

**Budget & Finance Committee**  
Thursday, April 18, 2013 – 5:30 p.m.  
1<sup>st</sup> Fl. Council Committee Rm. – City Hall  
**-Minutes-**

**Present:** Chair, Councilor McGeary; Vice Chair, Councilor Joseph Ciolino; Councilor Melissa Cox

**Absent:** None.

**Also Present:** Linda T. Lowe; Jim Duggan; Kenny Costa; Jeff Towne; Police Officer Shawn Bouchie; Dr. Richard Safier

**The meeting was called to order at 5:32 p.m. Agenda items were taken out of order.**

**Councilor Cox** left the meeting at 6:04 p.m. and returned to the meeting at 6:50 p.m.

The Committee recessed at 6:37 and reconvened at 6:50 p.m.

**1. Memorandum from City Auditor re: City's FY2012 Basic Financial Statements - discussion with Chris Rogers, Sullivan, Rogers & Co., LLC**

**Kenny Costa**, City Auditor, said this is the fourth consecutive year Sullivan, Rogers & Co. has done undertaken the City audit. By way of comparison he said that in FY09 for the first audit done by Sullivan, Rogers, to where the City is in 2012, he noted Page 18 in the Basic Financial Statements for the Fiscal Year ending June 30, 2012, talks about fund balances, the total fund balance of the General Fund is \$10.5 million at the close of June 30, 2012. That number includes reserves for encumbrances as well as commitments at the end of the fiscal year being paid now in FY13 that departments have been rolling over. He said that is a really good amount. The unassigned funds amount to \$8.4 million which he said is also very good. In 2009 when Sullivan, Rogers did their first audit of the City there was an unassigned fund balance of -\$616,000 which is now \$8.4 million which is an increase of \$9 million in four years. He noted the total fund balance in 2009 was \$1.2 million and in 2012 it was \$10.5 million. That, he said, is a huge increase and gave his kudos to the City.

**Mr. Costa** also pointed out the deficits on Page 38. This year's fund deficit as of June 30th was \$126,482. \$90,773 is due to the state's lateness in paying the E 911 Support and Incentive Grant and the Secure our Schools Grant of \$35,709, which resulted in a total charge against free cash of \$126,482 on Free Cash. He pointed out in 2009 there was a much larger deficit of \$816,000 including a School Food Services deficit of \$190,000, but there is no deficit in that account now. **Chris Rogers**, Partner, Sullivan, Rogers & Co., LLC commented that E911 grant is a temporary deficit. It is grant money owed to the City. That has to do with the timing of cash flows and in this case it is the City's free cash.

**Mr. Rogers** said this firm's opinion for the City's financial statements is unqualified, which is the best opinion that is available. Included in the City's financial statements, he noted, is the Gloucester Lyceum of the Sawyer Free Library, which is audited by another auditor as this is a non-profit charitable trust. Sullivan & Rogers are placing their reliance on that auditor's report. The full accrual financial statement (government wide) includes the long-term debt, fixed assets, fully accrued receivables, net OPEB (Other Post-Employment Benefits) obligation which he said was very similar to a private business' financial statement; it is what the City is worth. Net OPEB obligations totals are \$32.5 million at year end. Net assets total is a little over \$33 million. Net assets have three components: investing in capital assets; net of debt which is about \$42.2 million; another \$14.5 million is restricted by third parties (grants and revolving funds restricted to a specific use) which leaves the City with a deficit of about \$23.4 million. That deficit, **Mr. Rogers** said is a direct result of recording the net OPEB obligation. He noted the city is not yet required to fund the OPEB obligation yet, but that such a requirement is undoubtedly coming.

Mr. Rogers presented three documents which were referred to in his testimony (on file):

- **“Independent Auditor's Report on Basic Financial Statements and Required Supplementary Information” (Hereafter called “Basics”)**
- **“Reports on Internal Control over Financial Reporting, Compliance and Federal Award Programs” (Hereafter referred to as “Controls.”)**
- **“City of Gloucester Management Letter” (“Management.”)**

**Governmental Funds Balance Sheet, page 18 of Basics:** **Mr. Rogers** said that, when looking at the General Fund, the total fund balance was \$10.6 million which is broken into four components:

- A restricted amount of \$20,000 for OPEB;

- \$762,000 which was aside to fund the FY13 budget;
- The amount set aside for ambulance stabilization
- Capital improvement and maintenance stabilization.

The other two components are

- “Assigned” which represents the City’s encumbrances of about 1.4 million.
- “Unassigned” in the amount of of \$8.4 million (that includes the general stabilization fund of \$2.8 million).

When the auditors look at the City’s total unassigned fund balance and compare it to the City’s total revenues and other financing sources for the General Fund only, it comes to 8.7 percent compared to 6.8 percent last year and that number has been going up steadily over the last four years which is a good thing. He suggested an appropriate goal for unassigned fund balance, including stabilization funds, would be 10 percent.

**Mr. Rogers** said the Sewer Betterment Fund had \$1.1 million and Community Preservation Act Fund had \$2.7 million at the end of the year. **Mr. Towne** commented that the City is completing the process of identifying the city’s total obligations for sewer betterments. He noted that betterments are many and complex and that it has been tedious to tease out exactly what has been paid and what is still owed on each betterment. He said he hopes to wrap that matter up soon. Doing so will free up funds, he said, including funds available from projects that were “over-borrowed” funds. The “over-borrowed” funds, once identified, could be reallocated to other uses.

