

CITY COUNCIL STANDING COMMITTEE

Budget and Finance

Thursday, February 25, 2010 – 6:30 p.m.

City Council Conference Room – 1st Floor

Present: Chair, Councilor Steven Curcuru, Vice Chair, Paul McGearry, Councilor Jacqueline Hardy

Absent: None.

Also Present: Barry Boyce; Jim Duggan; Fire Chief Phil Dench; Mark Cole; Jack Vondras; Mark Cole; Nancy Papows; Mary Richardson; Phil Bouchie; David Anderson

The meeting was called to order at 6:30 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 02/11/2010)

Councilor Hardy reviewed for the Committee that the grant request was for \$675,000.00, and the City was fortunate to received \$388,125.00 of which money was backed out to hire a firefighter/paramedic. The balance of the money is to pay for overtime, accident pay, bereavement pay, vacation time in order to keep the stations open. Is any of this money being used to call in staff to fight fires.

Chief Dench agreed.

Councilor Hardy asked if it was covering sick, vacation, accident, bereavement.

Chief Dench replied it is not.

Councilor Hardy then asked for the difference between what the application said we were going to use it for and what we are using it for now.

Chief Dench responded The difference is he spoke to NEMA after the 3+ alarm fire on Monday, February 22nd and asked if any of this money could be used for call back on multiple alarm fires; and he was told yes it could be used – as long as it was going to fire suppression it can be used to back-fill positions.

Councilor Hardy asked if there was a schedule going forward, considering you're backing out the money for the fires as we go along, how are we going to portion this money over the months to keep the outlying stations open.

Chief Dench noted that they gave the Councilor a copy of the plan.

Mr. Duggan said in reference for the monthly budget and the answer is yes, they have been sticking to it. It's now \$31,000.00 for the last five months per month. First there was \$26,000.00. Then there was a carry over from excess in January over to February; and it's distributed evenly over five months, now a matter of \$31,000.00 for five months available for manning and keeping stations open as they can afford it.

Councilor Hardy remarked that it is two months out of 12 gone by. Have we used the apportionment that you budgeted; are we going to be able to carry over money into until the third month.

Chief Dench said probably it will be; it is a balancing act to make sure they have enough money to go for the entire year to keep as many stations open as possible. It is a balancing act to try and make sure they spend the money but not all at once. As of yesterday there is an \$11,000.00 balance in what they have appropriated for the first two months. He anticipates opening Bay View Station this weekend. The deputy chief will give you a monthly report on that. It was opened from Friday night to Monday morning last weekend and intends to do the same this for weekend. Then there will be some left over, but it costs \$3,600.00 for overtime for the Heights fire.

Councilor Hardy asked if the money we got will back fill for the fires because we've already expended the money that was budgeted for overtime for FY10.

Chief Dench responded correct.

Councilor Hardy looked to the next fiscal year starting July 1st to see if monies will be left over from this as of that date. So they are going to be running the FY11 monies for overtime and this grant money for overtime together.

Chief Dench said he'll reevaluate it at that time and see how much he gets in his budget for overtime. Then he will do the same thing – he will recalculate it to spend over the last six months. If he gets enough to open up Magnolia Station for the rest of the year, he will do that. But he will still have another six months after that where he'll have to make sure he holds

enough money to try and keep some stations open. He is going to spend this money between January 10, 2010 and January 2011; that's where the \$388,000.00 will be spent. Then there'll be six more months he won't have any of this grant money that he'll have to try and keep the stations open with whatever amount he gets.

Councilor Hardy stated her reason for asking this is that she is the Ward 4 City Councilor and drives by the Bay View Fire Station all the time and sees the sign that it's closed so frequently. She finds it disturbing when we have money to keep outlying stations open. Not only is she asking about Bay View; Magnolia has been open five times in January and none in February. We need to be able to protect as many people throughout the City as we can; and thought that was what this money was for. As a member of the last City Council, when she voted on it, she thought she was voting for money to keep the stations open. With this schedule it just didn't look like it was getting done enough.

Chief Dench noted the wording on the application when he applied for the grant was to keep stations opened, absolutely. He understood the Councilor's frustration. He, too, feels they need to be opened. The citizens in Magnolia and Bay View deserve them to be open. This is what he said in his application. If they had gotten the entire \$685,000.00, according to what he had figured, they would have been able to keep those two stations open for the entire year.

