

CITY COUNCIL STANDING COMMITTEE

Budget and Finance

Thursday, February 11, 2010 – 6:30 p.m.

City Council Conference Room – 1st Floor

Present: Chair, Councilor Steven Curcuro, Vice Chair, Paul McGeary, Councilor Jacqueline Hardy

Absent: None.

Also Present: Councilor Joseph Ciolino; Barry Boyce; Suzanne Egan; Mike Hale; Mark Cole; Police Chief Michael Lane; Fire Chief Phil Dench; Jim Duggan; Jeff Towne; Mary Richardson; Patrolman Phil Bouchie; Randy Silva; June Steel; Dale Brown; Cecelia Coraza; David Anderson; Joe Grace

The meeting was called to order at 6:34 p.m. Items were taken out of order.

1. *Unfinished Business:*

A) Review of Fire Department grant of December 2009 vote of the City Council

(Continued from 01/28/2010)

Councilor Hardy reviewed for the Committee that the previous City Council voted to accept a \$388,125.00 grant that went to the Fire Department to provide coverage in the outlying stations because of budget constraints. She noticed that the Bay View Fire Station being closed frequently and asked for an explanation as to why the \$388,125.00 hasn't been drawn down to keep that station open. She asked for a copy of the application for the grant if available.

Mr. Duggan said the Administration looked at the total of the grant, backing out of that the expenditure for new fire fighter paramedic for \$75,008 which leaves a balance of \$313,117.00. What they are doing moving forward, they are taking that expenditure of \$313,117.00 and dividing by 2 taking in 6 months increments, taking the City through the end of the fiscal year and then moving into the first six month period of FY2011. \$156,558.00 would be for a six month period which equates to \$26,000.93 per

month. If you apply that apply that January through June, that's what Chief has to work with to maintain minimum staffing levels of 14, and at the Chief's discretion, to open Bay View. The confusion to date has been when Chief expressed \$984.00 per shift, which Mr. Duggan took responsibility for, he looked at it for the day shift and the night shift; and he was incorrect. It was \$984 for a 24 hour shift. Based upon the need in January and from February, they would have the ability to spend \$30,886.68 per month through end of June. As long as minimum staffing levels are maintained, the Chief will move forward at his discretion to open up Bay View between now and June. Numbers are dictated based on historical trends of attendance that would allow at this \$30,886.68 level six days per month for Bay View to be open, six 24-hour shifts. For example, if at the end of February if there's a \$30,000 budget there, and it is only necessary to use \$20,000 that \$10,000 savings would carry over and be distributed through the rest of the months for the rest of the fiscal year.

Councilor Hardy said the \$30,886.68 only funds up to 14, doesn't it.

Mr. Duggan said that figure allows for minimum manning to be funded plus six days over the course of a month to open Bay View.

Councilor Hardy asked then how do we get to 16 in order to open Bay View.

Mr. Duggan said if we get to 16, we can open up Bay View six days a month based upon that monthly budget as it is now.

Councilor Hardy believed that the grant application said that the money was going to be used, and the reason you were applying for the grant was to keep Bay View open and Magnolia to keep lives and safety of the people in the outlying parts of the City safe. Why is it being applied to only reach 14 for minimum manning; shouldn't it be used to get to manning levels of 16.

Mr. Duggan responded that the Fire Department is using it to get to 16.

Councilor Hardy asked how much money is left in the City budget to get to 14.

Mr. Duggan said there isn't.

Councilor Hardy said then the budget is exhausted for this fiscal year and all that is left to work with is the grant of \$313,117.00 to which Mr. Duggan responded that is correct, for the rest of this fiscal year.

Chief Dench said starting July 1, 2010 the new fiscal year budget would start.

Mr. Duggan said they'll have the new budget July 1st plus six more months out of the grant, \$156,558.00.

Councilor Hardy asked for a copy of the new budget if it was available.

Mr. Duggan said he will get the budget to the Councilor. He is looking at history at attendance and how many shifts it would take to bring minimum manning in to the station and how many shifts it would take to go to 16 every single month. He is taking out an average.

Councilor Hardy asked how much money would be needed to keep Bay View and Magnolia open beyond the six days: was that the \$600,000.00.

Mr. Duggan responded that was the original amount of the request for the grant.

Councilor Hardy asked if that was the original number of \$984.00 per shift, or what was that figured at when the application was made.

Chief Dench said that application was his first time doing a grant application, and this was done one month into his tenure as Chief. Based on best figures at the time, they applied for \$680,000.00. The application stated that the grant was for overtime to keep stations open, and they later amended to hire one firefighter paramedic, which was allowed under the grant because he was unaware they could do that initially. They amended it to take \$75,000.00 of the grant money they got and apply it to the new hire which they're interviewing for in a couple of weeks. The \$680,000.00 was a very rough estimate he made and probably wasn't accurate, and wasn't sure as to how to arrive at accurate figures. There are so many variables that figure into these kinds of numbers. He gave the example that at one point he had six people out on injury on 111F's, and he can't account for such things.

Councilor Hardy said one of the things she's missing is her copy of the grant application, so she'd like to get the information here and between now and the next meeting so the other City Councilors can read it and see what the grant application said and compare it to what the Chief's interpretation is; and when the City Council voted it in December 2009, and Mayor signed it in January. She is still not satisfied with answers, but thought maybe it was because she doesn't have the entire picture; and is fine with continuing the matter to the Committee's next meeting.