**Mr. Costa** pointed out that the \$2.7 million in CPA funds are committed funds. It is for two projects that haven’t been expended yet, Briernock Crossing and the borrowing for the City Hall Restoration Project.

**Proprietary funds (page 22 of Basic):** **Mr. Rogers** said net assets for the Sewer Department were approximately \$92 million. Two components of that are the investment of capital and net of debt in the amount of about \$75.5 million. Unrestricted net assets totaled about \$19.5 million, which includes betterment. The actual free cash in that fund is about \$1.5 million and the rest is earmarked it was noted.

Water enterprise funds net assets were about \$16.5 million. Talbot Rink had \$239,000 in total assets with unrestricted funds a little under \$100,000. That is tracking well, **Mr. Towne** said. And noted the enterprise funds are in good shape and are self supporting.

**Pension Fund:** **Mr. Rogers** said net assets are \$65 million. When looking at unfunded liability, the City’s actuarial pension obligation is only 47 percent funded. To fully fund the pension obligation, he said, the City should have set aside roughly \$120 to \$130 million. Noting not everyone retires on the same day, **Mr. Rogers** said there is a funding schedule requiring the pension obligation to be fully funded in 2037. In 2015 the pension obligation has to be on the City’s books. The unfunded liability is \$74 million; 94 percent of that will go on the books then. Two years after that, OPEB obligations will be going on the books as well. It will happen across the state, but the entries are just for purposes of financial reporting. It is unclear what impact the addition of the obligations to the city’s balance sheet will have on the assessment of the city’s overall financial health, he said. For pensions, there is a funding schedule. There is no requirement to fund OPEB; except for the payment of the current annual post-employment benefit costs. **Mr. Costa** spoke briefly about pension reform that affects City new hires after April 2, 2013. **Mr. Rogers** said more will be known about the impact of those changes when an actuarial table is prepared that includes those changes, which hasn’t been done yet. A lot of communities have been looking as to how to change the plan to increase savings and lower future pension obligations.

**Councilor Ciolino** asked where Gloucester stands in Pension Liability in comparison to the rest the Commonwealth. **Mr. Costa** said the City was the sixth lowest. **Councilor Cox** asked where Essex Regional was by comparison. **Mr. Costa** would get that information for the Councilor.

**OPEB (pages 55 to 57 of Basic):** **Mr. Rogers** said this is the fourth year of the accrual. The total unfunded liability is a little over \$200 million. If the City was funding the actuarial annually over a thirty-year period, the City should be setting aside a little over \$14 million a year. Another \$9.3 million over what is currently set aside is needed to maintain the 30-year funding schedule, he said. The City is setting aside 34 percent of what it should be funding on an annual basis out of 100 percent with the \$14 million. The City is only funding 4.7 million. That 34 percent, **Mr. Rogers** said, is better than many other communities.

**Councilor McGeary** observed that the City can’t afford to put \$14.2 million in annually. If the total obligation were to fall on the city’s balance sheet, he asked, what would happen to its bond rating? **Mr. Rogers** said everyone is asking the same question and no one understands what the impact will be with bonds. **Mr. Costa** said this is not just a Massachusetts problem but a nationwide problem. **Mr. Rogers** said the 10 percent number is a good one. The City enterprise funds are critical to maintain their self-supporting nature. Subsidies from the General Fund count against a municipality. Everyone has known about it but it depends on how much pressure is brought to bear from the outside. **Mr. Towne** said OPEB does not need to be fully funded, but pension does. Ideally, he said, he

would rather be around 70 percent funded for pension. **Mr. Costa** said a new report shows the percentage went down to 44 percent. **Mr. Towne** observed that 2037 is not all that far away.

**Councilor McGeary** observed that although the obligations will hit the books at some point no one takes it at face value because if they did all cities would be bankrupt. There will be a system to determine financial worth. **Mr. Rogers** said the City will be looked at more favorably if the reserves are sound. If the reserve situation returned to the situation of four years ago, he didn't think the City would be given money for borrowing: There will be a lot more scrutiny going forward.

**Reports on Internal Control over Financial Reporting, Compliance and Federal Award Programs:**

**Grants:** **Mr. Rogers** said there were no findings as to internal control compliance with laws and regulations. Pages 7-9 is lists the major federal award programs. The auditors have to provide an option and report on the internal control over compliance. His firm identified 12 findings. The qualified opinions were made on Community Development Block Grants (CDBG), Title I and Special Education which broke down to 5 material non-compliance, 5 material findings and 7 significant deficiencies. Material non-compliance is determined by the amount of money at issue to the actual grant program and was why Sullivan, Rogers had to qualify their opinion. The grants still did not comply with one of the federal requirements. The federal government can pull the funds he said.

**Finding 12-1 CDBG, page 12:** **Mr. Costa** said questioned costs of \$47,455 (based on entire population) on one part of that grant and another had questioned cost, "Unknown."

