

CITY COUNCIL STANDING COMMITTEE
Budget & Finance Meeting
Thursday, September 23, 2010 – 5:30 p.m.
1st Fl. Council Conference Room – City Hall

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

Absent: None.

Also Present: Kenny Costa; Jeff Towne; Jim Duggan; Superintendent Joseph Connolly; Tom Markham; Mike Hale; Mark Cole; Rose LoPiccolo; Nancy Papows; Bill Goodwin; David Anderson; J.D. McEachern

The meeting was called to order at 5:36 p.m. Items were taken out of order.

1. Continued Business

A) Talbot Rink Enterprise Fund (Cont'd from 09/09/10)

Michael Hale, Public Works Director, discussed associated costs and reviewed a summary sheet (received at the meeting and on file), an aggregate of the previous year of operating costs of the Talbot Rink which he felt did not reflect the true operating costs in the absence of separate electric meters.

Councilor Curcuru noted his being in receipt of conflicting reports on that matter. He mentioned that during a previous tour of the facility they saw a “ghost” meter to meter the electricity in house so they can divide the cost. He conversed with David Anderson (of the School Department) who told him it was not calibrated and not working. They had also asked Assistant Superintendent Brian Tarr to get a separate meter installed on the rink. Mr. Tarr responded that they would lose what discount there was [on electricity].

J.D. McEachern, Talbot Rink Manager stated they were told by the energy provider one meter coming into the whole complex was the least expensive way. That was why they saw a meter and a hole where a meter was.

Councilor Curcuru asked if they could please check with National Grid and what the expense would be purchasing the electricity with one meter versus two meters.

Mr. Hale stated they purchase their electricity differently from residential consumers. The City bids their electric by kilowatt hour.

Mr. Towne added they have a kilowatt hour agreement because they are a bulk purchaser. Based on that, he believed that National Grid would likely be accommodating; even if it was for their own purpose, and they sent the City the reading.

Councilor Curcuru stated the idea is to get an accurate cost on it.

Mr. Hale stated if it is to be an enterprise account there are a lot of things that have to be taken into consideration. There can't be guesses. They have to know what expenses and revenues are. He gave the example of an oil bill charged to the rink in 2008 for \$70,000. He believed it went to someplace else. There was probably a shortfall in a heating oil line somewhere else. He went through the expenses as they were listed in the accounts on his list.

Councilor Curcuru asked if Mr. Hale thought the salaries aggregate was excessive at \$147,000.

Mr. Hale responded that right now they're looking at the likelihood of one of the rink maintenance personnel retiring. Their plan now was to not fill that position.

Councilor Curcuru stated someone is there during the day by themselves.

Mr. Hale confirmed that fact.

Mr. McEachern also confirmed that he was in and out throughout the day, but was there for most of the time.

Mr. Hale stated that the ice isn't used from 7:30 a.m. to 3:30 pm. It is vacant and maintenance has been done during that time. He felt the night maintenance person has the ability to cover that during their shift.

Mr. McEachern reminded the Committee the rink was designated a physical education ("phys. ed.") station and was how they got bonded (as was the High School field house). There used to be phys. ed. taking place there during the day. That is no longer the case. When the daytime maintenance person retires, they will not replace him as it is not used for physical education during the day now, for the last three years.

Councilor Curcuru asked for an explanation of Houghton Mechanical Group Corporation.

Mr. McEachern responded this company had the service contract on the rink's compressors and condensers.

Kenny Costa, City Auditor added that they bought a new compressor in FY10 for \$18,759.28.

Mr. Hale noted no matter where these numbers are, with an enterprise fund, it will cover operational costs and also should be able to cover debt service in the capital. There is now a deficit in the rink two months into the fiscal year.

Mr. Costa stated the deficit was \$27,439.29.

Councilor McGeary asked if this was because there is no ice time revenue yet in this fiscal year.

Councilor Curcuru asked while taking that into consideration, were they also going to build in a maintenance budget; and with regard to capital was some capital money built in there.

Mr. Hale stated a maintenance budget has to be built in. The rink needed a significant amount of capital. There is very little true capital in there. The condenser was bought and paid for out of the Ordinary budget.

Councilor Curcuru stated they establish a capital for this particular rink and wondered if they have a way of paying for it so there isn't a problem borrowing for it.

Mr. Towne added if it were an enterprise fund and you can justify it, then yes. However, he pointed out they were barely "squeaking by" now; that just the humidifier is \$100,000.

Mr. Hale added just for the inside, he spoke with Northeast Rink Systems; and it would be about \$0.5 million for the cooling system, boards and glass and lights replacement along with some other amenities. The boards' life expectancy has come due.

Councilor Curcuru asked if they believe that the improvements made to the rink would increase the chance of renting the ice.

Mr. Hale believed that was a philosophical question stating Mr. McEachern has been in the business a long time. He referred the to Bobby Orr time having come and gone, ice time demand being down. The location of the rink works against it. He questioned what they could do. The rink study wasn't just what needed to be fixed but also marketing. He wanted to know what other options there were. He hadn't had an opportunity to look at the rink industry and figure out what other marketing opportunities are out there for them.

Councilor Curcuru stated he sat in a conference call with the Mayor with a company that promotes rinks. They gave the Mayor a packet, and suggested Mr. Hale obtains a copy of it. They were trying to sell operational management of the rink and a marketing plan on how to promote the rink. He felt they had a great deal of ideas on how to promote the rink. It was all about rink management and time management of the ice. How can they generate more revenue with the rink time; how is the rink time allocated with regard to the High School. Was priority time given to them and everything else filtered across; and was that the way it was done in other cities.

Mr. McEachern stated they are unique as they own the rink, which is not the case with many other cities.

Councilor Curcuru stated Pingree owns their rink; it draws revenue and is self sufficient.

Mr. McEachern didn't know and would have to look at their books. He knew they had just done some major work and someone gave them money to do it. Pingree has a further advantage; they have location. Gloucester's rink "is beyond the end of the road". He believed Pingree had an opportunity that would not come Gloucester's way because they can have the same ice [time] available and their ice is more accessible.

Councilor Curcuru stated we don't turn anyone down for ice time then.

Mr. McEachern stated if it's not being used, no.

Councilor Hardy asked if there was a schedule of who gets what ice time. Was there a comparative analysis for the last three years on the ice time and what the rates were for the rink? What was booked for this year? Did they have that available to them? How do we project revenues for an enterprise fund if they don't what the revenues will be?

Councilor Curcuru explained that they were setting up an enterprise account. They need to know what the revenue is going to be. They need to know what ice has been sold; what contracts there are and did they have those contracts.

Mr. McEachern responded he hadn't seen the contracts yet.

Councilor Curcuru asked what was done in the past; were there no contracts.

Mr. McEachern stated no.

Councilor Curcuru then asked how they collect money for the ice time.

Mr. McEachern stated in his 14 years as rink manager "not one penny was due".

Councilor Hardy asked if he invoiced people or did they pay when they came in.

Mr. McEachern replied they pay cash in hand, "depending on who they are". The basic change came when he took over. It was a Phys. Ed station which included tennis. The tennis boom waned; and he was hired to run the rink; and his charge from the School Department, who hired him, was to try to make the rink pay for itself, on top of giving the high school teams and the middle school teams' free ice, which he believed was worth up to \$50,000.

