

CITY COUNCIL STANDING COMMITTEE
Special - Budget & Finance
Tuesday, June 28, 2011 – 6:00 p.m.
1st Fl. Council Conference Room – City Hall
- Minutes -

Present: Chair, Councilor Steven Curcuru, Vice Chair, Councilor Paul McGeary

Absent: Councilor Hardy

Also Present: Councilor Sefatia Theken; Kenny Costa; Jeff Towne; Mike Hale

The meeting was called to order at 6:06 p.m.

1. FY11 Year End Budgetary Matters

Mr. Towne explained these two motions are to provide funds to pay year end invoices for the Legal Department that was on-going. This account had nothing in it and several invoices came in. These two transfers have backing invoices. There was a personnel matter and several other litigations. **Councilor Curcuru** inquired if these invoices were anticipated by the City Solicitor. **Mr. Towne** enumerated the cases: Briar Neck vs. Gloucester ZBA \$2,500; a personnel matter – a transcript of an arbitration hearing; a legal bill for that personnel matter, the person who represented the City; Loiacano vs. Gloucester Planning Board, a mediation group. Those add up to \$11,100. There were already some in the works. There was no money in these accounts available to cover these invoices.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SBT-54) \$2,000.00 from Treasurer/Collector, Debt Interest Short Term, Unifund Account #101000.10.145.59250.0000.00.000.00.059 to Legal, Litigation Support, Unifund Account #101000.10.151.53800.0000.00.000.00.052.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SBT-55) \$21,000.00 from Treasurer/Collector, Debt Interest Short Term, Unifund Account #101000.10.145.59250.0000.00.000.00.059 to Legal, Legal Consultation, Unifund Account #101000.10.151.53140.0000.00.000.00.052.

Mr. Towne noted the next three transfers relate to J. Oliver's grievance with the community; he wanted to take the early incentive retirement program offered by the Administration, turned in his papers. **Councilor Curcuru** added that was when the Council voted it down. **Mr. Towne** continued Mr. Oliver filed a grievance with the Personnel Director saying they offered a plan which he took advantage of and they reneged on it. It was their settlement of the City's arrangement for Mr. Oliver to retire and fill his position with someone who would have been laid off. **Mr. Costa** noted this is to fund the settlement. **Councilor Curcuru** understood three employees filed a grievance. **Mr. Towne** confirmed the City had not settled with the other two yet, feeling that would be sometime early next year. These two also had their paperwork submitted prior to the City Council's voting down the retirement program down. **Councilor Curcuru, Councilor McGeary** and **Mr. Towne** concurred that this amounted to \$9,000 which was the dollar amount offered in the early retirement incentive program originally; and in effect gave Mr. Oliver the buyout anyway.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SBT-56) \$5,855.00 from Facilities Custodial Subs/Overtime, Unifund Account #101000.10.472.51302.4100.00.100.00.051 to Personnel Early Separation, Unifund Account #101000.10.152.57860.0000.00.000.00.057.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SBT-57) \$1,740.00 from Engineering Permanent Positions, Unifund Account #101000.10.411.51100.0000.00.000.00.051 to Personnel Early Separation, Unifund Account #101000.10.152.57860.0000.00.000.00.057.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SBT-58) \$1,405.00 from Public Service Sick Buyback, Unifund Account #101000.10.470.51920.0000.00.000.00.051 to Personnel Early Separation, Unifund Account #101000.10.152.57860.0000.00.000.00.057.

Mr. Towne stated these two motions are to cover the last portions of Veteran's Services, Fuel. There will be several more transfers to be expected in the near future. It was greatly underfunded. They had gone by the previous year where Veteran's Services had fewer cases of veterans in need.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SBT-59) \$2,010.00 from Treas/Collector Debt Service Interest ST, Unifund Account #101000.10.145.59250.0000.00.000.00.059 to Veterans Services, Fuel, Unifund Account #101000.10.543.57740.0000.00.000.00.057.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SBT-60) \$1,319.62 from Veteran's Sal/Wage Perm Position, Unifund Account #101000.10.543.51100.0000.00.000.00.051 to Veteran Services, Fuel, Unifund Account #101000.10.543.57740.0000.00.000.00.057.

2011-SBT-61 is null and void – that number is retired.

Mr. Towne noted the next six motions are to cover shortfalls caused by year end charge back of the split payroll. Some was charged back to 2011 and a portion of it will be estimated to go towards FY12. This is covering accounts before they go into deficit. The transfers that have to be made going forward are ordinary to ordinary. There is one day, July 1st in this pay period which is the start of the new fiscal year; and that is why these are small amounts, all going into temp or permanent positions.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SBT-62) \$400.00 from Treas/Collector Debt Service Interest ST, Unifund Account #101000.10.145.59250.0000.00.000.00.059 to Assessors, Sal/Wage Perm Position, Unifund Account #101000.10.141.51100.0000.00.000.00.051.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SBT-63) \$300.00 from Treas/Collector Debt Service Interest ST, Unifund Account #101000.10.145.59250.0000.00.000.00.059 to Mng Info Systems, Sal/Wage Perm Position, Unifund Account #101000.10.155.51100.0000.00.000.00.051.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SBT-64) \$100.00 from Treas/Collector Debt Service Interest ST, Unifund Account #101000.10.145.59250.0000.00.000.00.059 to Licensing Board, Sal/Wage PT Position, Unifund Account #101000.10.165.51250.0000.00.000.00.051.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SBT-65) \$100.00 from Treas/Collector Debt Service Interest ST, Unifund Account #101000.10.145.59250.0000.00.000.00.059 to Shellfish Control, Sal/Wage Perm Position, Unifund Account #101000.10.296.51100.0000.00.000.00.051.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SBT-66) \$200.00 from Treas/Collector Debt Service Interest ST, Unifund Account #101000.10.145.59250.0000.00.000.00.059 to Veteran's Services, Sal/Wage Perm Position, Unifund Account #101000.10.543.51100.0000.00.000.00.051.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SBT-67) \$500.00 from Treas/Collector Debt Service Interest ST, Unifund Account #101000.10.145.59250.0000.00.000.00.059 to Tourism Commission, Sal/Wage Temp Position, Unifund Account #101000.10.563.51200.0000.00.000.00.051.

