

CITY COUNCIL STANDING COMMITTEE  
**Budget & Finance Committee**  
Thursday, January 20, 2011 – 6:00 p.m.  
1<sup>st</sup> Fl. Council Conference Room – City Hall

-- Minutes --

**Present:** Chair, Councilor Steven Curcuru; Councilor Jacqueline Hardy; Councilor Greg Verga (Alternate)  
**Absent:** Councilor McGeary  
**Also Present:** Jim Duggan; Kenny Costa; Jeff Towne; Police Chief Michael Lane; Mike Hale; Mark Cole; Deputy Fire Chief Miles Schlichte; Doug McArthur; Jonathan Pope; Michael Carrigan; Sarah Garcia; Abdullah Khambaty

**The meeting was called to order at 6:00 p.m. Items were taken out of order.**

**1. Continued Business**

A) CC2010-081 (Verga) Request to purchase Speed Study Equipment (Cont'd from 12/02/10)

**Police Chief Lane** noted this was a continuation of a discussion regarding the order by Councilor Verga requesting that Speed Study Equipment. In addition, Councilor McGeary had requested the Chief explore the legality and availability of red light cameras as well as speed cameras. He spoke to Wayne Sampson, the MA Chief's liaison to the legislature. At the current time the speed camera and red light cameras are illegal in the State. There is some debate on passing legislation allowing them. However, there are some issues; specifically when the company takes the picture and sends the citation how much of a cut they'll receive - what the state or city will get. There is also concern about the "Big Brother" aspect of it. As it stands right now the red light cameras and the speed cameras are not allowed unless the legislature passes a law allowing them. The initial equipment they had talked about which is the telephone pole mounted box which records speed is quoted at \$4,424.00 (one unit) which includes software, batteries, the equipment itself (documentation submitted at meeting and on file). This would replace the need for a patrol vehicle to spend hours at a time on a street monitoring speed car by car. The Traffic Commission indicated they would partner with the Police Department to assist using the equipment for speed studies. He spoke with the Chief in Ipswich who told them they use theirs regularly; and Swampscott has one also they use sporadically. The Chief indicated a list of streets with complaints of speeding vehicles; and this equipment would enable them to be able to determine if speed was indeed a problem or if it was just one or two cars as an isolated thing.

Responding to **Councilor Curcuru's** inquiry on the Administration's point of view, **Jim Duggan, CAO** stated the main issue is identifying a funding source. If it was not possible to do so he would instruct the Chief to include it in the FY12 budget. He reminded the Committee the City is running a snow deficit which will need to be filled and winter isn't over; and cautioned unless the Chief can identify a funding source out of his budget now or a grant opportunity, it would have to be in the FY12 budget.

**Councilor Hardy** noted Councilor McGeary was not in attendance because of a previous engagement, but that **Councilor Verga** was his alternate who brought the order forward and asked if this was what he was basically looking for.

**Councilor Verga** indicated he had seen similar information the Chief had sent him a few months ago which he pointed out indicated how long this matter had been going on. Former Councilor Devlin submitted the first order last July before he took office. He believed it showed they need a piece of equipment that could take the place of a policeman. He asked the Chief to outline the current scenario; that they're taking a policeman off the street for a speed.

**Chief Lane** responded they would take an officer off the street and will sit on the road in question for at least an hour at the beginning and again at the end of a shift with a speed gun; mark down the speed. It is a labor intensive occupation for them and is ¼ of the policemen out on the street. This ties up their

resources approximately 25%. They really don't get accurate speeds. The sight of the patrol vehicle slows other cars automatically. He felt there was a need for this equipment. If there was no funding available, he would do his best to put it in his budget. He knew of no grant opportunities for funding the equipment. He appreciated Councilor Verga's having brought it up.

**Councilor Hardy** asked if this would help with traffic study process they're trying to do.

**Chief Lane** stated "definitely". Councilor McGeary had mentioned that this equipment is accepted by the State as state-of-the-art; and therefore they would have no need to come in with their own study. If they do it the "old-fashioned way", the State would come in with their own equipment, make a study, after the Police Department does theirs. Repeating what Councilor McGeary told him, this would eliminate the need for the State to come in with their own speed study equipment. They could just review the study produced by this equipment.

**Mr. Duggan** commenting that people see the cruiser and slow down, wondered if they use an undercover car with a uniformed officer; would that be a possible alternative for the time being.

**Chief Lane** stated they could do that but they don't have that many undercover cars or the manpower noting detectives are sharing vehicles as it is now on their days off.

**Mr. Duggan** remarked it was a definitely a valuable tool. He reiterated that In the middle of a funding year unless the Chief could fund it within his own budget, they will have make it a part of the FY12 budget.

**Councilor Curcuru** asked if the Administration would commit to make it a part of their FY12 budget.

**Mr. Duggan** stated it would be presented to the Council; and they would make it a part of the budget. They would commit to that.

**Councilor Hardy** thought the machine would be efficient use of funding.

**Chief Lane** stated Robert Ryan, Traffic Commission Chair mentioned specifically he was willing to partner with the Police Department and volunteered he would learn to utilize the equipment and be dedicated in that sense.

**Mr. Towne** added they are just starting to look at all the older capital projects that have the positive cash balances versus the deficits, feeling perhaps there was something to be potentially reprogrammed as a possible funding source. They could do that between now and the time "the budget starts" to see if they could speed it up a little bit.

**Councilor Curcuru** noted there was consensus they were going to do this, and that it was just a matter of how they were going to do it and when.

**Councilor Verga** commented if they're going to wait to get the equipment, could they "bounce this up the list" referring to a speed study outstanding since 2008, which was "past due" for Fuller Street in particular. That is the one Councilor Devlin submitted.

**Chief Lane** understood there is a list of people looking for speed studies on.

**Councilor Curcuru** noted if they start up again doing speed studies, they'd be tying up manpower and resources; that it would be better to get the equipment.

Chief Lane gave the example of the "West" car which covers West Gloucester and Magnolia would be at the end of Fuller Street which is in the end of that sector and would make a delayed response of a policeman to other parts of West Gloucester.

**Councilor Curcuru** asked that the Administration please fact find and make a combined effort with the Treasurer, noting the equipment was reasonable at \$4,424.00.

**This matter is continued to March 17, 2011.**

B) Talbot Rink Sustainability from Revenues (Cont'd from 01/06/11)

**Mike Hale**, DPW Director noted following a comment by **Councilor Curcuru** that they are very close to having a new meter installed to separate out the electric for the rink and the school. He explained to the Committee that J.D. McEachern, has had his position of rink manager recrafted, his contract altered, by the Interim Superintendent of Schools, by removing all accounting responsibilities. He is the one who

makes sure the rink is open and functioning as it should and running well. He noted some lighting issues there that they are remedying. Reporting on the rink itself he stated they've been aggressive about ice time being sold believing there is opportunity in the future to sell more and to expand what revenue really is in that facility. They don't realize any advertising revenue currently. They've looked at other public rinks and how they structure their advertising; it would be easy to generate some relatively substantial advertising money from the Talbot rink. Right now rink boards can't accept advertising. They have 4 placards behind the benches; no advertising in the lobby. He noted the successful relocation of the transportation department to the Fuller School building. The vacated room is now used for birthday parties and other events, now an income-generating situation. They are working with Comcast to bring cable TV into the building in order to have monitors to show the hockey schedules, which many rinks have, as well as television programming. The rink, so far, is holding up. They haven't had a lot of large expenditures to date this season. They've bought a new edging machine and new tires for the Zamboni. They're down to one full-time person along with the rink manager.

