

CITY COUNCIL STANDING COMMITTEE

Budget and Finance

Thursday, December 10, 2009 –7:00 p.m.

City Council Conference Room – 1st Floor

Present: Councilor Joe Ciolino, Vice Chair and Councilor Steven Curcuru

Absent: Councilor Jason Grow

Also Present: Chief Phil Dench, Marcia McInnis, Jim Duggan, Mark Cole, Gary Johnstone, Jeff Towne, Barry Aptt, Albert West, Maxine Thompson, Judith Garland, John Pasierbiak

The meeting was called to order at 7:00 p.m. Items may be taken out of order.

1. Old Business: COM2009-035: Letter from American Legion & Memo from Jim Duggan, CAO

Re: Legion Memorial Building

Mr. Duggan stated that over the course of many months he has met with the Commanders of the American Legion trying to address some of the outstanding issues of the lease agreement. The Legion's intent is to stay there, and we're trying to come to a solution given the outstanding issues that were before the Council two years ago. The Legion has come forward with a proposal of a \$1 annual lease agreement. They would put all the utilities in their name and take on the responsibility to pay for it. He met with Mark Cole, Operations Manager of the DPW and Purchasing Agent Donna Compton to talk about the issues. Some of these are snow removal, daily maintenance, and capital improvements such as oil burner replacement, whose responsibility is that. There was a separate conversation with the Facilities Committee on this as well. Ultimately, capital improvements would be a responsibility of the City. Regarding daily maintenance, for example, whoever leases the building, if they walk in and there is no heat, they would get their own contractor and pay for that service call. But if it's discovered that a whole new system is needed then it would be the City's responsibility. We'd like to move forward and advertise this RFP.

Councilor Ciolino said that to maintain the boiler the Legion would do that but major repairs are on the City. Then who pays for the oil?

Mr. Duggan said that would be the responsibility of whoever leases the building, as well as hot water, sewer, all the utilities.

Mr. Cole noted that no inventory had been done of the building's contents to his knowledge. He didn't know if anything there belonged to the City. Everything downstairs belongs to the Legion

John Pasierbiak said most of the things belonged to the Legion.

Mr. West stated that everything in the building belongs to the American Legion. He has called the City practically every day this year that he's had to reset the burner.

It was noted that the lease would be for three years.

Councilor Curcuru said that this was presented before about the utilities. What has changed about covering the utilities?

Mr. West responded that they have taken care of it in the past.

Mr. Cole was asked said the City has paid the utilities for the last 10 years.

Councilor Curcuru asked what has changed, to the Legion representatives present. He noted in past years they were unable to pay for such things as utilities. It was noted that over the last 10 years the City has paid for the utilities.

Mr. West said they've had several meetings. They haven't seen the lease at all and haven't spoken to the City regarding it.

Mr. Duggan explained to the Legion representatives present that they don't have a lease yet. The City has to advertise any veteran service organizations that would like to lease the building. You have to go through the process of answering the proposal and then the lease is drawn up. The daily maintenance will be the responsibility of whosoever leases the building. It will not be the responsibility of the City. Replacing the boiler would, however, be the City's responsibility.

Councilor Curcuru said maintenance calls can go very high. Do you have a value, set a bar as to how much they would be responsible for, like a \$1,000? Where is the cut off point where the Legion is no longer responsible? Service calls can go from \$100 to \$500 very quickly.

Councilor Ciolino said generally the landlord maintains the boiler and the leaser pays for the oil. He thinks it's above and beyond to expect them to pay for the boiler maintenance and repairs.

Councilor Curcuru said that the thinking behind this was that they weren't paying any money for the lease.

Mr. Duggan said the Assessors Office said its \$6 to \$8 dollars a sq. ft., clearly market rate, which is reflected in the memo of Gary Johnstone. He feels that considering what is in the best interest of the City – we can change it.

Mr. Cole said for existing city properties; the Radio Club takes care of everything. At Blynman School it was the same thing.

Councilor Ciolino thinks it's unfair that they shouldn't have to maintain the boiler. What's your definition? When you start replacing circulators, it runs into money.