Councilor Hardy stated that the City got half the money but the stations aren't open half of the time.

Chief Dench replied that it's a juggling act. He has spoken to other chiefs who have gotten this same grant and are expressing the same frustrations. They got half of what they applied for as well. They are also trying to juggle the money to make sure they do the best they can with it for an entire year.

Councilor Hardy noted the last sentence of the application, "by funding this overtime we will be able to have a quicker response time to all sections of the City and the firefighters will be able to operate in a much safer and efficient manner. She contended that the City may have gotten half the money but wished the stations could be open half the time.

Mr. Duggan asked if the application included the hiring of one firefighter paramedic, which is an eligible expenditure is allowed.

Chief Dench responded that it wasn't until after the application had been submitted that in a discussion with NEMA, they informed him there had been changes and now he could use the money to hire the firefighter/paramedic.

Councilor Hardy said other people have to come back before us to tell us the direction of a grant has changed.

Mr. Duggan said it is a priority of the department, and also a priority of the staffing, and the City Council to increase the manning there; if it provides that flexibility that we can bring another firefighter/paramedic on staff, and then it is an advantage. When it was being discussed

at B&F, at a date he couldn't recall, they did discuss that it would be budgeted out but first they were backing out the hiring of a new firefighter paramedic.

Councilor Curcuru noted that was after we found out what we got the grant. The grant never got revised. He reiterated Councilor Hardy's contention that if there are going to be changes in the grants going forward, you need to come back and let the Committee know about it. What are you going to have left this coming fiscal year of the grant money, excluding the cost of the paramedic.

Chief Dench responded it is budgeted for \$156,000.00 for the second half.

Councilor Curcuru posited hypothetically, they gave the Fire Department \$200,000.00 in overtime which lasted to the first to middle of December. You made the statement that you will spend this money by January 10th. Your intentions are to use it for overtime to go further, or to open stations with the \$156,000.00.

Chief Dench said it will be spent for overtime which is what opens the stations.

Councilor McGeary said whatever overtime money in your budget for FY11, you're saying you will expend this money first and then spend the grant money.

Chief Dench said he will work with the Administration and see if it works out better according to how much it is. If it works out to where they can spread it out to another whole year to make it work better to keep stations open and firefighters working, then that's the way he'll do it. Until he sees what the new budget is going to be, he can't really judge. He has to spend this \$156,000.00 by January 10, 2011.

Councilor Curcuru didn't want the Chief to think that whatever the appropriation is, hypothetically, and is using the \$200,000.00 because it was the number from last year, that it now comes out to \$356,000.00 to be used.

Chief Dench responded that no, he will not and cannot do that. That would be supplanting the other budget. And by the grant you can't supplant. So he will be using the grant in conjunction with the other budget. The other money is not going to be held in abeyance, and this used to supplant it.

Councilor Hardy asked if you're calling back firefighters for a working fire then aren't you supplanting because we don't have enough money in the budget.

Chief Dench stated he doesn't have any money. The budget was what it was; they spent that money and it's gone. So he's not supplanting it. If he was holding that \$200,000.00 back and saying he was going to save it for something else, to him that would be supplanting. But the fact is that money has been spent on keeping stations open at the time. His thought process back then and the reason it got spent so quickly was that he wanted to keep the West Gloucester station open. He wanted to keep fire apparatus in headquarters staffed. He thought he could stretch the \$200,000.00 out longer and felt he did for as long as he could with the knowledge that the best

he could do was to keep West Gloucester station open. West Gloucester is an important station. That's where the second pump for a fire is housed. When the main station crew goes out to fight a working fire, the West Gloucester crew comes in with apparatus to set up their water supply. To the Chief this was critical to have it.

Councilor Hardy remarked that come July 1, for instance, it's the same amount of money as last year and \$156,000.00 left over on the grant, and we get a big working fire, which account are you going to deplete.