**Councilor Curcuru** commented they had a lot of part-time staff.

**Mr. Hale** stated the rink is opened seven days a week from 5:30 a.m. with a large block of daytime when it is closed; then open until 11 p.m. There are Zamboni operators, skate guards, ticket collectors for public skating sessions; a lot of jobs for these part-time people. Public skating sessions need skate guards who should be there, he felt, because helmets are not required for those public sessions; and it was good to have them there supervising especially with so many young children on the ice.

**Councilor Curcuru** asked if they are maintaining enough revenues to cover expenditures. Did Mr. Hale anticipate a deficit; which he asked because they're looking to possibly do work there that needs doing. There will be a need to borrow to pay for it; and they'll need money to pay for the borrowing.

**Mr. Hale** envisioned they would be more aggressive in the operations of the rink. The rental agreements spoken of previously, all the big users have them. Cape Ann Figure Skating and Cape Ann Youth Hockey had legal questions that needed to be resolved regarding liability, insurance policies. They'll work with these two biggest users in the off season with the City's legal team on this. They're a month behind in all rentals income. By the end of the month they will have January's fees. As of now nothing is outstanding. They're a month behind in collecting the rentals. They've collected December and by the end of this month they'll have collected all the rental revenues for January. He reviewed with the Committee the rink revenues (document submitted at meeting and on file) now at \$111,527.80 noting that the spring shoulder season sees a slow down. "Miscellaneous" contained revenues from skate sharpening, birthday parties, and vending machines. He felt it conceivable they could go to the \$260,000.00 as previously projected without changing anything, just making sure ice time is sold.

**Councilor Curcuru** asked where this left expenditures.

**Mr. Hale** responded there are one full-time employee besides the rink manager and a handful part-time employees, the rink maintenance and the energy. Whether there is a surplus of funds; it needs to be understood if they don't invest in the rink next year the GHS Varsity and JV teams, Cape Ann Youth Hockey will be playing somewhere else. Cape Ann Figure Skating may feel its OK but they could go somewhere else. He reiterated the rink is in tough shape. There are a lot of dangers with the boards and glass. "There are certain things you just can't patch." There are holes in the boards where they've rotted at the bases. They have places where the glass is not flush. The glass in some places ends abruptly on the boards. "It's not a safe place." And there are many other issues. It is not safe.

**Councilor Curcuru** stated besides making those initial investments, he wondered if they see other investments to entice other organizations, not necessarily investments in the maintenance aspect.

**Mr. Hale** stated the locker rooms in the basement adjacent to the rink are empty. They are "deplorable" but they could be utilized to allow for team locker rooms. He gave the example of the Danvers vs. Gloucester hockey game where the Gloucester team arrived and walked around the rink to get to that area. The Danvers bus pulls up behind the rink. There are doors right there. They don't need to walk through the lobby not through back doors into an unsafe area. They just need to be sure the school is inaccessible from those rooms which he believed they could lock and had even spoken to Assistant Superintendent Brian Tarr that day about how the rooms connect. There needs to be new matting between those two

rooms and the rink. This would also prevent conflicts. Cape Ann Youth Hockey is getting off at 5:20, 5:50 p.m. from practice; and there is a 6 p.m. game, and the teams are trying to get into the locker rooms. Those locker rooms are so small. In one instance you have to walk through one locker room to get to the rest room. There are co-ed issues as well. They need some flexibility to have big team rooms off to the side and smaller rooms for youth organizations and smaller groups.

**Councilor Curcuru** asked when they thought they'd know about the borrowing aspect.

**Mr. Towne** noted that City funds have to go to the CIAB.

**Mr. Hale** stated they aren't finished submitting to Mr. Towne and Mr. Cademartori (Planning Director) the list of capital projects from the DPW to the CIAB. "We have a huge capital need on every building." They are trying to go through the projects the Board, the Committee, the Council and the Administration a good look at what the capital needs are.

**Councilor Curcuru** stated this project will only enhance the revenue of the Enterprise Account by doing the necessary repairs.

**Mr. Hale** added by having the rink available to the school teams the City saves \$35,000 to \$40,000 in transportation costs alone. He believed they can better utilize their shoulder seasons and sell more ice time. He thought they could make it work better especially with added advertising.

**Mr. Hale** responding to Councilor Curcuru's inquiry on groups getting on and off the ice in a timely manner replied it has to do with scheduling. He's looking to the Athletic Director to project the hockey schedule early enough to allow for better scheduling. Cape Ann Youth Hockey wants to know this April what they have for ice time for the 2011/2012 season. They want to give them a check once, twice or four times a season for their ice. He thought it was difficult when you have to work around the school teams. Commenting from an inquiry from the Committee, he noted the rink has been closed several times this winter due to loss of power; and the last school snow day the morning skate was cancelled as they weren't sure they would be able to have the snow cleared away to make it safe outside.

**Councilor Curcuru** wondered if it should warrant having a back up generator.

**Mr. Hale** stated the school has one but didn't know if the rink was connected to it and also didn't know what exactly the draw would be on the cooling system but thought it would be too much for a generator. It is a loss of 6 hours of ice time equating to \$1,200 in revenue; and there was no return on the investment he believed in having a generator. They also have to look at the roof, which wasn't MSBA eligible. They want to make sure the roof there is structurally sound. They don't want to put a new roof on a sub-frame that is rotted. They have to make sure it is structurally sound. Then they can talk about the dehumidification problem; lowering the ceiling; replacing boards and glass. Then they can tackle the issue of how to make the facility a better functioning one. And they do need a sound system. "You can't hear who just scored a goal." He believed they are moving in the right direction with not a whole lot of changes made. This has been a growing year. They had anticipated having a facilities manager in August on board, and now it will be February.

**Councilor Curcuru** noted the resources they've had to use and the paucity of staff; with Mark Cole, DPW Operations manager having to shoulder a great deal of the burden; and the cost of the rink manager will be increased.

**Mr. Hale** thought it worth having a discussion of making an investment by looking for a professional manager who can manage more than one facility. You could have one person to help facilitate the two big assets that need professional management, the Talbot Rink and the anticipated new Newell Stadium. They need to get out in publications. He noted New England Sport Center in Marlborough, MA has opened their sixth rink at their facility and has one studio rink, and noted they promote that facility non-stop. It is not a part-time employee's job. They need someone in management. This may be able to be expanded further.

**Councilor Curcuru** asked could they put all field revenue to be put into one account.

**Kenny Costa**, City Auditor stated they can't co-mingle the funds.

**Mr. Hale** stated the whole structure how they charge for field use needs to be reexamined, as well as the rink. He asked what do the user fees go to. All that needs to be evaluated.

**Councilor Verga** stated the whole concept was to get school athletics to be self funded. In the past the gate receipts and the fees (which when he started were \$30) didn't necessarily go to athletics; they just went to the General Fund. The commitment a few years back was the gate receipts, advertising; fees would go directly to the Athletics Department, covering transportation, refs, etc. When you take out how much you get; take out rink revenues, gate receipts, and what is left over is a \$300,000 budget is "X" which works out to be "Y" per student which is how the fee came up. "It didn't pay for anything in particular, but it pays for the program." The fee is based on what the cost of the sport is. If there is a sport that has one coach, say cross country, that fee would be different as opposed to a sport with more coaches on the sidelines as in football. It depended on the level. It costs more to run a hockey and football program than it does a tennis program.

