

CITY COUNCIL STANDING COMMITTEE

Budget & Finance

Thursday, December 6, 2012 – 6:00 p.m.

1st Fl. Council Committee Rm. – City Hall**-Minutes-****Present: Chair, Councilor McGeary; Councilor Melissa Cox; Councilor Jacqueline Hardy (Alternate)****Absent: Councilor Ciolino****Also Present: Linda T. Lowe; Kenny Costa; Jeff Towne; Fire Chief Eric Smith; Deputy Fire Chief Miles Schlichte; Deputy Fire Chief Tom Aiello; Fire Capt. Tom LoGrande; Jason LoCoco, Firefighter/Paramedic; Robert Rivas, Firefighter****The meeting was called to order at 6:01 p.m. Items were taken out of order.****1. *Communication from Council President to City Clerk and memorandum from City Clerk re: City Clerk's Office Reorganization Request***

Councilor Hardy stated O&A heard a presentation by Linda T. Lowe, City Clerk on this matter Monday night. The City Clerk is not ready to make a full presentation to B&F at this time. Councilor Theken, O&A Committee Chair, has proposed having a City Council workshop on this reorganization as it affects the whole Council. When the Council approves the final draft, then the City Clerk can begin negotiations with the unions. Once the negotiations are complete, B&F would be ready to consider the funding the proposal. By unanimous consent the Committee continued the matter.

This matter is continued to February 7, 2013.**2. *Memorandum from Mayor requesting Supplemental FY13 Appropriation for the Fire Department***

Fire Chief Eric Smith explained that his department is looking to appropriate free cash. There are proactive steps being taken to open the Bay View Station on a more regular basis. The department is realigning groups to balance staffing on shifts. In addition the department is adding new hires, which will help eventually. New hires must attend the Fire Academy before they serve on apparatus, meaning the impact of the new hires won't be felt until the summer, even though they will go on the payroll in the first part of the year. Currently, the Chief said, because of some firefighters being out on disability or injury, there are typically not enough firefighters to reach the minimum staffing level of 14 per shift. The chief said he often has to bring in at least one firefighter on overtime to achieve that minimum staffing level. At full staff there are four shifts – two of 18 firefighters and two of 17. To open the Bay View station would generally require two additional overtime shifts because of the current manpower shortage. Although hiring has been approved, the hiring cannot proceed until the state Civil Service System releases its hiring list.

Given the manpower shortage, the chief anticipated that his current overtime budget would be \$46,000 short of the amount needed just to maintain minimum manning of 14 per shift. To open Bay View, the department would need additional funding which the Chief estimated at a cost of \$453,000 (two overtime shifts starting December 1st). Opening Bay View would be done completely on an overtime basis. The Chief said the mayor didn't fully fund his request. The current request is for \$46,000 plus \$200,000 to overtime and another \$200,000 to be set aside in a Station opening stabilization fund to deal with the peaks and valleys in overtime. The problem, the Chief said, is that the department will probably go through all of the requests if it chooses to maintain Bay View every day for all shifts. The plan is to maintain 14 every day and allocate \$13,333 per pay period and budget that to maximize the number of days that Bay View would be open during any two-week period. Initially, the overtime will be used when 15 firefighters report for duty, to lessen the drain on the overtime funds. Based on his calculations, the Chief said, the funds would not suffice to keep Bay View open 24/7 for the rest of FY13. Funding the overtime request would open the station much more often than is currently done, but the Chief could not guarantee it would be every day, every shift.

The overtime money will not be sufficient to open Magnolia at all, and the Magnolia station is in no condition to open at this time. **Councilor Hardy** asked why the City should continue to invest in the Magnolia station and noted that the City is not making an investment in maintaining Fuller School either. **Chief Smith** stated the department would like to staff that station by making the staffing changes as he has outlined, with additional hiring,

as the budget allows. In the meantime, he said, it is necessary to preserve the facility which is still viable.