Page 14 Title I had questioned costs of \$76,439 based on total fringe benefits charged to the grant which Mr. Rogers said is very concerning. CDGB didn't show evidence for the charge. If the recipient doesn't provide evidence and the government could take back the money, he pointed out. **Mr. Rogers** said this is a consistent theme with the number of findings. These are all federal grants. Special Education and Title I questioned costs relates to employee benefits for health benefits. There was no explanation of how \$76,439 for Title I and \$40,000 for Special Education was derived. There is supposed to be an explanation supporting the charges. It has to be documented, **Mr. Rogers** said. Whenever a grant is charged and not documented it is questioned. **Mr. Costa** said there was a follow up meeting with the School Department. The School Department said they are looking to correct the finding this year; and that they do understand the finding and what has to be done to fix the problems. **Mr. Rogers** said those three findings caused them to qualify their opinion. They result in six different findings. He noted there are seven more findings that were compliance findings but not material to the program and seven deficiencies to internal controls.

**Councilor McGeary** asked about the grants administrator position. **Mr. Towne** said it is his number one priority for funding in the FY 2014 budget.

**Management Letter:** **Mr. Rogers** said there are 12 repeat comments and three new comments. He anticipates sewer betterments should not be in the management letter next year, based on Mr. Towne's earlier assessment. Since Sullivan, Rogers has done the external audit, there have been 80 findings of non-compliance on internal controls for grants and that his firm strongly recommends the grants administrator position be created and funded and is an absolute directive to reduce risk, **Mr. Rogers** noted. **Mr. Costa** added this position is a part of his organizational chart as approved by the City Council about a year ago.

**Shawn McGoldrick** also of Sullivan, Rogers with Mr. Rogers, pointed to the Student Activities Funds comment. The School Department still has not adopted the School Activity law of 1996. That is a big issue, Mr. McGoldrick said. Once the law is adopted there are agreed upon procedures for reporting. At the high school they said it will be several hundred thousand dollars per year being spent or on hand for student related activities. **Mr. Rogers** commented this is a huge risk for the City, and it is very real.

**Councilor McGeary** said that it seems the City is on the right track and thanked Mr. Rogers and Mr. McGoldrick for their good work. **Mr. Towne** added his thanks to Mr. McGoldrick and that he and his crew are wonderful to work with and said they have the City's best interest at heart. **Mr. Costa** agreed with Mr. Towne's assessment.

**2. Referral by the P&D Committee of the Communication from Attorney J. Michael Faherty to D.E.P. re: I4-C2 Temporary Permit re: Financial Implications of Revenue Gained from Parking Kiosk at I4-C2**

**Jim Duggan**, CAO referred to the communication from Attorney Faherty regarding a temporary parking lot permit for the City's I4-C2 property at 65 Rogers Street. In Mr. Faherty's letter there was suggestion that the 10 years was too long of a term for a temporary parking permit. He noted the City was advised by Massachusetts Department of Environmental Protection (MDEP), to be consistent with every community, to apply for the maximum term of 10 years, and then the MDEP will make their evaluation and let the City know of their decision for setting a term. Mr. Faherty, he said, brought up at P&D that once the parking payment kiosk is being used at the

site and revenue is coming in from it, he was suggesting the revenue should go to the debt to more aggressively pay back the \$700,000 used to buy the property. **Mr. Duggan** said that the Administration's position is that the CFO will take the lead, and the Administration will proceed based on his recommendation. If the CFO feels it is in the best interest of the City to pay off the debt more quickly than that is what will happen, but reiterated the City will absolutely follow the CFO's lead.

**Councilor McGeary** noted that he was one of the sponsors of the original motion to the Council on this matter for the property to be used as a parking lot and said he did some calculating and that if the temporary parking lot is used at 50 percent capacity the revenue would be enough to meet the annual loan payments on the acquisition of the property. He asked about the recommendation by Mr. Faherty to use some of the funds to undertake the Level 2 environmental study on the property. **Mr. Duggan** said that would be part of the development phase when the property is either leased or sold. **Councilor McGeary** said he felt Mr. Faherty's argument was a good one, that the environmental study should be undertaken at the City's expense and find out there are no environmental issues, then the City can ask for a higher price for the property. He noted currently that part of the lowball price, which is what the property is assessed at, and understanding there is a provision in the RFP to raise that later, is that the City doesn't know what may be found if there is testing done. Councilor McGeary said it was a cogent argument and asked if the Administration would be open to testing; if there is a permit and sufficient revenue is realized. **Mr. Duggan** said with the new Community Development Director, Tom Daniel, and the new EDIC Director, Mr. Gillett who is partnering with the City, the Administration has looked at the property and potential consultants to provide the City with development opportunities. He said there are hurdles before them - the rules and regulations of the DPA for one, is a great hurdle. The property's connection to the waterfront has an issue also. He pointed out there are other issues that need to be addressed, he said, before the Administration would commit to tackling the issue of the property's further environmental assessment, nor has the City scoped out the cost of a Level 2 environmental assessment. He also said the Administration thinks there are more immediate hurdles to address for the property first.