**Mr. Hale** stated none of the facilities are paid for through the athletic fees.

**Councilor Hardy** asked should they be to some degree.

**Mr. Hale** thought there should be a good discussion how it is structured. The student user fee is \$375 for hockey; and youth sports pay \$1,500 to play hockey. "The youth sports of this City fund the rink." You can only make something last for so long. "You can't maintain grass, bleachers or a lot of things without a budget

**Councilor Curcuru** pointed out the hockey fee is not for the rink facility; they get the rink for free.

**Councilor Verga** didn't think it wasn't a matter of desire. It was discussed every year how they could do it. It was a matter of how do you pay for it. Do you want to have 30 kids in a classroom? He contended people don't line up upstairs meetings in Kyrouz Auditorium to tell the Council how to vote on a budget to fix facilities. They're up there with "Save My Teacher" signs. He also suggested when Mr. Hale has a discussion with the School Committee and to some degree the GFAA, right now there is an agreement that the GFAA sells the ad space. He cautioned they wouldn't want them out there double booking.

**Mr. Hale** stated he understood that and didn't wish to impede that, noting the GFAA is a great asset to the City as a whole; but they're looking at a more advanced program where a manger is dedicated to solicit for advertising. Many other rinks have brochures prominently displayed at their rinks that if you want to advertise, there it is and this is how you do it.

**Councilor Curcuru** stated a lot of these facilities are going to a large screen TV with revolving ads.

**Councilor Verga** expressed he was impressed to see what was going on at the rink.

**Councilor Hardy** thought the work Mr. Hale and his staff have done has been remarkable on the facilities, improving the assets.

**This matter is continued to April 7<sup>th</sup>.**

C) Grant Application Process (Cont'd from 01/06/11)

**This matter is continued to February 3, 2011.**

**2. *Memo re: Newell Stadium & the City of Gloucester Community Challenge Incentive & Loan Authorization Request***

**Councilor Verga** recused himself from the discussion and vote that follows being an ex officio member of the Gloucester Fishermen's Athletic Association (GFAA).

**Jim Duggan, CAO** presented the request for the appropriation Newell Stadium project, partnering with the GFAA to also have the investment by the City and City Council with the \$1.5 million appropriation. He conveyed the Mayor's apology at being unable to attend as she was involved with the hiring of the Superintendent of Schools that same evening. Mr. Duggan noted there were efforts from the GFAA in fundraising; seeking corporate sponsorships. They are looking to the City Council to support the project with \$1.5 million appropriation; and they will be working with State for a \$500,000 state grant.

**Mike Carrigan**, Chair of the Building Committee which Councilor Curcuru is a member of as City Council liaison told Councilor Hardy who had inquired about the ADA accessibility plans for the new stadium that the entire stadium will fully meet all ADA requirements; with even the press box equipped with power lifts.

**Councilor Hardy** asked bathrooms will be built with part of this money.

**Mr. Carrigan** stated the field and bathrooms will be held out separately. The GFAA will build the bathrooms on a volunteer basis. The pilings are in the ground.

**Councilor Hardy** asked about Title 9 use of the field.

**Dr. Bill Goodwin**, Building Committee member and Assistant Principal at GHS stated that the artificial turf will allow for uses to accommodate all.

**Councilor Hardy** asked about the proposed plans of layout of fields.

**Mr. Carrigan** responded Gale Associates is contracted for the permitting and will be in front of ConCom next month. He did not have a copy of the plan with him.

**Councilor Curcuru** asked for a presentation before the public hearing.

**Mr. Carrigan** stated Gale Associates would do so. On inquiry by **Councilor Hardy**, he commented all lighting will be new and up to code. They will be having more sports events in the evening; but there are some neighborhood concerns in that regard which they would address.

**Councilor Hardy** asked who owns the property where Newell Stadium is sited.

**Mr. Carrigan** thought it was City property which **Mr. Duggan** confirmed that the City owned it.

**Councilor Hardy** asked who received the revenue from the gate receipts.

**Mr. Hale** responded it is the Athletic Department funds.

**Councilor Hardy** asked if there were plans of gate receipts or some portion thereof to go towards maintenance of the field noting a new field brings more attention and more use with more sports and special events using the field.

**Councilor Curcuru** noted field maintenance would much less because it will be artificial turf.

**Councilor Hardy** asked if gate receipts or a portion thereof could be turned back to maintain the field.

**Mr. Hale** reiterated the gate receipts go to the Athletic Department funds.

**Councilor Curcuru** also pointed out they don't have a figure on it yet for the cost of field maintenance.

**Councilor Hardy** thought a percentage of the receipts gate should go to the maintenance of the field.

**Mr. Hale** stated programmatically it would be good to look about how the receipts should be looked at as far as investment; but believed that was a bigger, broader-based discussion.

**Councilor Curcuru** stated he was at a meeting a few weeks ago where they met with individuals who were part of the fundraising there were questions related to the fact that the City over the years has not maintained their properties. He noted this Administration has earmarked maintaining their assets as a priority. They wanted to know if they were going to spend \$3.5 million on a field, what will happen afterwards; will it be maintained. He believed it was a legitimate question.

**Mr. Carrigan** believed he could come up with the cost for maintenance as well as a maintenance plan by the time of the next City Council meeting.

**Mr. Duggan** was not comfortable committing where the gate receipts would go by the next City Council meeting in terms of overall costs. "Right now it is on the DPW. It is a City-owned piece of property, and it will be a matter of maintaining it."

**Councilor Hardy** remarked it had always been the DPW, which **Mr. Duggan** agreed with; but that now there was an opportunity to build something bigger and better that the DPW would have to be bigger and better at maintaining.

**Mr. Duggan** replied that it is something that has potentially less maintenance overall. He did not wish to say they would take a percentage of the gate receipts not being in a position to explore that "at all at this point."

**Mr. Carrigan** also pointed out that the field is on bad fill, a situation they will remedy when building the new stadium. It is the same for the bleachers which were not put on pilings. As a result of the lack of appropriate fill in the original installation is what they see at the stadium now.

**Councilor Curcuru** stated in their meeting of the Building Committee they agreed that they want to be sure it will be there for another 30 to 40 years. "At least we're going to put our stamp on it, our name on it."

**Jonathan Pope**, GFAA Board member stated as far as addressing taking gate receipts for maintenance, he wished for the Committee to understanding gate receipts now go to the Athletic Department. Any money taken out of that would be transferred to user fees. "You would be taking money out of that pocket and making parents and students pay the difference." He pointed to the user fees to play sports at GHS as being excessive, to which **Councilor Hardy** expressed her agreement. "They're a hardship on kids and parents. Participation is dropping off because of them." That is one of the income sources for the Athletic Department, about \$35,000 per year.

**Kim Patience**, Athletic Director stated to operate a football game costs about \$2,000 a game. Gate receipts pay the police, port-a-potties, etc. If it is a bad night, poor weather, half the crowd comes; they're just paying the bills only.

**Councilor Hardy** asked about fees for football games in other communities compared to Gloucester.

**Ms. Patience** said Gloucester's are the highest. Two years ago the School Committee increased the gate for adults to \$7 and \$4 for students and seniors.