Chief Dench stated his intention is to take whatever he gets for a budget for next year and supplement that budget with the grant money over the first six months because he has to do. That will probably mean budgeting out month by month the City's budgeted money and then supplementing it with this grant. That means if he has enough money to keep West Gloucester and Central Station open, then this money will be supplemented to pay for all things like people calling out sick, bereavement, and trying to open up the Bay View station. It's going to be another 12 month budget that's going to have to be juggled.. He's trying to keep enough money in abeyance to make sure they have that little cushion. Come December or January of next year, typically when vacation time is slower and don't have as many staff out, he hopes to be back to a larger staff. He expects he'll have to spend the money in December and January.

Councilor Hardy reiterated this grant is only for the hiring of one firefighter/paramedic and for overtime and not to hire anyone else and asked if he had drawn down any money from this funding.

Chief Dench responded there's no drawing down of this money, it's all reimbursed. The only thing that goes through the Auditor's office is to set up an account receive the money from the reimbursements. They will be doing quarterly reports having just received yesterday the NEMA report paperwork and will now start filling them in that need to be filed by the end of next month. Whatever money they have spent, they will reimburse the Fire Department.

Ms. Richardson shared it will be a revenue account set up and Chief Dench added he will also be working with Mr. Towne, the CFO on this as well.

Councilor Hardy thanked Chief Dench for his efforts and information and know that she'll keep watching..

Councilor Curcuru felt in fairness to the Chief when he applied for the grant he did anticipated getting the full amount. But going forward, if he doesn't get full amounts on grants, he wanted the Chief to come back to the Committee to go back over it.

Councilor McGeary asked how the anticipated new hire of the firefighter/paramedic will be paid.

Mr. Duggan explained they've budgeted a full annual allotment which includes the base salary, plus benefits plus stipends that are rolled in which comes to about \$72,000.00 annually for one firefighter. They'll be using the grant to pay him through January. Once that firefighter/paramedic is hired then they'll ask Mr. Towne and the Chief to do the math. That

number is based on one year. Now they're only going to get nine months out of using the \$72,000.00 so whatever money. Together they will come up with a formula. Then money will go back into the pool, then the grant money, say hypothetically paying that individual is \$60,000.00, that \$12,000.00 will go into the pool of money for the overtime. A portion will be released and become unencumbered.

Chief Dench noted he again asked the grant administrator if they can extend part of the grant for this firefighter. They understand that it takes time to go through the process of hiring a firefighter. So the question was, the grant started January 10th, if he goes to the 15th of March before he can get the paramedic on board he can extend the \$72,000.00 portion from March 15th to March 15th to get a full year out of that also..

Councilor McGeary stated that on Jan10, 2011 this grant runs out. Is there a follow up grant to this one. Can you reapply

Chief Dench said they can reapply for more grants. It is not a continuing source of funding. It is a one shot deal.

Mr. Duggan responded to Councilor Hardy's inquiry as to how the firefighter/paramedic would be paid in the next fiscal budget by saying the grant will cover the firefighter/paramedic's salary the first six months and the City will pick it up the last six months and then continue on from there. He felt that what the Chief is doing is being fiscally responsible if he can use the money a little longer instead of taking City funds away he would rather continue that.

Councilor Curcuru ended the discussion by asking that when they do the budget, are you going to budget and use it as lag money or are you going to take it and say this particular individual is only going to be paid for six months out of the City's resource budget appropriated for the Fire Department.

Mr. Duggan responded six months.

B) Job Description of City Auditor (Continued from 02/11/2010)

Councilor Curcuru asked to continue the matter to the end of the meeting.

C) Memo from Operations Manager-Public Properties re: permission to pay two invoices which have exceeded the amount of the purchase order (Continued from 02/11/2010)

Mr. Cole reviewed the memo sent to the Committee (on file). At the last meeting the Councilors were looking for some clarification. The goods received were used to extend a main water line on Stanley Court. The builder said they would install the material for the City, which they did. The former operations manager ordered the materials with the water and sewer department. They bid out some of the materials, and thought they had an open purchase order. At that point they didn't have enough money on the purchase order. But it did go right to Stanley Court.

Councilor Curcuru appreciated the back up material.

Mr. Cole said they have a replacement for this gentleman and are trying to get him into a purchasing class. Mr. Hale has looked into it.

Mr. Duggan said the State has procurement seminars that they invite people who are soon to become procurement officers.

Councilor Curcuru remarked he understood Mr. Cole was not responsible for this but that the new person will be coming to B&F to bring items such as this forward.

Councilor Hardy asked about when the bid process kicks in.

