

CITY COUNCIL
AND
CITY COUNCIL STANDING COMMITTEE

Budget and Finance

Thursday, May 14, 2009 – 7:00 p.m.

Council Conference Room – City Hall

Attendance: Councilor Jason Grow, Chair, Councilor Joe Ciolino, Vice Chair, Councilor Steve Curcuru

Also: Jim Duggan, Marcia McInnis, Jeffrey Towne, Sander Schultz, Jim Caulkett, Phil Terpos, Jack Vondras, Joanne Senos, Phil Dench, Lt. Joe Aiello

Absent:

The meeting is called to order at 7:00 p.m. Some items were taken out of order

1. Memo from Harbormaster re: acceptance of grant.

MOTION: On motion of Councilor Grow, seconded by Councilor Ciolino the Budget and Finance Committee voted 3 in favor, 0 opposed to recommend to the full City Council acceptance of a grant from the Commonwealth of Massachusetts, Executive Office of Energy and Environmental Affairs in the amount of \$5,000 for the disposal of derelict vessel “Ryan J”

2. Police detail report. Phil Terpos and Lt. Joe Aiello gave an update on the state of police detail collections and past due amounts. That they had been more aggressive in collections and holding back on allowing details for companies with outstanding balances or demanding payment in advance. Submitted a summary report on current aging summary. There are a couple of long-outstanding accounts that are uncollectable, but their collection has been strong. City must pay officers within 30 days, but sometimes collections back to the city can take longer. Currently \$156,737 outstanding with vendors, with the majority \$115k current or under 30 days). \$24,600 is over 90 days with about \$7-8k deemed uncollectable.
3. Fee Compendium.

Jack Vondras spoke to the increases in the fee compendium for health inspections and requested that the proposed fee for ‘Food Service Grocery Stores: New’ be eliminated as

it was duplicative with other permits that were required. The pending increases were not factored into the fy10 budget projections for revenue, but are expected to increase that number by \$13,610.

MOTION: On motion of Councilor Grow, seconded by Councilor Ciolino the Budget and Finance Committee voted 3 in favor, 0 opposed to recommend to the full City Council the proposed fee compendium as submitted with the elimination of the category “Food Service Grocery Stores:New”.

Joanne Senos updated the committee on the changes proposed under the fee compendium for the Clerks office with the recommendation that the fee for Commercial Clamming over 70 be eliminated from its proposed rate of \$200 and the addition of a \$25 Transient Vendor Fee that would apply to vendors at various events that are held in the city such as the Waterfront Festival and the Pirate’s Fair etc. Discussion on the fee for Underground Storage Tanks, currently at \$100/tank regardless of size. Question as to whether there was justification for a sliding scale based on tank size. Fire Chief Dench indicated that most of these tanks were under 2000 gallons and that there probably wasn’t that much variation among them. Question about the Fiesta and why it isn’t charged a Carnival fee for their amusement area. Senos said that they are charged an event fee and that each attraction is charged a fee and that last year it totaled more than \$2000.

MOTION: On motion of Councilor Grow, seconded by Councilor Ciolino the Budget and Finance Committee voted 3 in favor, 0 opposed to recommend to the full City Council the proposed fee compendium as submitted with the elimination of the Commercial Clam over 70 and the implementation of a Transient Vendor Fee in the amount of \$25 per vendor per event.

DPW compendium had been reviewed at a previous BF however a motion to recommend the increases hadn’t been made. Discussion on whether to amend the fee for water meter inspections from \$100/inspection to \$25 for the first and \$100 thereafter. Jim Duggan indicated that if the meter is found defective it would be repaired and the resident not charged for the inspection, but that a number of residents regularly call after receiving their water bill and there is nothing wrong with the meter.

MOTION: On motion of Councilor Grow, seconded by Councilor Ciolino the Budget and Finance Committee voted 3 in favor, 0 opposed to recommend to the full City Council the proposed fee compendium as submitted.

