

**Budget & Finance Committee**  
October 9, 2014 – 4:00 p.m.  
**1<sup>st</sup> 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; John Dunn; Mike Hale; Police Chief Leonard Campanello; Jim Caulkett; Bill Sanborn; Dr. Richard Safier; Hans Baumhauer; Mike Hale; Suzanne Egan; Jonathan Pope; Kathy Clancy**

**The meeting was called to order at 4:00 p.m. Items were taken out of order.**

**1. *Continued from 09/04/14: Request acceptance of a \$2,000 donation from Gloucester resident re: Department of Public Works Employees***

**Councilor Cox** explained that after speaking with William Taylor (donor) on the complications for a donation for the purpose a meal or party for the DPW employees, the donor asked it be accepted for a water line at Stage Fort Park, for the Lucy Davis Walkway and the garden tended by the Gloucester Garden Club to provide closer watering source for the Garden Club.

**Mike Hale**, DPW Director, said this water line will be installed after the seawall construction and reviewed briefly the construction timeline. It is anticipated the seawall will finish in 2016, but if the section of the seawall nearest the Lucy Davis Walkway is completed earlier, the water line will go in after that, he noted.

**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 accept under MGL c. 44, §53A a donation of \$2,000 by William Taylor, Gloucester resident for the purpose of the installation of a water line at Stage Fort Park to be executed under the direction of the Director of the Public Works Department.**

**2. *Memorandum from Director of Public Works re: request for \$1,250,000 loan authorization increase for Phase 3 & 4 of the Public Water System capital improvements for an amended total of \$13,650,000***

**Mike Hale**, Director of Public Works, reviewed the loan authorization increase as follows: Phase 3 and 4 of the recent city water system improvements were just under \$26 million which included all the work done in the Commonwealth Avenue neighborhood, the Plum Cove, Bond Hill and Blackburn Water Storage Tank Restorations, Babson Reservoir Dam Rehabilitation to name a few of the projects, all of which were enumerated in his memo dated 12 September 2014 (on file). The estimated value was \$25 million for the essential 11 water projects undertaken. There is a shortage of \$1.2 million to close out the existing projects which is about 4 percent of those projects or 2 percent of the overall water work done since 2010.

**Mr. Hale** highlighted that within the request for a loan authorization are the requests is to accept money from Verizon New England Inc. (Verizon) and Comcast LLC (Comcast) as follows: Verizon and Comcast piggybacked on the Annisquam River Crossing when the DPW put water mains under the river to the high school to Essex Avenue. The DPW also put some communications conduit for the city. Comcast and Verizon currently share the Spooner Tunnel under the Blynman Canal, and given the state of the century old tunnel, and it was deemed expedient to provide them with a corridor for the utilities that serve the city – for cable and fiber optics. A change order was executed, and those two firms are covering their proportion of their space within the conduits. The values are \$299,000 and \$408,672 from Verizon which is their actual cost associated with the DPW's work at the river crossing.

In summary, **Mr. Hale** said the DPW is asking for an increase in the loan by \$1,250,000 from the original \$12,400,000 loan authorized by the Council in 2012 for the Phase 3 and 4 of the Public Water System capital improvements after revisiting the original estimates of two years ago. He noted the new total would be \$13,650,000. Of that amount, Verizon and Comcast will be contributing \$707,672 for their pro rata share of the Annisquam River Crossing improvement. The maximum amount of any increased debt issuance is then a net of \$542,348 because of the subtraction of the Comcast and Verizon payment.

It was explained by CFO, **John Dunn**, that before the Committee is typical language that allows for the offsetting of the debt. The full amount has to be appropriated, he pointed. On inquiry by **Councilor Cox, Mr.**

**Dunn** said that even though the funds from Comcast had been received, the city couldn't do the work until the appropriation is increased.

**Suzanne Egan**, General Counsel, further explained that the Verizon contract is actually a license to use the river conduit and the Council is the authority to license that agreement. The vote from the Council is needed first to authorize the license and then the Mayor can sign the licensing agreement. She further explained to the Committee the motions before them, two each for the communications companies – one each to accept the funds and one each to authorize the conveyance of a license for the conduit use.

There was a brief discussion between the Committee and Mr. Hale regarding why FiOS service is not yet available within the city.

