

Budget & Finance Committee
 Thursday, January 9, 2014 – 6:00 p.m.
 1st Fl. Council Committee Room – City Hall
Minutes

Present: Chair, Councilor Melissa Cox; Vice Chair, Councilor William Fonvielle; Councilor Paul McGeary
Absent: None.

Also Present: Kenny Costa; Jim Duggan; Harbormaster Jim Caulkett; Fire Chief Eric Smith; Deputy Fire Chief Steve Aiello; Captain Tom LoGrande; Linda T. Lowe

The meeting was called to order at 6:01 p.m. Items were taken out of order.

1. Memorandum from Fire Chief outlining FY14 Fire Department budget needs to meet contractual Obligations

Fire Chief Eric Smith reviewed for the Committee the breakdown of his department's contractual obligations and to cover the differential and the FY14 budget (see memorandum on file dated 12-3-13 for complete list of obligations). The department's firefighter's contract was settled just before the end of the fiscal year. He noted the following changes:

<u>Longevity:</u>	Differential:	\$ (24,950.00)	This amount is needed to cover deficit
<u>Nasal Narcan:</u>		\$ (45,161.34)	Needed to fund this new stipend effective first payroll 2014
<u>Professional Development:</u>		\$ (80,750.00)	Needed to fund this stipend effective first payroll 2014
<u>51942:</u>		\$ (95,940.00)	Needed to fund additional buyback
EMT ED Stipend:	Differential	\$ (30,805.00)	Needed to fund this stipend (up by ½ percent by contract and 2 percent cost of living increase)
Grand Total:		\$(277,606.34)	

This grand total, **Chief Smith** said, once funded will put his department financially where it needs to be for FY14 for contractual obligations.

Mr. Duggan added that these were issues discussed in the department's union negotiations. He credited the union and Chief in understanding and agreeing to the sensitivity to the timing and also understanding that the consolidation of four groups to three groups has been a big step, the Gloucester Fire Department is the only group scheme like this in Massachusetts, he pointed out. The union, he said, embraced the phasing in of the investment in the Fire Department and has been very patient. He said this needed transfer of funds will come from Free Cash.

Councilor Cox noted that this is already impacting this week's Fire Department payroll. **Mr. Costa** noted this transfer will be a supplemental appropriation. **Mr. Duggan** said he would assure the CFO would draft the paperwork had have it for signature by the time of the Council meeting on January 14th.

Councilor McGeary asked if there would be additional overtime to the end of this fiscal year. **Mr. Duggan** referred to the department's overtime as a moving target because it is hard to project with accuracy which the Chief and he look at closely. It may be that when the Mayor puts forward the free cash funding list to invest in the department's overtime for use in an incremental method; but the Administration will come back to the Council on an as-needed basis for overtime funding from the unreserved fund balance.

Councilor McGeary said the number bandied about is \$1.6 million in net cost to bring the new contract's funding forward and asked \$1.6 million compared to what; and if the needed \$277,606 is a part of the \$1.6 million. **Mr. Duggan** said the approximate \$1.6 million is the budget increase for FY15 over the FY14 budget that was passed plus the contractual obligations with the new contract. The \$1.6 million is the increase in hours because of the consolidation of four groups to three groups, and other costs connected to the contract are above and beyond that. **Councilor McGeary** put forward that whatever money is appropriated for overtime in FY14 should then go away with the contraction of firefighter groups, the main purpose of which was to eliminate the vast majority of overtime. **Mr. Duggan** said that is the ultimate goal, but in discussions with the Chief and Deputy Chief, they wish to assure that when the groups' transition starting July 1st from four groups to three groups and that the

reorganization is as seamless as possible. Some overtime funding will be kept in place in case there are bumps in the road during the transition, and then to re-evaluate the level of overtime during the early part of September.

Councilor McGeary said assuming there is \$800,000 in FY14 for the department's overtime, and then about \$600,000 of that overtime in FY15 would be expected to go away with a net result of about \$1.0 million compared to what would be expected in the FY15 budget otherwise. **Mr. Duggan** said when they looked at the project budget for FY15 he reduced the overtime rate to about \$200,000 annually, and the \$1.6 million includes the \$200,000 for overtime. **Chief Smith** added the \$1.6 million was Mr. Towne's projected salary increases it was an approximation. The \$1.6 million, **Mr. Duggan** said, are the contractual obligations, add-ons to the base pay; \$200,000 in overtime as a safety net.