**Councilor McGeary** asked how the Administration would address the hurdles Mr. Duggan spoke of, observing that the property is in the DPA after all. **Mr. Duggan** said the City is working with a research institute in Maine to look at the property and provide the City with potential developers or research groups who would be interested in that kind of a property. They are looking hard at all the development options within the constraints of the DPA. **Councilor McGeary** said a price should be gotten on the environmental testing; and that by charging \$5 to \$10 per day to park in the lot, it will be a good revenue source which should be used, he said, not only to pay off the debt but also to prepare the site [for development].

**Mr. Towne** pointed out there is no pre-payment of the debt; it has been issued long term and said the City can't pay the debt down early as with a home mortgage. There is an opportunity to call the bond at 10 years, he said, but that is 10 years away. He suggested if and when the City charges for parking, there will not be the same amount of people parking at the site; those who previously parked at the site will likely park at a paved lot or at metered parking spaces. He further suggested revenue estimates be developed cautiously. **Mr. Towne** asked if Brownfield monies may be available for environmental assessment of the property; but **Mr. Duggan** said he did not believe that Brownfield funds could be used for City properties. **Councilor Cox** pointed out the example of the MassDevelopment grant funds for assessments at 91 and 110 Commercial St. **Mr. Duggan** said those funds were from a quasi-public agency. **Councilor Cox** asked that the Administration look to MassDevelopment for grant funds to test the I4-C2 site as well.

**Councilor Ciolino** noted that P&D had put forward a recommendation that a letter be sent to the MDEP endorsing a five year term followed by one-year renewals for up to ten years, which the Council voted on affirmatively. He asked could an Enterprise Fund account be set up for the revenue that would come from the temporary parking lot. He noted \$800,000 of Seaport Bond Council funds were reprogrammed originally earmarked for the use of the Waterways Board for mitigation on Solomon Jacobs Pier property. He said National Grid is ready to go on that project and now the money isn't there for the piers to be constructed. The choices are going to be to bond for that reconstruction once the mitigation project is completed or if money is in an enterprise account pass it onto the Waterways Board to get the piers rebuilt. It will not come from Seaport Bond Council. There is already a request to the Seaport Bond Council for the repair of the Stacy Boulevard seawalls. **Mr. Towne** said the City can track the funds but part of the purpose was to pay back the initial debt as well. He said they have to decide as a community will the funds be used to offset the money coming out of the General Fund to pay off the debt which is what the City said it was going to do from the beginning. He added the goal was to recoup some of that money coming out of the General Fund. **Mr. Duggan** said he has ongoing conversation with the Waterways Board Chair who has voiced the same concern on many occasions. The conversation is centered on a revenue source the Waterways Board feels comfortable to offset any expenditure the City wants to borrow for the pier reconstruction;

and that Chair understands this. It will not all be on the City, he said. There is an opportunity for the Board to contribute all if not part of the expense if the City goes to bond for the project. It will be an internal discussion, he said, between the Mayor, he and Mr. Towne. **Councilor Ciolino** said he understood there cannot be a separate enterprise account.

**Mr. Costa** said there could be something different than an enterprise account. **Mr. Costa** said for tracking purposes a parking meter receipt reserve fund account could be set up, which is how most communities handle such a situation. **Councilor Ciolino** said then that is the mechanism the Council should be looking at and asked how the money would be separated and be placed in reserve for appropriation. **Mr. Towne** said he can get reports as to how much is collected and deposited on a daily basis if need be.

**Councilor Cox** asked where the MDEP is in the process of the permit. **Mr. Duggan** said the City is waiting for the MDEP to give them notice of their decision. **Councilor McGeary** said the Council just sent a letter with additional comment after the formal comment period was over about the five year term. **Linda T. Lowe**, City Clerk said she called the individual at the MDEP who handled the hearing if the public comment period was still open, but was told it was not. However, she was told since it was the City Council he was willing to receive the letter, and it was mailed this week. **Councilor Cox** said she thought it is better to ask for the 10-year term and self-regulate in the community rather than ask for five years. She said she hoped the property was not used as a parking lot for five years but rather be developed and out of City hands in much less time than that. **Mr. Duggan** said the correspondence from the City Council will be taken under advisement by the MDEP.

**Councilor Cox** asked about the ordinances to make I4-C2 a temporary off-street parking lot. **Ms. Lowe** said it would be inappropriate to create by City ordinance a parking lot before the MDEP gave permission for the site's temporary use as a parking lot.

**Councilor Ciolino** again asked these funds be separated out from the site as a parking lot. **Mr. Duggan** said if MassDevelopment can be involved, he will ask Tom Daniel have Stephen Winslow look into funds from them for assessment. **Councilor Ciolino** said he would like to pass on to the Council a recommendation of the creation of an account for reserving the revenues received from the temporary parking lot. **Mr. Costa** explained the process involved is administrative only in creating an account for which there is not a needed approval. Then the funds can be voted to be appropriated out to whatever use is deemed appropriate by the Council.

**Councilor McGeary** said he supported tracking the parking lot revenue for appropriation. If the funds are going to reserved, he noted, the purposes should be enumerated; but the revenue can't be reserved for paying off the debt. He suggested that the debt payment be taken off the top, and any surplus could be channeled to another account. **Mr. Costa** noted rather than doing this on a weekly or monthly basis this could be done at the end of the fiscal year with a journal entry to move the funds over; and **Mr. Towne** expressed his agreement with Mr. Costa's suggestion.

