

CITY COUNCIL STANDING COMMITTEE

Budget & Finance

Thursday, May 6, 2010 – 6:30 p.m.

1st. Fl. Council Conference Room – City Hall

Present: Chair, Councilor Steven Curcuru; Vice-Chair, Councilor Paul McGeary, Councilor Joseph Ciolino (Alternate)

Absent: Councilor Hardy

Also Present: Councilor Verga; Jim Duggan; Mary Richardson; Sander Schultz; Mike Hale; Nancy Papows; June Steel

The meeting was called to order at 6:30 p.m.

1. *Unfinished Business:*

A) Stormwater Utility Fee (Continued from 04/22/2010)

Mr. Duggan stated the Administration is not opposed to a stormwater utility. He made note of the number of different obstacles throughout the year with the Administration had contributed to drafting the ordinance for the stormwater utility due to a myriad of projects, staffing levels, they hadn't been able to get to it fully. Their initial exposure to the matter revealed that because of the complexities surrounding it, they needed to go very slow so that the end result is not only equitable but also defensible once established. They've had a good team formed meeting on Tuesday afternoons for an hour, which was postponed due to the budget cycle in progress currently and will start up again in July. The team is composed of the Chairs of B&F and O&A, the Acting City Auditor, the Assistant City Auditor, the CFO, the DPW Director, the IT Director, the Principal Assessor and himself. These were some of the complexities they have to explore: impervious vs. pervious areas, GIS layering to identify the impervious areas; build and maintain a whole new data base; what to do about non-profits – churches, hospitals, government properties, Housing Authority; who already has stormwater treatment systems on their property and how do they get credit; fee calculation, billing methodology; determine a billing calculation so that they never go into a deficit. Are they going to bill the owners vs. tenants, such as water and sewer is; and determine the program costs, labor, capital, debt, ordinary expenses, etc. The biggest component of all is how are they going to educate the public? Again, it has to be equitable and defensible. This concept started in the '70's. Many communities have discussed and explored this, but nationwide only

400 have adopted it with only 3 in Massachusetts: Reading, Chicopee and Newton. The team brought in a consultant who is experienced in doing stormwater utilities in other areas, for Franklin, NH, Burlington, VT. The message was loud and clear, and from all their research says do not rush it. There's a lot to do here. Ms. Papows will attest as can Mike Wells, IT Director who worked closely on it with her; CPA was a walk in the park compared to this.

Nancy Papows, Principal Assessor noted that Mr. Hale, Mr. Duggan and Mr. Towne looked more at the way you could choose to apportion this because there's many different ways to do it. As you move into that process, a lot of the examples of people who are doing it do so on a 'per unit basis'. She looked at how they are going to apportion the fee by unit. She has an assessment data base that has a use code that indicates how many units per property for some properties. For other properties, it's not so cut and dry; and that's where issues come up. How are they going to export this from the valuation software to determine who has what number of units. For instance a 4-8 unit has one use code. They're going to have to create a data base that identifies how many units per each property. That's one thing that's going to take a little doing. How are you going to look at residential vs. commercial? You could have a Varian, one unit or a mixed-use three unit commercial building down on Main Street. Are you going to do the commercial by unit cost in that case or is the commercial going to be done completely different. There's a decision down whatever road you take as to what's the best way to handle each of these situations that is equitable for everyone. Once those decisions get made then the data base can be built for the billing process. They would still have to decide if they're going to bill on the water and sewer or is it going to be billed completely separate.

Councilor Curcuru asked if there is clear answer whether the State would allow them to put it on the same utility bill.

Mr. Duggan replied they still haven't received that clarification. They would be generating a whole new set of bills.

Councilor Ciolino noted many constituents have come to him already on this matter referring to the decision in September 2009. It was a decision of the Council that night that it would be a flat rate whether it's residential or commercial and distribute it evenly throughout the City. He knew there'd be exceptions. Why couldn't they make it simpler and what you're complicating it with? You need a data base more for billing more than what the property looks like. We're not doing what we told the people, the last City Council, that we were going to do. We never got it accomplished from what he's hearing.