Councilor Hardy said she agreed with the Chief but viewed this as a double standard and added that she wished people looked at the Fuller School in the same light as that of the Magnolia fire station.

Chief Smith continued that they will be discussing changes with the union as part of the collective bargaining process. He said his negotiating priorities will be to improve firefighter safety, provide adequate staff, equipment, and much needed training. Many studies have shown the department needs an organizational change to add positions to help with the department administration in order to offload work deputies and captains are now doing. He noted that firefighters do far more administrative tasks than he would like, which takes them away from honing their firefighter's skills and mentoring and supervising other firefighters. He said he hopes to start to correct this situation with the next contract. **Councilor Hardy** asked if the Administration is hoping to open all stations full time or is that wishful thinking. **Chief Smith** noted that the economy is rebounding and that he is starting to see the possibility of slowly increasing budgets and staffing. He suggested it would happen and is not that many years away. Efforts by the City and the union will be required to agree on what works best for the community.

The Chief noted that the minimum manning of 14 per shift allows him to open Central Station and West Gloucester. When 15 report for duty, he only has to hire one firefighter for one portion of a 24 hour shift to open Bay View. A full complement of 18 is needed to open Magnolia; however the Chief said he would not open Magnolia station in its current condition. He did note that the station was opened during a recent storm at the request of his firefighters; but he was uncomfortable doing that on anything other than an emergency basis.

Councilor Cox noted that \$246,000 would cover overtime for FY13 and the additional \$200,000 is to fund the stabilization account. **Chief Smith** stated that the additional \$200,000 would augment the overtime funding. The overtime account has to accommodate things like picking up an engine from out of town and training, when firefighters must be called in to cover Central Station and West Gloucester. The overtime is used is to not only open Bay View station but for such routine requirements as well. **Councilor McGeary** asked the chief to confirm that the \$246,000s is strictly overtime, which he did. On inquiry by **Councilor Hardy**, **Chief Smith** reported there is currently \$104,000 in that overtime account, but that doesn't account for the last pay period. The \$104,000 will be depleted rapidly if he were to use it to Bay View. At current staffing levels, it would cost on average \$3,000 a day to do that, given that he must call in one firefighter on overtime on most days just to meet minimum manning requirements, and two more on overtime to staff Bay View. There have been days recently where they could open Bay View without paying overtime, but that is unusual.

Councilor Hardy asked when firefighters have an ambulance run to Beverly Hospital, how they supplant their staffing. **Chief Smith** explained they utilize a call back system to staff to maintain manning levels. Firefighters who are called in work on an overtime basis. If Bay View were open the department could move staff from there to Central or West Gloucester. **Capt. Tom LoGrande** stated they try to maintain the same number of staff from the start of a shift throughout the shift. He noted that proceeds from ambulance runs often offset the cost of any overtime incurred by "backfill" staffing. **Councilor McGeary** asked how long an ambulance run typically takes. **Chief Smith** stated most EMS runs at the ALS (Advanced Life Support) level. Those are more intensive. The calls average 1.5 hours. As soon as it is determined that a patient has to go to Beverly Hospital, the crew notifies headquarters and firefighters are called in to cover. Callback firefighters are paid a three-hour minimum. **Councilor Hardy** asked if the department was reimbursed for mutual aid which the Chief informed there was none.