**Councilor Ciolino** said he was then asking for a written action plan in the form of a memo to the Council as to how the CFO and Auditor proposes to deal with the revenue from the temporary parking lot be submitted to the Council.

**The current matter is closed by unanimous consent of the B&F Committee. The memo from the CFO and City Auditor would be presented to the Council through the Mayor's Report**

**3. *Memorandum from Administration & Supplemental Appropriation-Budgetary Request 2013-SA-122 re: Elementary Schools Assessment***

**Mr. Duggan** said concerns had been raised about having an assessment of the conditions of the four elementary schools besides West Parish (undertaken separately) to provide the information to the Council. He said Dr. Safier has been generous in his budget; and the Administration is looking to split the expenditure for the schools assessment which breaks out to \$30,000 per building. **Dr. Richard Safier**, Superintendent of Schools, said the timeline to complete the assessment once the consulting project is awarded will be about two months or late summer. The proposed study gives the School Department a great opportunity in conjunction with the West Parish project to look at the other four schools so that a plan can be presented as to what the municipal buildings require over time for updating and maintenance. He noted the RFP is imminent. **Mr. Duggan** said the evaluation will look at the health, safety, and welfare of students and staff; code compliance, handicapped accessibility; energy efficiency; hazardous materials if any; maintenance lifecycle costs of operation; functionality of the building; and to meet educational program needs. He said that the same analysis will be done on the Fuller School which is being done separately through the feasibility study which involves the assessment of West Parish. He said it doesn't make

sense to include the Fuller School in this assessment study if it is already being done for the feasibility study as part of the West Parish project.

**Councilor Ciolino** noted funding for the four school assessment study is being split half between the City and the School Department at \$60,000 each which **Dr. Safier** confirmed.

**Councilor Cox** said part of the West Parish feasibility study the Council approved a while ago will also assess the Fuller School site's ability to hold West Parish students and staff if classes can't be conducted during restoration of West Parish or a new school at that site is being built. **Dr. Safier** said the feasibility study of Fuller site is written into the RFP which is to assess the Fuller site to see if that would be the optimal location for a West Parish School on a permanent basis; that possibility exists. The engineers have about completed the work but have not provided their information to the School Building Committee yet, he said. The consultants will be visiting with the School Committee on May 7<sup>th</sup>; and then on May 14<sup>th</sup> the consultants will report to the West Parish community at the school; and on May 21<sup>st</sup> the designer and the owner's project manager to report to the City Council to outline their findings. **Mr. Duggan** pointed out that the Fuller School site is 170,000 square feet; West Parish site is approximately 60,000 square feet. That 60,000 square foot assessment will be applied to a 60,000 square foot portion of the Fuller site, which **Councilor McGeary** said he presumed it would be for the optimal 60,000 square foot portion of that site. **Dr. Safier** added the consultants also do an analysis of educational space meaning the areas that would most effectively house an elementary school for approximately 355-380 students, and then the answer is yes.

**Councilor McGeary** said the analysis of the Fuller school even though it would only be used as temporary housing for West Parish, the Fuller site still has to go through the same six-item checklist as an educational institution as with the other four elementary schools; to be evaluated on all those grounds even though it is only to be possibly be used temporary. **Dr. Safier** confirmed it meant temporary, permanent or otherwise. He also confirmed the RFP calls for an overall complete assessment of the Fuller and West Parish sites.

**Councilor Cox** said she was surprised this information hadn't been transmitted to the Council sooner; that it hadn't been talked about in any other discussions on the subject. **Dr. Safier** said it depends on who is controlling the discussion.

**Councilor McGeary** asked about the funding source of the \$60,000, which **Mr. Towne** confirmed was from the City's certified free cash. **Councilor McGeary** also inquired where the City stood on the Snow and Ice account deficit; in light of possibly funding that debt with free cash as well. **Mr. Towne** said that the Snow and Ice account debt is just under \$600,000 over budget. **Councilor McGeary** suggested Snow and Ice would take a large piece of free cash he presumed unless there was found money from another City source. He asked if the Administration was comfortable that the City won't have to take a hit on the tax rate recap for Snow and Ice. **Mr. Duggan** said the City was.

**Councilor Ciolino** suggested that the School Department and Administration get the word out about the Fuller School assessment, calling it the best kept secret in the City. **Councilor Cox** said she would be pleased to defend the School Committee's actions but needs the information to do so. She said this was the first time she had heard about the Fuller site assessment. **Mr. Duggan** confirmed the Administration would make a concerted effort to have individual conversations with Councilors with appropriate consultants.

**Councilor McGeary** asked whether it was conceivable that the study could result in a recommendation for fewer neighborhood schools. The designer will present facts not draw conclusions, **Dr. Safier** said. As noted previously, the consultants are looking at various aspects and with respect to the salient facts and address those facts only, he added and from those facts the School Department would make its recommendations to the School Committee who would make their recommendations to the City Council. **Mr. Duggan** added the architect will go forward based on the Statement of Interest presented to the Massachusetts School Building Authority (MSBA) in 2009 which was centered around the challenges faced with West Parish, and had nothing to do with reduction of neighborhood schools under one roof or anything of that nature.