Mr. Cole said what about a leaky faucet? How do you distinguish what is covered by the Legion and what is the City's responsibility. It sounds like the only issue is the maintenance on the boiler.

Councilor Ciolino would like to see it move forward. We would like to see it without the boiler maintenance included [to the leaser].

Councilor Curcuru asked what happens if they don't make the payments? [Utilities were noted to run \$17,000 to \$18,000 per year] Hypothetically, who does this revert back to if payments are not made? The utilities would not be in our name. Is the City then responsible?

Mr. Cole said they'd be in the Legion's name, and therefore it would be the tenant's responsibility.

Councilor Ciolino asked the Legion if they want this to move forward.

Mr. West stated that yes they would. They've waited for two years now. They are in financial difficulty. They haven't made any money in two years. Can they do it? Yes, they believe they can.

Councilor Ciolino said then the City will be responsible for the maintenance of the boiler, and you will take care of the utilities.

Mr. Towne said that the water and sewer bill need to be paid in a timely manner. They don't own the property so there needs to be some kind of enforcement mechanism in there.

Councilor Curcuru asked if RFP ready to go out.

Mr. Duggan said it's 90% ready. It depends upon the minor changes here.

Councilor Curcuru is any of the wording in there that we discussed?

Mr. Duggan said the general maintenance is the responsibility of the lessee but the Capital Improvements are the responsibility of the City.

Councilor Ciolino said are you ready to do it? He felt the Legion has been waiting long enough.

Councilor Curcuru said you will make sure the changes are made as discussed tonight before it's presented to the Council. He said he wouldn't have a problem except because of the age of the boiler.

Councilor Curcuru said to put a dollar value on the maintenance and then it would be a more equitable way to do it. Leaving it open ended

Mr. West stated the Legion had to put in the boiler which was steam heat and then converted it to forced hot water.

Councilor Ciolino is trying to find an equitable solution so as to not burden the Legion further.

Mr. Duggan stated they would put the RFP out that the boiler will be maintained by the City including daily maintenance.

Mr. Cole suggested the City will do the maintenance, and if the boiler is replaced then it would shift over to the Legion. The maintenance then would be minimal.

Mr. Duggan stated the Legion has made a 90 year investment in the building financially and emotionally, and that's a tremendous thing. He is just thinking of the City and what will be the best for it in moving forward to not burden the City or the Legion. When it goes before the City Council, the lease has to pass them.

Councilor Ciolino doesn't want to see this fail over keeping an old boiler going.

Mr. Towne said why don't we put in that the Legion pay up to say the first \$750 to \$1,000 then have the City pay after that until such time as the City deems the need to replace the boiler. That way there'd be a buy-in on both parts.

Councilor Ciolino said he felt it was simpler not to have them responsible for it at all.

Mr. West stated that their investment in that building would have allowed them to own their building over all these years. The toilet facilities, the kitchen, etc., all that is theirs that they've put in through the years.

Councilor Curcuru said if you amend it, then it will be fine with him.

Mr. Duggan will amend the RFP so that the maintenance of the boiler will be the responsibility of the City until it is replaced and then it will be turned over to the Legion.

MOTION: On motion by Councilor Ciolino, seconded by Councilor Curcuru, the Budget and Finance Committee voted 2 in favor, 0 opposed to recommend that the City Council Request For a Proposal for a lease on 8 Washington Street for advertisement.

2. Memo from Chief Dench re: Acceptance of Fire Service Staffing Grant

Chief Dench said they've been awarded a grant for \$388,125.00 to maintain staffing in the fire department and ask that it be accepted by the City.

Mr. Duggan said accolades to the chief to put this grant together. He hoped it would be confirmed sooner and reached out to Senator Tarr to help on the progress on the grant, and fortunately it was secured. The Chief did a very good job in turning the grant around in a very short time. Clearly, it was successful.

Councilor Curcuru asked how funds going to be allocated.

Mr. Duggan said this would go towards overtime and towards hiring one firefighter-paramedic. It has to be spent within a year of activating the grant (going over to the next fiscal year.)

Councilor Curcuru said you're supplementing overtime to cover a shortage or do you still have overtime left in your budget. So this is supplementing as you need it?