Councilor McGeary asked if opening all four stations could be done in a four platoon system or would it be necessary to restructure the department. **Chief Smith** stated the four platoon system is commonplace. The difference between a four- and three-platoon system is that individual firefighters would go from a 42-hour work week to a 50.4 or 56 hour work week. There is less overtime with a three-platoon system, but it comes at a cost. If the work week increases from 42 hours to 50.4 hours that is a 20 percent increase in the cost in staffing across the board and could impact the amount of years a firefighter must work to be eligible for a pension. More people able to retire earlier could have an impact on the city's pension costs. It is a viable option which would have to be negotiated that the union could be amenable to. It may not be just the Gloucester firefighters that weigh in on it. It is a significant issue in this area of the country where departments typically run on a four-platoon system with a 42-hour work week. He said there might be impact on the retirement system as well. The hours put in with a four-platoon 42-hour work week are about 70,000 to qualify for retirement. He was unsure if it was adjustable; that is, would there be a need to reduce the years to retirement on a three platoon system and he didn't know if they could modify the number of years they would work before taking retirement. **Councilor McGeary** stated that opening four stations is not dependent on a three-platoon system. **Chief Smith** expressed agreement. A three-platoon system could be implemented by the payment of overtime, he said, but impacts of other areas may not play out well.

Councilor McGeary stated he and the Committee has been very reluctant to allocate free cash unless it is an emergency situation at this juncture. He said that appropriations for the schools and the DPW repairs were approved

because they were considered urgent. He asked what would happen should the Committee decide to defer this allocation until the Administration puts forth a complete program of free cash allocation in January. **Chief Smith** said he was not comfortable with opening Bay View station without the assurances of the Council of adequate funding, as he would run the risk of depleting overtime funding quickly. He reiterated that has only \$100,000 in the overtime budget and that some of that must be used for medical training and recertification of licenses. He might not have enough money to last a month. **Mr. Towne** added the money that was budgeted was thought to have been enough to guarantee minimum manning for the year, but the administration now anticipates a shortfall of \$46,000. By adding more people to Bay View now, there will not be enough to guarantee minimum manning, which is a contractual obligation. **Councilor McGeary** said he expects the Council would not be averse to doing this. However, the Council is “drawing a line in the sand;” as it is an important point from their perspective. The Council holds the power of the purse, and needs to see the total package. Maintaining Bay View is important, but the council wants to see the whole picture. **Councilor Hardy** said she didn’t like spending free cash on overtime; rather she preferred it to be for one-time costs. If the City had funded the Fire Department through the General Fund appropriately they wouldn’t be in this position. The taxpayers have paid their taxes and expect the services from the General Fund to have full-time coverage at all the substations. They have been shortchanged not just in Bay View. If there is a fire in Lanesville, the entire department goes there and leaves the rest of the City shorthanded. She suggested the administration should look at the number of personnel and hire more firefighters and get more administrative help. Look at civilian dispatching and administrative help as a way to release the firefighters to work as firefighters and to get the manning up to 18 or 20. She noted that there will be many retirements coming up soon. It is not just Bay View but affects the entire community. **Councilor McGeary** said as the Chair of B&F he represented to the Administration he wanted to see this as part of a total package they can weigh the very thing Councilor Hardy is speaking to and asked if it made sense to use this money to staff up as opposed to putting it to overtime. He said he would have preferred that the full amount of overtime or staffing had been budgeted back in May. By funding it now, it builds a structural expenditure moving forward. **Councilor Hardy** suggested if the Council appropriates this free cash for overtime, other departments may look to them to do the same for them as well. They are setting a precedent using free cash in this way. She asked what was to prevent the Administration from doing this next year again. **Councilor McGeary** expressed agreement they should have budgeted for this back in May. He noted that the Council could, if it chose, reduce budgets and put the money in Department 900 during the budget season as a means of making this point. **Councilor Cox** said she was not comfortable saying no now for this allocation due to the use of the funds. She also wanted to see an overall picture. She was not willing though to move forward to create and fund the \$200,000 for the new stabilization fund.