**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 adopt the following loan order:**

**Ordered: That the Order of this Council approved July 24, 2012 authorizing the borrowing of \$12,400,000 to pay costs of improvements to the City's Public Water System is amended in its entirety to provide as follows:**

**That \$13,650,000 is appropriated for the purpose of financing improvements to the City's Public Water System including without limitation all costs thereof as defined in Section 1 of Chapter 29C of the General Laws; that to meeting this appropriation the Treasurer with the approval of the Mayor is authorized to borrow \$13,650,000 and issue bonds or notes therefor under Chapter 44 of the Massachusetts General Laws, or any other enabling authority and/or Chapter 29C of the General Laws; that such bonds or notes shall be general obligations of the City unless the Treasurer with the approval of the Mayor determines that they should be issued as limited obligations and may be secured by local system revenues as defined in Section 1 of Chapter 29C; and that the Treasurer with the approval of the Mayor is authorized to borrow all or a portion of such amount from the Massachusetts Clean Water Trust (the "Trust") established pursuant to Chapter 29C and in connection therewith to enter into a financing agreement and/or a security agreement with the Trust and otherwise to contract with the Trust and the Department of Environmental Protection with respect to such loan and for any federal or state aid available for the project or for the financing thereof; and that the Mayor is authorized to enter into a project regulatory agreement with the Department of Environmental Protection, to expend all funds available for the project; that the Mayor is authorized to contract for and expend any federal, state or private aid available for the project, and that the mayor is authorized to expend all funds available for the project and to take any other action necessary or convenient to carry out the project, and that the Treasurer is authorized to file an application with the Municipal Finance Oversight Board to qualify under Chapter 44A of the General Laws any or all of the bonds authorized by this order and to provide such information and execute such documents as the Municipal Finance Oversight Board may require for these purposes.**

This matter will be advertised for public hearing.

**For the Verizon New England Inc. license agreement:**

**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 convey to Verizon New England Inc. for consideration of \$408,672.00 a 99 year license to install and use two ducts forming a passage under the Annisquam River within the subsurface conduit and the use of the duct shafts on the Westerly and Easterly side of the River as shown on the plan entitled "the Passage Tunnel Under the Annisquam River" dated January 2014.**

**Councilor McGeary** and **Kenny Costa**, City Auditor, discussed that the amending of the water system capital improvements budget, that to increase it has to be a separate act beyond accepting the funds. Once both payments are received it will decrease the loan authorization, **Mr. Costa** added. **Mr. Dunn** said the standard loan language allows for grant receipts and any other donations that can be applied to the loan which would reduce the amount the city would have to issue debt for. The combination will not exceed the loan appropriation which governs the budget. **Mr. Costa** said this is a different action than has been seen before due to the financial contributions of Verizon and Comcast.

**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 accept the payment of \$408,672 from Verizon New England Inc. per the executed agreement and increase the City's Public Water System Phase 3 and 4 project budget in Fund#320021.10.440.58400.0000.00.000.00.058, CIP11-04 12-04 12-09 Water Improvement Capital Project Budget from \$27,182,500 to a new amended budget total of \$27,591,172.**

For Comcast LLC agreement:

**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 accept the \$299,000.00 tendered by Comcast LLC in consideration of the agreement dated June 27, 2014 authorizing Comcast to install and use two ducts forming a passage under the Annisquam River within the subsurface conduit and the use of the duct shafts on the Westerly and Easterly side of the River as shown on the plan entitled "Passage Tunnel Under the Annisquam River" dated January 2014.**

Councilor Fonvielle confirmed that Verizon and Comcast are in separate ducts with Mr. Hale. Verizon needed more duct space ergo a larger duct. Mr. Dunn indicated he would get back to the Committee to inform them of the total amount borrowed and when the entire loan starts coming off line. He noted that most of the related debt is already long-term, he noted.

**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 accept the payment of \$299,000 from Comcast per the executed agreement and increase the City's Public Water System Phase 3 and 4 project budget in Fund#320021.10.440.58400.0000.00.000.00.058, CIP11-04 12-04 12-09 Water Improvement Capital Project Budget from \$27,591,172 to a new amended budget total of \$27,890,172.**

The acceptance of Comcast's contribution to defray the cost of locating their cables in the Annisquam River Crossing Conduit, the matter of a 99-year lease agreement with Verizon and to accept its \$408,672 contribution to defray the cost of locating their cables in the Annisquam River Crossing Conduit will be acted upon by the Council under the B&F Committee Report at the October 14 Council meeting.