Chief Dench said they're putting in a spending plan for the full year between Jan 10 and May 1st we can request to put the grant in place - when the grant fund are initiated they will have one year from that date. They will have a spending plan for hiring one firefighter-paramedic, all the costs related to that, and rest left will be used toward trying to keep as many stations open as they can for as long as they can. This is a reimbursement on a monthly basis based on our monthly reports. There will be a workshop next month to go over the details since it's the first time they've done this too. The Grants Administrator and the State are working with them. The firefighter paramedic is valued at \$72,000 for the full package. The Mayor has made a commitment that she will reinvest in the fire department and will continue to fund that position after the grant is expended. It's one or the other. It's to replace staffing that we've lost or for overtime. We are looking to rebuild the fire department where it needs to be in order to keep the outlying stations open. This is a step in that direction. He is working with the Administration, with Jim Duggan and Jeff Towne to get a good spending plan in place, a guideline.

Mr. Duggan said it's just not going to be backing out \$72,000. Clearly the Chief is evaluating, along with Mr. Towne and me, for instance vacation times have peaks and valleys, to see that we maintain contractual obligations with overtime.

Chief Dench noted that the firefighter-paramedic will be their 16th to maintain our contract with the State licensure of the ambulances. 16 is like the magic number. We can maintain the ambulances 24/7. That is the reasoning behind getting this position back. It is huge.

Ms. McInnis said when you get your fund set up, the Auditor's office will need an executed contract with the agency, and the Mayor has to sign that contract. And they'll need a program budget.

Chief Dench said that the workshop will now be towards the middle or end of January.

Mr. Duggan said you might want to ask if they're going to distribute the funds after or before the workshop.

Chief Dench said they had a deadline for the Dec. 7th for a revised program budget which they met and the other was an agreement from the City that they would supplement our budget not supplant from our budget. He hopes to hire very, very soon. He asked the Mayor if they could speed that process along. They need a list down from Civil Service and it has to be sent out to the candidates, then there are interviews and then they have to choose one.

Ms. McInnis said you want to get the contract in place first. This is the American Re-investment and Recovery Act and is only for the next two years. There are other departments within the City that have been recipients. Then the money goes away.

MOTION: On motion of Councilor Ciolino, seconded by Councilor Curcuru, the Budget and Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to accept the Staffing for Adequate Fire and Emergency Response grant from the Department of Homeland Security for a total of \$388,125.00. This money is to be used for overtime required to maintain current staffing and service levels that have not been met due to personnel reductions and budget restraints.

3. Request from Fire Department to apply for SAFER Grant from Dept. of Homeland Security

Captain Aptt explained that this grant is for the adequate staffing of fire emergency personnel to supply funds to help departments gain NFPA staffing standards compliance. The City has applied in years past but not successfully. The current status of this grant is that the Obama Administration voted to get rid of matching grant. It used to be a four-year grant where they covered 80%/60%/40%/20% and in the fifth year the City had to pick it up on their own for whatever firefighters they had. This year it is a two-year period of performance which the City doesn't have to match but they do have to maintain that current staffing for the 3rd year. Once you are awarded that money, there are certain stipulations to it. You have 90 days to get all the hiring completed. They cover the NFPA 1582 pre-employment physicals, be trained to Firefighter I certification and Firefighter II certification level (which is accomplished through attendance of the recruit program at the Massachusetts Firefighting Academy) within the second year and to be trained to the basic level of EMS provided within one year and once completed can have the option to go to Paramedic School. Another stipulation is that these personnel, if hired, are required to be retained for a two-year operating period which would be funded

by the grant. The third year the City has to pick it up. Plus we have two years to do some planning, and hope that the City is in a better financial position at that time.

Councilor Ciolino said so this grant is to hire more people for the fire department. How many would that be?

Captain Aptt said to get the Department back up to the 1992 level, it would be 24. This grant will supply any payroll issues. It would supply the whole 24 firefighters to be carried for two years.

Councilor Curcuru said so this would mean in the third year the City would be financially responsible for the 24 firefighters.

Mr. Towne said this is to get us to 24 firefighters?