Councilor Hardy stated they need to market the ice and charge for it; and the Committee needed to see the schedule.

Councilor Curcuru asked when the high school has away games were they selling that ice time.

Mr. McEachern stated when one high school team is away, another home team still has ice time for practice. The ice time is also taken by Rockport (who buys ice from the rink) using it as their home ice; there are many teams that utilize it. There is no empty ice. If a team is away, that ice is taken by Rockport, Masconomet girls' hockey team; the JV's; and there may be an O'Maley game.

Councilor Hardy wanted to see the schedule to show that the ice time was being continuously utilized which she contended it was not.

Mr. McEachern stated it is not used at 10:00/11:00 p.m. at night; no one wants it. At 5:30 a.m. Rockport skates there for the season. If Rockport doesn't use ice at that time, he stated, no one else wants it and that he has no demand for it whatsoever.

Councilor Curcuru asked to see the schedule.

Councilor Hardy didn't think they were marketing the ice and asked to see the advertising for it. She contended they could undercut Pingree in rental cost for ice time and still see revenue.

Mr. McEachern "begged to differ".

Mr. Hale felt part of the problem with the facility was that it's there when someone wants to use it for money. He didn't believe the tools have been given to management and facilities people to keep up with the times. The schedule is not computerized. While many rinks have paper schedules for the most part; there is some formal scheduling software also. It hasn't been provided. He didn't know if had been requested, but also didn't think the School Department was looking to invest at all in the facility.

Councilor Curcuru stated that they have to take this to the next level. It can't be done with cash and handshakes.

Mr. McEachern stated they are changing the way the way rink is being run.

Councilor Curcuru reiterated they were not making a decision to change the way the rink is being run. They are trying now to become an enterprise account. The rink has to be self sufficient. The Committee needs answers for these questions. Things will change going forward.

Councilor McGeary also added that things have to change.

Mr. McEachern stated he would do what they want him to do. He is there 24/7 to make the rink run properly.

Councilor McGeary noted the revenue numbers from FY08, 09, 10; and was there a standard rate per hour for ice time.

Mr. McEachern responded it was \$200/hr. for local teams, \$220/hr. for out-of-town teams.

Councilor McGeary stated it appeared to be 1,000 hours in FY10, which was \$262,000. He felt the records of who used that ice in FY10 would be useful as they didn't know what was happening in FY11. If they were going to create an enterprise fund, and they want to know moving forward what revenue they can count on, they'll be able to see what the rink did in FY10 and look at whether that 'stuff' will be there in FY11; and were there opportunities to market it better. If they look at FY10 then they will be able to determine what would be a basis. It appears to be a declining base. Mr. McEachern may be correct that the "bloom is off the hockey rose". They need that base information to project a budget and the revenues of the rink to establish an enterprise fund. He felt the expenses appeared to be a bit "weird", pointing to examples documents before the Committee (and on file). He asked that they give the Committee more detail of the revenues or if this was the level of detail they were "stuck" with.

Mr. Costa stated that this information is what they have. Whether the money was paid out of a particular account; whether it really happened or not, he was unable to say. For example, he knew that \$70,000 was paid to Todd Oil against the rink costs.

Councilor Curcuru asked when everyone comes in to use the rink do they pay for the rink.

Mr. McEachern stated that 99% do pay for it. No one has ever been bumped to use a little bit of ice time and not pay for it.

Councilor Curcuru stated with regard to marketing, currently no marketing appears to be being done.

Mr. McEachern responded that he networks and has a website.

Councilor Curcuru asked what Mr. McEachern does to promote the rink; and what about the league play.

Mr. McEachern stated he promotes "the heck out of the rink"; but still, they've seen a drop off.

Councilor Curcuru asked if there was other revenue, like leagues. Was there a reason they've lost league play.

Mr. McEachern replied it was due to lack of interest. The industrial league had gone from six games to two games.

Councilor Curcuru thought there was one league that had been lost to the Pingree rink.

Mr. McEachern responded they had lost Cape Ann Youth Hockey as they were a part of the Valley League. They can't play at the Talbot Rink or any rink that wasn't a Valley League controlled rink. It was a decision by the Cape Ann Youth Hockey league to join the Valley League; and they have to play all their games at one of those rinks.

Councilor Hardy asked if they played at Talbot what would they be charged.

Mr. McEachern responded he would charge \$200/hr.

Councilor Curcuru asked what other revenue they bring in beside the ice rental.

Mr. McEachern stated they have a skate sharpening service and skate rental during public skating sessions.

Councilor Curcuru asked how this was deposited.

Mr. McEachern responded it was put in separate within public skating as a separate deposit but to the same account. Vending machines they have and that goes in as a separate deposit, same account. There is a check received for having those two vending machines there. The contract is a part of the School Department food service.

Mr. Hale didn't see why food service had a contract. He believed that what the Councilor was saying was that the Food Service was separate from the MOU and that he didn't know if it would be a conflict with the MOU or not; as long as they weren't paying for the food services and that food services wasn't paying for them. He runs two other enterprise accounts, and now a third. He didn't believe he could run this enterprise account in this manner the way it stood today because he couldn't project rink revenue tentatively until they have a more modern system for scheduling; contracts for ice. He felt they were very necessary to have an enterprise account. They need to be able to program in capital which he also believed was a part of it that was still missing; and felt the rink wouldn't stay together without any significant capital investment; that it couldn't just be a band aid solution.

Councilor Curcuru stated that was his concern with the \$75,000. He didn't foresee that \$75,000 being there at the end of the year for them.

Mr. Towne, City CFO added by their [the School Department's] own reports they don't need it.

Mr. Hale stated there are bigger things as well; they're counting on gate receipts to offset their athletic fees, which are a great way to do it; but there are also expenses at the rink during those games. There is staff who aren't paid out of the athletic fee; maintenance staff.

Councilor Curcuru didn't recall in the MOU that they would get all gate receipts for the rink.

Mr. Hale responded that was because it was a sensitive area; no one wants to penalize the children. For instance, the Newell Stadium receipts from the football games don't cover Mark Cole's overtime (DPW Operations Manager) after a game. There are a lot of hidden costs in athletics that aren't shown which he contended weren't even close. They get one pallet of paint to do the field. That is their only contribution.

Councilor Curcuru asked about contracts and would there be a contract coming forward.

Mr. Hale stated General Counsel is working on contracts which aren't just for protecting them for lost revenue but for terms and conditions for use of the ice, to be sure liability is covered. They will see it soon. He has asked Mr. McEachern to let programs know that there will be contracts pending.

Councilor Curcuru asked if they were jumping the gun in moving to the establishment of an enterprise fund.

Mr. Hale stated no. They need it in FY12 to be up and running. He believed it would take that long to sort through some of those issues. They need a meter up and running before the hockey season to meter the ice time. They need it up in place and would take some time to do. He can't start an enterprise fund today or on July 1st – it would take them up to FY12 to do this.

Councilor Curcuru stated that in years where they were short in the enterprise account for water, they raise water rates to offset the difference. How would they do this with a rink enterprise account.

