool for the Tourism Commission.

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-59 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 Tourist Commission, Purchased Services, Account # 101000.10.563.53500.0000.00.000.00.052 for the purpose of supporting the Tourist Commission.

Supplemental Appropriation 2014-SA-61: Mr. Costa explained that this \$100,000 free cash transfer is specifically for a trust fund to offset retiree health insurance costs. By state statute the funds cannot be used for any other purpose. This transfer is intended to build up the city's reserves. He noted this account was created by the city three years ago.

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-61 in the amount of \$100,000 (One Hundred Thousand Dollars) from the General Fund-Undesignated Fund Balance ("Free Cash"), Account #101000.10.000.35900.0000.00.000.00.000 to OPEB Trust-Transfers In from General Fund, Account #830000.10.991.49700.0000.00.000.00.040 for the purpose of increasing the city's funding of the OPEB Trust Account.

Supplemental Appropriation 2014-SA-62: Dr. Richard Safier, Superintendent of Schools said providing students with Chromebook computers that is an opportunity to transform the nature of teaching and learning through the creation of a one-to-one digital learning environment. He explained the following: That this initiative is not just about purchasing computer hardware and software, but establishing a whole infrastructure. This will require the addition of some personnel as well working with the schools and staff in order to provide the requisite professional development. This request, initiated by the Mayor, is entirely independent of the School District's free cash request that was voted by the Council recently to be utilized for a variety of necessary district purposes. This program is the beginning of a multi-year initiative to bring the high school and middle school into the digital age. The \$270,000 will be placed in an account that would preserve the funds for the specific use of the digital initiative.

Dr. Safier said the money will pay for the first phase of the program and establish a one-on-one environment for Grade 8 students. There will be some professional development with the ninth grade teachers, and in September

2015 if the first phase is successful, those students will carry their Chromebooks into the ninth grade. As those students progress through the high school, each year another grade level get the one-on-one digital learning program, assuming funding for the program continues. Once the high school is fully immersed in the one-on-one program, he said, it is the intent of the district to carry this program into the lower grades.

Councilor Cox asked how the one-on-one program will be rolled out, and whether the students will sign a contract with their parents? **Dr. Safier** said the computers will be bar coded and a document will be signed by parents and students which will include physical care, use, and social media policy. **Councilor Cox** asked when those procedures and documentation will be in place. **Dr. Safier** said the policies are already in place; that the drafting of the letter will be done by early summer. **Councilor Cox** asked that the letter and policies be forwarded to the Committee as it is important issue to the taxpayers to see how these funds are spent and the investment is protected. **Councilor Cox** and **Dr. Safier** talked about the 21st century skills needed by students to be successful upon leaving school to enter the workforce or higher education. He spoke to the guidelines and resources that will be in place for teachers as well.

Councilor Fonvielle asked what would be done to measure the success of one-on-one digital education program. **Dr. Safier** said that there will be new standardized assessment testing by the state coming forward, PARCC (The Partnership for Assessment of Readiness for College and Careers) replacing the current Massachusetts Comprehensive Assessment System (MCAS) testing. He pointed out those tests are designed to be administered on line. He said the assessments themselves will show how students perform.

Councilor McGeary discussed with **Mr. Costa** the value of transferring this free cash appropriation into a stabilization fund or to an account that the School Department can spend the money.

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-62 in the amount of \$270,850 (Two Hundred Seventy Thousand Eight Hundred Fifty Dollars) from the General Fund- Undesignated Fund Balance ("Free Cash"), Account #101000.10.000.35900.0000.00.000.00.000 to Capital Project Stabilization Fund-Transfer In from General Fund, Account #850000.10.991.49700.0000.00.000.00.040 to earmark funds for School Department technology.

3. Memorandum, Grant Application & Checklist from Harbor Planning Director re: City Council acceptance of a Seaport Advisory Council Grant in the amount of \$5.6 million for the reconstruction of Stacy Boulevard & repairs at the Blynman Bridge

Mike Hale, Department of Public Works Director, reviewed the following with the Committee: This is the request for acceptance of the Seaport Advisory Council Grant of \$5.6 million for the reconstruction of Stacy Boulevard and the easterly portion of the Blynman Canal, two projects that have been under design for 10 years. The project is 90 percent designed at this point. The RFP for the rebuilding of the Stacy Boulevard seawall will be issued first followed by one for the Blynman Canal repair work. It was noted the Council had recently approved a loan authorization for the local match of the funding for the repair work.