Mr. Cole noted they're usually once a year.

Councilor Hardy asked if it's over \$5,000 it goes out to bid and was concerned if they don't it's a violation of the DOR.

Mr. Cole said it's actually over \$25,000.00. He's been here over 10 years. and he asks Purchasing regularly about such issues. He always recommends calling Purchasing. He believes going forward they'll be OK.

Councilor Curcuru noted some of this material was bought at different times, not all one purchase.

Mr. Cole said it exceeded the limit that they had. They can't spend more than \$5,000 combined. What they try to do lately if it is a substantial amount of money, they'll go and get quotes.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget and Finance voted 3 in favor, 0 opposed to recommend to the City Council the payment of Invoice #4181920 in the amount of \$1,645.35 and Invoice #4194172 in the amount of \$784.95 for materials ordered and received in November 29, 2009 from Everett J. Prescott, Inc. totaling \$2,430.30 from Unifund Account #610000.10.450.54320.

2. Memo from Health Director re: Permission to re-apply for a grant “Drug Free Communities Support Program”

Mr. Vondras explained last year unsuccessful attempt at submitting a federal grant for \$625,000.00 for five years regarding substance abuse prevention for both opiates & alcohol. They’ve got their “pink sheets” letting them know what they didn’t do well on the last grant submittal which have been reviewed and are writing the grant again. It is due March 19th. It will pay for the following:

- Youth Risk Behavior Survey for the Middle and High School run every other year. This is the data set that gives the City behavioral health data for the student population and is their grant writing process for almost all grants that they apply for both the Health Department and the School Department. That survey brings in about \$2-3 million a year. If they don’t get this grant, he is unsure how they will fund the survey. This grant pays for the data.
- Staff pay of the Healthy Gloucester Collaborative Director, Joan Whitney.
- Staff pay for a coordinator for the coalition.

They are not putting Amy Kamm, Student Assistance Program Coordinator, in this grant proposal because they’re not eligible for it. That was part of the reason they lost the grant last year. They’re looking at other grants for that, such as foundation grants. She is covered under another grant, and is employed. They pitched Ms. Kamm’s program, but it didn’t fit the environmental strategies. There is a match; a 100% match of \$125,000.00 per year, entirely made up on pieces they already collect by in-kind such as community members who already work in the coalition, about 100 of them. They track all their time. So if a physician spends an hour with them, say at \$125.00 per hour, it is considered a 100% match. This is a database they can collect from every meeting. Office space, conference room space, etc., is also considered as in-kind. They don’t need any resources from the City. This grant will pay for all the staff, the benefits, all the liability issues, health benefits. It is called a non-federal match. No federal dollars can be used; and the Health Department does receive federal dollars. The other grants from the State are pass-through grants so they can’t be used. He is not asking for any dollars from the City at all. Seventy-five percent of Joan Whitney’s salary is paid for, and it will pay for 40% of this new. All the benefits will be encompassed, and they will put together the indirect rate to protect the City in case there are any liability issues he didn’t see. Retirement is also calculated in and also budgeted as well as unemployment. There are 10 benefits total and are all calculated and put into the grant. When the grant goes away the people go away. The new employees will be based at the Health Center. Last year they didn’t get approved. It was a good thing. It was a Year 6, and it required a higher match; and there were strings. So it is better we didn’t get it. There are some other grants that are eligible for the City; grants on mentoring, and we would be eligible because of this application.

Councilor Hardy thanked Mr. Vondras for this work but expressed her concern that the City and bring more and more people on and when that money goes away the people need to go also. We can’t become dependent on this grant money.

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 approval for the Health Department to apply for the Drug Free Communities Support Program Grant in the amount of \$625,000.00 for a five year period.

3. Memo from Operations Manager re: Authorization to pay two invoices for work performed after expiration date

Mr. Cole stated they had an electrical service contract for one year which expired on December 7, 2009 with La Lama Electric. They missed the date of the expiration of the contract, but the contractor didn't notify them either that they had been working without a contract for two weeks. This includes some work done at Wingersheek Beach. There was a purchase order in place for that, and they just need to pay the balance on that. They also did some work on the Council bench in Kyrouz Auditorium and did work in the Police Station, and at the DPW. He just signed the new electrical contract today with a different company. This gentleman lives in Melrose and one time worked for La Lama Electric who went off on his own and came in with a very good bid.