Mr. Hale stated they need to be sure they can sell their ice time and meet their revenue projections.

Mr. Towne stated if they were unable to do that, then you may decide not run the rink. It's either going to make money or you subsidize it. That would be a decision the City would have to make.

Councilor Curcuru stated they will have to make this profitable to keep it running and may need to adjust the time for the high school, and to prioritize ice time.

Mr. McEachern stated at 2:45 p.m. (when the high school had the rink) no other youth program would take ice at the time the high school practices expressing it was not as easy as it may sound.

Mr. Anderson stated Mr. McEachern was correct that Gloucester is out of the way and a hard sell being at a disadvantage. He expressed he has been involved with rinks for 18 years. Pingree School's rink was not subsidized, unless it is capital expense. They generated \$400,000 to \$500,000 per year. They were also opened 12 months of the year. They generated more money in the summer because it could be utilized constantly because they had hockey camps, as an example. Their ice was used 8 a.m. to 10 p.m. Ice time, he stated, is competitive and it can be marketed. Hockey is on a downward slope because of the economy and the cost; it is a big expense for a youngster to play. But they could still be competitive. Pingree's ice was expensive. But ice time is also a negotiation. There have to be contracts because of liability. **Councilor Curcuru** stated when there is no profitability, there is no sense running the rink.

Mr. Anderson believed there was a need [for ice time]. He noted Endicott College and Salem University as potential sources. He felt Gloucester didn't have much to offer as a facility because it is old; the ice is not the best because of the humidity problem; but if dealt with, they would have a good commodity. He expressed his belief here is a need for ice time, and that Endicott would take 30 hours of ice time a week. The ceiling has to be dropped.

Mr. Hale responded that they looked at a few issues; the windows facing Washington Street for instance; they could lower the ceiling as you see in many rinks today; the lighting is terrible and needs complete replacement. National Grid could do that; that there are programs available. It would decrease energy consumption. They need a dehumidifier that could handle the building. The interior doors were moved to be exterior doors; and since there are no longer interior doors it only increases the humidity factor every time the doors open and so they need to reinstall interior doors. The transportation services are in

that building stating they shouldn't be there. There are bus drivers and out of the building all morning long. Transportation Services should be in the school administration building.

Mr. Duggan offered to assist in expediting that issue.

Mr. Hale continued that the \$0.5 million figure he mentioned earlier included dehumidification; boards and glass replacement; new lights; lowered ceiling and didn't include the roof to the facility which was another issue altogether.

Councilor Curcuru asked if they were to borrow for that rink for the enterprise fund how many years did they anticipate they would borrow for.

Mr. Towne responded he wouldn't borrow for more than 10 years; 20 years if it's for a long-lasting improvement. Interest rates for such loans are around 2%-3%. He believed on \$100,000 it would be about \$13,000 back per year for 10 years, and \$8,000 back for 15 years.

Mr. Hale stated that would help him to make the rink a more sustainable facility.

Councilor Curcuru recounted that the MOU states if there is \$75,000; it didn't say they would get \$75,000.

Mr. Towne stated they've never charged for debt for the rink. There are those times where the City can say we need to charge it there, like they're subsidizing everything else. You're maybe subsidizing the first year until such time as you get more marketing, greater ice time and turn it around. You shouldn't; but there are times where you have to make an investment to get it correct and to get it functioning to maximize revenues.

Mr. Duggan stated that they don't have the ability to rent the facility out 12 months of the year in the state the rink is in now and reminded the Committee that it was originally built to only be used as a rink five months out of a year.

Mr. Towne followed up with if you're making \$150,000 in the summer, you'd pay that back in three years. Even \$100,000 or at \$50,000 in the summer months and put \$300,000 into the rink, it would be made back in six years.

Councilor Curcuru reminded Mr. Towne there are associated costs in running the rink during the summer noting such things as energy costs.

Mr. Hale stated if they invest into it and take some of the measures to make the place smaller, and there are ways to do that, you may be able to. He felt they still need some consideration on it. Just on the hockey aspect, noting that he was a young hockey dad with a child just coming into hockey, he was seeing a change; recently the games are always based at a home base rink in another community. Groups want to have a home base to run their league out of. He traveled for ice time to Saugus, Byfield, Hamilton, and Newburyport; there is ice time being used; and where they go they always wait. It could shift. In-house leagues may attract folks. Mr. McEachern and he have had discussions about this. They need some of the tools to do this. While there was nothing wrong with the way Mr. McEachern has been doing things, they need to find out how they develop the bookkeeping formally to project revenue and some sort of spreadsheet tied to Revenue Sense. As they collect 50% of the ice money on September 1st for the season, and the other 50% by mid-October. The ice time is September to March which covers shoulder season to the busy season. Revenue needs to be projected out; if he doesn't know what his revenue is by January, he can't do his budget for the next fiscal year.

Mr. Towne stated if they pay up front 100% they could get a discount up front, perhaps, on their annual fee. He felt there must be software to run that type of thing that is cheap dollars.

Mr. Hale believed the rink has the right people there; but the investment in the rink has been left to run the same way for 14 years. He noted he's been with the City for 12 years and that they've changed their philosophy completely in recent years with their auditing and accounting functions. He noted there isn't a petty cash box in any office anymore. There are legal changes that need to be made with the contracts that they can all live with. They need a contract that guarantees the user will be there for their ice time just as the City would be guaranteeing the rink would be there for them.

Councilor Curcuru stated with this becoming an enterprise account, the Committee will want continuous updates on the direction they're going in. They're going to want to see contracts; revenue

sheets. He relented that they are doing a complete turnaround. But if they look at the numbers, they can't continue to do business as done in the past.

Mr. McEachern stated Cape Ann Youth Hockey is maintaining but not growing. They won't pull out of the Valley League and see them coming in-house. He didn't believe they could attract people to come to Gloucester. He believed if he could offer the ice in the summer, they wouldn't come; they'll go to Pingree.

Councilor Curcuru felt they needed to be more positive. If they aren't able to turn it around they will have to shut down the rink. They are losing money. They need to know the associated costs and the revenues as well.

Mr. Towne stated they had over \$2.5 million in delinquent outstanding taxes when he started with the City; and he collected \$2.1 million just last year. He noted with due respect to Mr. McEachern, every department has to do its best not only to make sure they're getting by but has to get better each year. Every single "T" has to be crossed and "I" dotted. They have to do it, that there is no other way.

Councilor Curcuru stated there has to be a buy into the philosophy. There will be a change here.

Mr. Hale stated part of the disconnect is that revenues and expenses are not tied to the same set of books. Other than what they need for the work, they don't know what is happening.

Mr. Towne asked how they know then how they make money.

Mr. Hale stated he could assure that there are no expenses that are being charged to the rink that shouldn't be right now. He and Mr. Cole and their bookkeeper are being diligent in identifying their costs in everything they do; what school it went to; what building it went to for the costs associated with it. They are very conscious of this.

Councilor Curcuru asked about purchase orders.

Mr. Hale stated they are running a revenue and deficit. They had to get the rink up and running and had to spend money to do that.

Councilor Curcuru questioned where that money would be coming from.

Mr. Costa stated they can't pay it out of the general fund; and they decide to subsidize it and transfer money over to the general fund.