Councilor McGeary stated the Chief does have \$104,000 which would open Bay View for a month and asked how the chief would use the \$104,000. **Chief Smith** stated that would be his only option and keep Bay View closed. The \$46,000 would keep the department at a staffing level of 14 for the rest of the year. **Mr. Towne** asked how much the chief had asked for. The Chief stated he asked for \$453,000 asked to keep Bay View open for half a year. **Mr. Towne** stated full staffing to keep the stations open without overtime would be 24 firefighters per shift. That is based on a \$200,000 overtime to keep all stations open. **Mr. Towne** noted a firefighter’s salary is at least \$71,000 with benefits for each added firefighter. That would mean \$1,680,000 without pension obligation which would also be increased dramatically. **Capt. LoGrande** pointed out in the past there had been as many as 84 line employees in the Fire Department with an overtime account of around \$400,000. **Deputy Chief Miles Schlichte** pointed out the department is losing people because people are moving to other departments where the working conditions are less demanding. **Councilor McGeary** asked how many have taken jobs with other agencies. **Chief Smith** stated as he came in the department had lost two. The amount of overtime being asked for increases safety for the community. **Deputy Chief Schlichte** added the department has lost between 20 and 25 people in the last 10 years. **Capt. LoGrande** stated a lot of the lost staff was paramedics.

Councilor Cox said she did not like to hold the City firefighters, paramedics and the community “hostage” while waiting to see the Mayor’s plan for free cash. The department needs the money. Not voting on this tonight and saying “good luck” because they want a plan from the Mayor is not right, she said. **Councilor McGeary** stated it is important to understand there would not be station openings when there are typically more fires during the holiday season and more medical calls, which the Chief confirmed was true. **Mr. Towne** added the Mayor proposed this because so many Councilors have spoken up about opening the stations. There have been meetings to look at ambulance revenues. The management team has to figure out how to do the best they can for the community to open stations, providing overtime if it is the short-term solution, and hire in a systematic way if that is more appropriate.

Councilor McGeary noted that this appropriation in addition to others already approved would mean that \$700,000 of the certified free cash has already been appropriated. The City cannot assume a good winter or great

beach season, so that means that is another \$1.5 million that should not be budgeted for FY14. That means that of the original \$4.8 million in free cash, the City is down to \$2.5 million, and the Administration still wants to fund stabilization funds and OPEB and pensions which doesn't leave much. On one level this is 10 percent of free cash and is a good use, as it is a public safety issue. But in the larger context the Council needs to see what are the tradeoffs. **Mr. Towne** noted that the Committee could put off the creation of the stabilization fund account and funding it. Such an action would not hurt the Chief's program to open Bay View. **Councilor Hardy** said she would support the withdrawal of both the requests to establish a Fire Station Opening Stabilization Fund as well as the request to transfer money for its funding without prejudice. Both requests could be resubmitted at a later time. **Councilor Cox** stated the \$246,000 was better than nothing. **Chief Smith** stated the stabilization fund would mean he would have to come back and get the transfers out of it to access the money. The \$246,000 would open the Bay View fire station. Based on the allocation he would start the practice of hiring one additional firefighter on overtime when there are at 15 reporting for duty. That would allow him to open Bay View. He planned to allocate \$13,333 every two-week pay cycle to fund overtime during that cycle. **Councilor Hardy** expressed concern regarding holiday staffing of the department and asked the Chief to keep that in mind. She then announced she would abstain from voting under MGL 268A as she has a brother who is a member of the Gloucester Fire Department.

MOTION: On motion by Councilor Cox, seconded by Councilor McGeary, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Hardy) abstaining, to recommend to the City Council that \$246,000.00 (Two Hundred and Forty-Six Thousand Dollars) be appropriated (2013-SA-21) from the General Fund Unreserved Fund Balance ("Free Cash") to Account #101000.10.220.51300.0000.00.000.00.051 Fire Dept., Sal/Wage Overtime for the purpose of opening outskirt fire stations more frequently through June 30, 2013.

MOTION by Councilor Cox, seconded by Councilor McGeary, the Budget & Finance Committee voted 2 in favor, 0 opposed and 1 (Hardy) abstained to withdraw the request to establish a Fire Station Opening Stabilization Fund #860000 for the purpose of opening the City's outskirt Fire Stations more frequently.