### **3. Memorandum from Chief Financial Officer re: repurposing completed water capital project funds**

Mr. Hale explained that: This relates to more water capital work. The water master plan for the next five years has a huge number of "to do's" and the DPW is trying to pick off some "low hanging" water projects that need doing for water infrastructure. The DPW reviewed old water capital improvement projects and identified \$236,000 of authorized borrowing that has gone unspent from 1999 to 2008 (projects list on file). The Auditor has reviewed and confirmed that the funds are available and the CFO has confirmed the funds could be used for these water projects. There is work to be done on Emerson Avenue, Hesperus Avenue, and for areas for fire protection and water quality issues.

Mr. Dunn added that the law allows for unexpended funds as long as the project is completed to another place so long as the funds go to like projects. The caveat is that you can't spend original money for a 20 year asset for a five year asset so it would have to be 20 years or longer, which these projects fall under. Because there are Enterprise Funds and the debt associated those funds, they want to be able to keep the original overages within the same Enterprise Funds which this action does. He noted there will be a similar action undertaken with the Sewer capital projects and with General Fund money.

Councilor Cox asked if there were no further capital projects in the pipeline, what the funds could be used for. Mr. Dunn confirmed that under those circumstances then the funds could be used for debt service, and Mr. Costa added he could also close the funds out into the General Fund if need be and is also allowable under the law.

**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, in accordance with MGL c. 44, §20, that the \$98,301.84 unexpended balance of Fund #320001 initially borrowed to pay the costs of Water Valve Replacement, the \$54,702.23 unexpended balance of Fund #320007 initially borrowed to pay the costs of Concord/Bray Streets Water Construction, the \$2,526.76 unexpended balance of Fund #320004 initially**

borrowed to pay the costs of Water Main Improvements, the \$2,544.35 unexpended balance of Fund 320010 initially borrowed to pay the costs of Calder/Hillier/Sunset Water Construction, the \$19,385.54 unexpended balance of Fund 320011 initially borrowed to pay the costs of Hillside/Gilbert Water Construction, the \$40,624.05 unexpended balance of Fund #320012 initially borrowed to pay the costs of Forest Lane/Essex Ave. Water Construction, and the \$17,915.93 unexpended balance of Fund #320015 initially borrowed to pay the costs of Water Treatment Plant Improvements, which projects are complete and such amounts are no longer needed for the projects, are hereby appropriated by this City Council to a new Water Capital Project Fund to pay the costs of Miscellaneous Water Main and Valve improvements within the City, including the payment of any and all costs incidental and related thereto.

**4. Memorandum from Harbormaster & Supplemental Appropriation-Budgetary Request (2015-SA-4)**

**Jim Caulkett**, Harbormaster explained that the Waterways Board has asked for funds to be transferred from the St. Peter's and Harbor Cove Commercial Marina Stabilization Fund account for \$8,000 in order to contract for underwater surveys of the supporting piles and floats at those two marina locations. These funds were set aside two years ago, he noted.

**Councilor Cox** asked that the Harbormaster forward a memo to the Committee when the study is completed to advise of the results. **Councilor Fonvielle** asked surveys like this were done on a regular basis. **Mr. Caulkett** said by ordinance the surveys are to be done every three years.

**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 2015-SA-4 in the amount of \$8,000 (Eight Thousand Dollars) from Account #740000.10.996.59600.0000.00.000.00.059, Stabilization Fund St. Peter's Marina-Transfer Out – To Enterprise Fund, to Waterways Enterprise, Contractual Services to Account #700000.10.492.52000.0000.00.000.00.052, for the purpose of contracting services in order to conduct an underwater survey of the piles and floats of the St. Peter's and Harbor Cove Commercial Marinas.**

**5. Memorandum from Police Chief re: Request permission to apply for a FY15 State 911 Training and EMD Grant in the amount of \$141,720.05**

**Police Chief Leonard Campanello** explained this is a grant the department applies for every year which pays for the department's annual staff training for medical and emergency dispatch. He also updated the Committee as to the payments owed from the state for previous years' State 911 Training & EMD Grant. He noted that on October 3 the state forwarded a memo related to FY12, FY13 and FY14 reimbursement payments for which the State 911 Department has been slow to forward to communities. He read the memo (on file) to the Committee and summarized that for outstanding reimbursements for those three fiscal years, it is anticipated the city will see those funds by December 31.

**Mr. Costa** noted that the books are closed for FY14 but slightly ajar, so that if some funds come in he can book them. If the funds don't come in by the time he has to submit the city's report to the DOR, the outstanding debt created by the lack of reimbursements from the state for those three fiscal years, it will be a another free cash hit. The city is owed about \$250,000, he and the Chief pointed out. **Chief Campanello** said the past year in terms of applying for reimbursements, it should eliminate this problem, but the state has a lot of control over when this payment is put through.