Mr. Duggan showed Councilor Hardy his figures of the averages. He wants to use FY10 numbers to get the averages. He omitted FY08 because the staffing levels then were greater and had less of an impact on overtime. He needs more real numbers at current staffing levels to get the average.

Councilor Hardy asked for a copy of the report that shows the how often West Gloucester, Magnolia, and Bay View have been open since January 1, 2010.

Mr. Duggan said she had received a response and she will be getting that report.

Chief Dench has assigned this report to the Deputy Chief in charge of personnel. He will be in Sunday, and he was instructed to have it for the Councilor on Monday and every Monday thereafter.

Councilor Curcuru recapped that for the next meeting there would be a copy of the grant for the Committee, copies of the averages, a copy of the Budget and Finance meeting minutes from December 10, 2009 and a copy of the City Council minutes of December 15, 2009.

Councilor Hardy thanked Mr. Duggan and Chief Dench for helping to get the conversation started.

Mr. Duggan said he wanted the Committee to understand that for the rest of the month of February, the Chief has for \$30,800.00 to spend for contractual obligations and opening Bay View. At end of month, if the Department is under budget, that will be added into the remaining months of the fiscal year and divided again, so that \$30,800.00 a month may increase to, say, \$34,000.00 or \$35,000.00.

Councilor Curcuru wanted to be sure that he understood correctly that the appropriated overtime is exhausted. Was the department in deficit before this grant was accepted.

Mr. Duggan responded yes as a result of Boil Water Emergency Order.

Chief Dench said under the contract they aren't allowed to use this money for back filling.

Councilor McGeary asked if the addition of paramedic will make more shifts available for Bay View and/or Magnolia.

Chief Dench said it could. They'll be one more person on staff; but then again we may have three people go out sick tomorrow; there are just too many variables. There are no fixed figures here.

Councilor McGeary continued that on the question of overtime is there not money coming back from the water and sewer to offset some of that overtime.

Mr. Duggan and Mr. Towne said yes and will make a significant dent in the deficit, covering almost the entire deficit, not make more money available.

Councilor Hardy asked if any of money of the \$388,125.00 been drawn down since January 10th.

Chief Dench said yes, approximately \$2,700.00.

Mr. Duggan said if you are referring to a draw down to mean from the funding source, the City is reimbursed for their funding expenditures.

Chief Dench said there was some that has been applied to the grant. This is a reimbursement grant. Every quarter a budget is submitted. We go into the 'hole' each quarter. At the end of the quarter we send them their budget, and they reimburse the City.

Councilor Hardy asked if the Chief had been working with the Auditor's office for the reporting that's required by the State and the DOR and everyone else.

Chief Dench said not yet. He called the day before the meeting, and the State hasn't supplied the forms yet.

Councilor Hardy said there are certain criteria that have to be met within the grant as to the reporting against the grant and would appreciate him meeting with Mr. Towne on that.

Councilor Curcuru wanted a monthly update on the grant status to the Budget and Finance Committee to which Chief Dench replied that if the Committee wished they could even give them the figures weekly which Councilor Curcuru said monthly would be satisfactory.

Mr. Duggan noted that he and the Chief speak daily regarding how many firefighters report each day to keep track of it.

Officer Bouchie said back in October the City accepted the contract with the Firefighter's union maintaining that 14 and in a memo to the City Council the Mayor said that the money was there to fund the 14 for end of June to the end of this fiscal year. But now that money seems to have disappeared and is being replaced with this grant money which he believes to be inappropriate.

By unanimous consent the matter is continued to the February 25, 2010 meeting.

B) Job Description of City Auditor (Continued from 01/28/2010)

By unanimous consent the matter was continued to the next meeting of February 25, 2010.

2. COM2010-004: Letter from IG re: Change Order "Gloucester Roadway" Construction

Project

Suzanne Egan, General Counsel said she has been in conversation the Office of Business Development. The Inspector General's (IG) office sent a letter to the Office of Business Development and copied the City on what they viewed as some inconsistencies in the procedures of the administration of the grant by the City. The City received a copy of that letter, and he City contacted and asked the developer, Mr. Sam Park, to respond in writing, reviewing his records. The City's position was that the IG's findings were incorrect; and that, in fact, the grant had been administered correctly. She sent it in to the Office of Business Development, and they reviewed Mr. Park's response and her letter with the IG. At this point she doesn't have a final written answer but spoke with the General Counsel today; and he said the IG's office is satisfied with the response. She will send the City's final letter to him and he will respond to the City that they are satisfied that the grant was properly administered. Once that letter is received she will forward it to the Councilors. She apologized for not sending directly to the Councilors the letter that she wrote originally to the Office of Business Development.

Councilor Hardy said please forward the written response so we can have confirmation that the matter is taken care of. So there is no action that this Committee or the Council needs to take on this matter then as far as Legal goes. That is the same for the Treasurer's and Auditor's office.

Councilor McGeary said the material was deleted from the project, the \$518,000.00 for lights and sidewalks, that's just gone forever.

Mr. Hale said everything that is in the project as originally proposed will be done.

Ms. Egan said what the IG's office saw was one change order that said the finished project is deleted. What they did was add Alternate 1 and 2 were completed. The finish work was then put back into the grant. The IG's office didn't understand that had happened, and once they had the Parks letter and packet then they understood it; that Mr. Park paid for a lot of the work not under the grant. The determination was that the City acted properly. If they do a thorough audit, we have a lot of ability to discuss with them and have no liability at this point.