Ms. Papows agreed that at the public hearing, the will of the people was a flat fee. Once research began on developing this, and the legality issues that come with it in terms of avoiding litigation or making sure that it's done properly, while she didn't do this research, she believed that it has to be tied to the impervious surfaces. You can't just say everyone's equal and everyone gets a flat fee. That information would come from Mike Hale and Suzanne Egan because they looked into it. That's why it's not just as simple as dividing it up amongst everybody.

Councilor Curcuru stated when this matter concluded with the Council in September, they were going to look into it further. That's how they left it, and this is a result of their having looked into it further. They never set a flat fee. They talked about it, but when they looked into it more in depth this is what they discovered.

Mr. Duggan confirmed that it did have to be tied to the impervious areas.

Councilor Ciolino noted people stated they didn't want a percentage of the value of their property.

Ms. Papows also agreed that was said that night in the public hearing. A 'per unit' cost would have to include a component which is measuring impervious area. That is on the stormwater fee. When they said they didn't want it based on value of the property, the public, she believed, was saying they didn't want it shifted onto the tax levy which is the debt shift.

Councilor Curcuru stated that was why these two issues are separate.

Mr. Duggan stated since the public hearing when they started to look at how daunting the issue was and complex, and interjected they're not opposed to the stormwater utility, they wanted to do it right. He pulled some City staff away from it because of issues they've had to deal with since that time: they worked on tax title collections collecting over \$1.6 million; capital projects, waste water treatment plant, water treatment plant; fulfilled deadlines with the DEP; CPA development and implementation; setting the tax rate, noting the amazing job the Principal Assessor did; the boil water order with the construction and reconstruction of Babson; the budget preparation; clearing up the capital fund deficits over the last three months; no full-time City Auditor for two months; switching over to a new exterior auditor; IT establishing a new website, installing new servers and developing and maintaining the new on-line billing. He understood what the intentions were a year ago, but the demands on the staff coupled with the complexities of this issue have caused a delay, and apologized for not having this ready taking some of the responsibility for it. But this is something they feel needs to be looked at thoroughly.

Councilor Curcuru noted a discussion had at O&A on May 3rd and asked if they discussed the debt shift separately from the stormwater utility fee.

Mr. Duggan recalled it was really separate. The debt shift discussed at O&A was to accept the adoption of Chapter 59.

Councilor Curcuru noted they would not take a motion on this or on the debt shift this evening. He related that he spoke to the Council Chair, and the public hearing on the debt shift will be May 25th at the regularly scheduled City Council meeting.

Mr. Duggan stated the current sewer rate is \$12.90 per 1,000 gallons. If they don't do the debt exclusion, with the \$1.75 million, it will go up to \$13.90 per 1,000 gallons, with the potential of another \$2 million going on top of that in FY12 to \$15.00 per 1,000 gallons. If they do a debt exclusion, the sewer rate goes down to \$10.61 per 1,000 gallons initially. Then that shift is now spread out to the entire community and is looking at an increase in the property tax rate for residential of 33 cents to go from \$10.49 per \$1,000 on the property tax to \$10.82 per \$1,000. CIP (Commercial/Industrial Personal Property tax) will increase by 35 cents to go from \$11.20 to \$11.55. A median home in Gloucester of \$354,000 would be an increase in property taxes of \$115 annually. For CIP it would be an increase of about \$122 annually. The advantage is a tax write off.

Councilor Curcuru asked what you save on the sewer rates.

Mr. Duggan stated it goes down from \$10.61 from \$12.90 per 1,000 gallons.

Councilor Ciolino asked how you address the statement that once it goes onto the real estate tax, it will never come off.