1. Comm. from Sander Schultz, EMS Coordinator Fire Dept. re: Ambulance Policies.

Sander Schultz reviewed the billing policies and recommended that the city adopt a billing structure of Medicare +80% and that based on applying that for comparison sake to current billings for the calendar year would result in a \$174k increase in billings. Discussion on the downsides of increasing rates and whether that would provoke greater defaults or resistance from insurance companies. Medicare only pays what Medicare pays. The billing company Comstar is responsible for all billing and collecting. Though it is on the policy, there has not been a concerted effort to submit uncollected billing to a collections agency. Currently there is about \$150k in billings over 180 days old that are determined to “uncollectable” either because of indigence, incorrect contact information, death or non-response to collection attempts.

While the council is being asked to “write off” some uncollected billings for accounting purposes, there is nothing stopping the administration from pursuing collections. Schultz doesn’t think that efforts will likely yield much in collections on these particular bills. Also will be pursuing reimbursement where applicable from the “free care pool” that covers un or underinsured. Discussion that should the billing rates be increased, attention should be paid to whether there is an increase in uncollected bills.

MOTION: On motion of Councilor Grow, seconded by Councilor Ciolino the Budget and Finance Committee voted 3 in favor, 0 opposed to recommend to the full City Council that the Council authorize the write-off of \$150,619.15 in uncollectable, outstanding ambulance billing.

MOTION: On motion of Councilor Grow, seconded by Councilor Ciolino the Budget and Finance Committee voted 3 in favor, 0 opposed to recommend to the full City Council acceptance of the ambulance billing policy as presented increasing the billing rates from Medicare +50% to Medicare +80%.

2. Acceptance of and Supplemental appropriations for the \$250,000 donation from National Grid.

Discussion on the procedure of accepting the funds and whether there were stipulations on how the money could be spent. Marcia McInnis determined that it would be recorded as miscellaneous revenue and would need to be appropriated via supplemental appropriations before being spent in another fund, but that there were no statutory restrictions on how the money could be spent. Discussion that there were five intended targets for the funds outlined by the Mayor:

Reimbursement for GPD OT for emergency response: 8,907.22

Reimbursement for GFD OT for emergency response: 10,088.21

GFD – Replacement/Purchase of equipment: \$18,000

Mayor’s Contingency: \$25,000

DPW Capital Outlay: \$188,004.57

Point was made that the reimbursement for OT was not for subsequent police details that would be billed directly to National Grid, but only for emergency and follow-up response overtime. Agreement on the appropriation to the overtime accounts. Discussion on the status of the balance of \$231,004.57. Grow asserted position that it should be deposited in the stabilization account for the time being because the close of the fiscal year was upon us and there were no formal spending proposals in front of us, concern was that it might not be spent by the end of the fiscal year and would fall to free cash and used to fill snow/ice or other deficit accounts. Expressed concern about allocating \$25,000 to Mayor’s contingency fund without any spending plan in place and there were more pressing issues that needed attention. Ciolino argued that National Grid gave the money with certain expectations and that the Mayor should be allowed to utilize the \$25,000 as she saw fit and the Council should appropriate the money accordingly. Marcia McInnis reiterated her concerns that there were accounts with deficit balances that needed to be filled before the end of the year and that some of this funding should be used to that end. Jim Duggan said that the Mayor would solicit input on how to use the \$25,000. Curcuru concurred with Ciolino and indicated that he was going to trust that the Mayor would spend the money wisely.

MOTION: On motion of Councilor Grow, seconded by Councilor Curcuru the Budget and Finance Committee voted 3 in favor, 0 opposed to recommend to the full City Council acceptance of a donation in the amount of \$250,000 from National Grid and to apply it to Miscellaneous Receipts account 48920 (Full account # to come).

MOTION: On motion of Councilor Grow, seconded by Councilor Ciolino the Budget and Finance Committee voted 3 in favor, 0 opposed to recommend to the full City Council approval of the supplemental appropriation from Miscellaneous Revenues (48920) in the amount of \$8,907.22 to the Police Officer Sal/Wage OT account (51300).