Councilor Hardy asked if they charge for travel time.

Mr. Cole said the hourly rate is included. The contract expires in February 2011. He has spoken to his staff regarding contract expiration dates. Purchasing has always given them a heads up when a contract is expiring. He will track them from now on. One staff member was out, and he noted it is not Ms. Compton's job to send notices out.

Councilor Hardy asked about the bidding process for the electrical contract.

Mr. Cole said local people did bid for the contract. It get advertised on the central register. Between the highest and lowest bidder the difference was about a \$10,000.00. The top three bidders were fairly close. They got a very good deal and are happy with the gentleman they hired.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget and Finance Committee voted 3n favor, 0 opposed to recommend to the City Council to authorize payment of Invoice #2008-687 in the amount of \$1,732.82 and Invoice #2008-688 in the amount of \$3,043.67 from La Lama Electric for a total of \$4,776.49 from Public Properties Contract Services Unifund Account #101000.10.470.52000.0000.00.000.00.052.

4. Memo from Operations Manager re: Acceptance of \$1,469.02 check as reimbursement from

First Summer Jobs Program through the North Shore Workforce Foundation

Mr. Cole explained that they sent an application into the Workforce back in May 2009. They hire the kids for the summer, and they submit the payroll records and the N.S. Workforce Foundation reimburses the DPW. He had asked for six kids for eight weeks. They got three to four that worked whenever they wanted to which wasn't the best situation. He can take the money and put in his seasonal account and use it for the summer. He has mixed feelings about reapplying to participate and will consider what to do shortly.

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 accept \$1,469.02 as reimbursement from the First Summer Jobs Program to be applied to the Public Service Seasonal Payroll Account Unifund #101000.10.470.51200.

5. Special Budgetary Transfer Request from Mayor's Office

Mr. Duggan said during the budget process last year, the Payroll Department provided them with the wrong hourly rate in order to pay the executive secretary through the end of the year, and they need to make this transfer.

Councilor Hardy noted this is an intra-departmental transfer and only requires 5 votes of the City Council to be approved.

Ms. Richardson showed the Committee some proposed new transfer forms, noting they're all different; supplemental (SA), inter-departmental and intra-departmental. They're also proposing the Auditor's office take over the numbering system. They would like to put the read only copy out that people can fill out, bring it to the Auditor's office; they'll type it up and number it in their sequence and maintain a central system. Right now the ordinary transfers don't have a numbering system, which they'd like to have in place. They Mayor's office is doing the special budgetary transfer numbering. They'd like to keep the numbers in the Auditor's office. There'll be coding to know what kind of a transfer it is.

Councilor McGeary noted the numbering scheme will have some sort of identifiers on it so they'll be able to tell if it's "intra-" or "inter-" departmental.

Ms. Richardson agreed and went on to further explain the forms to the Committee.

Councilor Hardy stated the transfers that only the Mayor needs to see that don't come before B&F, begin with transfer "#10OBT", and they do the numbering. "#10SBT" will come before the Council which is being proposed. The SA's, which is an already started process, also come before the Council. She suggested the Auditor's office get together with the Mayor's office on it, and that there need to be people who understand how to do this if she's not there.

Councilor Curcuru felt this is an issue that should be worked out with Mr. Boyce about the need for cross training in the Auditor's office.

Ms. Richardson noted that the Auditor's office always did the 'supplementals' but that the numbering was done in the Mayor's office.

Councilor Hardy appreciated the initiation of the new format but that this is definitely something to be worked out with the Mayor's office. There was never a problem keeping the numbering in the Mayor's office because the Department head would come to the Mayor first for the approval. You don't go to the Auditor's office until after it's done. She felt the numbering system belongs in the Mayor's office, speaking from experience; but it is something you may want to talk to them about. She likes the idea of the forms, and appreciated that there is a detailed explanation of surplus and detailed analysis of need, so that three years down the line you can look back and see what the details really were.

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 authorize the Special Budgetary Transfer Request 10-21 from the Mayor-Contingency/Emergency account, Unifund Account #101000.10.121.57800.0000.00.000.00.057 to Mayor, Sal/Wage-Perm Pos., Unifund Account #101000.10.121.51100.0000.00.000.00.051 of \$20.63.

