

SPECIAL GLOUCESTER CITY COUNCIL MEETING

Tuesday, May 6, 2014 – 7:00 p.m.

Kyrouz Auditorium – City Hall

-MINUTES-

Present: Chair, Councilor Paul McGeary; Vice Chair, Councilor Sefatia Theken; Councilor Melissa Cox; Councilor Steve LeBlanc, Jr.; Councilor Greg Verga; Councilor Robert Whynott; Councilor Paul Lundberg; Councilor William Fonvielle

Absent: Councilor Hardy

Also Present: Mayor Carolyn Kirk; Aleesha Nunley; Jonathan Pope; Dr. Richard Safier; Fire Chief Eric Smith

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

Flag Salute & Moment of Silence. Council President McGeary dedicated the moment of silence to Lucette White, a valued member of the civic and arts community of the city.

Oral Communications: None.

Consent Agenda:

• **MAYOR'S REPORT**

1. Memorandum from Harbormaster re: acceptance of an amendment to the FY14 Clean Vessel Act contract in the amount of \$8,500 (Refer B&F)
2. CC2014-020 (Cox) City Council support of the PAWS Act (S. 1914) regarding animal cruelty (FCV 5/13/14)

Items to be added/deleted from the Consent Agenda:

There being no amendments to the Council's Consent Agenda, a motion was made, seconded and voted unanimously to accept the City Council Consent Agenda as presented.

Presentation: Mayor Carolyn Kirk – Presentation of Mayor's Proposed FY15 Budget

Mayor Carolyn Kirk informed the City Council that the Fiscal Year 2015 Budget was officially transmitted to the City Clerk's office today and pointed out her budget transmittal memorandum (on file) for the fiscal year beginning July 1, 2014, and ending June 30, 2015. She noted it is her obligation to submit to the City Council a balanced budget which was reflected in the budget presented to the Council. The budget, she said, was to be posted on the city's website the following day.

Budget Transmittal Memorandum Review: The Mayor noted the Administration had three priorities: the implementation of the reorganization of the Fire Department allowing for all the outlying station to be kept open; maintain level service in all departments including the school department and that to do so the school department budget was proposed at \$1 million over last year's level. The budget makes use of free cash in the amount of \$1.4 million for ongoing expenses, which was a departure from past practice, but was required for three reasons:

- The one-time costs associated with the new structure of the Fire Department.
- An increase in the city's assessment for the North Shore Technical High School which rose by 30 percent. She noted that the city, along with other member cities and towns is working to lower the assessment increase.
- Increased costs associated with retired teachers' health insurance premiums occasioned by the city's switch to the new state health insurance program, the Group Insurance Commission

She said that between these three increases Free Cash has had to be tapped into to accomplish level service.

Mayor Kirk noted the amount available to pay for city services after netting off the reserve for abatement and exceptions and debt shift for CSO is \$96,012,067. Overall city spending on education will be \$51,204,307. This reflects, she said, an increase of 4.6 percent this year over the previous year. The Mayor pointed out this includes the use of non-recurring revenue. Removing the Free Cash from the equation, then the increase is 3.1 percent, she said.

Sec. 1, Page 2, #1 One-time Revenue: This page shows the City's use of one-time money. The FY15 budget includes \$1,446,324 in one-time funding from available Free Cash. In order to maintain level services, protect the school budget and fund the reorganization of the Fire Department, the Administration has adopted a two-year budget strategy that calls for absorbing the entire expense for the Fire Dept. reorganization in FY15 but offsetting it with the use of one-time money from Free Cash over two years. This strategy lessens the impact on the budgets of other

departments this year but carries the risk associated with the use of one-time money for recurring operating expenses. After two years, she said, it is expected one-time money will not be required to provide ongoing city services.

Sec. 1, Page 3, #2 State Revenues: The Mayor noted that her Administration reviewed all local revenue, and looked where the Administration could bump some up based on Free Cash results. The retired teachers' health insurance premiums are carried elsewhere in the budget which makes it look like a larger net gain in state aid.

Sec. 1, Page 3-4, #A.-G.: This section takes the Council through some of the revenue highlights. The Mayor said estimates of revenues for motor vehicle excise tax collections were increased, that parking fees for the beaches remain strong as does the income from the local meals tax. New growth remains strong and holding steady, she said. The Mayor made note of the summaries on Water and Sewer enterprise fund revenues, Community Preservation Act revenues, the Talbot Rink, and Waterways.