MOTION: On motion of Councilor Grow, seconded by Councilor Ciolino the Budget and Finance Committee voted 3 in favor, 0 opposed to recommend to the full City Council approval of the supplemental appropriation from Miscellaneous Revenues (48920) in the amount of \$10,088.21 to the Fire Department Sal/Wage OT account (51300).

Grow made a motion, seconded by Curcuru, to make a supplemental appropriation in the amount of \$231,004.57 to the stabilization account. Councilor Ciolino moved to amend the motion (seconded by Curcuru) to reduce the amount by \$25,000 to \$206,004.57. Amendment passed 2 in favor, 1 opposed (Grow).

MOTION: On the amended motion of Councilor Grow, seconded by Councilor Curcuru the Budget and Finance Committee voted 2 in favor, 1 opposed (Grow) to recommend to the full City Council approval of the supplemental appropriation from Miscellaneous Revenues (48920) in the amount of \$206,004.57 to the Stabilization Account (294004).

MOTION: On motion of Councilor Ciolino, seconded by Councilor Curcuru the Budget and Finance Committee voted 2 in favor, 1 opposed (Grow) to recommend to the full City Council approval of the supplemental appropriation from Miscellaneous Revenues (48920) in the amount of \$25,000 to the Mayor's Contingency account (57800).

***These Supplemental Appropriations all need properly executed, signed requests complete with full account numbers by Tuesday evening.

3. Correspondence from Gerry Perry, Director of Accounts, DOR.

Review of the position of DOR that the city need submitted outside auditor statements prior to the end of the calendar year before DOR will certify the tax rate.

4. Update on Snow and Ice Accounts.

Currently about \$1,050,000 over expended on Snow/Ice. CFO Towne has identified approximately \$400k in funds [\$145k overlay; \$102k pothole money in stabilization account and \$150k from potential sale of property] to apply to the account, but that about \$650k remains that would be set against the recap for FY10. Discussion on the need to approach the budget review with the reality in mind that if cuts aren't made during the budget process they will need to be made on July 1st regardless. Still waiting on final indications from the state whether there will be relief in terms of spreading out the over expended amounts over multiple years. Also discussion on reviewing the most recent five year accountings of Snow/Ice to determine whether a more appropriate figure should be budgeted to minimize future over-expenditures and a request for that information be presented to BF. No provision in the FY10 budget for the remaining Snow/Ice overage. Grow indicated that it was the responsibility of the Council to attempt identify areas where cuts might be made to bring the budget into balance. Brief discussion that administration needed to bring forward transfers to deal with all over expended accounts and that time was drawing short to get this completed by the end of the fiscal year. Duggan and Towne indicated that those transfers would be coming to the Council shortly.

It was moved and seconded to adjourn the meeting at 9:45 p.m.

Respectfully submitted,

Jason Grow – BF Chair

Council Conference Room – City Hall

Attendance: Councilor Jason Grow, Chair, Councilor Joe Ciolino, Vice Chair, (arrived 8:13 p.m.), Councilor Steve Curcuru

Also: Councilors Grow, Curcuru, Hardy, Ciolino (arrived 8:13p), Mike Hale, Nancy Papows, Deborah Laurie, Suzanne Egan, Marcia McInnis, Jim Duggan, Maggie Rosa

Absent:

The meeting is called to order at 7:00 p.m.

1. Letter from National Grid re: Contribution to the City of Gloucester.

Jim Duggan, CAO explained that this was a result of negotiations between NG and the Mayors office. That the City's cost analysis of paving and other Eastern Ave. incident related overtime, purchase of gas detectors for fire department was upwards of \$500-\$600k. Concerns raised that accepting donation will release NG from all future claims by the city. City Solicitor Suzanne Egan indicated that a formal, legal release would have to be signed by the administration for that to happen, despite the wording in the final paragraph of the gift letter. SE indicated that she had not been a party to the negotiations between NG and Mayor Kirk. Mike Hale provided an analysis of estimated paving costs for the areas adjacent to Eastern Avenue. JD indicated where the administration planned to direct the funds. Council will receive formal request to accept funds and appropriation requests in the next council packet.