Mr. Duggan responded that is correct – it stays on for 20 years, and he wouldn't declare that it's going to come off. They've never declared that it would be on there temporarily. But they can't start from behind the eight ball with \$34 million in debt when they're doing a stormwater utility. It will really hurt a lot of

people that way.

Councilor Verga noted as just said, it goes on the tax bill and never comes off, and you said its 20 years. So it is finite. This money is specifically going to pay this debt. Its 20 years, not 120 years.

Mr. Duggan recognized that there've been discussions in the public that going forward it will be on there for a year. It's going to stay on there, but it is a 20 year life expectancy.

Councilor Ciolino stated they put it on for this, then there's another CSO down the line, and felt they were going to keep layering it on.

Councilor Curcuru replied if it doesn't go there, it will go on the sewer rate.

Mr. Duggan stated they still would be working on the stormwater utility if it goes on the sewer rate.

Councilor Curcuru stated even if you set up a stormwater management fee, and leave the CSO on the sewer rate; the stormwater fee is not going to drop the sewer rate that much. We're talking maintenance, stormwater fee. We have the CSO of \$34 million on that fee, right on the top. Councilor Tobey brought it up. It is a great idea. Other communities are doing it, but they don't have the CSO. They're not putting a \$34 million debt on top of it. That's what the problem is. This is what they're looking at. It's not just the stormwater fee; it's the debt on top of it.

Councilor Ciolino stated it had grown into something else totally different than he understood it to be. They had talked about separating it out. That was the problem for years of combining the whole thing and nobody knew what it was. Now he saw that it's not being separated out. Then you have the cost of doing all the water mains on all these projects too.

Councilor Curcuru objected saying it is being separated out. Stormwater is CSO. Stormwater is storm drains, the permit fee of \$500,000, and then the testing and the maintenance. The CSO is the monkey on [the City's] back. That's what the problem is. Take the CSO out and there's no discussion here. It's not a fee that's coming up. This fee is here, and they're paying it now. We're just trying to decide which way is the best way to pay it.

Mr. Duggan stated they have such a small tax base, 90:10, residential to CIP, a small percentage that could pay that. That is a huge debt. It is more equitable spreading it out through the entire community. Everyone uses the roads; people use the beaches, parks. They're not against it whatsoever. If the message was misinterpreted or the Administration didn't express it well enough, it was they didn't know enough about it. They offered Newton as an example. But as they got into bringing all the departments into the room, the complexity just grew. Every professional that has done it has said, do not rush this; and he didn't want to do that.

Councilor Ciolino noted they've had it a year. Define rush; although he realized though it had been a busy year.

Mr. Duggan stated there's decreased staff; and there aren't enough hours in the day.

Councilor Ciolino countered that people left that public hearing believing this was resolved.

Mr. Duggan responded the Councilor's point was well taken. But, segueing into the debt exclusion, this is the most equitable way to go at this point. It's too difficult to move forward with a stormwater utility with \$34 million staring you in the face.

Councilor Verga noted as someone on the outside looking in, if it is shifted onto the tax bill, how would it look? Would there be a third line item so the residents can track it.

Ms. Papows stated it would affect the bottom line rate. You can only bring in "X" amount of dollars. When you divide value into it, that's how you come up with the rate. So you're bringing in more. The Department of Revenue allows you to bring in that debt over and above what you normally would for the life of the debt. The only thing you will see will be the change in the tax rate. There'll be a fund that's tracking the debt through the Treasurer's office, and how that's being paid down. You won't see a line item on the bill.

Councilor Verga asked other than Pole's Hill and possibly this is there any other debt exclusion.

Ms. Papows confirmed that Pole's Hill is the only debt exclusion that they currently have to 2019.

Councilor Curcuru stated they had spoken of a median priced home of \$354,000. What does it cost again?

Mr. Duggan noted it would be \$115 annually for a median home.