**Mr. Pope** noted it is same for basketball and hockey which are the only other two sports they collect from. Spectatorship has dropped off, too, he noted as it is expensive to take a family to a sporting event. He expressed a need for a discussion about what it is they're trying to do with sports and extra curricular activities.

**Councilor Hardy** asked for understanding because this was the first time it has been before the Council. While the Council has a representative on the Building Committee, this was a time to have the questions come out and for other Councilors to be able to see the answers for informational purposes.

**Councilor Curcuru** stated in regard to the GFAA's contribution to the project, he noted the City was going to bond their part; but it was also under the agreement that the GFAA would raise their portion.

**Mr. Pope** responded that the GFAA committed to the Building Committee that they will spearhead a fundraising effort to raise money only. They have raised \$111,000 and have a commitment for another \$58,000 in pledges; the bulk coming from a program "1,000 /\$1,000" which is getting 1,000 people to pledge \$1,000 over a five year period, a \$200 per year commitment. They're in process of trying to get corporate and substantial individual donors and are in negotiations with a couple of individuals and organizations which he could not speak to but seemed hopeful that they will get some substantial money in that manner. At that point they'd be able to go back and to promote the 1,000/\$1,000 program. If this bonding passes, it is a "huge boost" to their fundraising efforts as it shows a commitment by the City. To be eligible for the Field Grant you have to have a matching revenue source. The bonding would make the City eligible to apply for the \$500,000 grant. To go to corporations in town and that to say they're trying to raise half the money, he was convinced was doable versus the whole amount.

**Councilor Curcuru** believed the agreement with the City and the GFAA was that they would raise their full amount before the City would borrow their portion.

**Mr. Pope** stated the GFAA did not have any official agreement with the City.

**Councilor Curcuru** believed they couldn't put it out to bid until they have the full amount of money.

**Mr. Pope** said they already have spent about \$7,000 on the pilings for the bathrooms and are proceeding to build them with volunteer labor and paying for the materials. It isn't just one big contract.

**Mr. Duggan** thought the GFAA has done a "remarkable job" without the investment of \$1.5 million and without the partnership of the Council, Administration and the City. He thought it was too early to determine who will spend the money first before they're able to see "the impact this type of incentive will create in the community to be able to invest," believing it was widely optimistic it will be a tremendous boost.

**Councilor Curcuru** reiterated once they put this out to bid the money has to be in place. Whether it is coming from the City or it is coming from private donations.

**Mr. Pope** stated the money they intend to raise will not come all at once. Much will come from the 1,000/\$1,000 plan. "The finance people will have to somehow figure out how to make all that stuff

work.” They found that has been successful as a way to approach people for donations and may be true for major donations too.

**Councilor Curcuru** asked about the borrowing, the cost and how long would they borrow on the City’s portion.

**Mr. Towne** stated it depends what else they approve through the CIAB at the same time. What else is going to impact the General Fund. Typically they would look to 10-15 years on the debt. It would be 10% yearly of \$1.5 million, about \$150,000 depending on what the interest rates are. Saying that it’s a three year pledge period, for instance, they could carry short term for three years; pay off the short term after the pledges come in so that they don’t have to worry about going off long term. Perhaps they need to have a component in there until the pledges come in for short term borrowing which would make the authorization for borrow more than \$1.5 million with the intention of never issuing long term debt of more than \$1.5 million. They will have to work on this as it fully develops.

**Councilor Curcuru** noted the timetable is after the end of the 2011 football season to start the construction and no games for the 2012 season.

**Mr. Carrigan** confirmed that to be the case because they would need that time to stabilize the field.

**Councilor Curcuru** confirmed to **Councilor Hardy** that they would be able to have the 2011 season which would give them time to have everything in place and put the project out to bid.

**Mr. Towne** stated the language before them states not to borrow more than \$1.5 million; but from what he heard now, that may not be able to be accomplished at \$1.5 million. They may have to do some modification to that if the pledges come in over a period of time. He would need a larger amount in order to be authorized to borrow to cover the short term. In order to borrow anything, he needed authorization from City Council. If the field grant comes in for \$500,000; and the total project is \$3.5 million. That brings it down to \$3 million; then say there was another \$500,000 by the time they borrow with pledges; he may need to borrow \$2.5 million with the intention of then going in five year increment so he doesn’t have to borrow long term more than \$1.5 million. On inquiry by **Councilor Curcuru**, Mr. Towne stated short term interest would be 2%-3% on the high side each year so \$2.5 million at 3% is \$75,000 per year in short term interest which, again, you have to raise which **Councilor Curcuru** believed it would allow the donations to catch up.

**Mr. Costa** reminded the Committee that the donations have to be accepted by the Council and bonds yearly.

**Mr. Towne** stated the language allows for all that to take place with one vote according to Bond Counsel, so they don’t have to do that yearly once it’s tied to the project.

**Councilor Curcuru** pointed out they have a \$1.5 million loan authorization before the Committee but that now it is not necessarily true.

**Mr. Towne** agreed. They weren’t going to borrow until the local fundraising was done. If that wasn’t going to happen, they needed to be very careful with their language in the motion because he couldn’t borrow more than \$1.5 million with the way it was written now.

**Councilor Curcuru** noted Mr. Towne brought up the CIAB earlier and wondered if he would be taking this matter up with them on Monday evening.

**Mr. Towne** replied that the CIAB with the school roof project they said it was OK that they didn’t review it because there wasn’t enough time for them to adequately review it. They were supportive of the fact that the City needed to do maintenance on the schools. But they indicated to the CIAB (Gregg Cademartori, Planning Director and Mr. Towne advisors to the CIAB) that all future capital projects they would get to review and give a recommendation. Their first meeting is this Monday and working hard to get the information to them as quickly as possible. They need to include this so they can see it. The grant total is what they want to see. They’re not responsible for the donations. He felt they wanted to discuss it; give feedback on it and could have some creative ideas that could help. It was something they did say would go before them. He felt they had to start someplace putting projects before the CIAB and thought this was a good one to start with.

**Councilor Curcuru** agreed with Mr. Pope that [this bonding] would only enhance the fundraising; but they need to put a hard figure to it in the motion.



**Councilor Hardy** asked if it can be amended later.

**Mr. Towne** stated they should have the language as tidy and clean at the time advertisement for public hearing as they possibly can. They can make amendments after the public hearing is over; but if you're significantly changing what you are noticing, they couldn't say they're borrowing \$1.5 million then borrow "B" because the public wasn't notified properly. He proposed another approach; that they originally talked about language for the \$3.5 million in order to meet this appropriation would be to borrow \$3.5 million:

*"...that the Mayor is authorized to contract for and expend any federal or state aid available for the project and that the Mayor with the approval of the City Council is authorized to take any other actions necessary to carry out this project, including the acceptance of any private grants or gifts received by the City on account of this project; provided, however, that the amount authorized to be borrowed hereunder shall be reduced to the extent of any grants or gifts received by the City from any source whatsoever on account of this project...."*

This gives the authority to borrow what you need to borrow and the authority gets reduced by the total amount of grants and gifts.

Answering **Councilor Curcuru's** question of what Gale Associates thought the project would come in at, **Mr. Carrigan** stated between \$3.4 million and \$3.8 million. Believing that figure to be conservative, he thought the bids would be lower and that depends on how much fill they use. The GFAA is also looking to get fill locally from the DPW and local pits at a much cheaper cost to lower that price.