**Councilor McGeary** said he was referring to the four remaining elementary schools and that it appeared to be fact finding to evaluate the remaining elementary schools and what the result of that study would be; and that it sounded like, he said, that it is a fact-finding mission from which policies and recommendations will be derived and referred to this funding of a new study on elementary schools as necessary fallout from the West Parish project. **Dr. Safier** said it is part of the development of a comprehensive plan; the West Parish project, which he noted was begun by the City Council in 2009, is the first step. With the constraints of what the City can do over time, he said it is hoped a plan will be put forward, as put forward for the Police and Fire Departments or any other municipal building in the City, so that both the City and the School Department can see what is what needs to be done to maintain keep the buildings at best capacity for the 21st century and then decisions will need to be made going forward. He added there needs to be vision; facts and a plan developed and that is the intent of requesting the study. **Dr. Safier** said the School Department is engaged in a City-approved feasibility study for West Parish.

**Councilor Cox** asked about why it was much more expensive to do the feasibility study for West Parish. **Dr. Safier** said the West Parish feasibility study would lead to a design phase. Once approved by the MSBA and the City Council the project will be ready to go into a complete design phase, including schematics and construction. The West Parish study brings the project much closer to construction than an analysis. **Mr. Towne** said the study of the elementary schools will cost \$120,000 in total. **Councilor Cox** reminded Mr. Towne that the City paid for half of the West Parish feasibility study also. **Mr. Towne** added that the West Parish feasibility study was \$500,000. **Councilor McGeary** pointed out that is driven by the actual cost of the school and is a percentage of the final cost. **Councilor Ciolino** also pointed out the City is reimbursed by the MSBA for a portion of that funding. **Councilor McGeary** clarified there is some risk in that the reimbursement only happens if the City moves forward with plans for the school. **Dr. Safier** said there is a reimbursement rate of 48.27 percent from the MSBA if they move forward and possibly more if there are certain environmental elements incorporated into the school design plan for energy efficiency.

**MOTION: On motion by Councilor Ciolino, seconded by Councilor Cox, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council that \$60,000 (Sixty Thousand Dollars) be appropriated (2013-SA-122) from the General Fund-Undesignated Fund Balance (Free Cash), Account #101000.10.000.35900.0000.00.000.00.000 to Public Property Maintenance-Contractual Services, Account #101000.10.470.52000.0000.00.000.00.052 for the purpose of providing half of the funding necessary for a capital evaluation and educational program needs assessment plan for Veterans Memorial, East Gloucester, Plum Cove and Beeman Elementary Schools.**

**4. Memorandum from CFO re: Loan Order-Transfer of Unexpended Proceeds from betterment projects to Good Harbor Footbridge Repair Project & Three Supplemental Appropriation Budgetary Requests**

**MOTION: On motion by Councilor Cox, seconded by Councilor Ciolino, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council that in accordance with Chapter 44, Section 20 of the General Laws, the unexpended balances of funds borrowed to pay costs of the projects set forth below, which amounts are no longer needed to complete the projects for which they were initially borrowed, are hereby appropriated by the Gloucester City Council to pay costs associated with the Good Harbor Footbridge Repair Project, Fund #300086, including the payment of any and all costs incidental and related thereto:**

<u>Project Description</u>	<u>Unexpended Balances</u>
West Gloucester/Little River Sewer Design	\$10,506.05
Barker/Gurden Sewer	\$25,914.31
Adams Sewer	\$36,214.58

**MOTION: On motion by Councilor Cox, seconded by Councilor Ciolino, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council that \$10,506.05 (Ten Thousand Five Hundred Six Dollars and Five Cents) be appropriated (2013-SA-119) from the West Gloucester Betterment-Undesignated Fund Balance, Account #330002.10.000.35900.0000.00.000.00.000 to Good Harbor Footbridge Repair Project-Transfers In-From Special Assessment Funds, Account #300086.10.994.49700.0000.00.000.00.040 for the purpose of funding a portion of the repair costs of the Good Harbor Footbridge Project.**

**MOTION: On motion by Councilor Cox, seconded by Councilor Ciolino, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council that \$25,914.31 (Twenty-Five Thousand Nine Hundred Fourteen Dollars and Thirty One Cents) be appropriated (2013-SA-120) from the Barker/Burden Betterment-Undesignated Fund Balance, Account #30003.10.000.35900.0000.00.000.00.000 to Good Harbor Footbridge Repair Project-Transfers In-From Special Assessment Funds, Account #300086.10.994.49700.0000.00.000.00.040 for the purpose of funding a portion of the repair costs of the Good Harbor Footbridge Project.**

**MOTION: On motion by Councilor Cox, seconded by Councilor Ciolino, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council that \$36,214.58 (Thirty-Six Thousand Two Hundred Fourteen Dollars and Fifty-Eight Cents) be appropriated (2013-SA-121) from the Adams Sewer-**

**Undesignated Fund Balance, Account #330004.10.000.35900.0000.00.000.00.000 to Good Harbor Footbridge Repair Project-Transfers In-From Special Assessment Funds, Account #300086.10.994.49700.0000.00.000.00.040 for the purpose of funding a portion of the repair costs of the Good Harbor Footbridge Project.**