3. Memo from DPW Director re: Requesting Approval of Loan Authorization in the

amount of \$13 million to fund improvements to the City's George P. Riley Wastewater

Treatment Plant

Mr. Hale said the waste water treatment plant is under consent order from the Department of Environmental Protection for improvements and much needed maintenance. In 2006, a comprehensive evaluation determined the deficiencies. In May 2008, the Mayor entered into a consent order with the DEP to undertake these improvements. All the work for Phase 1 is to be done by March 2011 and Phase 2 by August 2013. (Information on memo received by the B&F Committee and on file). Phase 1 has been bid and awarded and under is under construction now and on schedule to complete the work. Phase 2 may be broken up into Parts A and B. Some components that they hoped would last through 2013 are in dire need of maintenance today. It's an enhanced primary treatment facility. They screen the waste water that comes in; they chlorinate the water, and then pump it out into the harbor. There is a lot of moving parts not technical moving parts. It is a big grinding system that when the stream of waste water enters it, anything that is large they grind up so that it goes through screens, with finer and finer screens. They don't have much opportunity to say no to the work. The facility won't last. It is a difficult maintenance situation for the City's vendor. The City was fined \$15,000.00 this fall regarding some significant failures that were remedied. They were just too much for the operators to work around the problems that the facility was having with back ups with equipment that was down. The memo lists a summary of work and the Phase 2 upgrade. A lot of the bigger components are going to be handled in this one. A lot of it is electrical. The place is all run by motors and pumps. Nothing has been significantly updated since it came on line in 1984.

Councilor Hardy asked how the City will be borrowing the money.

Mr. Towne said the goal is to try and get this through the Massachusetts Water Pollution Abatement Trust (MWPAT). Debt service schedules run show that if they borrow \$13 million over 20 years at 4 percent, it is \$955,000.00 per year level debt, if on the open market; 30 years at 5 percent, it is \$845,000.00. The longer you go the higher the interest rate. The City ends up paying \$6.1 million in interest on 20 years and \$12.3 million for interest if they went to 30 years. If they qualified under MWPAT, it would drop; and if we did the \$13 million for 20 years, principal and interest would drop to \$795,000.00 and for 30 years it would drop to \$580,000.00. His recommendation is, even though he doesn't like to go to 30 years, if they could go under MWPAT, he would opt to go to 30 years for this type of plant upgrade.

Councilor Hardy asked Mr. Towne to explain that and what our chances are.

Mr. Towne said you can decide how you are going to function under MWPAT for certain types of debt. We could go 20 or 30 years whichever we chose.

Mr. Hale said the project will be eligible because of the consent order. The DEP had to approve the CPE before we could even get to the point of design. They are on board with the recommendations of our consultant for the upgrades, and they are driving the division of this into two necessary pieces. This was a \$20 million project. It couldn't be done all at once; that would have been too overwhelming. That's

why it was broken into the most necessary pieces which were in Phase 1. The latter half of Phase 2 has to have the schedule accelerated.

Councilor Curcuru asked Mr. Hale on Phase 1 how much was borrowed.

Mr. Hale said Phase 1 borrowed in two pieces. The work was initially borrowed in August of 2005, that was the big CSO and non-CSO related projects. They had around \$ 2.5 million set aside there, and last fall \$3 million was the balance for Phase 1.

Councilor Curcuru said this is all Consent Order work in an agreement with the State.

Mr. Hale said the City dictated the improvements to be made for the safety of workers, the quality of the effluent leaving the facility is our responsibility; the resource area surrounding it is our responsibility; the odors are our responsibility. This brings the facility up to a better standard for us to operate.

Councilor Curcuru said eventually there will be a need to put a secondary treatment system in place; this work has no bearing on that. It's not going to enhance or change anything, just get us compliant.

Mr. Hale said this is only primary plant upgrade. If we are forced to go to secondary treatment, which he didn't foresee because the City is going to end up doing it on its own, it will be an add on to primary. Our primary process won't change. The secondary process will be an add on. There will be some additional work with the sludge. Sludge is different with secondary treatment than it is with primary treatment. This isn't throwing money away. We're going to need this portion to have a secondary facility. It bought us 25 years. And these improvements will buy us more so that it's not broken completely. With proper maintenance, we can maintain the facility so that it isn't broken completely. There are a lot of pieces down there, and it's difficult to say why it had not been maintained – its pumps and motors and their electrical systems. It looks like the plant had been scavenged over the years. Pieces haven't been rebuilt or replaced. The DEP was down this fall and were taken aback at how much equipment was off line the day they came.

Councilor Curcuru said with economy downturn will we be able to get a better deal on this.

Mr. Hale said the prices were much better a year ago than today. Will they be good going into Phase 2, it's difficult to say; they're not going to bid this for a full year which is the time it takes to get plans designed and approved in a spec book will be enormous. Phase 2 has more electrical components.

Councilor Curcuru said you still may come back then for more money.

Mr. Hale said they hope they don't but can't say they won't either. Phase 1 came in well under what was anticipated due to the downturn in the economy.

Councilor McGeary said this will come out of the Sewer Fund and Mr. Towne agreed. Mr. Hale also told the Councilor he also emailed back to him the answers to his technical questions regarding the plant.

Councilor Hardy said is the enabling M.G.L. for the borrowing her going to be Chapter 44 and Chapter 29C. And if we borrow are we going to issue bonds and notes.