Councilor Fonvielle asked if the repairs to the Blynman Canal would be coordinated with the State's repair work on the Blynman Bridge. **Mr. Hale** responded it wasn't known what the state's plan for the bridge is. For instance, if the state intends to put in place some sort of bypass as has been done in the past, such a bypass would impact the reconstruction of the harbor side seawall. The canal wall repair work will extend from the bridge tender's house (facing the harbor to the left) out around to the harbor with about 250 feet of seawall to be replaced. The westerly portion of Stacy Boulevard portion of the canal was done in 2005 and 2006. From that point all the way to the Lucy Davis Walkway will be replaced as part of this project. At the Fisherman's Wives Memorial there will be a eight-foot protrusion of the seawall into the harbor. The protrusion will taper back to the current wall about 168 feet in either direction. The intent of the extension is to protect the statue. The Blynman canal repair will consist of granite block veneering a concrete wall and the Stacy Boulevard repair work will be a granite wall only.

Councilor Cox mentioned a fishing pier in that area that had previously been suggested to be funded through a program of the Division of Marine Fisheries (DMF). **Mr. Hale** said there has been discussion of public access points with the DMF. That would go to the Council for a decision, he noted, and is not part of the current project.

Councilor Fonvielle asked whether the sidewalks on the boulevard will be rebuilt. **Mr. Hale** said the sidewalk and some planting areas will have to be replaced. There will be all new concrete sidewalks, which he suggested would be made wider. The memorial benches will be removed for safekeeping and be reset.

Councilor Cox voiced her endorsement the grant acceptance.

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 under MGL c. 44, §53A accept a grant from the Seaport Advisory Council in the amount of \$5,600,000 for the purpose of the reconstruction project of Stacy Boulevard seawall and repairs at the Blynman Bridge seawall.

4. *Memorandum, Grant Application & Checklist from Community Development Director re: City Council acceptance of a MA Council on Aging Grant “Healthy Aging through Healthy Community Design in the amount of \$10,000*

Councilor Cox said that the grant amount offered by the Mass. Council on Aging for the Healthy Aging through Healthy Community Design grant came in \$1,400 higher than the \$10,000 asked for by the Community Development Department, at \$11,400. She noted \$11,000 will go towards consultants and \$400 will be used for operational costs.

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 under MGL c. 44, §53A accept a grant from the Massachusetts Council on Aging Grant “Healthy Aging through Healthy Community Design in the amount of \$11,400.

5. *Special Budgetary Transfer Request 2014-SBT-19 from City Auditor’s Office*

Mr. Costa explained that additional funding is needed in order to fully fund and conduct an Other Post-Employment Benefits (OPEB) study as of June 30, 2013, as noted earlier during the free cash discussion. He pointed out this is not something that can be done by his department, but that it requires someone who specializes in this specific financial discipline.

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 Special Budgetary Transfer 2014-SBT-19 for \$2,000 (Two Thousand Dollars) from Auditor’s Office, Salary/Wage-Permanent Position, Account #101000.10.135.51100.0000.00.000.00.051 to Auditor’s Office, Contractual Services, Account #101000.10.135.52000.0000.00.000.00.052 052 for the purpose of additional funds needed to conduct the City’s Other Post Employment Benefit (OPEB) Actuarial Study as of June 30, 2013 for required financial reporting purposes as part of Government Accounting Standards Board (GASB) # 45.

6. *Special Budgetary Transfer Request 2014-SBT-20 from City Auditor’s Office*

Mr. Costa reviewed there were savings in his salary accounts due to the Assistant City Auditor leaving at the end of FY13 and a lag time to hiring a replacement. These funds are intended to provide improvements to the Auditor’s Office to include paint and supplies, carpets, window shades, fireproof cabinets and the purchase of a laptop computer, he said.

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 Special Budgetary Transfer 2014-SBT-20 for \$10,000 (Ten Thousand Dollars) from Auditor’s Office, Salary/Wage-Permanent Position, Account #101000.10.135.51100.0000.00.000.00.051 to Auditor’s Office, Additional Equipment, Account #101000.10.135.58500.0000.00.000.00.058 for the purpose of funding improvements to the City Auditor’s Office.