2. DPW O&M contract terms for Grinder, STEP and Pump Stations

Mike Hale, DPW Director indicated that the city would likely receive more competitive offers with a longer contract duration.

MOTION: On motion of Councilor Grow seconded by Councilor Curcuru, the Budget and Finance Committee voted 2 in favor, 0 opposed to recommend to the full City Council acceptance of the contract terms for the RFP for grinder, STEP and pump station maintenance services from 3 to 5 years (as required by MGL 30b) with an option for a 2-year extension.

3. Memo from Principal Assessors re: Overlay Surplus for Fiscal Year 2008.

Nancy Papows, Principal Assessor indicated that the Assessors' office has determined that they are declaring a surplus in the tax abatement overlay account for FY08 in the amount of \$145k. Administration will put forward transfer requests with the likelihood that it will be applied to snow and ice overages for FY09.

4. Memo from Interim Grants Administrator re: 2009 CDBG & HOME Grants.

Deborah Laurie, CDGB interim Grants Administrator explained the process by which applications are solicited, submitted, reviewed and awarded. The anticipated grant this year is \$782,760 and \$122,484 from the HOME Consortium. Additionally the city is projected to receive \$212k in stimulus related CDGB funds that the administration has targeted for road improvements in economically qualified target zones.

These amounts are estimated for Program Year 2009 and are expected later this year. The administration will be posting the position of Grants Administrator with a focus towards economic development and community outreach.

Discussed 108 loans, which are business loans by HUD specifically for job creation. Businesses have to be willing to undergo extra scrutiny to be accepted. Previous 108 loans have been given to businesses that then went into bankruptcy because there was no requirement for personal guarantees on the ability to repay the loan. Good Harbor Filet was one such loan. The city ultimately is responsible for loan repayment and this comes out of future CDGB grants. Personal guarantees are now a requirement, however HUD is considering suspending the program because of the high number of defaults.

Each pending grant was reviewed and discussed. Typically there is a three-year cycle for grants, meaning that an applicant will generally receive a grant for the same program for three years, though some organizations receive grants annually for different programs.

Discussions on the need to more publicly promote the CDGB program and encourage more organizations to participate. While some applications were not forwarded by the reviewing committee due to ineligibility, J. Duggan said the Mayor denied no applications that made it through the screening process, though some received less funding than they had applied for. Final approval and funding amounts are discretionary on the part of the administration and do not require consent by the Council.

MOTION: On a motion of Councilor Grow, seconded by Councilor Ciolino, the Budget and Finance Committee voted UNANIMOUSLY to recommend to the full City Council to accept the anticipated CDGB grant in the amount of \$782,760 and the anticipated HOME grant from the North Shore Home Consortium in the amount of \$122,484.

5. Fee Compendium.

Mike Hale reviewed proposed changes to the fee compendium for DPW related fees and J. Duggan reviewed pending changes to the Health Department and City Clerk departments. Where possible, departments were asked to compare related fees to similar or neighboring communities: Rockport, Danvers, Beverly, Salem and Newburyport. The fee compendium will be formally forwarded in the next Mayor's report for review, however the committee voted unanimously to advertise for a public hearing as soon as possible as implementation by the beginning of the fiscal year could impact potential revenue projections.

6. CC2009-010 (Hardy) Investigating costs incurred from groups that use city resources.

Discussion on Councilor Hardy's order to investigate whether private organizations are compensating the city for use of public property. Discussion on who monitors the payment of fees and whether there is sufficient protections in place for damages.

Councilor Grow asked whether there was a requirement to have damage liability insurance and whether organizations could get temporary insurance to cover their event. This is primarily aimed at larger events where vehicles etc. have left damage on fields and parks. Request was made that the administration would look into the policies regarding such uses.

Meeting adjourned 10 p.m.

Minutes/notes prepared by Councilor Jason Grow