Mr. Towne said the City can or they can go through the Trust which is qualified. This went before the Bond Council to make sure the language was accurate.

Councilor Ciolino asked about the sewer rate going up.

Mr. Towne said he will get that rate to the Councilors.

Mr. Hale said they've done pretty well. In 2005 they went for the big CSO number. They figured that by now they'd be around \$16 to \$17 per thousand. They've done well to keep it down to \$13 now. Initially they anticipated the rates to be closer to \$19 when the CSO and this plant were finished. That is in the future. He didn't believe this would drive it to \$19.

Mr. Towne said it will kick in 2 to 2-1/2 years from now. A portion of it will kick in when they borrow a little more in short-term and then the last one will kick in when they do their full-time long-term interest payment. It will be staggered over three years. FY13 is when the full rates will come on.

Councilor Hardy asked is there any federal stimulus money for shovel ready projects available.

Mr. Hale said that program ended at the beginning of February. If there is a second wave, we'll try but it all depends on the timing. The first phase is receiving the RF funding which is distributed through the Trust. That will come in the way of a principal forgiveness. They haven't determined the exact dollar amount. They are going to figure out how many projects in the program are eligible for that stimulus money. Sewer SRF was about 8.8% forgiveness. If some of those projects weren't ready by the beginning of February and had to back out, that number is only going to go up. We could be looking at 10% principal forgiveness perhaps on the \$5 million on going right now. This is too far in the future to guarantee anything.

Councilor Hardy asked if any legislation was pending for sewer rate relief for projects like this.

Mr. Towne said sewer rate relief was cancelled in last year's budget; and when the City got it was only \$38,000.00. It wouldn't be anywhere near the magnitude of this.

Councilor Hardy said for the borrowing then it's 4% in open market and 2% through the Trust. Since we're not going to be drawing that down are we locked in at that 2% rate when we draw down the rest to which Mr. Towne said yes.

Mr. Towne confirmed that short term rates have been around 0.25% to .33%. He will try and keep it short term as long as he can as it saves money in the long run. The quicker the City gets it paid, the quicker the City gets it paid off. It is a definite advantage to go through the Trust in the short term even with the administration fee that they charge. And he confirmed to Councilor Hardy it does require a public hearing.

Mr. Hale in response to an inquiry from Councilor McGeary regarding the water rates stated the enterprise pays itself so the debt service is included in the enterprise for the total.

Mr. Towne added when they pull the CSO out that will impact the sewer rate as they talked about last year.

Councilor Curcuru said the City still has to do the storm water management to which Mr. Towne said that's what he's referring to.

David Anderson asked about the cost of Phase 2.

Mr. Hale said it depends on what they do. There are a lot of different technologies out there. There are a lot of innovative technologies on the market right now. It could easily be another \$10 million – there's nothing there. This will be a limited project. There's no room there to put what they need to create space. There's a lot of site work and building construction with the components that go into a secondary. Those are the high tech pieces, much more advanced than what we have now. Right now it's a series of sieves that pull everything out of the water before it gets to the chlorine contact.

Mr. Anderson said his concern is that the City has spent so much money on the waste water treatment plant versus building a whole new treatment plant. He felt it was like putting band aids on a problem. At some point the City needs to say what we need that the most appropriate way to go is to build a water filtration plant.

Mr. Hale said primary treatment is unheard of; only a few facilities in the country that have it. It won't go away if we add a secondary to it. Secondary is just an additional component. Gloucester's not growing so fast that we'll outgrow it any time too soon. If there was a potential for significant residential and business growth then it would be different. But it's not the case. He disagrees that the City has spent a lot of money there. We've spent money in a hurry because we've had things break that are needed to operate the facility, and they're big pieces. A screw pump broke a year ago; a 57 foot screw takes the effluent into the facility. Without the stuff that works you have to have a back up. If you can't accept it at the plant, it's going to be through the whole City. It's not ill spent. Spending the money will buy the City a good 25 years whether we add the secondary or not.

Councilor Hardy said further the growth of the City, do Essex and Rockport still utilize our sewerage process and how is it going to impact them. Are they going to pay for a portion.

Mr. Hale said their agreements are very clear on plant upgrades. They share the costs, and they pay the same rates. They will share it in the construction. They meter their sewer leaving their community and send us the metering quarterly and they are billed accordingly.

Councilor Hardy asked about the previous discrepancy with Essex, and if it had been resolved.

Mr. Hale said it had not as of yet. This won't complicate it. The next one might, however.

Councilor Hardy said the rates for the loan are good, and we have to plan for the future.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget and Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the following order:

Ordered that up to \$13,000,000.00 is appropriated for the purpose of making improvements to the City's George P. Riley Waste Water Treatment Plant including without limitation all costs thereof as defined in Section 1 of Chapter 29C of the General Laws; that to meet this appropriation the Treasurer, with the approval of the Mayor is authorized to borrow up to \$13,000,000.00 and to issue bonds or notes thereof under Chapter 44 of the General Laws and/or Chapter 29C of the General Laws or any other enabling authority; that such bonds or notes shall be general obligations of the City unless the Treasurer, with the approval of the Mayor determines that they should be issued as limited obligations and may be secured by local system revenues as defined in Section 1 of Chapter 29C; that the Treasurer with the approval of the Mayor is authorized to borrow all or a portion of such amount from the Massachusetts Water Pollution Abatement Trust ("Trust") established pursuant to Chapter 29C and in connection therewith to enter into a loan agreement and/or security agreement with the Trust and otherwise to contract with the Trust and the Department of Environmental Protection with respect to such loan and for any federal or state aid available for the project or the financing thereof; and that the Mayor is authorized to enter into a project regulatory agreement with the Department of Environmental Protection, to expend all funds available for the project and to take any other action necessary to carry out the project; and further to ADVERTISE FOR PUBLIC HEARING.