Councilor Curcuru noted it is the businesses who are high water and sewer users that will save the most on this, commercial property, businesses. They can't really judge what each individual will save because everyone is different; their use rate is different. On a \$700,000 home it would be \$231 more on your tax bill per year; and he reminded the Committee this is not a debt exclusion but a debt shift.

Ms. Papows stated an exclusion is different from an override because the override compounds into the levy limit, and that's your start base for each year. So when this does go away 20 years from now, it's not something that's been compounded annually. That's the benefit of an exclusion. She reiterated, the override is compounded into the levy limit. This shift dies after 20 years.

Councilor McGeary noted he took Mr. Duggan's point that it's hard he knew, but we get rained on. We all benefit from clean water and passable roads - put it on the tax rate.

Councilor Curcuru agreed and that this is an attempt at a more equitable way.

Councilor Verga asked if the debt exclusion had to go to the voters.

Mr. Duggan confirmed that it did not with Councilor Ciolino stating it's the override that does.

Ms. Papows noted certain types of debt exclusions go to the voters, but not this type by law.

Councilor Verga responded that should it.

Councilor Curcuru stated the problem with that is we're paying this bill. The rate payers are paying this now. All we're thinking about doing is spreading this out to everybody. That's the only difference we have here. He also asked if they put it to the voters, what exactly they would be voting on - that we're not going to put it on the tax rate and going to keep it where it is now.

Councilor Verga stated you'd have Choice A on the ballot and Choice B; stormwater utility.

Mr. Duggan stated there are 3,500 who don't get that bill, and 14,000 property tax bills that go out. He would be pleased to discuss this with individual Councilors to go into more depth.

Councilor Curcuru noted from reading the comments in the newspapers, the general public still doesn't fully understand this issue.

Mr. Duggan reiterated they have to educate the public, and they can't do that overnight. They want to set the water and sewers rates for the end of this fiscal year, and he is asking for this debt exclusion, move on; and have it ready for FY12.

In discussing the stormwater treatment systems on properties in the City now, the Committee brought up the issue that newer construction like Gloucester Crossing and many homes, they don't have a way to identify who they are. If they do have that capacity, they would receive a credit. They don't have the staff to do that and wondered who handle that aspect. Who would do the GIS layering as it is not a one person job with all the other GIS concerns. They agreed those were two very large issues also which came to light in doing research on other communities who already had the stormwater fee in place. It was noted that the education of the population was a key component. Mr. Duggan noted that they weren't there yet. Municipalities have a tendency to jump quickly to make a decision. It was noted they've changed their mindset on that.

Councilor McGeary noted that Gloucester Crossing had imbedded stormwater management; and **Councilor Curcuru** noted a lot of the newer homes have the stormwater retention basins. There are a lot of homes, and that's going to need to be researched thoroughly.

In response to Mr. Duggan's reiterating the CPA was a 'walk in the park' in comparison Ms. Papows was asked to review their process. Ms. Papows noted with CPA, it was about getting the billing correct which changed the whole programming of the tax billing basis, which had taken them about three years since the Unifund implementation, to establish. That was a lot of work on Mike Well's part and the Unifund software team of continual testing and retesting on a variety of tax bills. They tested and tested and tested and reported back to Unifund and retested again and ran through billing cycles. Then auditing and Treasurer's Office had to bring in their piece and then process all the exemptions to make sure the programming was working. They paid for someone to work with them at Unifund. The rest was done with the current staff in place, which Mr. Duggan pointed out was a heavy burden. With the stormwater utility fee they'd have to fund it. Mr. Duggan concluded by reiterated they're not opposed to the fee. The Committee had not even talked about a consultant to create a stormwater utility. They may come back and say the fee's not equitable and not defensible. He stressed that could be the conclusion

B) Status of the search to fill the position of City Auditor (Continued from 04/22/2010)

Councilor Curcuru updated the Committee they have a group of candidates and have begun the interview process. There are a few more to be interviewed and hope to have a final candidate in the next few weeks. The search committee is seeing some quality people.