5. *Special Budgetary Transfer Request 2013-SBT-21 from Registration Department*
6. *Special Budgetary Transfer Request 2013-SBT-22 from Registration Department*
7. *Special Budgetary Transfer Request 2013-SBT-23 from Registration Department*
8. *Special Budgetary Transfer Request 2013-SBT-24 from Registration Department*
9. *Special Budgetary Transfer Request 2013-SBT-25 from Registration Department*

**Linda T. Lowe**, City Clerk explained to the Committee that the five transfers before them are to fund supplies, personnel, custodians, poll workers, vendor costs for programming election software and programming Accu-vote machines, and the rental costs for polling places for the two special elections upcoming on April 30 and June 25, 2013. The funds aren't budgeted for this special election. The total of all the motions is \$24,033. **Ms. Lowe** confirmed it costs about \$13,000 to run an election. The transfer 2013-SBT-24 shows the poll workers cost and is the largest cost. This cost of this special Senatorial election is an unfunded State mandate. While the State legislature helped towns out and saved 50 percent of the cost for them, it did nothing for cities. She contacted Sen. Tarr's office, and through his aide she was assured some steps are being taken to help cities. So these transfers are necessary, she said, commenting that cities shouldn't have to pay \$23,000 or so for a State special election. **Ms. Lowe** said she would keep in contact with the legislators on the reimbursement issue with the State.

**MOTION: On motion by Councilor Ciolino, seconded by Councilor McGeary, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Cox) absent to recommend to the City Council the appropriation 2013-SBT-21 in the amount of \$125.00 (One Hundred Twenty-Five Dollars) from Treasurer/Collector, Debt Service, Principal/Debt, Account #101000.10.145.59100.0000.00.000.00.059 to Registration Supplies, Account #101000.10.163.54000.0000.00.000.00.054 for funds for supplies needed for two upcoming special State Elections on April 30 and June 25, 2013.**

**MOTION: On motion by Councilor Ciolino, seconded by Councilor McGeary, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Cox) absent to recommend to the City Council the appropriation 2013-SBT-22 in the amount of \$850.00 (Eight Hundred and Fifty Dollars) from Treasurer/Collector, Debt Service, Principal/Debt, Account #101000.10.145.59100.0000.00.000.00.059 to Registration, Salary/Wage-Overtime, Account #101000.10.163.51300.0000.00.000.00.051 for funds needed for anticipated overtime for City Clerk staff, including Assistant Registrar to perform election duties for two upcoming special State Elections on April 30th and June 25, 2013.**

**MOTION: On motion by Councilor Ciolino, seconded by Councilor McGeary, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Cox) absent to recommend to the City Council the appropriation 2013-SBT-23 in the amount of \$858.00 (Eight Hundred and Fifty-Eight Dollars) from Treasurer/Collector, Debt Service, Principal/Debt, Account #101000.10.145.59100.0000.00.000.00.059 to Registration, Salary/Wage-Temporary Positions, Account #101000.10.163.51200.0000.00.000.00.051 for funds needed for estimated overtime costs for custodians at schools which serve as polling places for two upcoming special State Elections on April 30 and June 25, 2013.**

**MOTION: On motion by Councilor Ciolino, seconded by Councilor McGeary, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Cox) absent to recommend to the City Council the appropriation 2013-SBT-24 in the amount of \$21,800.00 (Twenty-One Thousand Eight Hundred Dollars) from Treasurer/Collector, Debt Service, Principal/Debt, Account #101000.10.145.59100.0000.00.000.00.059 to Registration Contractual Services, Account #101000.10.163.52000.0000.00.000.00.052 for costs needed for two upcoming special State Elections on April 30<sup>th</sup> and June 25, 2013 including poll workers and vendor costs related to election machines programming.**

**MOTION: On motion by Councilor Ciolino, seconded by Councilor McGeary, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Cox) absent to recommend to the City Council the appropriation 2013-SBT-25 in the amount of \$400 (Four Hundred Dollars) from Treasurer/Collector, Debt Service,**



**Principal/Debt, Account #101000.10.145.59100.0000.00.000.00.059 to Registration, Rental of Facilities, Account #101000.10.163.52700.0000.00.000.00.052 for funds for rental costs for polling places for two upcoming special State Elections on April 30th and June 25, 2013.**

**10. *Special Budgetary Transfer Request 2013-SBT-26 from Treasurer***

**Mr. Towne** explained that there are the two older Fire Department vehicles that need constant repairs, and one currently has engine issues. The Fire Chief is not scheduling this vehicle to be replaced until next year and didn't wish to be down one engine. The money requested will be used to keep this vehicle running until it can be replaced next year. This vehicle and one other are used as second-line vehicles. He said the two vehicles are providing a service and go out on runs. The majority of the work to be done consists of engine repairs. The goal is to get this engine up in time for the summer season as it is the department's the busiest time.