MOTION: On motion by Councilor Cox, seconded by Councilor McGeary, the Budget & Finance Committee voted 2 in favor, 1 (Hardy) abstaining to withdraw the request that \$200,000.00 (Two Hundred Thousand Dollars) be appropriated (2013-SA-22) from the General Fund Unreserved Fund Balance ("Free Cash") to the Fire Station Opening Stabilization Fund, #860000.10.991.49700.0000.00.000.00.040, Transfer In from General Fund for the purpose of opening the City's outskirt Fire Stations more frequently.

2013-SA-22 is retired and is not to be reassigned.

3. *Memorandum from Principal Assessor and Supplemental Appropriation-Budgetary Request (#2013-SA-15)*
4. *Memorandum from Principal Assessor and Special Budgetary Transfer Request (#2013-SBT-11)*

Mr. Towne explained these two transfers are to make funds available for the Assessors Department Revaluation Program so that work associated with the FY14 Triennial Recertification may commence. Another \$35,000 will probably come from free cash to complete the funding. They always start with two thirds of the funds in a special revenue fund account; and then in the last year they transfer in the final portion. In future it is anticipated they will fund half of the money needed into the account and then in the actual year of the triennial review they will transfer in the other 50 percent. The RFP's are out for the services required for this review which is for valuations as of January 2013. The Assessors are able to do much on their own, but do need assistance with the larger commercial valuations. **Mr. Costa** said he didn't feel comfortable signing the contract without the full funding in place. **Mr. Towne** added they could parse the contract, but he and Mr. Costa prefer to do it all at once and expressed agreement with Mr. Costa's reasoning. The cost of the triennial review has been about the same through the years.

MOTION: On motion by Councilor Hardy seconded by Councilor Cox, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to appropriate (#2103-SA-15) \$35,000 (Thirty-Five Thousand Dollars) from Account #294019.10.991.59600.0000.00.000.00.059 to Account #101000.10.141.57840.0000.00.000.00.057 Assessors Revaluation Program so that work associated with the FY14 Triennial Recertification may commence.

MOTION: On motion by Councilor Hardy, seconded by Councilor Cox, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (2013-SBT-11) \$35,000.00 from Transfers Out-to Special Revenue Fund, Account #101000.10.992.59600.0000.00.000.00.059 to Assessors Revaluation Program, Account #101000.10.141.578400.0000.00.000.00.057 so that work associated with the FY14 Triennial Recertification may commence.

5. *Special Budgetary Request (#2013-SBT-12) from the Department of Public Works*

Mr. Towne stated that an employee transferred from one position to another in a different department in the DPW. This transfer moves the longevity with the staff member to that new department. This move created a deficit and makes the account whole.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the transfer (2013-SBT-12) of \$1,160.00 from Facilities Longevity, Account #101000.10.472.51400.0000.00.000.00.051 to Public Service Longevity, Account #101000.10.470.51400.0000.00.000.00.051 for funds needed to cover a DPW employee's longevity and minor computing errors.

6. *Special Budgetary Request (#2013-SBT-13) from the Department of Public Works*

Mr. Towne explained this is a similar situation but doesn't tie to one particular employee. They need to move the money with the staff. The fund is in a deficit for \$4,580. This will leave the DPW Director with a little bit extra in the account in case there is a step increase needing to be funded.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the transfer (2013-SBT-13) of \$5,000.00 from DPW Central Permanent Positions, Account #101000.10.499.51100.0000.00.000.00.051 to DPW Public Services Permanent Position, Account #101000.10.470.51100.0000.00.000.00.051 for funds needed to cover budget shortfall.

7. *Memorandum from IT Director requesting permission to pay invoices incurred in FY2012 with FY2013 funds*

Mr. Towne explained this came from the Assistant CFO on behalf of the IT Director. This was the telephone hardware contract. The IT Director had assumed the work would be covered under a maintenance contract but it was not. Mr. Towne conceded the wording on the contract was weak which pointed out the need to manage contracts a bit better to put in more precise terminology defining what is and what is not covered in the contract. This particular contract will not be renewed because it doesn't do much for the city. The city did protest these invoice payments. In addition the invoice came after the carryover of funds at year's end. The city has instructed vendors to not service anything unless they have a signed P.O. in hand. Mr. Costa added that if this were a maintenance contract, for instance, a P.O. would not have to be opened to conduct the routine maintenance.