Captain Aptt stated yes. In the first 12 month period the total federal share would be \$1,064,184; the second 12 months it would be \$1,117,393 for a total of \$2,181,577.

Councilor Curcuru said so in the third year we don't have the money, but we have the firefighters. Then what happens? Does the City pick up the tab?

Mr. Duggan responded the money would have to be paid back out of the General Fund if the grant is violated.

Chief Dench said we definitely need the staffing to get us into compliance. We're not anywhere near where we should be, and we need to get money to keep open stations and get staffing levels up.

Captain Aptt noted the grant is due on December 18th at 5:00 p.m.

Captain Aptt went on to say that there need to be 4 members per company (apparatus), within 4 minutes; a full first alarm compliment is 15 or more within 8 minutes. A study

done in 2008 said we only comply 2.8% of the time. It's not law, but it's the national standard.

Councilor Ciolino said he doesn't want to discourage you, and he is inclined to have you apply for this grant; but we have to look at the numbers very seriously in regards to the third year. He wants to encourage the application; and if the Fire Department is awarded the grant, we'll have to run the numbers to see if it will work.

Councilor Curcuru if we don't have the funding...

Mr. Duggan said we may not get the grant for all 24. Whatever number we do get, if we do not carry it out in Year 3, we will then have to repay the entire grant all out of the General Fund.

Ms. McInnis said you can be penalized if you go one year but don't get to the second year. You need to look at it very carefully.

Captain Aptt talked about past grants and having only certain percentages be matched and compared it to the one they would be applying for. In this instance, the grant is a two-year grant.

Mr. Towne asked with these 24 people could you eliminate most of your overtime budget entirely.

Captain Aptt said not entirely but it would make a tremendous dent in it.

Chief Dench said that now we have 14 firefighters which is to contract. 14 only keeps Headquarters and West Gloucester open. We're trying to get the staffing back up to get Magnolia and Bay View open. We want to get all stations open.

Mr. Towne said this might meet the requirement that this is more than what a typical review of an application might be.

Mr. Duggan said to Captain Aptt that his email stated this grant would cost the City nothing, but in fact that is not the case. It will cost the City something because there is an issue in the third year. So it is costing – there is a match.

Councilor Ciolino said until the numbers come in it's difficult to assess. It has to go to Council because the 3rd year it is a match.

Mr. Duggan said this is a million dollars. That's a huge thing to work out.

A discussion ensued that it could be put forward but it doesn't have to be accepted.

Both Councilors Ciolino and Curcuru noted they want to let the Fire Department go forward with the application for the grant but can't guarantee they'll support it when the full numbers come in and are run.

MOTION: On motion of Councilor Ciolino, seconded by Councilor Curcuru the Budget and Finance Committee voted 2 in favor, 0 opposed to recommend that the Gloucester Fire Department apply to the Department of Homeland Security (FEMA) for the Staffing for Adequate Fire and Emergency Response (SAFER) grant.

4. *Memo and Special Budgetary Transfer Request (#10-16) from Fire Chief*

Chief Dench stated this is from the training fund in conjunction with the training on the Firehouse Software and this is as we worked to get it up and running, this was some of the things that needed to be worked out with the software company. This all works towards doing the staffing spoken to this Committee about at an earlier date.

Ms. McInnis pointed out that this was one of the things the MRI study asked that they do more training on.

MOTION: On motion by Councilor Ciolino, seconded by Councilor Curcuru, the Budget and Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to approve the Special Budget Transfer Request by the Fire

Department from the Fire Department, Pub. Safety Program, Unifund Account # 101000.10.220.53060.0000.00.000.00.052 to Fire Department, Sal./Wage-Overtime Unifund Account # 101000.10.220.51300.0000.00.000.00.051 to pay overtime for the Deputies and Captains to attend a class on Firehouse Scheduling Module to utilize software to its fullest capacity in the amount of \$923.01.

5. Memo from DPW Director re: Requesting permission to lease a Volvo L70F Wheel Loader

Mr. Cole said this is for a new loader. The one they have is 20 years old on its last legs. The option is at the end of the five years they could buy it or turn it over and lease another new one for another five years. You have seen the condition of some of their vehicles. They finally have some new trucks in. Everything they have for equipment is at least 10 years old.