6. Quarterly Report from Assessor's Office (Documentation on File and available on line at the City website under the Agenda packet for this meeting)

Nancy Papows, Principal Assessor briefly reviewed the Quarterly Report, as submitted, with the Committee.

Councilor Hardy and Councilor McGeary thanked Ms. Papows for her work, diligence and one of the most thorough offices in the City.

An informal motion was made to file the information noting the report was reviewed and no reporting to the Council was necessary.

7. Addendum to Mayor's Report Special Budget Transfer Request 2010-SA-03, 2010-SA-04, and

2010-SA-05

Mr. Duggan explained before the Committee are three Special Budget Transfer Requests that are a result of cleaning up free cash deficits that the City has been carrying for years. It was decided to resolve them through a team that meets weekly made up of the Auditor, Assistant Auditor, the CFO, Councilor Curcuru and himself. Anything under \$1,000.00 they were going to take a transfer; and through the CFO to take it out of the savings on short-term borrowing interest. They plan to go to other departments and will help them to find the money to clean up their deficits even though they did not create these them. The second Special Budget Transfer Request comes from the Police Department. They were able to come up with the money to offset the deficits.

Councilor Curcuru thought it might be a good idea to get dates on how old some of these are. The fact that the Administration was able to work with the departments to find the money was a good thing. And the DOR says this needs to be cleaned up by the end of the Fiscal Year. If we don't find enough revenue, he wanted to know what do we do.

Mr. Duggan replied he'd confer with the CFO. The free cash deficit, if they include the schools, is close to \$200,000.00; on the school side its \$131,000 just for the lunch program.

A five minute recess was called at 7:45 p.m.

The Committee reconvened at 7:51 p.m.

Mr. Duggan continued by showing the Councilors the work sheet they'd been using which he with each fund that is in deficit, the person assigned to it and what the situation is. He noted it was over \$175,000.00 just on the school side.

Councilor Curcuru said only disappointment is that the school hasn't bothered to show up to these meetings. They're not cleaning up their end of the bargain.

Mr. Duggan said that they have discussed it with them through their Chair and strongly suggest that they attend; and their CFO has been given that task. He has gray areas that have been taken care of that is part of these transfers now.

Councilor McGeary asked in the description of the fund where deficits are being made whole and put in the capsule description.

Mr. Duggan said he will get updated transfers to the City Councilor for their meeting and on all the account numbers. Deficits under \$1,000.00 some go back to 2002, 2003, 2004. It is his recommendation they don't put a lot of research in the smaller numbers. It was more of the bigger ticket items and concurs 100% on them.

Councilor McGeary asked for a label on the fund numbers, even if it's one word. You've created an expense account which is just for the purpose of apportioning money to these funds and that's why this account exists and is set up exclusively for this purpose. It is not a new fund.

Ms. Richardson explained this is a regular transfer fund they have for situations like this.

Mr. Duggan said some of this is grants that have been reimbursed. They will get a check or a wire transfer that will say \$4,800 for the City of Gloucester. Now it's a matter of where it's going to go. It gets deposited into the General Fund, but it never gets put against where it should go. This was how it was done historically. It is handled much differently now.

Councilor Curcuru thought the DOR has been warning them about this for a while perhaps.

Mr. Duggan said he couldn't answer that; he didn't know. This was initiated by something submitted back to the City from the DOR – a summary sheet. He showed the form to the Councilors. This was a result of the City sending them a book of activity.

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 authorize the Special Budget Transfer Request 2010-SA-03 Treasurer/Collector-Debt Service Interest/Temporary from Unifund Account #101000.10.145.59250.0000.00.000.00.059 to Transfer to Ordinary Expense Account Transfer to Special Revenue Funds, Unifund Account #101000.10.992.59600.0000.00.000.00.059 for a total of \$13,277.54 to cover the following eight account numbers in the following amounts:

Fund #291001 \$ 112.00

Fund #291040 99.09

Fund #291044	290.59
Fund #292026	4,212.89
Fund #295003	589.31
Fund #295009	42.63
Fund #295035	4,999.57
Fund #295018	2,931.46

The Committee discussed the way grants are tracked now and what has been initiated by the CFO, Jeff Towne. In addition they discussed the funds used to cover the deficits in the Police Department, the name of the accounts and what process was used. It was note that now there is a policy put in place by Mr. Towne to prevent these issues, going forward. He would be available to the Council at their meeting Tuesday.