Mr. Hale stated they should start to see revenue as the season is beginning.

Councilor Hardy asked how they bill.

Councilor Curcuru stated they don't know what the contracts are or the ice time.

Councilor Hardy thought that would be a logical place to start a business plan and wondered how they would know if they could survive unless you know you can make the revenue. She made known she would like to conduct a site visit.

Mr. Costa stated that this point they've only charged salaries. This is when he made the recommendation to create the enterprise fund. He has also trained his staff that if there's no money the way it is now, rink/athletic, they won't approve purchase orders putting that control in place so they don't deficit spend. That was why he was looking to see this enterprise fund; looking to see a conservative budget in place. At recap time the DOR reviews the revenue budget which can hold up the recap if the DOR doesn't like what is in place.

Councilor Curcuru stated everything has to be looked at.

Mr. Hale confirmed it would be. Schedules need to be given to the rink manager in a timely fashion, so ice time can be booked. It is the same as the youth programs. They need to give a contract in by September 1st or whatever the date may be, that they are intending to buy their specified ice time.

Councilor Curcuru asked how long they give groups to come up with an answer to commit to an ice time.

Mr. McEachern responded they didn't have a problem with that; people who say they want a certain time use it. Gordon College and Endicott College for instance, Endicott found ice time elsewhere. He offered Gordon College ice time and hadn't heard back from them.

Councilor Curcuru asked about the high school. Gordon College comes to them for X amount of weeks and a local team wants the ice time; do you still give the time to local groups or to groups who would pay more. What would he have done?

Mr. McEachern stated it's never happened. Gordon College didn't have the resources behind them because they were a club team.

Mr. Duggan asked if every year have the high school teams taken the same time. Is part of the marketing, negotiations, have you ever offered out by moving say, JV to accommodate other outside teams?

Councilor McGeary stated it was basically that the high school took the prime ice.

Mr. Anderson stated the high school should have the prime ice. The Middle School has 6:30 a.m. ice time.

Mr. McEachern stated the ice time is for the local teams because of the way the students use the ice and the rink and is a student management issue. 6:30 a.m. works for practice for O'Maley and then they go to school.

Councilor McGeary also wondered if they put the cart before the horse in establishing an enterprise fund.

Mr. Hale replied they have to "jump" at some point.

Councilor Curcuru knew it wouldn't be perfect system the first year; they'll make some adjustments and tweak it as they go along.

Mr. Hale stated that specifically if the MOU doesn't require it to forego that \$75,000.

Mr. Towne stated that was the intention.

Councilor Curcuru stated they made it "perfectly clear" and that the Superintendent stated they had \$64,000 that they could use to help supplement if it was available.

Mr. Towne replied if there is an estimated surplus this year, they likely don't need the \$75,000 this year. He believed they have to establish the enterprise fund. If they can't establish a budget this year, "so be it". He didn't know how the DOR would feel about it, but they need to establish it. They need to account for the revenues in a separate fund and start the process so in FY12 they'll have it started.

Councilor Curcuru stated they need to start with National Grid to separate out the electric from the school so they can get an accurate cost established.

Mr. Towne stated they could establish this now.

Councilor Curcuru questioned the process; they could supplement it with the general fund to take care of the deficit spending because it concerns the Auditor. If it gets into an enterprise account would they be able to do it the same way and transfer it back out

Mr. Costa stated you just have to vote it. Right now he preferred transferring into a revolving account.

Councilor McGeary asked if they could establish an enterprise fund could they cancel it. If it is created they must fund it and load the revenues into it. It is the mechanism.

Mr. Hale believed the numbers are there. He believed the revenues are there, even with the trending down, even with the capital investment.

Councilor Curcuru asked if some of the work could be done during the season.

Mr. Hale stated they could do lighting and the dehumidifier.

Councilor Curcuru asked about netting.

Mr. McEachern replied they don't have netting around the rink at this time.

Councilor Curcuru felt that would draw more business to the rink.

Mr. Hale stated they should have it; and it was in his \$500,000 short list. He expressed that the locker rooms were in terrible condition, saying it was a 1974 bathroom.

Councilor Curcuru asked about the Zamboni.

Mr. McEachern stated if they had an industrial radiator, they would drop it into the pit, and dump the snow into that. Everyone advises them against taking the Zamboni's outside. They're built to be inside. It is short money to fix the pit quickly. There are conduits they can bring over there.

Councilor Curcuru asked if they could get something together in the next couple of weeks.

Mr. McEachern also expressed concern for the plywood ceiling.

The Committee would do a site visit at the Talbot Rink the following day at 11 a.m.

This matter is continued to October 7, 2010.

B) CC2010-058 (Ciolino) Amend Gloucester Code of Ordinances §9-1 and §9-2(a)

Rose LoPiccolo, Recycling Coordinator updated the Committee regarding trash for small businesses and non-profits and contacts related to that and if it was possible to amend them. She stated that if they wish to add small businesses and non-profits, the contract in place with Hiltz (copy of contract submitted at meeting and on file) would have to be amended, as they are not covered under the current contract. She can get pricing on that if they would like. That then turns into a bag issue. Their contract with Waste Zero (copy of contract submitted at meeting and on file), the bag supplier, covers two sizes of bags; and they would have to add another size. She didn't feel \$1.00 more than a residential bag would cover the cost that Hiltz would charge. She explained there was an alternative for small businesses to dispose of their recycling at the Essex County Recycling Center at 24 Kondelin Road. They would be able to recycle paper, cardboard, co-mingled metal and non-Freon appliances. That is at no cost to the businesses as well. The Hiltz contract runs to 2014, which was booked as a five year contract.

Councilor McGeary asked for numbers from Hiltz.

Ms. LoPiccolo stated they would need a definition of a small business.

Councilor McGeary suggested rather than defining small businesses or non-profits by size, it would be limited to two bags a week. That would rule out the big operators and people who have dumpsters. You would likely be able to estimate the costs more effectively. If you say any non-profit it would be too wide a base. Any non-profit could put out up to two bags a week.

Ms. LoPiccolo stated it would need to be a different colored bag. She didn't believe charging a \$1 more per bag would come close to covering the costs.

Councilor McGeary felt if it was even up to \$5 per bag more, it would be a substantial savings to non-profits over private haulage; and felt getting the number would be important in order to see what possibly could be done.

Ms. LoPiccolo stated with the churches you leave them open to places like St. Ann's School for instance.

Councilor McGeary stated limiting it to two bags a week would be appropriate. If it's a small non-profit two bags per week would be beneficial without opening the flood gates.

Ms. LoPiccolo asked if you're opening it up for small businesses and non-profits, what about the mutli-families over 4 units. You may hear some dissention on that front as to why they aren't being included.

Councilor McGeary stated that this was one way to approach it so that the little non-profits benefit from it without having to take the big tickets.

Councilor Curcuru asked how you determine whose trash is picked up; and how is it written into the contract.

Mr. Hale stated the contract is based on current City ordinance. The City Council had a chance to review this contract before it was executed. They are now 14 months into a five year contract and now are already talking about making a revision to a contract and ordinance. They went out for the best contract given the ordinance. They may not receive that benefit if they change the rules on the trash and recycling. He expressed he would not be in support of this [change]. The contract is successful now and felt this was not the proper time to do this. It is a full-time position to manage it; and this is yet another variable. This started from enforcing the existing ordinance. This was a result of Ms. LoPiccolo doing her job, feeling this, too, was unfortunate.