Sec. 2, Page 3: School Budget Recommendations: **Mayor Kirk** observed that \$13 million is carried in the city budget supporting education that doesn't get appropriated into the School budget. The \$13 million includes:

- Retired teacher's health insurance
- School Choice Tuition
- Regional Vocational School
- School Facilities
- School-related Debt
- School-related Pension
- School-related Liability Insurance.

The overall "education budget," she put at \$51,204,307. She pointed out that her budget recommendation is different from the budget passed and recommended by the School Committee.

Sec. 3, Page 4-5: Expense Highlights of FY15 Balanced Budget Proposal: The single largest proposed increase for any department is for the Fire Department as a result of the policy decision to staff the outlying stations in Bay View and Magnolia on a regular basis and the contractual changes needed to accomplish that goal. The department reorganized in order to implement this program taking four groups of 18 firefighters into three groups of 24. This allows for the variations for training, sick time, etc. that, with the smaller groups, caused backfilling through overtime or reduced available staff to the point that outlying stations could not be opened. The overtime in the budget is greatly reduced because the group consolidation allows for more firefighters to be on duty with each shift to make the department operationally sound. Firefighter work hours are being added to the week of each firefighter from 42 to 56 hours. This reorganization accomplishes the increasing time to open stations and also funds the other positions implemented within the department's reorganization – a non-civil service mechanic that works on a five-day-a-week schedule. The Assistant Fire Chief, a new position, is funded in this budget as is the rank of Lieutenant. It was noted that a criticism of the audit is the span of control in emergency situations – too many people for the command staff. The addition of the Lieutenant position addresses this issue.

The reorganization and new firefighting work structure will be implemented on July 1. The cost of the changes will be offset by infusions of free cash over the next two budget cycles. The proposed FY15 department budget is slightly over \$8.2 million as compared to the FY14 budget of \$6.2 million. This level of funding supports the complete reorganization of the department included adding the position of rank of Lieutenant, non-civil service master mechanic, and Assistant Fire Chief as well as the Cost of Living Adjustment (COLA) increases similar to what other city employees are receiving. Firefighters are working more hours per week to accomplish the reorganization, the Mayor pointed out, and must be compensated for those additional hours.

Sec. 3, Page 4 #5 – Sawyer Free Library: The Mayor noted that the Sawyer Free Library will not have to seek a waiver to get state accreditation, as funding remains stable.

Sec. 3, Page 5, # 8 - Vocational/Agricultural School Assessment: FY14 is the first year of operation for the combined technical school in its new facilities. The initial budget as proposed by the tech school administration resulted in a local assessment exceeding \$1.6 million, an almost 30 percent increase from that of FY14. Representatives from the member communities have been meeting with the administration to tighten up the proposed budget. As a result of these meetings, the expense budget has been reduced and additional state aid support has been identified to defray some of the transition costs. There is a placeholder budget of \$1.4 million until the city receives a revised assessment.

Sec. 4, Page 5 – Water Enterprise Fund: The Mayor noted there is a great deal of concern about the city's high water rates saying that that the commercial users water rates are a cause for concern from an economic development standpoint, and needs to be solved. She pointed out that the FY14 water consumption rate estimates were optimistic last year and they will barely be made. Most of the 3.6 percent expenditure increase is a result of the increases in

contracts with Veolia to manage certain operations and a new task order engineering service. She reviewed that the Council is being asked to consider four scenarios: Scenario #1 is a straightforward – it will drive the water rate up to \$10.43, a 13.7 percent increase (Scenario #1 is calculated with no debt shift). Scenarios #2, #3 and #4 shifts some or all of the water debt service to the property tax levy, similar to that of the Combined Sewer Outfall debt shift.

Sec. 4, Page 6 Sewer Enterprise Fund – The proposed sewer rate for FY15 is \$13.80 per thousand gallons representing an increase of 13 percent from FY14. This is attributed to proposed expenditures increasing by 5 percent. Most of this increase is the result of increases in contracts with Veolia and Woodward & Curran to manage certain operations and a new task order engineering service. A further increase is in the calculation of a transfer to the General Fund for indirect costs which have not been updated in a number of years. Consumption estimates for FY14 were also, like water, a bit optimistic and budgeted revenues for the year will not be achieved, so consumption estimates for FY15 have been reduced.