4. Memo from DPW Director re: Requesting Approval of Loan Authorization in the

the amount of \$7.0 million to fund the next phase of the CSO Long Term Control Plan

Mr. Hale said the CSO is under a federal consent order. We are under a modified decree, and they submitted a long-term control outlining the steps the steps to mitigate the City's combined sewer overflow problems. The first part was the Washington Street drain. The second piece is what you see

under construction now which is the largest catchment area in the City which is known as 002 which extends from Rt. 128 railroad tracks toward the outer harbor; and that's the overflow which comes off = the bubbler. That project is well under way, and the last phase now in the 002 work and hope to be done by June 2010. The next phase their in negotiation with the DEP and EPA. For the last few years they have been monitoring the rate of outfalls of 004, 005 and 006 to the inner harbor. They've made the argument to the EPA and DEP that the City can spend more effectively by changing the order of the projects. They feel they've made a compelling argument for the changing of the order. Initially the 005 area was supposed be designed by last October and constructed by June of 2011. EPA is giving us a little bit of leeway with findings they presented a year ago to them. The loan authorization for \$7 million would take into account design work for all three drainage areas, 004, 005 and 006, and at least the construction of 004. How much remains to be done on 005 and 006 will cover some of the 004 area which is towards Commercial Street and the Building Center. It would make sense to close up that section of downtown sooner rather than later. If we can eliminate some of the disruption to the downtown it would be well appreciated by the citizens. More than anything it's more cost effective to do 004 first and then 005 as the long-term control plan laid out. The long-term control plan was done off of modeling they had done. Modeling is taking a lot of assumptions into account. They have flow meters in all these outfalls and have actually monitored and tested non-stop since 2007. It really is 004 area that needs to be done first.

Councilor McGeary said the order in which it is done is by urgency or by doing 004 first makes it less expensive.

Mr. Hale responded it makes it less expensive because smaller amount of work. The idea of the consent decree is to have a limited or zero amount of overflows. We're allowed one per year. By eliminating the area that is prone to the most overflows, we can get ahead of the consent decree faster. 004, although showed at a few, monitored it showed as many. So there is very little work there to eliminate the problem. He explained in detail how the overflows happen and how the system works. The outfalls were designed to relieve pressure in the main lines. It is a great system, but it is illegal today. As the City becomes more impervious and development has changed, the drains spilled more frequently. 004 will eliminate CSO's to the harbor.

Councilor McGeary said by doing 004, 005 and 006 will be less likely to overflow.

Mr. Hale said if 004 aren't surcharged, 005 and 006 have enough room to come through. If you block the drain at the beginning, everything is going to back up against it.

Councilor Hardy said the City would be borrowing under the same rates and under the same M.G.L.'s to which Mr. Towne responded yes.

Mr. Hale said the intent was never to do it in order. The intent was to take the areas that contributed the most to the overflows and address them first. That's why 002 is being done right now. They felt 005 had the most according to the model, but it's shown that 004 actually does.

Councilor Curcuru asked about the project completion date of the entire CSO.

Mr. Hale responded it will be in the next three years.

Councilor Curcuru asked what the final borrowing will total.

Mr. Towne said the total CSO of \$27 million has to be broken out first as to what is waste water treatment plant and what is CSO; and CSO is part of that first one. And this is all CSO for the \$7 million. It's about \$20 million CSO and \$7 million waste water treatment plant was a rough estimate. It will be about \$27 million by the time the City is done.

Councilor Ciolino said that Rogers Street and Commercial Street is 004.

Mr. Hale said 003 was decommissioned long ago and is no longer in service. He then explained the numbering of the districts.

Councilor Ciolino asked if Main Street would be dug up.

Mr. Hale said the feeder streets into Main Street will have some drain replacements there. The first phase of work is field investigations which will include heavy cleaning of the lines, will the sewers, catch basins and truly map the connectivity of everything to make sure we have a very good understanding of where everything is. It may include some dye and smoke testing to see if they have any illicit connections. When they did the 002 area, they went through about 1,200 buildings and verified plumbing connections, roof leaders, are your sump pumps connected to the sewer. These are the things they will look for. They found 30 unusual sewer connections during their investigation. Some of them were more than just illicit. At one point they connected Addison Street homes connected into the drain of the sewer. Someone made the mistake 80 years ago. The East End doesn't need much work. There's a tide gate right at Halibut Point, but that's part of 005. Could there be some work done out on Rogers Street that

could affect that? Perhaps; he can't say they won't touch Main Street at all. They may find they need to. 004 is not that disruptive a project as they envision today.

Councilor McGeary said you're asking for \$7 million hoping to get it done for that

Councilor Hardy asked what if you run across water pipes that need work. That work would be charged to Water, not Sewer.

Mr. Hale said they have done everything possible to separate those costs. Roger Street has a 20 inch water main on it. He doesn't see replacing Roger Street main feed; there has never been an issue with it. They may need to install some gate valves on it. They don't want to break it because it is the main feed to East Gloucester. If they have to insert some valves they may have to but they would talk about that at that time. They are keeping a close eye on how that is being charged. Contracts out now call for curb-to-curb paving. Mason Street has to be reconstructed. They're not resetting curbing. They're not doing concrete sidewalks.