**Mr. Towne** stated the sooner they borrow long term, the better. The further out they go the rates will go back up which he stated, "It's going to happen for sure."

**Councilor Curcuru** clarified that Mr. Towne was suggesting borrowing sooner rather than later and what did that mean.

**Mr. Towne** replied in the next two years they should have it all borrowed if they can long term. The State of Illinois with California not far behind defaulting on major bonds and will affect the bond market. They need to pay close attention to that.

**Mr. Carrigan** thought they could get Gale Associates here for the public hearing for a presentation in response to a request by **Councilor Curcuru** who felt the Councilors would want to see the plans as well as the public.

**Councilor Curcuru** thought someone from the Building Committee come to speak to the CIAB.

**Mr. Towne** asked for a synopsis to present to the CIAB that outlines the plans of the project and thought a member of the Building Committee to speak to them would be helpful as well.

**Councilor Hardy** asked if someday this would be eligible for CPA funding.

**Mr. Towne** stated it could be in the future. The legislature is talking about opening the CPA up for recreational aspects. If it happens prior to the long-term borrowing it would be workable to reduce the amount of the loan. Once it is in long-term borrowing, if it happens, that money could be used to pay the long-term debt.

**Councilor Hardy** thought if there is a positive vote from the Council; it would give the public more incentive to come forward to donate because they'll see the commitment from the City. She spoke from experience from working with the Cape Ann Animal Aid, a 501C3 who've been working for years to try to get a new shelter built. They had to do it in stages to prove to the people that it was really going to happen. They put in a road, utilities, and poured the foundation; now the money is coming in. She understood what the inspiration it is.

**Mr. Pope** replied that is why they are moving forward on the bathrooms so people see something happening. They did spend \$16,000 this year for new turf.

**Councilor Hardy** pointed out they could amend this motion later if they need to; they would probably do short-term borrowing in the beginning.

**Mr. Towne** stated for the language, it was the total borrowing. He could do short or long term.

**Councilor Hardy** had a few amendments she wished to make as they went along provided that the amounts would be appreciated. She also felt they have to begin somewhere, and this was it. She hoped they'd be able to work within it; and declared she wished to sign up for the 1,000/\$1,000 program.

**Mr. Pope** let it be known that if anyone wished to make a pledge, they should go to the GFAA web site: [gloucesterathletics.org](http://gloucesterathletics.org), and to learn more about the 1,000/\$1,000 pledge program.

**Councilor Curcuru** stated about 10 months ago when he saw the Mayor about this project, he noted the “excitement in the Mayor’s eyes” if they could do something like this for the City. They’ve made improvements in the roads, with infrastructure, repaired the water filtration plants, and declared, “It’s time now to do the stadium. It’s been too long...it’s an exciting time.” He noted he had seen the plans and couldn’t wait to see the finished product.

**Councilor Hardy** encouraged the group to “put on a show” at the City Council public hearing; that the public needs to see it and see the momentum and that it would be good ‘advertising’ for them.

**MOTION: On motion by Councilor Hardy, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Verga) recused, to recommend to the full City Council the following Loan Order:**

**Ordered: that up to \$3,500,000.00 be appropriated to pay costs of making various improvements to Newell Stadium, including among other things, track and field facilities, a multi-purpose athletic field, spectator seating, ADA and lighting improvements, irrigation and building improvements, and for the payment of all other costs incidental and related thereto; that to meet this appropriation the Treasurer, with the approval of the Mayor, is authorized to borrow up to \$3,500,000.00 under G.L. c44, §7(25) or pursuant to any other enabling legislation; that the Mayor is authorized to contract for and expend any federal or state aid available for the project; and that the Mayor with the approval of the City Council is authorized to take any other actions necessary to carry out this project, including the acceptance of any private grants or gifts received by the City on account of this project; provided, however, that the amount authorized to be borrowed hereunder shall be reduced to the extent of any grants or gifts received by the City from any source whatsoever on account of this project. The Treasurer is authorized to file an application with the Municipal Finance Oversight Board to qualify under Chapter 44A of the General Laws any or all of the bonds authorized by this order and to provide such information and execute such documents as the Municipal Finance Oversight Board may require for these purposes AND FURTHER TO ADVERTISE FOR PUBLIC HEARING.**

**3. *Special Budgetary Transfer Request (#2011-SBT-9) from Treasurer/Collector’s Office***

**Jeffrey Towne, CFO** explained to the Committee that the Administration’s policy is that if someone is working to the point where they can’t take vacation due to critical work commitments, they buy them out. They needed her here versus her being able to take vacation, so this funds the vacation pay. He noted he had lag money due to having temporary people he had yet to hire, not having had time to train new hires. On question by **Councilor Hardy, Mr. Duggan** assured that Ms. Papows as a department head did not have any issues that would arise on this matter with a union. She also lost actual vacation time.

**MOTION: On motion by Councilor Verga, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (2011-SBT-09) \$4,917.04 from Unifund Account #101000.10.145.51200.0000.00.000.00.051 Treasurer/Collector, Salary Wages Temporary to Assessors, Sal/Wages Perm Position, Unifund Account #101000.10.141.51100.0000.00.000.00.051 to fund a deficit in the account.**

**4. *Special Budgetary Request (#2011-SBT-10) from Treasurer/Collector’s Office***

**Mr. Towne** explained to the Committee that the deficit is similar to ones in the past in trying to do step increases properly where they went through the budget and for some reason this department had a step increase that didn’t come through the budget process. He noted this year they were going to try and

approach that process differently to prevent these kind of issues. A portion of this deficit was dealt with, and this was the last piece of it. He was unaware of any other departments who had a similar situation.

**MOTION: On motion by Councilor Hardy, seconded by Councilor Verga, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the full City Council to transfer (2011-SBT-10) \$420.23 from Unifund Account #101000.10.145.51200.0000.00.000.00.051 Treasurer/Collector, Salary Wages Temporary to City Legal Dept, Sal/Wage-Perm Position, Unifund Account #101000.10.151.51100.0000.00.000.00.051 to fund a deficit in the account.**

**5. Grant Application & Checklist from Police Dept. re: FY11 Underage Alcohol Enforcement Grant**

**Chief Lane** explained to the Committee that the Police Department received notification in December of the availability of a grant funding opportunity offered through the Mass Executive Office of Public Safety and Security to combat underage drinking. It is competitive reimbursement grant offered by the State. Applications had to be submitted prior to December 22, 2010. The potential award is \$10,000 for cities and towns with a population of 30,000+. Funding would allow for liquor establishment compliance checks, surveillance patrols for underage drinking, underage alcohol procurement stings, cops in shops program, shoulder tap programs and similar. Grant recipients are required to provide an in-kind (soft) match which represents 20% of the total project cost or 25% of the grant award, which would be approximately \$2,500 which they can handle within their own department. He noted the previously submitted supporting documentation (on file). He felt the programs are innovative. It was a very short turn-around; applications had to be submitted by December 22, 2010. On inquiry from **Councilor Hardy** he defined the in-kind or soft match stating it would be, for instance, the use of a cruiser by officers at, say, \$20.00/hr. It is services and administrative back up instead of the cash.