Councilor Curcuru stated there were a lot of changes in this new contract from the last contract. They went to weekly recycling and asked for an enumeration of other changes.

Mr. Hale responded they increased lawn and leaf collection to not only the fall but also in the spring; Christmas tree pick up the first week in January; and barrels downtown are collected 7 days a week which includes the Boulevard and Stage Fort Park Memorial Day to Labor Day. It is a very good contract from a local vendor; and now they're asking them to change. It could be a whole separate truck to do this; and it's difficult to say how it would multiply the volume and cost.

Councilor Curcuru suggested it would increase the "tip".

Mr. Hale stated there are tipping fees. There has been a 28% reduction in total tonnage has been seen primarily because of the bags. The recycling volume is up because of the convenience of weekly pick up. They structured the contract so they could get the best value for the commodity. They could have had it that everything goes in one bucket and everything gets ‘tipped’. The value of the papers is significantly less.

Ms. LoPiccolo stated in the first fiscal year of the contract, it was \$41,000 in paper rebates in the first year that were deducted.

Mr. Hale added they got nothing before.

Councilor Curcuru stated there were changes they spoke of well before the contract was put out to bid. He was not in favor of reopening the contract at this time. When the contract was coming up for renewal, at that time he could see that being a part of the conversation for the next contract.

Councilor Hardy stated she was also agreeing and was not in favor of this until they reopen the contract for its extension. However, she expressed quite some months ago spoke of the possibility of opening up knockdown PDF cardboard for small businesses at the DPW yard on a dumpster. It seemed to her that if they were getting money on recycled paper, it might benefit the City. The cardboard would have to be brought to the DPW and perhaps arrange something like a “mail slot” to make sure that it is knocked down flat. She wondered what the status was on that, feeling it would be good to offer something.

Mr. Hale stated they have no room at the facility now. There is so much construction going on. If they look at the entrance at the DPW yard when it comes into the annex, there’s 1,000 yards of material there. Its temporary stock for pavement which will be hauled out as the contractor leaves town; but they don’t have room. They’re trying to make some room, but it’s expensive to move the material. The soil stockpiled there (4,000 to 5,000 yards) and can’t be given away. There is no place for raw materials and waste materials from construction sites. With Hiltz opening their recycling center on Kondelin Road while it is not central or convenient for everyone, they’re open five days a week during normal business hours; and it is free. When they had book and clothing drive drop offs they received everything and became a dumping ground.

Ms. LoPiccolo added that would happen yet again in this instance.

Councilor Hardy stated then advertising the recycling transfer station at Kondelin Road would be key.

Mr. Hale stated Hiltz just received DEP approval as a certified transfer station and is very new. There is a separate permitting process for collecting lawn and other vegetative debris.

Councilor Hardy asked what could be done to make the public more aware and wondered if a presentation before the City Council would be helpful.

Mr. Hale stated it would be appropriate to have Hiltz come before them. He explained that Hiltz has a website. The recycling center has been in the newspaper. They just informed the DPW two weeks ago that it was finally opened.

Ms. LoPiccolo stated a lot of the problems that started with the small businesses were when Waste Management pulled out of the City, they pulled their recycling trucks out of the City as well. So a lot of the commercial stops were being picked up by the City recycle trucks. She knows what accounts belong to whom. She didn’t want to see a residential truck at a commercial stop which was a violation of the contract. Mixed use buildings can be a problem to differentiate. She believed the root of that problem was at the switch over of the contract; and she’s now trying to make everything compliant and match up.

Councilor McGeary asked about the rebate of \$41,000 for the paper and how it works.

Ms. LoPiccolo explained that whatever the New England high is for paper that day, the day that it’s dumped, it is a \$40/ton processing fee. Then they split the rebate 60 percent to the City, and 40% to Hiltz. That is deducted off of the City’s recycling collection. She believed it to be a generous split stating most communities it is the reverse, 40% to the community, 60% to the trash hauler.

Councilor McGeary thought it was a very good contract, much better than it was before, but thought it was worth asking the question to the bag vendor and Hiltz feeling it would be fairly easy math, say, two bags for every non-profit and small business in the City; what does that amount to.

Mr. Duggan asked what would define a small business.

Councilor McGeary stated any business would be able to put out two bags.

Councilor Curcuru stated it would be re-writing the contract completely. This is when you get into the 'tipping' fee. This isn't just adding bags; you're adding tonnage.

Mr. Towne stated they are also limited to the appropriation they have this year based on the estimated tipping fees and tonnage. Whatever you add to that has to fit into it. You would have to find a funding source for that. Even if the paper revenue comes back in, instead of taking it off a bill, they should be grossing it in and showing it as revenue under the City and keeping the expenses separate.

Councilor McGeary stated the bag fee would have to be sufficient to offset whatever the costs would be.

Mr. Towne responded you're still limited to the appropriation you have to spend. You can't, because you collect more revenue in a particular year if you didn't estimate that revenue and estimate, you were going to have that tonnage, add to your appropriation mid-year because of a receipt of a known receipt such as this. You can't add to the amount of the receipts you already have and say now you have more appropriations. It's known estimated revenue. They estimate revenues on what they're going to collect on the bag which is a set fee. Then they also raise and appropriate the amount of money for the actual solid waste tipping fee. Because they know that source, it's not like its new revenue; it's more revenue. The DOR doesn't allow you to tack on more revenue just because they get it. It has to be an unknown source, grant or donation that would allow you to do that. If you were going to do it, it would have to be at the start of a new fiscal year; unless you thought you thought you were going to have excess in what you already appropriated.

Councilor McGeary understood Mr. Towne's point but still having the numbers would allow them to be able to look at it for the next fiscal year. He also would agree it probably would not work but he'd like to see the numbers.

Ms. LoPiccolo stated she'd have to determine how many small businesses that would be limited to two bags.

Councilor Curcuru asked Ms. LoPiccolo to go through the exercise and to obtain the numbers and then look at the next fiscal year if they decide to add it on.

Ms. LoPiccolo pointed out that historically businesses have not been covered in the City contract.

Councilor Curcuru felt it would be difficult to define who you include and who you exclude.

Mr. Hale stated this contract was developed because they knew approximately what their tonnage was. Hiltz has seen a decrease in tonnage; and they didn't expect such a large decrease. He asked the Committee to recall they were talking about a 10%-15% offset with the bags, and the tipping fee and reducing it by that much. It was 28% last year, which was significant; and the contractor was expecting to do a certain volume of work. It still costs them money. They're basing their costs to us on the tipping fee. The recycling is almost thrown in. It would be a separate truck with a separate route and no guarantee of enough volume from businesses.

David Anderson stated, as a small businessman, that Hiltz has made their facility available and that the Committee shouldn't address it anymore. There is an opportunity that has never been available before. Downtown merchants are pleased that the barrels are emptied. He urged the contract to be left as is.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to table this matter to the beginning of the budget development for FY12 to the first meeting of Budget & Finance in April 2011.