In closing, **Mayor Kirk** noted that given the vacancy of the Chief Administrative Officer's (CAO) position, John Dunn, CFO, whom she lauded for his work on the budget, will be the point person for the Administration on the FY15 budget. She informed the Council that: A memo was circulated to all city department heads requiring them to support Mr. Dunn when their department's budget is under review by the Budget and Finance Committee. While the CAO position is being filled, Suzanne Egan, General Counsel will be the Administration's point person for Ordinance & Administration Committee matters, and Tom Daniel, Community Development Director, will be the Administration's point person for all Planning & Development Committee matters.

The Mayor announced that she has the opportunity to travel to Japan leaving on June 9 and returning to the city on June 20. Gloucester Marine Genomics is partly sponsoring her visit with the intent to travel to several locations where that firm is looking to have a relationship with Japanese companies. She noted that a Japanese bank is also a co-sponsor of her trip. They would like the Mayor to represent the city to partner on economic development opportunities, she said. She also announced she will travel to Tamano, Gloucester's sister city in Japan. During her absence she said that Council President McGeary will be the Acting Mayor. Council Vice President, Councilor Sefatia Theken, will act as Council President for those two weeks.

Councilor Theken inquired about the impact of the Mayor's absence on the FY15 budget review. **Mayor Kirk** said that Council President McGeary, as Mayor, will make the decisions she would have made. Department heads will represent their departments very well, she added, saying that there should be no interruption whatsoever in the ebb and flow of the city business. **Council President McGeary** confirmed to the Council that as Acting Mayor he will not be able to sit on the dais at Council meetings and will not be able to participate in any City Council Standing Committee meetings.

Responding to an inquiry by **Council President McGeary**, **Mayor Kirk** predicted a lean budget for Fiscal Year 2016 as well. Any new revenues will be used to replace the one-time revenue used to balance the FY 15 budget. Expenses will have to be tempered again. She said would take three years to absorb the increased costs if the cost cuts are not aggressive. In the third year any new capacity should support different priorities in the budget, she noted. She said the CFO and she have talked about this extensively and former CFO Jeff Towne supported this judicious use of one-time funding as well.

Councilor Cox, Chair of the Budget & Finance Committee, noted this would start a long process for the Budget & Finance Committee of the review of the FY15 budget. She invited the public to attend the budget meetings which will continue through the middle of June. She highlighted some of the meetings to be held during the FY15 budget process: A public hearing on the budget at the City Council meeting of June 10 and on June 17 the Council will vote on the budget. Water and Sewer Rates and Enterprise Funds will be discussed on May 7, the Fire Department on May 23; Department of Public Works on May 29, Police Department on May 30 and the School Department on June 2.

MOTION: On motion by Councilor Cox, seconded by Councilor Fonvielle, the City Council voted 8 in favor, 0 opposed, 1 (Hardy) absent, that in accordance with MGL c.44, §32 and pursuant to the Gloucester City Charter Sec. 6 that the City Council accepts receipt of the Mayor's FY15 Proposed Budget and becomes the budget of the City Council and to refer this budget to the Budget & Finance City Council Standing Committee for further review.

Councilor Theken noted that people making applications for the federal Affordable Care Act insurance on line will find glitches and because of that the program is on hold. She urged those needing to apply for health insurance through the federal program to come to her office at the Addison Gilbert Hospital to make a paper application if they are being rejected on line.

Council President McGeary announced on Thursday, May 8 at Cruiseport the annual Empty Bowl Dinner to raise funds for the Open Door Food Pantry will take place and encouraged the public to attend and support this worthy cause. He also announced that on Saturday, May 10, from 10:30 a.m. to 3 p.m. the Gloucester Public Schools Art Show of all art media will take place at City Hall and at the Sawyer Free Public Library, a wonderful celebration of the city's students' artwork.

A motion was made, seconded and voted unanimously to adjourn the meeting at 7:30 p.m.

Respectfully submitted,

Dana C. Jorgenson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING:

- **City of Gloucester FY15 Proposed Budget**