**MOTION: On motion by Councilor Hardy, seconded by Councilor Verga, the Budget & Finance Committee voted 3 in favor, 0 opposed to grant permission for the Gloucester Police Department to apply for a grant funding opportunity offered through the Mass Executive Office of Public Safety and Security for FY11 Underage Alcohol Enforcement Grant with a dollar value of up to \$10,000.00, and an in-kind (soft) match of up to 25%.**

**6. Grant Application & Check List from Comm. Dev. Dept. re: \$85,000 grant from Mass Clean Energy Center**

**Sarah Garcia, Community Development Director** explained the Committee had before them a request to accept the grant for \$85,000 for a wind feasibility study at Magnolia Woods. The Council will have a presentation from the Clean Energy Commission at their next meeting (January 25<sup>th</sup>) to “catch” them up with all the sites they’re looking at. Magnolia Woods has been on the City’s “radar screen” for a long time as a good site because while it was a capped landfill, it wasn’t possible early on. Traditionally when they did a site assessment, they had to have dedicated load; but now they don’t ask for that any more. With net metering you can put up a turbine wherever it makes the most sense and which allows them to be placed in more remote areas. This was a study to see the feasibility of whether there is good wind in Magnolia Woods. This money allows for a tower to be erected temporarily to conduct a wind study. It is put up for a year to measure wind and to ascertain if it would be financially feasible and good for the City to have a wind turbine there.

**Councilor Verga** reminded the Committee that at the last City Council meeting, Councilor Tobey pulled this matter off of the Consent Agenda mentioning that Jane Porter and Jim Cooke should be brought into the conversation who were involved with the capping; and he believed it was important they be brought into the conversation.

**Jane Porter**, 10 Ryan Road thanked Councilor Tobey for contacting her regarding this grant. Having read through the packet of information on the grant, she was surprised that it got this far without any of

them being brought into it having spent 25 years getting the landfill cleaned up, capped, closed for an active and passive recreation area. “Nobody who knows that area, including herself and Jim Cooke, (also present) brought them into the process. She expressed her disappointment noting that she had been in City government and that the process by which they got the playing fields was by seeking public opinion then going through a further, extensive vetting process. What the “Clean Core Group” used as their data was “kind of inaccurate”. There is no baseball field in Magnolia Woods. She emphatically stated Magnolia Woods is not an isolated area in West Gloucester. There are a tremendous number of people there; a lot of growth ongoing. This “caught everyone by surprise.” She didn’t know why this spot was chosen. She expressed her disappointment that they got to this point which it appearing to her it was going forward. She further expressed that Magnolia Woods is a dedicated park and recreation area, dedicated by the legislature. She didn’t know if the attorney had investigated this or not, if this was an allowed use. The field area is an active recreation area and a passive recreation area is around the rest of it. They have their study which refers to wildlife, the original study. She contended the basis for the grant information was not based on fact. She expressed again her disappointment and concern that the application was going to be submitted without their group being contacted nor consulted.

**Ms. Garcia** agreed they need to speak with Ms. Porter and Mr. Cooke and any of their group; they should have been in contact with Councilor Verga to go out and speak to the ward about it and would like to do that. She emphasized there was no done deal and no master scheme to take advantage of Magnolia. They are not going to do a wind turbine; and don’t yet know if the wind amount there is feasible. They haven’t tried to single out one site. They looked at several other sites equally. They looked at all the sites that had potential; find out if there was wind; and then go to City Council and go to the neighborhoods and show how the City would benefit if there was potential and then say what the potential is.

**Ms. Porter** pointed out this \$85,000 was for a feasibility study at Magnolia Woods and inquired what the other sites were that were looked at besides Magnolia Woods.

**Ms. Garcia** stated the City originally did four site assessments: O’Maley School, the recycling center off of Cherry Street, and Blackburn Industrial Park. She would like to have a meeting with them, the Planning Director and the Clean Energy project manager as well as herself and brainstorm; and if they need to redirect this grant they will. Magnolia Woods was brought up in a previous study and was building off of that.

**Councilor Curcuru** stated they would put this off until there was a ward meeting.

**Jim Cook**, 622 Western Avenue stated this went “way too far.” They started in 1974 with dealing with the landfill and agreed with Ms. Porter’s assertions to the Committee.

**MOTION: On motion by Councilor Hardy, seconded by Councilor Verga, the Budget & Finance Committee voted 3 in favor, 0 opposed to table the matter of the Grant Application & Check List from the Community Development Department re: \$85,000 grant from Mass Clean Energy Center to their March 17, 2011 meeting in order to allow Councilor Verga to have a ward meeting and to work with Ms. Garcia on the matter.**

**This matter is continued to March 17, 2011.**

**MOTION: On motion by Councilor Hardy, seconded by Councilor Verga, the Budget & Finance Committee voted 3 in favor, 0 opposed to adjourn their meeting by 8:45 p.m.**

**7. *Grant Application & Check List from Comm. Dev. Dept. re: Mass Green Communities to secure funding to replace boiler system at the Beeman Elementary School, etc.***

**Sarah Garcia, Community Development Director** explained that with the successful designation by the state as a Green Community, the City is eligible for up to \$198,200.00 in grant funding for energy conservation or energy renewable projects. It comes in the form of a grant application. The Community Development Department wishes to pursue an application to secure funding to replace the boiler system

at the Beeman Elementary School building. The funding request is due January 21, 2011 to the Clean Energy Commission. The CEC, in consultation with the school department has identified a new boiler system at the Beeman School as the top priority. Depending on the final estimated cost of the boiler, the City may be able to apply for additional projects. There is no match requirement with this grant funding. The CEC is also considering an assessment of the solar roof potential at the Beeman School and the High School, as well as considering addressing air leakage at City Hall and possibly an engineering study of a new HVAC system for the building. She requested that the Committee allow the application to proceed, reiterating that the application had to be in by January 21, 2011. Beeman's boiler was projected at \$100,000. The project was beyond the scope of what could be achieved. With the Mayor's consent, they retooled the grant using the school audits with the O'Maley School and the rink, reformulating the scope of the grant. They wanted to buy something for the City and thought they would do a boiler for Beeman and do an HVAC study for City Hall and the remainder to look at a new energy source. They have been unable to put real numbers on them.

**Councilor Curcuru** asked when they were aware of the grant application.

**Ms. Garcia** stated a month ago and that they had a short turn around. They do have to have the application in with the supporting documents which was the energy audit.

**Councilor Curcuru** noted Susan St. Pierre contacted him beginning of January and felt the process [started] six weeks last year to come to a realization she couldn't get an estimate for the City. He expressed his concern with the haste in which this appeared to be put together and is due the day after the meeting, having it appear to him that someone "dropped the ball".

**Ms. Garcia** stated they've had a gap; the Clean Energy Commission when trying to get information on facilities it was very hard noting DPW personnel are on the road all the time. She didn't have an answer but did know that they always pull something together and not let an opportunity go by.

**Councilor Hardy** expressed her concern about the process but that they don't want to say no to a grant.

**Councilor Curcuru** stated with something they should be investing in they don't have time to get the information.

**Ms. Garcia** stated the quotes came back at \$450,000 for a boiler.

**Councilor Curcuru** stated they did two complete boilers with asbestos at East Gloucester for \$90,000 each.

**Ms. Garcia** responded they called engineering firms; and this is what they got.

**Councilor Curcuru** felt what should have been done was someone to hire to scope the project.

**Mr. Duggan** stated there was input from School Department personnel, Dave Anderson, Brian Tarr, whom he felt were the subject matter experts.