2. Report from City Auditor re: Accounts Having Expenditures Which Exceed Their

Appropriations

Ms. Richardson reviewed for the Committee the report (on file). The newest items are Veteran's Services, but one of them is being cleared up with a transfer this evening. Transfers are in the works for the other two (OB is 'ordinary benefits'). All the available funds in Snow and Ice have been transferred to the deficit Snow and Ice accounts. The balance showing now is the real numbers which the DPW and the Administration will have to deal with at the end of the year. They have identified multiple sources to clear it up, about \$500,000.00. The Fire Department has a \$7,000.00 transfer in the packet this evening and will help clear it up \$19,000.00. There just wasn't enough money in the budget to cover what they're paying. The worker's comp, if employees are on 111F the account will always be negative after each payroll is posted. And after the payroll posting, the surplus salary wage line is hit to refund the worker's comp account. The surplus is not enough to cover the negative balance in that account. It was noted none of this comes out of the grant monies. This is funded out of their own budget.

Councilor McGeary stated this salary wage is overtime, \$19,880.00. That isn't money Chief Dench hasn't disbursed from the grant, that's a real deficit; and the grant could not make any dent in that.

Mr. Duggan explained this wasn't an eligible expenditure.

Councilor Curcuru expressed concern that it seemed like it went up each time they received this report.

Mr. Duggan stated he would speak with the Chief.

Councilor Curcuru asked him to be here for their next meeting of May 20th to speak to that matter.

Ms. Richardson noted that they were taking the Planning Board and ConCom clerk and Licensing Clerk are now combined to create one part-time job which overdrew the account. They're under the impression that Mr. Towne is working on a transfer from the stipend accounts of Planning and ConCom.

Mr. Duggan confirmed that's what they were doing, it's being taken from ConCom and the Planning Board and the Licensing Board. It's one part-time position.

Councilor Ciolino asked about this part time person.

Mr. Duggan noted she does office hours and takes meeting minutes for the Licensing Board, but does only minutes of the other two boards. They took a bit of lag money and are paying another former clerk to train this person.

Councilor Ciolino noted there has been tremendous disruption in the Licensing Board process because of turnover; and they need perhaps to put more money in there from the Licensing Board to get it straightened out and running smoothly again.

3. *Memo from CFO re: Acceptance of \$30,000 from Fidelity Charitable Gift Fund and approve transfer of funds to DPW*

Mr. Duggan noted this gift was in the will of Roger Owen David, a Sawyer Medal recipient and 1955 graduate of Gloucester High School. Ultimately they'd like to take these funds to contribute them to the DPW to help them go forward with the I4-C2 clean up.

Councilor Ciolino noted that as stated previously, if they're doing the clean up on weekend, it would mean overtime.

Mr. Duggan acknowledged the Councilor's valid point.

Councilor Ciolino asked if the Mayor's office would send a letter to the family to thank them and tell them the intent of where the money would be used which Mr. Duggan told him they would do so.

MOTION: On motion by Councilor McGeary, seconded by Councilor Ciolino, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the acceptance of a \$30,116.66 one-time, unrestricted grant from the Fidelity Charitable Gift Fund to the City of Gloucester and establish an Other Special Revenue/Grant/Gift Fund.

4. *Memo from CAO re: debt exclusion for all CSO related debt*

This discussion was taken up under 1) Unfinished Business, Item A).

5. *Memo from DPW Director re: request to pay invoices to Polaris Consultants from a previous fiscal year.*

Mr. Hale explained to the Committee that these outstanding invoices (on file). They thought that they had settled this, but it wasn't. This was a third party review; it was an RFP for the first phase of the CSO. This was their time for that. The consultants reviewed the bid proposals.

Councilor Curcuru asked how it would be paid.

Mr. Hale stated it would be paid out of the sewer fund noting this bill had been to the attention of the previous City Engineer. The services were definitely received. They have a written report from Polaris describing the different approaches to the proposal. They do have some outstanding, some older ones, up to three Mayors ago.