Councilor Ciolino asked if this is this the best deal we can get?

Mr. Cole said the nice thing is the upfront cost is low – you’re spreading it out over a five year period. It will be split three ways since its being used by everybody. Enough is available through current fiscal funding.

Mr. Towne said they have a capital outlay now that they purchased their one tons with, it won’t be an increase. It will stay in the budget, and they’ll still have more equipment in their rotational plan.

Mr. Towne said is it subject to an annual appropriation? Since Mr. Cole didn’t know Mr. Towne said they need to find that out.

Councilor Ciolino said we have to come up with money at the end of the lease?

Mr. Cole said that he doesn’t know if they would purchase it, and thought they would turn it back and re-lease a new one.

Councilor Curcuru asked regarding the maintenance of the vehicle. It’s the lease company’s responsibility on workable hours on the machine?

Mr. Cole said yes, on the hours. Maintenance will be minimal.

Ms. McInnis asked if a lease RFP is done.

Mr. Cole said this is a contractor you don't have to go out to bid with. They are a State contractor, and it is subject to annual appropriation.

MOTION: On motion by Councilor Ciolino, seconded by Councilor Curcuru, the Budget and Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to approve the leasing of a Volvo L70F Wheel Loader for a period of five (5) years with the option to purchase at the end of the lease agreement at a cost of \$132,800.00 with an annual lease payment of \$29,683.60. The lease payment will be divided between the Water Enterprise, Sewer Enterprise and General Fund over the next five (5) years. For the rest of the Fiscal Year 2010, the funding will be between the Water and Sewer Fund only.

6. Memo from DPW Operations Manager re: Requesting to Pay an Invoice for Services Without a Purchase Order

Mr. Cole said that they got quotes on this work to repair the chimney at the Veterans Office. Mr. Foote was the lowest quote. He has never dealt with this before. The first thing he got from the insurance company was not a performance bond. He was told to go back to his insurance company and get it. He was concerned the weather would not allow him to complete the work and now he can't be paid because he can't get a performance bond after the fact. This was put into the budget and the money is there.

MOTION: On motion by Councilor Ciolino, seconded by Councilor Curcuru, the Budget and Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council the payment of Footie's Chimney Sweep service for the repair the chimney at the Veteran's Office for \$4,400.00 from Public Properties Contract Services Account #101000.10.470.52000.0000.00.000.00.052.

7. Report from the City Auditor, Marcia McInnis re: Accounts having expenditures which exceed Their appropriations

Ms. McInnis said most of the items have been taken care of. The Veterans item is still outstanding and looks as though that's going to be a difficult piece in our budget.

Councilor Curcuru said for the medical and veteran's access, it's reimbursed?

Ms. McInnis said we do but it takes a year. And so we're overdrawn by \$5,800.

Councilor Ciolino said the library is still there.

Ms. McInnis said that is taken care of. This was a November 17th list. She touched upon the issue of the expenses for veterans to be \$200,000 for the City. When they reach the appropriate load for the City's population, they have no budget in that vicinity for that amount of money. This is a soft budget. They budget what we have in the past. If you go up to this amount we will match you. This year it looks like they're processing a lot of veteran's information. This is going to be a budget we're going to have to deal with. It's controversial within the State because these people are very needy, and the State reimburses us on the cherry sheet. There is some discussion that any veteran who comes in must receive the services whether there is an appropriation to fund the service or not. Some of the increases cities our size are seeing in deficits some communities are seeing are over \$100,000. These costs for services are really climbing. There is a lot of discussion of is there a way to cap this. We're not there yet, but we could be there next year.

Mr. Duggan said the interviews for a Veteran's Affairs Officer are progressing well. Interviews were completed. They were submitted and the Mayor interviewed the two finalists. The Mayor is bringing in the Search Committee Chairman, Art McCann. It is expected that there will be a general consensus and to hire someone very soon.

8. Other Business

None.

It was moved, seconded, and voted UNANIMOUSLY to adjourn the meeting at 8:15 p.m.

Respectfully submitted,

Dana C. Jorgenson

Clerk of the Committees