**MOTION: On motion by Councilor Ciolino, seconded by Councilor McGeary, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Cox) absent to recommend to the City Council the appropriation 2013-SBT-26 in the amount of \$25,000.00 (Twenty-Five Thousand Dollars) from Treasurer/Collector-Debt Service-Interest Long Term Debt, Account #101000.10.145.59150.0000.00.000.00.059 to Fire Department-Vehicle Maintenance, Account #101000.10.220.52470.0000.00.000.00.052 to fund the repairs of Fire Department equipment.**

**11. *Special Budgetary Transfer Request 2013-SBT-27 from the Chief Financial Officer***

**Mr. Towne** said that this transfer is to free up funds for the Purchasing Department to fund a large amount of public notices and other advertisements in local papers in FY13 that were not expected. The City has spent a great deal of money on advertisements for public hearings this fiscal year; it was almost double from last year, he said. For all the debt issuance public hearings, for instance, the legal ads are placed in The Beacon but the Council President had wanted more advertisements to be placed in the Gloucester Daily Times which is more expensive. This transfer is anticipated to get the City through the end of the fiscal year. That budget cannot afford to be doubled he noted; this cost will need to be kept down. These levels, he said, haven't been reached in the five years he has held his position. He understood some do have to go to the Gloucester Daily Times to maximize it being read by the most City residents, but it is at a much higher expense.

**MOTION: On motion by Councilor Ciolino, seconded by Councilor McGeary, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Cox) absent to recommend to the City Council the appropriation 2013-SBT-27 in the amount of \$6,000.00 (Six Thousand Dollars) from Treasurer/Collector-Self-Insurance Auto, Account #101000.10.145.57460.0000.00.000.00.057 to Purchasing, Advertising, Account #101000.10.138.53480.0000.00.000.00.052 to fund City public notices and other advertisements in local newspapers.**

**12. *Supplemental Appropriation-Budgetary Transfer Request 2013-SA-123 from Mayor***

**Mr. Towne** said that this request for a supplemental appropriation transferring funds from the Capital Projects Stabilization Fund is for \$250,000 to the newly created Records Management System Capital Project Fund to purchase and install new software and equipment for the Police and Fire Departments from Free Cash. The purchase is part of the MUNIS project to replace the city's accounting system that he and the City Auditor have been working on. The transfer moves money to a dedicated fund so the two chiefs can access the funds to buy the software, set up contracts with vendors to do the conversion and buy any needed equipment. This is the mechanism to allow that to take place, he said, because the funds cannot be spent directly out of a Stabilization Fund. **Mr. Towne** noted the Municipal Resources Study talked extensively about records management systems for both of the emergency services departments. The money requested will cover the entire cost, he said. The current Unifund system in place is stable and will remain in place until the MUNIS conversion, he added. **Mr. Towne** said the Emergency Services record systems are in desperate need of replacement. This system will also enhance the safety of the officers and the firefighters to know, for example, if there is a weapon on the property that they are being called to for an incident, and if there previous calls to that particular location as another example.

**Councilor McGeary** said he knew from speaking with the Chiefs they are both very much in favor of this new system. **Mr. Towne** said the statistical data that will come from the software will be able to be utilized and make a

great difference for both agencies. The new records management system has attendance, leave time and payroll incorporated into the software package. **Officer Shawn Bouchie**, the Police Department's IT liaison added that the software package will also have officer profiles which will tell the department when certifications are coming up for renewal, etc. This would all fall under payroll. On inquiry by **Mr. Costa**, **Officer Bouchie** and **Mr. Towne** didn't believe the system would be able to calculate Quinn Bill payments.

**Mr. Costa** reconfirmed the Police and Fire Department can spend directly out of this account.

**MOTION: On motion by Councilor Ciolino, seconded by Councilor McGeary, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Cox) absent to recommend to the City Council that \$250,000 (Two Hundred Fifty Thousand Dollars) be appropriated (2013-SA-123) from the Capital Project Stabilization Fund-Transfer to Trust & Agency Fund, Account #850000.10.995.59600.0000.00.000.00.059 to Record Management System Capital Project Stabilization Fund-Transfer from Trust Fund, Account #850003.10.995.49700.0000.00.000.00.040 to fund a newly created Record Management System Capital Project Stabilization Fund for the purchase and installation of a new Public Safety Records Management System.**

**13. Referral by P&D Committee re: Review of Financial Implications of CC2013-017 (Verga) Amend GCO Chapter 21, Article IV (Repair of Private Ways) Sections 21-81 through 21-85 To add specific standards on what the City should require for the level of design, amount of work, and allocation of funds for permanent repairs to private ways**

**Councilor McGeary** said O&A is waiting for specific recommendations from the DPW Director, and there is a sticking point of what constitutes engineering plans and their cost and needs to be fleshed out. He offered the Committee should continue this matter for another month to discuss the financial implications. **Mr. Towne** agreed that the discussion would need to be undertaken to decide where the funding would come from to undertake these paving projects.

**This matter is continued to June 6, 2013.**

**14. Memo from City Auditor regarding accounts having expenditures which exceed their authorization And Auditor's Report**

**Mr. Costa** briefly reviewed with the Committee his submitted reports. The Snow and Ice deficit was also briefly touched upon.

**A motion was made, seconded and voted unanimously to adjourn the meeting at 8:31 p.m.**

**Respectfully submitted,  
Dana C. Jorgensson  
Clerk of Committees**

**DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.**