**Mr. Towne** stated this is where the CIAB should be able to take up projects of this nature further driving home the point of long-range planning; that when funding is found by Ms. Garcia, so successful at finding this funding, they need to be able to pull the resources together so that they have a well thought out plan separate from Community Development.

**Councilor Curcuru** stated this (referring to the new scope of project handed to the Committee by Ms. Garcia and on file) is so we don't lose the money because we have nothing ready.

**Ms. Garcia** stated they had this (the 'new' scope of project) from the beginning but that a boiler appeared to be a better fit for the community. But it was not feasible, and thought after the fact that they could possibly amend this. There is no match. It was a fund of money for communities who were accepted as green communities, which Gloucester was. Much of this is savings at the rink in this new scope. Mr. Hale knows about the audit. Dave Anderson worked with this audit. They should send it over to the CIAB. They could vet the project.

**Councilor Verga** stated this is what is in front of them. He thought they need to get this done but didn't know what the right direction was.

**Mr. Costa** asked who would manage this.

**Ms. Garcia** stated it would be the DPW and **Mr. Towne** added it would be the facilities manager, with DPW oversight to run it.

**MOTION: On motion by Councilor Hardy, seconded by Councilor Verga, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the full City Council permitting the Community Development Department to apply for funding from the Clean Energy Commission for up to \$198,200.00 for the purpose of securing said funding for Energy Efficient Measures including ECM-1to and including ECM-10 on the Energy Efficiency Project Matrix dated 12/14/2010 for the O'Maley School.**

**8. *Communication from Emergency Management Director Miles Schlichte re: Emergency Management Performance Grant in the amount of \$11,000***

**Deputy Fire Chief and Emergency Management Director, Miles Schlichte** stated Carol McMahon found this particular grant opportunity of \$11,000.00 from the Mass Emergency Management Agency (MEMA). "In essence, the State is rewarding the City for investing in emergency management. They're looking at the \$10,000 the City has invested in the program as \$10,000 of the \$11,000; they need to match the State's \$11,000. They're willing to take an in-kind contribution of either the use of the Fuller School or the Community Emergency Response Team (CERT) hours to make up the other \$1,000. "It won't cost the City a dime", to collect this \$11,000. The grant would be directed towards the following approved emergency management program goals and objectives as set by MEMA's grant criteria:

- Comprehensive Emergency Management Plan: Updating the City's outdated Community Emergency Management Plan (every community is required to have this plan);
- Volunteerism and Community Outreach: Continued expansion of the Community Emergency Response Team (CERT);
- Multi-Disciplinary Coordination: Creation and improvement of the City Emergency Operations Center (EOC);
- Emergency Planning and Community Right to Know (EPCRA): Continued involvement in the regional emergency management planning process through the Cape Ann Emergency Response Team (CAERT).

**Councilor Curcuru** wondered what the thought was behind the match.

**Deputy Chief Schlichte** responded the State is giving them \$11,000; and they've agreed to recognize the \$10,000 of his stipend for the year; and then there is the remaining \$1,000 which they're willing to accept the use of the Fuller School as the Emergency Operations Center as in-kind.

**Councilor Hardy** asked what else what was available under the grant.

**Deputy Chief Schlichte** stated they stopped at the four items as they were the most applicable.

**Councilor Hardy** asked if there would be more grants for training from FEMA/MEMA.

**Deputy Chief Schlichte** stated this particular grant is for FY09 and is an annual grant so there would be more coming along. The 2008 FEMA money was used for CERT. He thought there should be two or three more years in trying to get caught up.

**Mr. Costa** stated since this was a grant acceptance; he needed the appropriate paperwork, an award letter and the grant checklist.

**Deputy Chief Schlichte** stated that he understood the process and would hand in the paperwork by the City Council meeting.

**MOTION: On motion by Councilor Hardy, seconded by Councilor Verga, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to accept under M.G.L. c44 §53A an Emergency Management Performance Grant in the amount of \$11,000.00 with 100% in-kind (soft) match conditioned all paperwork being submitted to the Council by their January 25, 2011 meeting.**

**9. *Letter from DESE to Supt. Joseph Connelly related to end of year financial reporting***

**The letter was received, acknowledged by the Committee and placed on file.**

**NOTE: The following two matters were taken together by the Committee.**

**Councilor Hardy** declared that under M.G.L. c. 268A she would be recusing herself from discussions and voting on Agenda Items #10 and #11 having to do with the Gloucester Contributory Retirement Board disclosing her husband is a member of the Board of Directors and left the table.

**10. Letter from Gloucester Retirement Board re: Supplemental Pension Allowance to Surviving Spouses of Disabled Employees**

**11. Letter from Gloucester Retirement Board re: Cost of Living Increase for Retirees**

**Doug McArthur**, Chair, Gloucester Contributory Retirement Board (GCRB) stated that on the **supplemental pension allowance to surviving spouses of disabled employees** that on August 24, 2010 their board voted unanimously to increase the a surviving spouse disability from \$6,000.00 to \$9,000.00. They have 16 spouses of deceased retirees which amount to \$96,000.00 per year at the current \$6,000.00 per year. The increase to \$9,000 will be \$48,000 more built into the pension system. When an individual who worked for the City goes out with an injury due to the job, and they pass away, the pension stops at 72% of what they were receiving. By statute the surviving spouse gets \$6,000.00 per year. This year the legislature came in with the "COLA" increase; funding schedules to extend beyond 2028. This to help the cities and towns to give them an option to extend the funding schedules so it doesn't majorly impact annual budgets.

On November 30, 2010 by a unanimous vote, the GCRB voted to increase the **Cost of Living Allowance (COLA) base from \$12,000 \$14,000**. The State provided for COLA base in 1971 which was a cost of living allowance, at that time \$6,000. From 1971 to 1981, the State paid the local boards the COLA. He noted changes to that base through the years. With Proposition 2-1/2 in 1998 the legislature said they were not going to pay it anymore. They sent it back to the cities and towns leaving it up to them and sent it back with a \$12,000 base, unchanged since 1998. They now have given the cities and towns the option to increase the COLA base. A special State study recommended an \$18,000 COLA base. The Board reviewed this and felt it was not affordable. Instead, they looked at something they believed the Board could afford and the City would be comfortable with a funding schedule. This is how they came to the \$14,000 base. Presently, they have 3% of the \$12,000 COLA base which would be \$360/year. When they grant it, it would be, say in July, they would get a half of a year which would be \$180, or \$30 per month. This does not assure they will get the 3% because every year it is voted on. He reiterated they are looking to increase the COLA base from \$12,000 to \$14,000. If the Board came in July and reviewed it, and they want to pay a COLA, they could pay a COLA of 3%, 2% or 1%. If the Board was to approve a 3%, that's \$420 or half of that because only six months which would be \$210. The average benefit of a retiree in the City which comes from their actuary recently done, the average pension is \$1,726.00/month. Out of that retirees have to pay approximately \$350 in taxes and another \$200 for health insurance leaving \$1,100. They were hit with a new actuary who they are required to fund. Because of the stock market downturn in 2008, they took a major financial hit; and that had to be taken into consideration. The more they make, the less the City pays out. But the market "tanked", and they have to make it up. They took into consideration the legislation, the new funding schedule, and had the actuary run the losses with the present funding schedules mandated by law to be funded by 2028. With their losses and increases on the City, and assume they stay with the same number of people; they must get a 7.75% return on investments and cannot exceed 4.5%. This tells them what their funding schedule must be. They came up with which they're mandated for 2028, it was a figure of \$8,175,270. The City couldn't handle that large of a number. They told the actuary to go back to work figures so it wasn't a hardship. They put in the COLA and the survivor's benefit. They felt their plan is good for the City, the members of the system and not a hardship to the City. They had a good year in 2009, 16.5%; but it wasn't not good enough to

recover from the major loss of the stock market downturn. They try to take it so they don't take a hit all at once and smooth assets over a number of years which they can do by law. Employees who work for the City, their interest rate in 2009 was a 0.5%. For 2010 it was 0.30%. For 2011 (having to credit each person's annuity or money they put into the system) is 0.20%. They feel these increases are in the best interest of the system and not cripple the system.