MOTION: On motion by Councilor McGeary, seconded by Councilor Ciolino, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the payment of Polaris Consultants LLC invoices Nos. 1058 and 1072 dated 12/30/2008 respectively for a total of \$3,269.75.

6. *Information from EMS Coordinator re: update to Ambulance Billing and Collection Policy for Fire Department Ambulance Service*

Sander Schultz, Gloucester Fire Department Ambulance EMS Coordinator explained to the Committee the basis for which they are asking for the changes in billing and collection policy for FY11 referring to his memo (on file). This is an annual adjustment to their fee structure. He recommended the City adopt a billing structure of Medicare +120%, up from +80% the previous year believing this would generate an increase in revenue of around \$60,000.00. Of note, the Medicare Fee Schedule for Calendar Year 2010 will reduce the City's Medicare compensation by 7.4%. They are carrying an outstanding collections balance of around \$459,303.17, dating back to 2005 which to date has approximately a 30% uncollectible debt. Of that, \$138,138.32 is over 180 days old. Their billing company, Comstar, Inc., responsible for all billing and collecting each month with their statement recommends specific outstanding bills that, based on individually stipulated reasons, should be written off. Of the ones that are over 180 days old date from 12/12/2005 to 09/11/2009. His recommendation: to write off \$138,138.32 as advised by Comstar, bringing the total owed to the City to \$321,164.85. These annual reviews of the list of uncollected bills continue to determine those that should be written off.

Councilor Ciolino asked if there was a decrease or increase in 180 day uncollectables.

Mr. Schultz stated it actually went down from last year.

Councilor Curcuru noted when Mr. Schultz of actual money received it goes into

Councilor Ciolino asked if this is also the same situation with private ambulance companies.

Mr. Schultz stated yes. They have to treat and transport; it's mandated whether a patient can pay or not. For a while there was a free care pool and they had been able to tap into that. They're already seeing

people who don't understand an Explanation of Benefits (EOB), and have never seen anything like this before. He would like to believe that mandated insurance will bring down their uncollected debt.

Councilor McGeary asked given the way paper shuffles in the health care industry, is six months too short.

Mr. Schultz actually recommended 120 days because of their billing cycle. The 4th bill goes out with dunning notice at 3 months past service date. The collections agency hasn't been used. There was a discussion with the previous City Auditor who felt would satisfy the due diligence with the City, but was not going to net more than 1%. He believed Mr. Towne had a different viewpoint on the matter. He felt Mr. Towne would want them to pursue the matter of uncollectibles more aggressively. He anticipated having that conversation with the CFO after the budget season to give Comstar directions as how to move forward with collections. Many of these uncollectible bills are "unable to locate" and way past 180 days. It is unlikely much will be recovered from there but are accruing all the time. Once through the budget season they will get to a better way to get these dollars. When you go to collections through Comstar, they use an agency which the City authorizes. If they get the bill back, Comstar gets a percentage. If they don't get the money, Comstar also get nothing. There isn't a downside. In his opinion they need to satisfy their due diligence.

Councilor McGeary knew from experience that it can take six months to get something straightened out with insurance companies and that perhaps 120 days was too short a timeframe.

Mr. Schultz clarified if a bill is in process, it doesn't make the uncollectible list. This is a recommendation he gets from Comstar for a write off when they have exhausted their mechanism. He then spoke to the Medicare billing increase stating the most aggressive in billing is Lynn; they've gone to Medicare +150. The real concern is when the private insurance companies are going to push back. Insurance companies had a specific rate and would not pay more. There will be push back eventually. They can direct Comstar to resend the bill to the private insurer; ask them to pay and that then you can justify it. Medical billing is very complex. It's almost a negotiation. After discussions with Chief Dench and Mr. Towne they came to this number.

Councilor Curcuru asked if they expect pushback this year. He noted the projected revenues and will it be in this fiscal year.