Councilor Curcuro noted National Grid is putting gas lines next to the sidewalks with temporary patches on Pleasant Street.

Mr. Hale said that was the only way to get into the high pressure regulator right at the corner of Pleasant and Shepherd; and that was the only effective way to get into it which was to run it in the sidewalk and to still stay out of the City's way. There's a pretty large drain line going through there.

Councilor Curcuro asked if the work will be done before Memorial Day.

Mr. Hale said the first phase of the project is just field investigation and design work. There will be no digging downtown for the summer. They may be cleaning catch basins but that's very localized..

Councilor Hardy said where the gas company is now will they pave curb to curb on Pleasant Street or are we going to wait until we come along and do it ourselves.

Mr. Hale said they are working on our schedule ahead of the CSO to get any old cast out of the way so that they're out of their alley for the City work on the drain(s) or sewer. There is no expectation that they're putting anything other than temporary paving down.

Councilor Hardy said are we checking with any other utilities, before we go curb-to-curb to see if we are having any more tearing up of the road by others.

Mr. Hale said they have checked with as many utilities as possible to coordinate with them.

Councilor Ciolino asked if National Grid is going to be responsible for the re-paving.

Mr. Hale said they are ahead of the drain/sewer work so there is no expectation that they will pave. Their doing the work ahead of the CSO is making it safer for the CSO work to be done. The contractor on the CSO project will do the curb-to-curb paving.

Councilor Hardy observed that some of the signs have come down that normally are in the sidewalks. She asked that when they're put back up their positioning should be in consideration of a wheelchair being able to get by the poles of the signs and Mr. Hale assured he that would be the case.

Mr. Towne said 4 different schedules for the debt. One is at 4%, out to 20 and 30 years and the other is at 2% for 20 and 30 years. He will forward a copy for the record.

Joseph Grace, 75 Holly Street asked what account is borrowing this money, the sewer account or this drainage account; it is against the law to use a dedicated fund for anything other than it was created for. He spoke of how he felt it was unfair that the entire City bears the responsibility for this localized work.

Councilor Curcuru said it hasn't been established yet regarding the account. The idea is to get this in place before the City sets the water and sewer rates for this coming budget. He pointed out that the whole City benefit from this. He felt infrastructure work should be borne by the whole tax base. This idea of the storm water management fee will be spread it about to the whole city.

Mr. Hale said CSO debt is permitted under the sewer enterprise.

Councilor Hardy said she was pleased to see the City is going to save money by rearranging the order of the work.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget and Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the following order:

Order that up to \$7,000,000 is appropriated for the purpose of funding the next phase of the CSO Long-term Control Plan including without limitation all costs thereof as defined in Section 1 of Chapter 29C of the General Laws; that to meet this appropriation the Treasurer, with the approval of the Mayor is authorized to borrow up to \$7,000,000 and to issue bonds or notes thereof under Chapter 44 of the General Laws and/or Chapter 29C of the General Laws or any other enabling authority; that such bonds or notes shall be general obligations of the City unless the Treasurer, with the approval of the Mayor determines that they should be issued as limited obligations and may be secured by local system revenues as defined in Section 1 of Chapter 29C; that the Treasurer with the approval of the Mayor is authorized to borrow all or a portion of such amount from the Massachusetts Water Pollution Abatement Trust (“Trust”) established pursuant to Chapter 29C and in connection therewith to enter into a loan agreement and/or security agreement with the Trust and otherwise to contract with the Trust and the Department of Environmental Protection with respect to such loan and for any federal or state aid available for the project or the financing thereof; and that the Mayor is authorized to enter into a project regulatory agreement with the Department of Environmental Protection, to expend all funds available for the project and to take any other action necessary to carry out the project; and further to ADVERTISE FOR PUBLIC HEARING.

5. Memo and Special Budgetary Request Transfer Request (#10-20) from Police Chief

Chief Lane explained the transfer was a housekeeping matter.

Councilor Hardy noted on the transfer sheet itself, after the transfer how much would be in the “2” account at the bottom.

Chief Lane said there is money in there. They're two protocol accounts and the money can get divided basically between the superior protocol and the patrolman's protocol.

Councilor Hardy said this transfer of funds is going from a police account to another police account so it would not require 6 votes as noted at the top of the Special Budgetary Request Transfer Request form since the funds stay in the same department and also why do we have extra money in this account. It would only require a vote of a simple majority, and asked that the transfer document be changed to reflect that fact. Why do we have extra money in the patrolman's uniform allowance account in the first place.

Chief Lane and Mr. Duggan explained when the budget was put together the contract had not yet settled. They calculated a year's worth for the allowance. Once it was rolled into the base pay, they divided by the number of remaining months in the fiscal. That left money on the table for the transfer. This is when they rolled in the stipend into the contract. This was the remainder that was already allotted into the FY10 budget before the contract was signed. It was approximately \$975 clothing allowance goes into their base pay; therefore, it left money on the table.

Councilor Hardy asked for an expansion of the explanation on the transfer fund documentation going forward.

Councilor McGeary assumes going forward there won't be a uniform account and asked about the definition of a protocol account.

Chief Lane said it is an overtime account for officers. They're under contract to have a certain number of officers on the street. The officers that come on to fulfill that number come out of this fund. Basically its overtime.