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 authorize the Special Budget Transfer Request 2010-SA-04 Police-Investigation Sal/Wage-Overtime Unifund Account # 101000.10.212.51300.0000.00.000.00.051 to Transfer to Special Revenue Funds Unifund Account #101000.10.992.59600.0000.00.000.00.059 Transfer to special revenue funds for a total of \$7,420.39 to cover the following three accounts in the following amounts:

Fund #291076 \$	4,057.89
Fund #291091	2,226.48
Fund #295017	1,136.02

Special Budget Transfer Request 2010-SA-05 was a water assessment through Department of Public Works coming out of the Water Enterprise Fund. Councilor Hardy asked for an explanation of the 'DEP Assessment', and Mr. Duggan would get a fuller explanation for the Council. The Committee will hold Transfer 2010-SA-05 DEP Assessment for their next meeting of the City Council on March 2nd.

8. COM2010-007: Correspondence from State Representative Ann-Margaret Ferrante re: Funding for Water & Sewer Infrastructure Projects (copy of letter on file)

Councilor Hardy said this came to the Mayor and to her as Council President and noted Mr. Towne is not here to discuss the matter with the Committee. But this was to talk about subsidized interest rates referred to in Rep. Ferrante's communication and whether or not we're going to be applying for any.

Mr. Duggan said this is the second wave of stimulus money. In the first wave they have the current CSO of \$6 million for Babson, and Phase I of the Waste Water Treatment Plant that they've gone after for. Not only is the CFO's input key, but a starting point is with Mike Hale looking at how much they can bite off. It is imperative that it be shovel ready within 120 days which if they want to move forward is something that is very time consuming. They want to make sure whatever projects are moving forward are studied carefully. They're looking at the Essex Avenue project as a possibility.

Councilor Curcuru when we weren't shovel-ready in the first round, they came out with a loan for us and wanted to know what the deal was with it.

Mr. Duggan said that was a loan to subsidize the interest rate. It was really that we could bond for a percent or two less.

Councilor Hardy asked if the Mayor will respond to Rep. Ferrante's email.

Mr. Duggan said yes; and they need a better assessment of what their capabilities are after this weekend for the 120 days shovel-ready for the second wave because they're moving forward with the bid opening for Phase 2 on Babson and addressing some issues there and waiting for Mr. Towne to get back from vacation.

Councilor Hardy believed one of the reasons the email was sent in the first place was that the last Administration made a comment at one point that they weren't aware that certain funding was out there, certain low-interest rates that were available to the City. She asked for a copy of the Mayor's response to Rep. Ferrante so that the Committee can put it on file.

Mr. Anderson noted he met with Ms. Ferrante and communicated that our representatives in the Statehouse have been very ineffective over the years compared to other communities. She implored her to meet with the Mayor to do a better job working full time on the issues of the City and likewise Sen. Bruce Tarr. He would say that we should bring our two representatives together with officials and create better communication.

9. Memo from Mayor: City Auditor Pay Grade

Mr. Duggan explained it a good opportunity while we are going out to fill the role of City Auditor for us to continue to invest in the Auditor's Department. He did an area scan of communities of like size within a 10% range of what the average salary is for a City Auditor. Even though it says 'Accountant' at the top of the pay scale chart, that is, according to the MMA, which he received through the Personnel Office, is similar. We are not substituting the description of Auditor for the description of an Accountant. The ordinance description for the job is not being changed. It is the recommendation to the Budget & Finance Committee and to the City Council that we look at changing the position's pay grade from an M8 with a salary range of \$63,800.00 about to \$75,500.00 to an M10 with a salary range of \$81,465.93 to \$96,374.25. Ms. McInnis, the most recent Auditor was being paid \$75,000.00 which is the top of the pay scale.

Councilor Hardy asked where is the money coming from for the next fiscal year.

Mr. Duggan said that is a decision of the City Council structuring when you're going to hire the person and the budget process. He acknowledged that times are tough, but there are also areas we need to continue to invest in. Two years ago times were tough, and we had to cut a million dollars out of the budget in six months and carry forward a balanced budget. It's an area that the Administration feels that needs to be invested in to make sure that we get a quality candidate, like he believes they did 'across the hall'. Clearly, if they have the discretion to make an investment, this is an area we want to do it.