Mr. Duggan also emphasized to the Committee that there was strong communication from the State firefighter's union to rethink the local union's consideration of consolidation from four groups to three groups. He explained that the local union said they were going to do what is in the best interest in the City of Gloucester and that was to open all the fire stations, with an additional investment in the building in Magnolia to bring it up to code, which will be up and running by the second week of June.

Councilor McGeary said he appreciated the efforts made by the union; that if the consolidation results in efficiencies, better ways of fighting fires and opening all the fire stations, it is very good; but he said he wanted an accurate breakdown of what the \$1.6 million comprises and in comparison to what. He asked that the Chief and Mr. Duggan prepare a breakdown for the Council meeting on Tuesday of what the department anticipates spending in FY14 and based on this contract what is anticipated to be spent in FY15 so there is a good differential.

Councilor Cox asked if the department anticipates adding any more firefighters to the department due to the reorganization. **Chief Smith** said the reorganization will add two positions to his department; an Assistant Chief and a civilian mechanic. **Councilor Cox** noted that is going to be a large part of the costs because of pensions. She asked if the stipends are pensionable. **Mr. Duggan** said they are not.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-7 in the amount of \$277,606 (Two Hundred Seventy Seven Thousand Six Hundred Six Dollars) from the General Fund, Unreserved Fund Balance ("Free Cash")Account #101000.10.000.35900.0000.00.000.00.000 to Fire Department-Salaries/Wages-Full Time, Account #101000.10.220.51100.0000.00.000.00.051 for the purpose of eliminating a projected deficit in the account.

2. *Special Budgetary Transfer Request (2014-SBT-13) from City Clerk's Office in the amount of \$144.14*

Linda T. Lowe, City Clerk explained this transfer request is to eliminate a projected deficit in the account for the salary/wages of the Clerk's Department part-time position overlooked when the FY14 budget was established. The money was set aside during the budget process, she said, and that Mr. Towne, former CFO was going to take steps back in August to correct this small deficit but that it just hadn't happened yet.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Special Budgetary Transfer 2014-SBT-13 in the amount of \$144.14 from Special Reserve, Contractual Services, Account #101000.10.900.52000.0000.00.000.00.052 to City Clerk, Salary/Wage-Part-time Position, Account #101000.10.161.51250.0000.00.000.00.051 for the purpose of eliminating a projected deficit in the account.

3. *Memorandum, Grant Application & Checklist from Harbormaster requiring a Clean Vessel Act grant*

Harbormaster Jim Caulkett explained to the Committee the following: This is an annual grant the City applies for from the Massachusetts Clean Vessel Act Pumpout Grant Program through the State's Division of Marine Fisheries. This year's funding request is for \$8,302.00 to be used to purchase a new engine for the pumpout boat, with the estimated total project cost including in-kind labor and materials at \$11,075.43 as based on a quote from the department's maintenance provider. The grant would pay for 75 percent of the engine with a 25 percent required grant match to be made up from funds from the Waterways Board's Retained Earnings Enterprise Fund amounting to about \$2,800. A transfer a Supplemental Appropriation will be forthcoming shortly for the funding transfer.

Mr. Caulkett also noted that because the boat and engine were originally purchased with the same state grant in 2001 that any money gained from the auction of the old engine into the pumpout boat line item reserved for the

boat's maintenance. **Mr. Costa** responded that the City would need in writing from the grantor their permission for the City to auction the engine off and that the City may then use the proceeds for the pumpout boat maintenance; and that the State confirms it does not want the equipment back.

Councilor Fonvielle asked how much the old engine would be expected to bring at auction. **Mr. Caulkett** said it is estimated the old engine would bring about \$1,500.

MOTION: On a motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council permit the Harbormaster to apply for a grant from the Massachusetts Division of Marine Fisheries under its Clean Vessel Act Pumpout Grant Program for \$8,307.00 for the purpose of purchasing a new engine for the City's pumpout boat.