**Councilor Cox** said that the Police Department has done everything they can to mitigate the losses as had the city from this annual reimbursement grant. Certainly in the last year the department has made extra efforts to be even timelier with their submittals for reimbursement than in the past, she said, and to which **Mr. Costa** added his agreement. It was noted that this grant pays for staffing the EMD center and training as well as quality assurance that need to be done for the state. This also pays for new hires to be trained in EMD, **Chief Campanello** added.

**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 permit the Police Department to apply for a grant from the Massachusetts Executive Office of Public Safety & Security, State 911 Department FY15 Training Grant and Emergency Medical Dispatch/Regulatory Compliance Grant for \$141,720.05.**

**6. Special Budgetary Transfer Request (2015-SBT-8) from Police Department**

***Special Budgetary Transfer Request (2015-SBT-9) from Police Department***  
***Special Budgetary Transfer Request (2015-SBT-10) from Police Department***

**Chief Campanello** explained to the Committee that all the transfers all apply to an individual who was in patrol and moved to the Detectives Division. In addition to the officer's base pay, the department has to move the funds for holiday, longevity and career incentive pay.

School Resource Officer, **Councilor Cox** asked if it would it always be a police officer. **Chief Campanello** said it will always be a sworn Gloucester Police Officer. Initially it was a Sargent of which the School Department paid the patrolman's salary while the Police Department picked up the difference. He said he felt it was necessary to have a supervisor outline how things would work with the high school's administration to plan for the position going forward. This is the first year the department has a Police patrol officer assigned at the high school, and it will always be a Police patrol officer hereon in, he pointed out. He added that he kept a position in his budget for a School Resource Supervisor to have some oversight from a police standpoint but the officer is co-managed – ultimately he answers to the Chief. The job description was formed in conjunction with the school and operationally there is a lot of room with the school, he said.

**Dr. Richard Safier**, Superintendent of Schools, read from the School Resource Officer's job description to the Committee for the School Resource Officer in order to confirm the collaborative effort between the Police Department and School Department and that the School Resource Officer was within the Police Chief's supervisory purview.

**Councilor Cox** asked when school is not in session, where this officer is assigned. **Chief Campanello** said if there are school activities he is present. During the eight weeks in the summer when school is closed, the officer is assigned as a detective as well as sent to further training to assist in his work at the high school. He noted that the school administration works closely with the officer who must be flexible with his hours if the school thinks his presence is necessary at an evening event related to his job description, for instance. He said that the officer may work 7 a.m. – 1 p.m. and come back for three hours in the evening which has not been a contractual issue or all around.

**Councilor Cox** said she has heard nothing but good things about the officer and how well the position of High School Resource Officer is working out.

**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 2015-SBT-8 for \$3,693.00 from Account #101000.10.211.51450.0000.00.000.00.051, Police-Uniform, Holiday Pay to Account #101000.10.212.51450.0000.00.000.00.051, Police-Investigation, Holiday Pay for the purpose of funding FY2015 holiday pay wages for a Police Officer in the Investigation Division of the Police Department.**

**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 2015-SBT-9 for \$500.00 from Account #101000.10.211.51400.0000.00.000.00.051, Police-Uniform, Longevity to Account #101000.10.212.51400.0000.00.000.00.051, Police-Investigation, Longevity for the purpose of funding FY2015 longevity pay wages for a Police Officer in the Investigation Division of the Police Department.**

**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 2015-SBT-10 for \$11,475.65 from Account #101000.10.211.51950.0000.00.000.00.051, Police-Uniform, Career Incentive Pay to Account #101000.10.212.51950.0000.00.000.00.051, Police-Investigation, Career Incentive Pay for the purpose of funding FY2015 career incentive pay wages of a Police Officer in the Investigation Division of the Police Department.**

***7. Special Budgetary Transfer Request (2015-SBT-12) from Inspectional Services Department***  
***Special Budgetary Transfer Request (2015-SBT-13) from Inspectional Services Department***  
***Special Budgetary Transfer Request (2015-SBT-14) from Inspectional Services Department***  
***Special Budgetary Transfer Request (2015-SBT-15) from Inspectional Services Department***

**Bill Sanborn**, Building Inspector, explained that 2015-SBT-12 and 2015-SBT-13 are transfers related to remedy a partial shortfall the department's new weights and measures calibration unit. The money budgeted in the FY15 budget which the Council sought funds to replace the circa 1947 calibration unit was not sufficient

necessitating the transfers. With all these transfers, the surplus funds come from four accounts within the Inspectional Services Department. Special Budgetary Transfers 2015-SBT-14 and i-15 is moving surplus funds in order to provide for an iPad purchase and service contract, and to purchase two shirts and jackets with city logo for the new part-time Building Inspector recently whose area of concentration is the Stretch Energy Code. He reported that the new staff member knows the Stretch Code very well and is an asset to the department.