Mr. Schultz didn't think it would be this coming fiscal year. Perhaps this spring, but not likely. He hasn't heard any buzz about it. It is also true that after discussions, the CFO's revenue projections were lower than Mr. Schultz's.

Councilor Ciolino asked for an update to the B&F Committee after Mr. Schultz has his conversation with Mr. Towne regarding collections after the budget season.

Councilor McGeary clarified that the 4th bill doesn't necessarily prompt collections.

There was a discussion of what surrounding communities are doing regarding Medicare.

Councilor Curcuru asked what the disadvantage of going to high is.

Mr. Schultz stated there is a tipping point for push back. They'll pay what you bill them up to a certain point until you suddenly come up 'on their radar'. The question is how many companies will do that. We

were in the lead two, three years ago on the Medicare increase. He's skittish to go much higher this year than +120. It's just a way of being a little bit more conservative.

MOTION: On motion of Councilor McGeary, seconded by Councilor Ciolino, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to authorize the write-off of \$138,138.32 in uncollectible, outstanding ambulance billing.

MOTION: On motion of Councilor McGeary, seconded by Councilor Ciolino, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the acceptance of the ambulance billing policy as presented increasing the billing rates from Medicare +80% to Medicare +120%.

7. Two Special Budgetary Transfer Requests (#10-29 and #10-30) from the Fire Department

Mr. Duggan asked to continue #10-SBT-29 because the Chief expressed concern about this transfer and wished to have it continued. The Committee agreed.

Mr. Duggan noted this next transfer was part of the Boil Water Order to cover the equipment like couplers, etc. This was part of the payback. This was part of the \$854,000.00 from the water enterprise fund. During the Boil Water Order they had overtime of \$14,000.00. They also had equipment expenses of \$7,000.00. This is now for reimbursing the account. This is one of the issues discussed earlier in the evening under the Auditor's Report by Ms. Richardson.

Councilor McGeary stated at the end of the year the equipment maintenance appears to get "pillaged".

Mr. Duggan stated there's always the 'what if's' scenario. We're not doing the maintenance we should be and then the money is used elsewhere. The money is there so they're transferring it out. This is the maintenance for the fire trucks. If there was an immediate need for maintenance, it would be done right away. As it gets to the end of the year, if the money is still not spent, then they take it out to plug holes.

Councilor McGeary expressed concern that maintenance is postponed and asked them to proceed with caution.

Mr. Duggan noted they're going to need money to clean up some year end deficits. It's not like a lot of purchase orders are going to come through at the end of the year to run out the money by City departments. Last year they did a spending freeze in June, with every request over \$100 having to go through the Mayor. Last year it was such a huge snow and ice deficit and so had to be very careful. It's not the same as last year. They do daily fiscal reality checks, and the department heads have been pretty good about it.

MOTION: On motion by Councilor McGeary, seconded by Councilor Ciolino, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend to the City Council the transfer (#10-SBT-30) of \$7,000.00 from Fire Department, Other Equipment Maintenance Unifund Account #101000.10.220.52690.0000.00.000.00.052 to Fire Department, Sal/Wage-Overtime, Unifund Account #101000.10.220.51300.0000.00.000.00.051.

8. *Special Budgetary Transfer Request (#10-31) from Engineering Dept. to the Dept. of*

Veteran's Services

Mr. Duggan stated they're trying to fill a void in the Veteran's Department. Mike Hale had volunteered to give them some money. This is lag money from the hiring of the inspector in the Engineering Department. This will get the Veterans Department thought the end of the year. He noted that Jeffrey Williams, the new Veteran's Agent, has been doing a great job, and is a great representation of the veterans of the City of Gloucester. The State has told Mr. Duggan that the paper submitted to them is on time and clean. He is much more involved with the veterans. He has between 18 or 19 of a client base. A lot of outreach efforts are being made. Terry Hart, their consultant, really organized the department well with Ms. Amero. The Veteran's Council, headed by Art McCann, selected Mr. Williams and made the recommendation. They did an excellent job in the interview process and in their selection.