Mr. Towne said there's about \$17,000 in that account at the end of January. The last payroll may have changed that number.

Councilor Hardy asked if this \$45,000 is going to be enough money to get these three officers through the police academy.

Chief Lane said it varies, just like what the Fire Chief said about his staffing issues. This is to backfill as needed. They'll be done sometime before the end of May – it's a 22 week program.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget and Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to allow the transfer of funds in the amount of \$28,763.11 from the General Fund-Police Uniform, Unifund Account #101000.10.211.55800.0000.00.000.00.054 to Police-Uniform, Overtime E911, Unifund Account #101000.10.211.51320.0000.00.000.00.051 for contractual patrolmen overtime to cover shifts of three new hires now attending the Police Academy until May 2010.

6. Memo and Special Budgetary Request-Supplemental Appropriation from Principal

Assessor

Ms. Papows stated every three years the Assessing Department has a Triennial Recertification with the Department of Revenue. In these years additional work is required and part of the work is contracted out. Starting in FY 2009 we began to budget annually for this cost. The way she set it up originally was for 1/3 of the cost to be budgeted over three years. So, for the FY 2011 recertification, one third was put aside in FY09 and FY10 with the final third becoming available July 1st of FY11. When this went before the City Council during the FY09 budget process, the Council asked that a stabilization account be established as a holding place for the funds. For this reason, City Council approval is required to transfer the funds to the Assessors Department budget. The work starts at the beginning of the fiscal year prior to the recertification so she will have to transfer the money that is budgeted for FY11 from the stabilization account to fund the balance of the work; hence the two transfers.

Councilor McGeary noted this is so that it doesn't hit in one year that you spread it out over three years.

Ms. Papows said they never budgeted for this before; doing this now is more prudent. It is in the stabilization fund for that purpose only up until it is transferred out.

MOTION: On motion by Councilor McGeary, seconded by Councilor Hardy, the Budget and Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council that the special budgetary request for a supplemental appropriation 2010-SA-02 to transfer \$66,600.00 from Assessors Triennial Recertification Stabilization Fund, Unifund Account #294019.10.991.59600.0000.00.000.00.059 to Assessors Re-Valuation Program, Unifund Account #101000.10.141.57840.0000.00.000.00.057 to fund FY2011 Triennial Recertification.

7. Memo from Fire Chief re: Acceptance of \$2,000.00 grant from Mass. Dept. of Public Health & Human Services

Chief Dench said in 2002 following September 11th, the Massachusetts Department of Public Health offered mass decontamination units to each city or town that had a hospital. The City of Gloucester through the Fire Department accepted one of these units. His understanding is that in the last 7 years this \$2,000.00 grant has been offered each year. It hasn't been taken advantage of. The unit has been sitting over in the West Gloucester fire station more or less unattended and not used. The intent of this \$2,000.00 is to get this unit out, do repairs on it if needed and to set up a training program with the Addison Gilbert Hospital to ensure that if it is ever needed in a mass decontamination situation, we have the people trained to use it and the trailer maintained.

Councilor Hardy asked if this is a matching grant to which Chief Dench replied no.

Chief Dench said they're obligated to have an MOU with the hospital. He has been talking with Mr. Bob McCarthy at the AGH to get that done. They're in the process of getting the MOU in place.

Councilor Hardy said we haven't been into the unit in quite some time. What if it's more than \$2,000.00 to fix that trailer up. How will we do that and will the hospital help us.

Chief Dench said the hospital has money available, and we may be able to use some of that if it is more than the grant to train and repair. We need to get it out and get it used and fixed. They may have to do the training on a volunteer basis. Whatever it takes it is worthwhile. If they don't get it finished this year, then it will get finished next year. Hopefully the same grant will be available then as well.

Councilor Curcuru said the training comes out of this money to which Chief Dench said yes.

Councilor McGeary said it is for any hazardous materials to which Chief Dench said yes.

Mr. Duggan said the hospital gets the same amount as the City; and they have gotten it over the last 7 years, and it is to be available to the hospital to use and train on as well.

Councilor Hardy said where did it go, and why not to us.

Mr. Duggan said it was up to us for the last 7 years to be applying for it. The Chief brought this back to us.

Chief Dench said the Department of Public Health called him, and he responded.

Chief Dench explained the contents to the Committee and anticipates the training will be done in warmer weather.

MOTION: On motion by Councilor McGeary, seconded by Councilor Hardy, the Budget and Finance Committee voted 3 in favor, 0 opposed to accept a \$2,000.00 grant from the Massachusetts Department of Public Health and Human Services for the purpose of ensuring the maintenance of and training on the Gloucester Fire Department's Decontamination Unit's trailer.

8. *Memo from Treasurer-Gloucester Committee for the Arts re: Acceptance of \$2,500.00 grant from the National Endowment for the Humanities.*

Dale Brown asked the Council to accept this money to allow for the hiring of a professional to do an assessment of the City Hall murals in order to tell them exactly what work would have to be done to assure their conservation and restoration.

Councilor Curcuru asked is this what you asked for. Is there any money for repairs afterwards.

Ms. Brown said yes. There is a Park Service grant and others who they will go to and apply for money to do the work for larger amounts of money. They all want a professional assessment of the work that needs to be done when you apply for grants for this type of restoration. There is no match.

Councilor McGeary asked how many murals are there in City Hall.