C) Monthly Review with CFO, Jeff Towne re: Trust Funds

This matter is continued to October 7, 2010

D) Tax Classification (Cont'd from 09/09/10)

The Committee discussed with **Nancy Papows**, Principal Assessor and Mr. Duggan and Mr. Towne regarding possible dates in the ordinance regarding dates between the triennial year review. She felt they do need to change the dates. They wanted to get this before O&A.

Councilor Hardy felt if they show due diligence that it should be enough with regards to the City Ordinance. It's every three years they get in this bind.

Ms. Papows noted that the wording could be altered a little bit so as not to hack themselves into a corner. A lot of times they're held up by the state and they have no control about it.

Councilor Hardy asked that this was strictly local.

Mr. Costa stated yes.

Councilor Hardy felt as long as they were doing the best they could with what they had then it was satisfactory.

Ms. Papows updated the Committee that they were scheduled to submit to the DOR on September 14th. The initial review has been done and passed onto the next level which is much quicker than in 2008. They don't know how many levels it goes through, and how long it would take. They don't get a lot of heads up. It is unlikely that other communities have this kind of ordinance. They can't have total control because they have to wait on the DOR. There are all different times that they do it. A smaller community could already be done. Others go down to the wire and some have to revote.

Councilor McGeary asked what the absolute deadline was.

Ms. Papows stated it has to be done before you set the recap. That factor that is adopted determines what the rate will be and is information included the recap.

Councilor Curcuru felt also they were doing their due diligence and apologized for making Ms. Papows wait.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to table the matter of the Tax Classification until the Principal Assessor receives the preliminary certification to bring the matter back before the Committee.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to have the Tax Classification ordinance, Section 2-26 Tax classification, timing and notice language reviewed by General Counsel in conjunction with the Principal Assessor.

E) Event Gate Receipts from City Sporting Events (Cont'd from 09/09/10)

Dr. Joseph Connolly, Superintendent of Schools, Dr. Bill Goodwin, Principal of GHS and Tom Markham, School Department CFO came forward make a presentation on the subject matter.

Mr. Markham submitted to the Committee documentation of Athletics Finance Report for FY2010 (received at the meeting and on file). The report shows the costs of athletics, not just specific to gate receipts and is for the last fiscal year, broken down by the seasons. There are only three sports which gate receipts apply and only one sport (football) is played at Newell Field. There are no gate receipts associated with other athletics there. He noted the other sources of revenues through the generosity of the GFAA. He then reviewed the Athletics Revenue Summary as well as the Athletics Expense Summary. He drew attention to the operations summary by stating it was important to note that historically the athletic account and rink account have been one and the same. They are now separated for accounting purposes and for practical purposes and appreciated as the City has taken management of the rink operation that there will need to have another account established. He explained that the reason why this negative balance had not appeared before was because those accounts were one and the same; that the relatively high positive balance from the rink operations was offsetting the negative balance in the athletic operation. If one looked at any past audit reports, either from external auditors or from even the State, this wasn't on anyone's "radar screen" because of that. It was also important as they separate the two accounts and show how FY10 ended, and FY11 has started and how it may have to be restarted once the account becomes established. He noted the School Committee budgeted for the FY10 operation actual contribution from the rink. That was something that hadn't been happening as a line item.

Historically the rink proceeds had been used on an as-needed basis. The general fund is decreasing its support towards athletics which was then increasing the fees and increasing the reliance on the rink revenues. That was adjusted in the FY11 budget by adding money into the general fund. For FY10 there was a voted contribution of \$95,000 from the rink towards athletics, showing a net of \$73,000. He noted the revolving loss from prior years. There was a negative balance in the revolving fund as of 6/30/10; however, the rink operation had a successful year for FY10 balance had a positive balance; and the combined year end balance on the accounts which syncs with Unifund, was in the negative. The School Department will carry this loss forward, which they're required to manage and adjust.

Councilor Curcuru confirmed that Mr. Markham was saying over the last several years they've made money at the rink. But they really didn't have that figure there. They've actually taken from that figure to supplement the athletic fund in years prior in FY10. He asked Mr. Costa to present his research on the matter.

Mr. Towne asked if they were expecting money to come from the rink in FY11; and that you wouldn't be able to draw that from the rink.

Mr. Markham stated they were expecting some money but they didn't know when; and they were seeing a decline in projected revenue, income and gate receipts.

Mr. Costa reviewed for the Committee his research of revenues and expenditures for the last three years and noted a steady decline in revenues from 2008 to 2010. On the expenditure side he was unsure of the expenses, in particular accounting for health insurance; utilities. He felt it looked like they are, but expressed he didn't know how accurate they were. He noticed expenditures for the health insurers with one bill for the year whereas on the City side they are billed monthly; and therefore didn't know if that was for an annual bill and whether it was an estimate because he didn't believe they were paying it annually. He believed it was the way it was calculated. He pointed out the utilities, and how expenses appeared to be "jumping" around. He didn't know if it was actual rather versus an estimate. He also noted rink surplus deficit in 2008 and 2009, and then in 2010 there was a loss. When they create an enterprise fund, they have retained earnings. He looked at it as retained earnings in 2010 to offset the athletic fund which was his perception.

Mr. Markham responded that there has been no real formula for how the rink's contributions would help assist School Department costs. As relates to health insurance, there is fair number of part-time employees; but only one or two of them get health insurance. That number didn't surprise him and believed it to be about right.

Mr. Costa asked were the health insurance numbers based on actual bills.

Mr. Markham was sure there were bills behind that, maybe two or three payments. There knew one person, a full-time manager receives benefits; perhaps it is only one person.

Dr. Goodwin stated the other two full time persons are single payers covered by insurance.

Mr. Markham stated it could very well be two \$14,000 plans and two \$5,000 plans. He felt it was in the ballpark.

Councilor Hardy asked for clarification as to the full-time employee count.

Mr. Hale stated there are a manager and two other full time contract maintenance employees. The rink operates 10 months of the year and under maintenance for the summer months.

Mr. Markham stated he wasn't prepared to go into further detail as he didn't realize that was needed.

Councilor Curcuru explained this was to begin to speak to the matter of the establishment of the enterprise account. He wanted to talk about revenue regarding supplementing athletics.

Mr. Markham also spoke of utilities; the lack of a separate meter for the rink. Currently one meter serves both the rink and O'Maley School. They have made a request of the department to try to get a separate meter, even if it was managed locally so they could have some sort of formula to drive how they're going to pay National Grid and other utility costs for the facility. It was something that has not been in place. He expressed that there have been some half-hearted efforts to date, and didn't feel the effort has been managed well.

Councilor Curcuru stated that in a previous conversation with Mr. Markham he had said recently that the rink was paying "the entire tab" for the O'Maley School's electric bill. But if one looked at the

associated budget for building maintenance for this fiscal year, O'Maley was carrying its own line item; so how was the rink paying for the associated costs.

Mr. Markham stated it wasn't the entire associated cost. It was an estimated actual cost. Last year they tried to reduce the reliance on the rink for utilities.

Councilor Curcuru followed that the figure they see in that budget was not a full figure of what the actual costs were going to be.