Councilor Curcuru is encouraged by this move by the Administration. Is it the plan of the Administration to look at other departments to make investments in them as well.

Mr. Duggan said it will be slow and steady. Just from what they've been able to do in the financial world of closing years of books and cleaning up books, putting good policies in place, this is the best area to start.

Councilor Curcuru said in frank discussions with the outside auditor, he felt this was a position that was underpaid; and this was important to change. We get good people, and they realize someone else will pay them more.

Councilor Hardy remarked that it seemed to her that when people read our charter and see that they're up for review every year or two, it is off-putting also. It is something that needs to be looked at. If the Mayor is making the appointment, she can see it being done just once.

Councilor McGeary said one of the deals you make is making less in a municipality but you get good benefits.

Councilor Hardy noted the Committee was well aware that whenever a large department needs criteria and degrees, there's an assistant head that mirrors that. Whoever the department head is, the assistant head should not be more than three grades below them.

Mr. Duggan said keep in mind that under the department heads are in unions, they would have to negotiate with all the unions.

Councilor Hardy said can we do this with new hires.

Councilor Curcuru said he thought this had been discussed regarding police and the unions that the unions don't get the stipends.

Mr. Duggan said no, we couldn't have taken a bigger step.

Councilor McGeary felt it would be useful to see what people make in private industry. In difficult times we need top-shelf people.

Councilor Curcuru said you're only as good as the people around you. This is still under our prevue and we can support

Councilor Hardy hopes the money can be found and cuts don't have to be made.

Mr. Duggan said they have fiscal reality checks daily.

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 upgrade the position of City Auditor from an M8 to an M10 pay grade with a salary range of \$81,465.93 to \$96,374.25.

10. Memo from Mayor: Chief Financial Officer Pay Grade

Mr. Duggan said the individual we have in this position has done an outstanding job since Day 1 but it is going back to the position. The position is under funded. It needs to be brought up to the level of at least near the area communities. The average is \$103,000.00. The CFO of the School Department makes over \$100,000.00. This is comparable for the position. It is a good range.

Councilor McGeary asked about who sets the pay grades.

Mr. Duggan noted it was the City who set them.

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 upgrade the position of Chief Financial Officer from an M10 to an M12 pay grade with a salary range of \$98,329.14 to \$116,252.01.

11. Report from the City Auditor re: Accounts Having Expenditures Which Exceed Their Appropriations

Ms. Richardson, Assistant City Auditor, reviewed the submitted documentation with the Councilors.

Councilor Hardy noted the date on the form, the one that the Mayor is submitted in the Report to the Council to be referred to the next B&F, makes it stale by almost a month. Rather than have this report come to the City Council through the Mayor's Report, they will look to get approval from the Council to put it on the Agenda by coming directly through the Auditor's office. This discussion will take place at a meeting of the Council when they discuss the rules of procedure. The report would go to the City Clerk's office and then it would be referred out by the Council to B&F with a copy to the Mayor's Office.

The Councilors discussed briefly that this is just to streamline the process so that the information is more current.

12. Report from the CFO/Treasurer's Office on FY10 Budget

Mr. Towne was not available for this meeting and the item will be carried over.

13. Other Business:

The Councilors decided that they would like Mr. Bain, Personnel Director, to come to the next B&F meeting to discuss the current job description, and give his recommendations on it. They

asked that he reach out to several other communities for their job description, like Beverly and Lowell.

The B&F Chair expressed his concern that the School representative has not been at the Thursday financial meetings with the Administration and would like an email sent to them asking why they've not been in attendance.

They also inquired when the department heads will have their budgets into the Administration. According to Mike Wells, IT Director, they can go into the system and start developing their budgets. They're looking to have it done by the middle of March and at that point Mr. Towne & Mr. Duggan will meet with the department heads to scrutinize their budgets. Then they'll be ready to meet with the Budget & Finance Committee. Mr. Duggan requested that these meetings try and take place during the day.

It was motioned, seconded and voted unanimously to adjourn at 9:10 p.m.

Respectfully submitted,

Dana Jorgensson

Clerk of Committee