4. Memorandum from CAO & Supplemental Appropriation-Budgetary Request (2014-SA-6) in the amount of \$100,000 re: West Parish School swing space location

Jim Duggan, CAO explained to the Committee that the Mayor has decided that the location for the swing space for the West Parish School during the construction of the new school would be the St. Ann's School. The Administration is requesting \$100,000 for the swing space plans and specifications to be developed and modulars to be placed at Beeman School. Part of the temporary transition would be moving the West Parish 5th graders to the O'Maley School. The Special Education section from West Parish will be housed at the Beeman School and will require a modular classroom. There will be a second modular obtained, he said, as the School Department is in dire need for more room at the Beeman School for the general population. There will be a loan order in February which will include the modulars.

Mr. Duggan said negotiations are underway with the Archdiocese for a lease of the St. Ann School. The general financial term is set but there are a number of issues and details to be worked out. He pointed out the lease would be coming before the Council for their approval because there is a dollar figure connected to it which he said would be paid out of the unreserved fund balance. He said he expected this would come before B&F by late February. **Mr. Duggan** added this will give the Council control over the Administration's leasing of the space.

Councilor Cox and **Mr. Duggan** briefly discussed the Councilor's concern with funeral parking at the St. Ann's Church, and consideration of the neighborhood businesses there.

Councilor Fonvielle and **Mr. Duggan** discussed the issue of St. Ann's Sunday school running during the public school year which is a concern of the Archdiocese, **Mr. Duggan** noted.

Councilor McGeary cautioned **Mr. Duggan** that nothing should be signed until it is sure the Massachusetts School Building Authority votes in favor of the new West Parish School. **Mr. Duggan** said timing is going to be an issue. They want to start March 1st with construction to begin March 2nd, he said; and all the soft costs have to be completed by March 1st. He said he was confident all approvals will go through. The \$100,000 starts pen to paper, he pointed out. **Mr. Duggan** reminded the Committee that the Council had previously authorized \$500,000 for the West Parish feasibility study, and that the \$100,000 is for the swing space design. There will be a bond authorization for the school build out coming forward in the upcoming weeks, he said.

MOTION: On a motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council approve Supplemental Appropriation 2014-SA-6 in the amount of \$100,000 (One Hundred Thousand Dollars) from the General Fund – Fund Balance Undesignated, Account #101000.10.000.35900.0000.00.000.00.0000 to Facilities, Contracted Services, Account #101000.10.472.52000.0000.00.000.00.052 for the purpose of funding the design related costs of the swing space for West Parish Students and Staff during the rebuilding of the West Parish Elementary School.

[**Note:** This motion needs a City Council majority to pass because the funding is from Free Cash.]

5. Mid-Year Free Cash Funding Review List compiled from FY14 Budget Review 6/12/13

Councilor Cox said this matter is not yet fully ready for discussion and continued the matter to the next Committee meeting.

This matter is continued to January 23, 2014.

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

Mr. Costa reviewed his documentation with the Committee. Additionally, he reported that the Snow & Ice Deficit now totaled, after storm Hercules recently. The account will be about \$20,000 in the red. The original \$650,000 will be gone by next week, he noted. In total there is a projected deficit of \$700 with \$20,000 of outstanding invoices to be added to that. He noted that in FY13 the City spent about \$1.2 million; in FY11 \$1.3 million and in FY10 \$880,000 on Snow & Ice. He asked that under MGL c. 44, §31D - Snow & Ice Removal – Emergency Expenditures, the Committee recommend the raising of the spending limit from \$650,000 to \$1,300,000 which cannot be exceeded unless the Council votes again to do so. This is the only account that is allowed by the Department of Revenue to be spent in deficit, **Mr. Costa** reminded the Committee, and that the funding has to come from the Administration for the total Snow & Ice account deficit. He said it is always his recommendation that it be funded by June 30th so that it does not come out of the recap. **Mr. Costa** added that he would recommend in the establishment of a stabilization fund to cover the Snow & Ice deficit so that there is money set aside annually.

MOTION: On motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to accept the provisions of MGL c. 44, §31D Snow and ice removal, emergency expenditures not to exceed \$1,300,000. The increase of emergency expenditure authority is \$650,000 added to the current FY2014 Snow & Ice Removal appropriation budget of \$650,000.

Councilors Cox, Fonvielle and McGeary unanimously agreed moving forward that the start time for Budget & Finance Committee meetings would be 5:00 p.m.

A motion was made, seconded and voted unanimously to adjourn the meeting at 7:00 p.m.

Respectfully submitted,
Dana C. Jorgensson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.