Ms. Brown said she thought about 11 or 12 - all the ones in the hallways and also in the Mayor's and General Counsel's office. There is an inventory. Not the ones in storage under the stage.

Councilor Hardy asked about the inventory at the schools.

Ms. Brown said yes, they were included in an inventory done quite a few years ago.

Councilor Hardy said do we have an inventory on these and documentation that shows they are in the schools.

Ms. Brown said yes they do on the ones that are at O'Maley.

Mr. Towne said they are insured. They received appraisals from the Superintendent of Schools on the artwork itself and sent it out to insurance company, MIIA; and they have valued them in case something is stolen or damaged.

Ms. Brown said they are WPA murals. She doesn't have all those numbers and their value depends on the painter. Some of them are quite valuable.

Councilor Hardy asked who will administer this grant and who will work with the Auditor and CFO as to who will be drawing it down and the criteria that has to be met.

Ms. Brown said it is her, and she's coordinating with them to be sure things are done properly.

Councilor Hardy asked for a report back to the Committee that they are working with the Auditor and CFO to see that all procedures are followed.

Mr. Towne said that it is under the Catalog of Federal Domestic Assistance is #45.149 which is the federal grant number that this falls under. Each grant is classified under that grant number. If it's over \$300,000.00 for that catalog number, it would fall under the single audit act. We had three major grants this year. In the aggregate, under that program would be the determining factor or it could be one that

reaches over \$300,000.00. Any combination that goes over \$300,000.00 or a single one over that amount brings a single audit act. And he confirmed with Ms. Brown that this has to be done by June 30, 2011.

Councilor Hardy thanked Ms. Brown for her continuing work on behalf of the City.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget and Finance Committee voted 3 in favor, 0 opposed to accept a \$2,500.00 grant from the National Endowment for the Humanities, Catalog of Federal Domestic Assistance #45.149, for the purpose of conducting a condition assessment of the WPA murals in City Hall.

9. *Memo from Operations Manager-Public Properties re: permission to pay two invoices*

which have exceeded the amount of the purchase order

Mark Cole said this is something from the former Utilities Manager. He can't speak as to why this happened.

Councilor Hardy asked in the future any time there is an invoice that comes forward for payment to furnish the purchase order and any other vouchers that have been processed against it.

Mr. Cole said it was purchased for a repair kit. He has no idea what any of this is. His best guess is they over-expended and the goods were received. They were used. There was no one else to bring it forward.

Councilor Hardy said she can't vote on this until a Purchase Order comes forward and vouchers and what these parts have been used, a packing list.

The matter is continued to February 25th pending more information from the DPW.

10. *COM2010-006: Memo from Mayor re: Gloucester School Committee FY11 Budget*

Guidance

Councilor Hardy said this was a communication that came from the City Council agenda. The Committee will wait to see what the School Department is going to do.

Mr. Duggan said there is a budget meeting on Saturday morning in the Superintendent's office at 8 a.m.

Councilor McGeary said it is being billed as a workshop.

Councilor Hardy noted the matter doesn't require any action of the Committee.

11. Report from City Auditor's Office re: Accounts Having Expenditures Which

Exceed Their Appropriations (documentation submitted and on file)

Mr. Boyce, Acting City Auditor introduced Mary Richardson, Assistant City Auditor and began by noting the City Clerk's registration funding.

Mr. Towne said they have a funding source to transfer in there. Timing was short. The City Clerk's office needed to get the voting properly done, you'll end up on the list; but they'll fund through a transfer. This was wages from a temporary position and a permanent position needing to be filled. It will be taken off the list by next month.

Mr. Boyce explained about the Fire Department entry where there was a transfer that was rejected by the Auditor. It just ran out of time to put a transfer in place on the 111F's (the equivalent of worker's compensation in the private sector). The \$18,000.00 is the boil water order which hasn't all gone over yet, not all of it. There's about \$14,000.00 that is due the Fire Department, and the rest will come with the budget.

Councilor Hardy asked will it come out of any account that would keep Bay View Station open.

Mr. Duggan responded no.

Councilor Hardy asked about the Snow and Ice Account appropriation account so that it's not an overage and that next year the plan is to budget more money for this.

Mr. Duggan affirmed they would be budgeting more for the next fiscal year.

Councilor Hardy noted in the past this report was going to the Mayor for inclusion in the Mayor's report; but it should have been going directly to the City Clerk's office because your office reports to the Budget & Finance Committee, and a copy then should go to the Mayor's office. Your office is aware of this now.

12. Update from CFO re: FY10 Budget (documentation submitted at meeting and on file)

Mr. Towne submitted two reports to the Committee and started with the explanation of these documents. He discussed the composition of the Cherry Sheet. He explained the tax recap as well. His office's goal is to be done on June 30th so all the detail for the recap is done and ready for tax rate setting time. They've already designed some of the forms. This should tie out to what the DOR says it should be.

The Committee took a five minute recess and reconvened at 9:36 p.m.

Mr. Towne continued to review the documentation he provided the Committee, and they discussed City revenues and how they are collected and handled by the Chief Financial Officer and his office.

A discussion then ensued regarding the funding of staffing issues.

Mr. Towne said they had a much better revenue projection for this year. The City is not out of the woods yet. The economy is still tight. But he is proud of his office which is doing an outstanding job, working hard to stay on top of things.

It was motioned, seconded and voted unanimously to adjourn at 9:45 p.m.

Respectfully submitted,

Dana Jorgensson

Clerk of Committees