Mr. Markham responded for the FY11 budget it is an estimated actual cost. Last year they tried to reduce the reliance on the rink for utilities. He believed that figure to have been increased by almost \$40,000 over the prior year.

Councilor McGeary stated in previous years they were carrying an artificially lower figure for the electrical cost for O'Maley, figuring it was going to be subsidized by the rink.

Councilor Curcuru reviewed the figures for utilities expressed in the report Mr. Markham submitted to the Committee, wondering if these were estimated costs that were charged to the rink.

Mr. Costa stated he went into each fiscal year. When he asked for the vendor in the system, these were the numbers that were pulled out. He didn't have time to pull the invoices and look at the details to see what it actually was. That was what came up under the vendor, National Grid.

Dr. Connolly stated having overseen these types of bills for many years; he would be surprised that these were the electricity bills for that type of operation. He believed these to be other expenses to upgrade the lights or something of that nature, expressing that the rink generates more than \$8,000 in electricity per year.

Councilor Curcuru expressed that was his point. He didn't believe they made as much money at the rink because when they start putting associated costs to it, he contended the school was picking up a lot of the expenses; and the money they anticipated isn't being made. They're trying to establish an enterprise account; and they're only trying to determine the revenues and what their expenses are going to be to make it self sufficient which is part of the exercise.

Mr. Markham agreed; that the rink was not the "cash cow" everyone thought it was.

Councilor Hardy interjected it wasn't the "cash cow" it could be though.

Mr. Markham thought that also could be the case. He believed there needs to be improvements, a business plan and a budget. The rink doesn't bring in the revenues that a lot of people think it does.

Councilor Curcuru appreciated that Mr. Markham wasn't prepared to go into more detail; but the fact that they were taking as much money from the rink to supplement athletics; they're saying that they made this much money but in reality they didn't

Mr. Towne felt it begged the question of why did in the MOU they put \$75,000 if they knew the rink was never going to make \$75,000.

Councilor Curcuru went back to the conversation he had with Mr. Markham several evenings ago whether he can anticipate that \$75,000 that was stated in the MOU and he said he really didn't know; that they didn't have actual costs of what it is to run the rink.

Mr. Towne stated if they increase the operating budget by \$75,000 this year for that purpose because the rink couldn't sustain it, aren't they in a sense giving it twice – they're giving it from the rink based on the MOU and give it to them as part of the operating budget because they've raised the appropriation in order to offset that. That was his point he made before the MOU was signed. He didn't think his thought process on the matter was incorrect. The school got it in the operating budget by going up to \$112,000 and then in the MOU they're looking for an additional \$75,000 to come from the rink to help offset it. That was the argument when the budget was going through; that the rink couldn't support it; so therefore, the operating budget had to have more athletic line item; which was the reason the School Committee voted it and the Council agreed.

Mr. Markham wished to review Mr. Costa's numbers with him.

Mr. Costa stated the purpose of his research (received at the meeting and on file) was to see if the rink was self supporting in order to take it to the next step [for the establishment of an enterprise fund].

Dr. Connelly stated they had a projected budget for FY11 and to see what the \$75,000 does for their operations.

Mr. Markham stated this process was an exercise he put in place last year; a performance metric against what they didn't attach to the revolving fund at the City level but attached locally as they were managing the budget. He believed it was reasonable to share the document at this time, and how it might evolve and grow into a larger picture.

Councilor Curcuru asked who was in charge of gate receipts as they come in. He noted football but were there gate receipts for hockey.

Mr. Markham noted the rink was under hockey gate receipts but there's no gate charge for the middle school hockey program, although there are costs associated with it.

Councilor Hardy asked about the weekend use of the rink.

Mr. Markham replied that goes into the rink revolving fund.

Councilor Curcuru asked where booster clubs fit into this picture.

Dr. Goodwin stated revenue wise, they don't. No booster organization is a part of the Gloucester High School Athletics [program]. They are a separate entity and always have been. There are several individual booster organizations; football being the largest; hockey the next largest; boys and girls basketball; soccer, boys and girls; boys and girls track; they all operate independently of each other. They take that money and "kick it back" to whatever the needs are deemed above and beyond what the School Department has paid. For example, football, which is the biggest by far, probably take in somewhere between \$10,000 to \$15,000 over a year; depending on the year. They pay the insurance on the red booster shed at Newell Stadium, about \$1,100/year, which was built with donated materials and time.

Councilor Hardy asked who owned the shed.

Dr. Goodwin stated he didn't know who owns the actual shed but that it is on City property. He explained further that about half way through the school year if a team needs equipment not in the budget the boosters put up the money. They give scholarships to kids who can't afford to play for user fees at the end of the year. They do the awards banquets and trophies; they do the Gatorade and oranges for the games which is about \$75-\$100 per game for 13 games, about \$1,300 per year. He doesn't have access to their books but could if the Committee desired that information. (Those figures were not in any of the figures documented given to the Committee).

Councilor Curcuru noted the Hockey boosters and asked where in the rink they were located.

Dr. Goodwin stated they have a few tables there and sell snacks and do a 50:50 raffle and things like that. He didn't know what the status was on the coffee booth at the rink (Cape Ann Youth Hockey has the concession now).

Councilor Hardy asked who gets the Newell Stadium gate receipts for football home games.

Dr. Goodwin responded they take their expenses out and they get 100% of that, except on Thanksgiving when they split the money after expenses 50:50; there are no shared revenue from away games.

Mr. Hale asked about expenses taken out of gate receipts.

Dr. Goodwin stated it is typically four police officers, \$600-\$700 per game; the ticket takers get paid \$50/per night (up to four and someone to watch the money); referees; but all of it comes out of the athletic budget; the paramedics volunteer.

Superintendent Connolly stated they want to keep it consistent with personnel in order to control the operation; if they depend on different volunteers each game it tends to fall apart. He believed it was better to pay a part-time staff person who does a consistent, good job.

Councilor Hardy asked what happened to the gate receipts at the end of the night; were they deposited into the bank.

Dr. Goodwin stated yes; the business manager gathers the receipts; does a balance sheet; then it goes to the business office which makes the deposits.

Mr. Markham added after the deposit is made either Friday night or Saturday morning, there is a deposit that is brought into the business office and made into a treasurer's receipt.

Councilor Hardy asked if this would be something to be discussed between the school and City side.

Councilor Curcuru stated this conversation was to give the Committee a greater understanding of the athletic fees and gate receipts and how it is handled.

Mr. Markham stated in FY09 there was \$30,000 in the General Fund for athletics. In FY01 there was zero. As the contribution from the General Fund declined, there was a need to raise fees, which he contended “probably unreasonably so” which put Gloucester in a very high rate of fees compared to the rest of Cape Ann and the North Shore. The School Committee for two years has not raised fees. Part of that was an expectation that there would be an amount coming from the FY11 budget. This has been their “savings point”; their ability to not increase athletic fees, see some drop in revenue knowing that the ability to rely on the declining receipts from the rink were no longer there that it will not be sustainable. He shared in the winter with the School Committee and the Superintendent if they take \$95,000 out of the rink, which was budgeted to be done, the available balances will drop dramatically, which he felt it “obviously” had.