Councilor Theken entered the meeting at 6:30 p.m.

Mr. Towne stated these Special Appropriation motions this to eliminate the deficit that sits in the City Hall User Fee Account.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SA-7) \$16.39 from Treas/Collector Debt Service Interest ST, Unifund Account #101000.10.145.59250.0000.00.000.00.059 to City Hall User Fee-Transfer from General Fund, Unifund Account #293004.10.49700.0000.00.000.00.059.

Mr. Towne stated this is putting the MORE Job Grant fund from two years ago “to bed”. This is because they weren’t allowed to put in the last dollar amount because of timing difference of when the money was spent vs. when the grant would pay for the money. They did collect a large portion of money from Mr. Park last year, to wrap up what was sitting there as a deficit. They got another \$10,000 to \$12,000 he then paid into the City. This is the remaining portion that wasn’t reimbursed by Mr. Park. On inquiry by **Councilor McGeary**, **Mr. Towne** explained the MORE Jobs Grant had to do with Gloucester Crossing, and doing all the utility infrastructure work. There was a large grant, and then there was funding from Mr. Park for the funds not covered by the grant; and this was the last piece of it that needs to be cleaned up. It spanned two years due to timing.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SA-8) \$1,988.91 from Treas/Collector Debt Service Interest ST, Unifund Account #101000.10.145.59250.0000.00.000.00.059 to MORE Job Grant-Transfer from General Fund, Unifund Account #291086.10.49700.0000.00.000.00.059.

Mr. Towne stated this is to wrap up the modulars project. They had already cleaned up the deficit but there was one last outstanding invoice. **Mr. Costa** would de-activate the account once the transfer is made.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SA-9) \$177.50 from Treas/Collector Debt Service Interest ST, Unifund Account #101000.10.145.59250.0000.00.000.00.059 to Modulars Cap. Proj., Unifund Account #300066.10.49700.0000.00.000.00.059.

Mr. Towne explained that this motion is a liability account that exists in the General Fund for processing of City health insurance and school health insurance on two separate lines. This balance at June 30th should have a credit balance in the account because they withhold from their paychecks in advance of the next month they would pay the bill. The employee’s portion should be sitting in this account as a credit. It has been in the General Fund for multiple years as a debit balance; the City has taken a free cash hit every year. In 2006 the debit balance was approximately \$32,000; in 2007 it was \$55,863; in 2009 it was \$100,000. In 2010 it dropped slightly to \$86,000 and now it is back up to \$124,584. Prior to **Mr. Costa**’s coming on board they didn’t reconcile the balance sheet accounts. **Mr. Costa** is now insisting on reconciling all liability accounts. All receivables get reconciled. This one hasn’t been reconciled. It is entirely in possession of the School Department. If he doesn’t do this the City will take a free cash hit. If they do this, he is eliminating the free cash hit; but the balance will still have issues because all he is doing is eliminating the free cash hit. It is not putting it into a credit balance where it should be. **Councilor Curcuru** clarified they’re cleaning this up to a point but the liability account will still be in a deficit which **Mr. Towne** confirmed. He and **Mr. Costa** met with the Superintendent, Dr. Safier and the School Department CFO; they also had a meeting with all the staff members that had anything to do with grants making sure they do things with unemployment compensation; charging the grant so the City doesn’t get hit. It was an extension of that discussion but overall because he has the ability to put it in the City’s health insurance line item, it gives the City Auditor the flexibility that they can do the research before the external auditors begin their audit to see if the fund posted properly; to do research and have the School Department do some reconciliation in order to get to the solution more quickly. He has a portion, **Mr. Costa** another and the School CFO has a piece; so they can analyze that one line item in order to fix it. He wants to provide the funding in case they have to fix it and not take the free cash “hit”. There are a number of things that made this go into a debit balance. He believed at some point in time they didn’t hit the expenditure account when paying the bill. **Councilor McGeary** stated they could find the money with their forensic accounting. **Mr. Costa** said they could; but **Mr. Towne** stated it wasn’t jumping out at them. **Councilor Theken**

asked how they're paying the insurance. **Mr. Towne** stated that they're paying it out of the liability account. The School Committee is looking to make sure this is being charged off properly. This money has been paid; it is an accounting issue at this point. **Councilor Curcuru** reiterated the bill has been paid; and it has been covered.

MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to transfer (2011-SBT-68) \$124,584.33 from Treas/Collector Debt Service Interest ST, Unifund Account #101000.10.145.59250.0000.00.000.00.059 to Personnel, Health Insurance, Unifund Account #101000.10.152.51750.0000.00.000.00.051.

2. FY12 Budgetary Matters: None.

A motion was made, seconded and voted unanimously to adjourn the meeting at 6:47 p.m.

Respectfully submitted,

**Dana C. Jorgensson
Clerk of Committees**

DOCUMENTS/ITEMS RECEIVED AT MEETING: None.