7. *CC2014-011 (McGeary) Election of City Clerk & City Auditor pursuant to the City of Gloucester City Charter Section 2-7(a)*

Election of the City Clerk: **Ms. Lowe** reviewed her accomplishments as City Clerk over the last two years for the Committee as follows:

- Consolidation of Ward 2 polling places;
- Reorganization of the City Clerk’s Department and reclassification of positions within the department;

- Used free cash in 2011 and 2012 to upgrade department office furnishings, to improve staff morale and to give a professional appearance to the office;
- Working on Municipal Clerk Certification through the International Institute of Municipal Clerks Association noting she had attended that association's training in July 2013.. She said she expects to have her application completed in several months; and would also like to see the Assistant City Clerk go through the same certification process;
- Proposal of further consolidation of polling places, Ward 3 and Ward 5, precinct 2 moving to one single polling place at the Gloucester High School;
- As a member of the Licensing Commission, worked with the Police and Fire Chief and the Assistant Legal Counsel to create an efficient and fair hearing system for taxi licensing;
- Worked with the Planning & Development Committee to successfully create a Special Events Advisory Committee, and responsible for scheduling, agendas and meeting minutes. This group meets monthly. As a result a fair number of events have not had to come forward for permitting to the Council as it can be handled at the Special Events Advisory Committee level;
- Submitted application to the Capital Improvements Advisory Board with Sarah Dunlap of the Archives Committee to create or renovate an area for a Records/Archives Center for a true records storage system for the permanent records that are required to be kept by the City Clerk's Department.

Councilor Cox asked that the ward map in the City Clerk's office be updated and replaced in the City Clerk's office. **Ms. Lowe** said a city zoning map in the Clerk's office also needs updating and replacement and she would forward the Councilor's request to the IT Department. **Councilor Cox** asked to be copied on the request. She also noted that she has received inquiries to have the Special Events Advisory Committee meet occasionally in the evening for those event organizers who work full time and are volunteers for charitable organizations. **Ms. Lowe** said she would look into scheduling evening meetings with the members of the Advisory Committee.

Councilor McGeary asked if the City Clerk's Department tracks customer service requests. **Ms. Lowe** said it would be difficult to do as her department gets thousands of calls annually for information alone. **Councilor McGeary** added that he appreciated the assistance of Ms. Lowe in the effort to streamline Council processes, and with working towards the improvements of the facilities in Kyrouz Auditorium. **Ms. Lowe** agreed, pointing to the need for State open meeting compliance with remote participation. She said that issue is being worked on in order to provide better public access and Council process.

Councilor Verga participated in a brief discussion on compliance issues with remote participation with **Ms. Lowe** and the Committee. **Ms. Lowe** also added her praise Mr. Costa's work for the city.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed, pursuant to the City of Gloucester City Charter Sec. 2-7(a) concerning the election of the City Clerk, recommends the election of Linda T. Lowe as the City Clerk for a term of April 2014 to April 2016.

Election of the City Auditor: **Mr. Costa** explained the biggest goal he has set for his department will be a new financial system for the city known as MUNIS. It will be a large undertaking, he said, but he pointed out he has done such a conversion before. He added that in the long run it will be a tremendous benefit to the city's financial recordkeeping and efficiency. A demonstration of the MUNIS system several years ago had nothing but great reviews from department heads, he said. He pointed out that it will be a chance to take another look at the city's Chart of Accounts which will only make his department more efficient. The majority of reports he does now, he said, is in Excel, a program which can be difficult for his department's purposes. Under the MUNIS system, his department's reporting will be done more quickly and efficiently, he noted.

Councilor McGeary noted Mr. Costa's intent to bring in a consulting firm to compile the city's Chart of Accounts. **Mr. Costa** said he has worked with this particular consultant before and that he wants to have them build a Chart of Accounts that is geared specifically towards the city's needs. He said he was confident on the city side as to what accounts are needed. He said he hoped the School Department would be fully involved to assist in the construction of that fundamental financial structure. He added that he would be available to support and work with the School Department's Director of Finance and Operations to assist him through the development process. .

Mr. Costa also discussed with the Committee the lack of funding for a grants administrator position. He said envisioned, if funded, that the position could have the ability not only to review grants for government compliance, but to also search out and write grants utilized across all city departments.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed, pursuant to the City of Gloucester City Charter Sec. 2-7(a) concerning the election of the City Clerk, to recommend the election of Kenny Costa as the City Auditor for a term of April 2014 to April 2016.

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

Mr. Costa discussed his reports with the Committee.

A motion was made, seconded and voted unanimously to adjourn the meeting at 8:45 p.m.

Respectfully submitted,

Dana C. Jorgensson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.