Councilor Curcuru noted recently he was in Saugus at a game, which has a team twice the size of Gloucester’s (Middle School); and they do not pay athletic fees. He wondered if fewer children go out for athletics because of not being able to afford the athletic fees.

Dr. Goodwin believed that was part of it; and felt depending on the sport, each has their own reason. He knew of a parent (also a Gloucester teacher) whom he encountered the previous evening who addressed the School Committee and stated that at the end of this year will have paid \$3,100 as a family for her kids to play sports. He sympathized with her; that she had three boys, as he had three boys and a foster son who played three sports which he figured cost him \$4,000. The parent stated she was doing this for other people. She stated that both she and her husband work and could afford it. But for lower income families, this would be a hardship. That was why the GFAA was founded to help support athletics, not to be the sole funding source. It is expensive to play sports in Gloucester. Peewee football numbers are off; also at the A team level and dictate what will happen at the High School for the freshmen numbers which have been down. When you have a revenue/income, when you have an undefeated team and then have a team that loses four games in a row, you can cut your revenue in half.

Councilor Curcuru commented the athletic fees for hockey were about the same as football.

Dr. Goodwin noted the helmets for football, for example, are \$135 each.

Councilor Curcuru noted the hockey equipment is supplied by the student, but football equipment is supplied by the school.

Dr. Goodwin confirmed that the football equipment was supplied by the school. There are 22 games for hockey and football has 13. They have freshmen (19 members), JV (25 members) and Varsity (40 members) football teams. Hockey has JV and Varsity teams.

Councilor Hardy asked about payroll for the coaches; she asked if teachers receive stipends to coach or do they hire coaches in.

Dr. Goodwin stated the coaches are contractual, and not teachers. He expressed it is difficult to find good coaches that have knowledge in areas that they need to have it in, which is important regarding liability; and gave the example that if a track coach doesn’t know how to teach the long jump or a high jump; teaches it incorrectly, a student gets hurt; now there is a liability. Most of the people who used to coach were teachers, but that is not the case now in the school system. Coaches are advertised locally in the Gloucester Daily Times and use MIAA and the Secondary School Administrators’ website to post openings and are then interviewed by a panel.

Councilor Hardy asked if there was an interchange with the City side and school side with regard to job postings; were they shared.

Dr. Goodwin stated they didn’t.

Mr. Markham stated they do the postings as required within the contracts. There is a general job board at the School Department at Fuller. David Bain, City Personnel Director, does send over job postings; and they are posted. They also post their openings on the school web site. They meet the letter of the contract.

Councilor Hardy asked that there be a more cohesive exchange of job availabilities. She understood that by law there are certain jobs that have to be posted internally first then you can go outside.

Dr. Connolly stated they have to offer teachers one or two weeks posting period and get preferential treatment (GTA member) and be hired first unless there was a large gap in skills.

Councilor Hardy expressed perhaps this would be a subject they could take up in a joint School Committee/City Council meeting in the future.

Mr. Markham handed out (and on file) the Athletic budget for FY10 and planned budget for FY11. Last year they had a budget in place for the use of the revolving fund. They were close in some areas and far off in some areas. They used this as a guide for their projections for FY11 of revenue and expenses for the athletic program.

Dr. Connolly noted the important thing was if they do have a \$64,000 balance at the end of the year; if by mid-year when they're finalizing the FY12 budget; if their projections look like they'll have a healthy year-end balance, it will allow them to go back to what they're appropriating of what they're depending on from the rink; they can make adjustments. They're talking about FY12 being a tough year. This might be an area, he stated, where they could help the budget process.

Mr. Markham added that was part of the thinking for putting some of this together. They knew FY12 was going to be the most difficult year and were working aggressively with the City Auditor and the City's CFO to bring down the deficit balances because of it. Athletics was one of them although he felt they didn't do it to the extent they did with the Food Service, for instance. They've evolved a planning process that will put them in a better position for the FY12 budget.

Dr. Connolly stated that if they are facing a huge [funding] gap, this would be one area they would look at.

Councilor Hardy asked regarding the form Mr. Costa submitted and one that the School Department had submitted and noted under the obligation for prior years, the actual for FY10 and that they matched on both sets of reports. At what point do they write outstanding obligations off.

Dr. Goodwin stated they looked at this at the start of this year. There are "ghosts" that they carry. They do need to take care of that.

Mr. Markham stated they took that into account in the FY11 budget. They did a very good job with collections, and exceeded what the business office knew. Their ability to carry a high number was no longer realistic. He also noted the participation fees, and that it is the same level.

Councilor McGeary believed that the "take-away" that \$75,000 rink contribution will need a close eye kept on it.

Councilor Curcuru felt that once they establish the Talbot Rink Enterprise Fund and know what the actual costs are and the revenues will drive the discussion.

Councilor McGeary added that it looks like there were still a lot of unknowns.

Mr. Markham responded it was a fair statement.

No action on this matter was taken by the Committee at this time.

F) Discussion Related to the TD Bank Beach Deposit Discrepancies/Status of Same (Cont'd from 09/09/10)

Jeff Towne, CFO updated the Committee saying he was satisfied that the City has not lost anything on the deposits at this time; and that the City is not missing any funds because they are in another bank now. The matter is now considered closed between the City and the bank in terms of the deposits that were in question throughout the summer.

Councilor McGeary asked if Mr. Towne, on behalf of the City, had made arrangements with the bank going forward to make sure that it doesn't happen again; and also asked if there were any lessons learned they could take to the next bank.

Mr. Towne responded there are no bank beach receipts going to that bank account. They have already made changes with the new bank, and it is working well and are excellent to work with. They met with them before they took the beach receipts to them, Citizen's Bank in Gloucester; and they worked out what they would need for documentation when the money came in and how the City wanted the documentation recorded as it came in. As far as he knew, everything was working well. They are in daily contact with

Mark Cole, DPW Operations Manager, if they are \$5.00 or \$10.00 off. There have been no issues since they started the police investigation and since they switched to the new bank.

Councilor Hardy asked if the money missing was the City made whole.

Mr. Towne was comfortable that the City has received what it needed to be made whole.

Councilor Hardy asked if this was a result of something from the beach end; that it was something on the bank end forward.

Mr. Towne confirmed that to be the case.

Councilor Hardy asked if this matter had nothing to do with City employees.

Mr. Towne stated no, it did not.

2. *Memo from City Auditor regarding accounts having expenditures which exceed their authorization*

Mr. Costa reviewed his reports submitted prior to the meeting (on file) with the Committee.

A motion was made, seconded and voted unanimously to adjourn the meeting at 8:29 p.m.

Respectfully submitted,

Dana C. Jorgenson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING:

- **Standard Services Contract by and Between the City of Gloucester, MA and Waste Zero**
- **Essex County Recycle Center Notice**
- **City of Gloucester Contract #99117 with Hiltz Waste Disposal, Inc. for Solid Waste Collection, Solid Waste Disposal, Recycling Collection & Recyclable Materials Marketing**
- **Gloucester Public Schools Athletics Finance Report for FY2010**
- **Gloucester Public Schools Athletics Budget Report for FY10 and FY11 with Participation Fees for 2010-11 included**
- **City of Gloucester Talbot Rink Operating Statement**
- **City of Gloucester Talbot Rink Accounts**