MOTION: On motion by Councilor Cox, seconded by Councilor McGeary, the Budget & Finance Committee voted 2 in favor, 1 (Hardy) opposed to recommend to the City Council to pay invoice #4245523 dated 6/18/12 by FTG Technologies Quincy, Mass., for \$955.00 to be paid from the FY13 IT Department budget without a Purchase Order in place.

MOTION: On motion by Councilor Cox, seconded by Councilor McGeary, the Budget & Finance Committee voted 2 in favor, 1 (Hardy) opposed to recommend to the City Council, in accordance with MGL Chapter 44, Section 64, to pay invoice #4245523 dated 6/18/2012 by FTG Technologies, Quincy, Mass., for \$955.00 for services provided in the prior fiscal year with funds from the current FY13 IT Department Budget.

MOTION: On motion by Councilor Cox, seconded by Councilor McGeary, the Budget & Finance Committee voted 2 in favor, 1 (Hardy) opposed to recommend to the City Council to pay invoice #4245011 dated 5/11/12 by FTG Technologies, Quincy, Mass., for \$955.00 to be paid from the FY13 IT Department budget without a Purchase Order in place.

MOTION: On motion by Councilor Cox, seconded by Councilor McGeary, the Budget & Finance Committee voted 2 in favor, 1 (Hardy) opposed to recommend to the City Council, in accordance with MGL Chapter 44, Section 64, to pay invoice #4245011 dated 5/11/12 by FTG Technologies, Quincy, Mass., for \$955.00 for services provided in the prior fiscal year with funds from the current FY13 IT Department Budget.

8. Memorandum from Fire Chief re: request for a revolving training account

Fire Chief Eric Smith explained this request is for a revolving account to use for receipt of reimbursements for training from various organizations outside of governmental channels. Recently, several firefighters attended Marine Emergency Rescue Training (MERT) through NOAA. The host group had funds to provide for six Gloucester firefighters to attend at \$600 per person. The Chief's overtime budget for this training has been expended. The new fund will allow him to put the reimbursement money in this account and pay for the training out of it. **Councilor Hardy** asked if this was one of the accounts the Council annually approves with the passage of the City budget. **Mr. Costa** stated that it would be. The Committee discussed an appropriate expenditure limit and settled on \$15,000 per transaction. The money for the MERT training will go into this fund. **Councilor Hardy** stated under MGL c. 268A she has a brother on the Gloucester Fire Department. However, this vote does not affect her or her brother financially, and she would participate in this vote.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the full City Council to establish under MGL c. 44, Sec. 53E-1/2 a Fire Department Revolving Training Fund #293023 for the purpose of receiving reimbursements for training from various organizations outside governmental channels. The authorized officer of the Fund is Eric Smith, Fire Chief. The fund is credited from reimbursements; expenditure limit is \$15,000; the balance is the available balance, and there are no restrictions to the Fund.

9. Letter from Executive Director of PERAC re: Appropriation for Fiscal Year 2014

The Committee acknowledged receipt of a letter from Executive Director of PERAC re: Required Appropriation to fund pension liability for Fiscal Year 2014 in the amount of \$7,098,838 for Fiscal Year 2014 and placed it on file.

10. Memo from City Auditor regarding accounts having expenditures which exceed their authorization and Auditor's Report

Mr. Costa submitted his documentation to the Committee (placed on file with the City Clerk's office prior to the meeting).

A motion was made, seconded and voted unanimously to adjourn the meeting at 7:39 p.m.

Respectfully submitted,

Dana C. Jorgensson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.