**Mr. Costa** felt it is something benefits the City predicting FY12 is going to be bad budget year. They can't face \$8 million; it is unaffordable. By doing all this it will only go up \$16,000 on the City side. This is more affordable to the City.

**Mr. McArthur** stated they cut these assumptions from 4.5% to 3% increase and has done a lot of work of it to bring the cost down so more it is more in line. They did a lot of work with assumptions; with the actuary on life expectancy. The last actuary stated 100% of people in the system were married; and they weren't. They came in with other factors to help the system.

**Mr. Towne** stated they would have paid \$6.5 million under the old schedule if they stuck to the 2028 schedule. Now that they have the new numbers; and the City would have paid \$8.2 million. He thought the Retirement Board made good decisions on their part; and did a good job in changing the assumptions. They lowered the expected increase in total salaries from 4.5% to 3% for 2010. All they had were the step increases; and there were those who got pay increase. They had zero across the board for all of their union contracts for the last several years. He thought those changes were good. The marriage assumption is good. They have done a good job at earning. They made back a significant portion, more than they expected, in 2009 and 2010 from what they lost in 2008. He noted that once the Council votes the increase from \$12,000.00 to \$14,000.00 that can never be lowered; it is a permanent change. It does increase the unfunded liability. All the assumption changes change the unfunded liability. It is not a lot of money for a retiree. It does affect the contribution over the life of that funding schedule from now until 2037. Part of these changes will change the unfunded liability by about \$1.4 million over the whole length of the time. It has been consistent all along. Since the City has taken it over, it has been at 3% which retirees rely on and know the Board will support them. He liked that the Board was constantly trying to keep up with the rate of inflation; and didn't feel it was a great amount. It is 3% of what was the \$12,000 base and now, if this is voted, a base of \$14,000 which is the largest by law. They couldn't go above the 3% level even if they wanted to. This is the only way to get an increase above 3% by changing the base. He pointed out \$360; even \$420 would be an \$60 for a half year, \$120 for an entire year extra for the whole thing.

**Mr. McArthur** stated many other communities are doing this. The town of Swampscott went to a COLA \$18,000 base as of July 1<sup>st</sup> this year. The Board was trying to be fair and good and yet take care of the people they represent. He noted many municipalities' have bases higher than Gloucester. They accepted the funding schedules to take care of the system. Further, that if they calculate the individual's three highest years, there is a 20% reduction in funding schedules. That will cue the Board to have them bring in the actuary and run the figures again and that would have a major impact. They are required by law every three years to do an actuary. He contended if they stayed with the old schedule the City would be bankrupt.

**Councilor Curcuru** stated Mr. McArthur had convinced him; that he was for these changes.

**Councilor Verga** thought the Board did their homework and was doing what was fair for the retired public employees and keeping in mind what is fair to the City. He noted there are many people who are negatively commenting about the "extravagantly generous retirement packages" but believed this sounds like recognition from their local Board that they have to meet the public interest in trying to get this under control. "It is a balancing act" and that "slamming on the brakes now" would not be appropriate.

**Councilor Curcuru** expressed he agreed with Councilor Verga.

**Mr. Towne** appreciated the Board's willingness to move the date on which the City has to pay their annual contribution. Previously it was August 1<sup>st</sup> which is very difficult for cash flow purposes because tax bills for the first half of the year are just due then; they're just collecting the money then and they had to pay out almost \$6 million, \$5.8 million on the City's portion by August 1<sup>st</sup>. He asked the Board to



move it to September 30<sup>th</sup> which they have done as a part of this funding schedule which took a lot of the pressure off of having to find cash at that time of year.

**Mr. McArthur** added that the Board had talked to the Treasurer that they could save money by making a full appropriation for the year of \$273,000.

**MOTION: On motion by Councilor Verga, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Hardy) recused to recommend to the City Council the acceptance of an increase to the Gloucester Contributory Retirement System supplemental pension allowance to surviving spouses of disabled employees from \$6,000.00 to \$9,000.00, in accordance with M.G.L. Chapter 32 Section 101, effective as of July 1, 2011.**

**MOTION: On motion by Councilor Verga, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Hardy) recused, to recommend to the City Council the acceptance of an increase to the Gloucester Contributory Retirement System, Cost of Living Adjustment (COLA) base from \$12,000.000 to \$14,000 in accordance with M.G.L. Chapter 32 Section 103j, effective as of July 1, 2011.**

**Mr. McArthur** thanked the Council for the new City Auditor and Treasurer and that he appreciated their leadership and that they do a good job. He respects them both and thought the Council should be pleased with their selection.

***12. Essex North Shore Agriculture & Technical School District By-Laws, Vote to authorize borrowing For New District High School Project, and School Financing Plan***

The information regarding the above item was received, acknowledged by the Committee and filed.

***13. Memorandum regarding Mass Bays Program Research & Planning Grants for FY2011***

**Ms. Garcia** explained that the Mass Bays Program Research and Planning Grant would allow the City to develop detailed topographical mapping on specific sites so in the future the City will be able to look at projected impacts of coastal storms and any increased climate change flooding on those sites. This was a follow-up to the MIT study. The Planning Director, Gregg Cademartori would work with IT's GIS person, Ellen Carney, as well as a small amount of work with the DPW. The grant, if awarded is for \$22,000 and a match of approximately \$7,500 in staff time between Community Development, IT and the DPW. There will be a purchase of a spatial analyst which syncs with the City's GIS software. Some work needs to be performed independent by a consultant for the grant project, but qualifies as eligible activities for a match. The consultant will do facilities modeling and training; and development of these scenarios and visualizations which gives 3-D modeling to show the impacts. The consultant is not City staff; and would receive no benefits as such.

**MOTION: On motion by Councilor Verga, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to permit the Community Development Department to apply for the Massachusetts Bays Program Research and Planning Grant for \$22,000.00 for the purpose of studying climate change vulnerability from sea level rise on selected public properties.**

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

**Mr. Costa** having had to run a warrant was unable to produce a report for the Committee but would have one available at their next regularly scheduled meeting.

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

**Respectfully submitted,**

**Dana C. Jorgenson  
Clerk of Committees**

**DOCUMENTATION/ITEMS SUBMITTED AT MEETING:**

- **Information and quote for speed study equipment from Police Chief Michael Lane**
- **Talbot Rink Revenue with projections from DPW Director, Mike Hale**
- **Reworked Scope of Project Appendices for Agenda Item #7 Grant Application & Check List from Comm. Dev. Dept. re: Mass Green Communities to secure funding to replace boiler system at the Beeman Elementary School, etc. from Community Development Director, Sarah Garcia**