Councilor Ciolino pointed out this was a tough winter for many veterans which may account for the increase in client base..

Councilor McGeary felt this was worthy and agreed with Councilor Ciolino.

MOTION: On motion by Councilor McGeary, seconded by Councilor Ciolino, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend to the City Council the transfer (#10-SBT-31) from Engineering Sal/Wage Perm Pos., Unifund Account #101000.10.411.51100.0000.00.000.00.051 to Veterans Services – OB, Unifund Account #101000.10.543.57710.0000.00.000.00.057.

9. *Memo from CAO re: reclassification of the Principal Assessor Position*

Mr. Duggan stated they are strategically looking at different positions throughout the City and to examine each position. Clearly the principal assessor is a key component in their financial team. Not to personalize it, he provided the Committee with the different communities with comparable populations.

The page grade M8 range for salary is \$63,798.84 to \$75,473.37 to an M9 range for salary of \$72,732.87 to \$86,051.70. The average salary range is \$78,155.00 for like communities in the area. He noted they have budgeted for this anticipated increase for FY11. He noted that this upgrading process has yielded results already with the high quality of candidates being seen for the City Auditor's job. He asked for public hearing to be scheduled in June.

Councilor Ciolino asked what the current salary of the Principal Assessor was.

Mr. Duggan noted the Assessor is paid \$66,000.00 annually.

Councilor Curcuru felt that they always hire good people and lose them. Maybe they'll keep these people here by investing in them. He asked if this would be reflected in this year's budget.

Mr. Duggan stated yes they did. They are aware of the message this sends. He reiterated that the Principal Assessor is a key member of the financial team. He commended the Committee and the Council for their support noting pay upgrades will pay dividends for the City for years to come.

Councilor Ciolino felt they'd be opening the 'flood gates'.

Mr. Duggan stated they've been weak in their financial team. Through the City's strong financial team now in place they are making strides. They are exploring different departments and can't do everyone at once. They've got IT, Auditing, CFO's department and the Assessors Department and the School Department's CFO. They wanted to make sure that they had that core in place. Any other investments they've made are in trying to recognize a wider circle and widen it as time goes on. He believed the City was turning a corner.

Councilor Curcuru stated you have other good people outside of the financial team, some managers.

Mr. Duggan responded the GMAA contract was settled and everyone is in line for a 1.5% increase. Before as a middle manager, say hypothetically, the Planning Director. His pay grade runs from \$58-\$73K. When you were hired in the past you were stuck there. Middle managers were stuck and that's when they get frustrated. They were able to put in place a pay grade system with from Grade 3 to Grade 12 and broken out to 12 steps. We took where they were with their salary and plugged it in. Now, they're guaranteed every single year a 1.5% increase and then hit a ceiling unless they're reclassified and moved up.

Councilor McGeary stated there is a financial troika of the CFO, Auditor and Assessor; it is imperative to have your team in place to keep your financial house in order.

Councilor Ciolino also supported this.

MOTION: On motion by Councilor McGeary, seconded by Councilor Ciolino, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the reclassification of the Principal Assessor position from a Grade M8 to Grade M9.

10. Review of Executive Session Minutes of March 25, 2010

The sequestered files were given to the three Councilors comprising the Committee for this meeting who reviewed the matter of the possible release of the minutes of the Executive Session which took place during the meeting of the Budget & Finance Committee on March 25, 2010 regarding the Order of Taking issues on the matter of I4-C2.

Mr. Duggan stated the City Solicitor asked that the minutes not be released until the next meeting.

Councilor Ciolino stated that he didn't feel comfortable voting for anything until the transaction was completed.

This matter was continued to May 20, 2010.

11. Other Business

None.

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

Respectfully submitted,

Dana C. Jorgenson

Clerk of Committees