**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 2015-SBT-12 for \$750.00 from Account #101000.10.241.53100.0000.00.000.00.052, Inspectional Services, Engineering/Architectural Professional Services to Account #10100.10.241.58700.0000.00.000.00.058, Inspectional Services, Equipment Replacement for the purpose of funding a partial shortfall for a Weights and Measures calibration unit purchase.

**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 2015-SBT-13 for \$409.00 from Account #101000.10.241.54220.0000.00.000.00.054, Inspectional Services, Print Form (Not Comp) to Account #10100.10.241.58700.0000.00.000.00.058, Inspectional Services, Equipment Replacement for the purpose of funding a partial shortfall for a Weights and Measures calibration unit purchase.

**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 2015-SBT-14 for \$1,000.00 from Account #101000.10.241.51250.0000.00.000.00.051, Inspectional Services, Salary/Wage-Part Time Position to Account #10100.10.241.53410.0000.00.000.00.052, Inspectional Services, Telephone Service for the purpose of purchasing an iPad computer and service contract for use by an Inspectional Services Department staff member.

**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 2015-SBT-15 for \$200.00 from Account #101000.10.241.51250.0000.00.000.00.051, Inspectional Services, Salary/Wage-Part Time Position to Account #10100.10.241.55810.0000.00.000.00.054, Inspectional Services, Work/Safety Clothes for the purpose of purchasing 2 shirts and 1 jacket with city logo for an Inspectional Services Department staff member.

#### 8. *Memorandum from Administration re: Options for the Fuller property RFP (Request for Proposals)*

Councilor Cox announced that the Committee would not discuss this matter as it came to B&F to talk about finances related to an RFP (Request for Proposals) and not appropriate to talk about a building not yet accepted yet for surplus by the City Council.

This matter is continued to October 23, 2014.

#### 9. *Special Budgetary Transfer Request (2015-SBT-11) from School Department*

Hans Baumhauer explained that the School Department each year transfers funds to the Police Department in order to underwrite a portion of the Gloucester High School Resource Officer who has proved to be a valuable asset to that school community, and this is the agreed upon amount. This year the funds come from the Principal and Assistant Principal Salaries account which was where the funds were kept awaiting transfer.

**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 Special Budgetary Transfer 2015-SBT-11 for \$55,000.00 from Account #101000.29.371.51101.2210.00.171.00.051, Gloucester School Department, Principal/Assistant, Principal Salaries to Account #10100.10.211.51100.0000.00.000.00.051, Police-Uniform, Salary/Wage-Permanent Position for the purpose of funding the position of the Gloucester High School Resource Officer for FY2015.

### 10. *Letter from the Chairman of the Gloucester School Committee re: Outstanding Food Service Debts*

**Present from the School Department: Dr. Richard Safier**, Superintendent of Schools; **Jonathan Pope**, School Committee Chair; **Kathy Clancy**, Chair-School Committee Budget & Finance Committee, and **Hans Baumhauer**, Director of Finance and Operations for the Gloucester Public Schools.

**Dr. Safier** reviewed the following: that the Point of Sale (POS) system for the food service keeps a very accurate record of money in and is a useful database for eligible district reimbursement from the government. The school food service policy calls for parents to make pre-payments which are conveniently available to them on line. But this system has also acted as a credit card, and many families capable of making payments have accrued debt. The letter to the Council notified them that as of September 8 high school students with outstanding Food Service debts in excess of \$50 will no longer be able to use their POS card for lunch until their debt is paid in full. Elementary schools are a problem, but it is a bell curve in the middle school and the debt problem appears to peak in ninth grade. Students can't graduate until debt is paid. With the setting of the limit it will, they said, will encourage families sooner to seek out assistance for subsidies.

**Ms. Clancy** said each year families have to sign up for the reduced or free lunch program. The current list of Food Service POS debtors over \$50 consists of 65 students, and the range in debt is from \$53 to \$962 for any one student. The School District panel also explained that students who have an unpaid debt greater than \$50 will have the opportunity to purchase with cash items from the Snack Bar in the cafeteria. They will not be able to purchase lunch through the lunch line until the debt is paid in full. A \$1.00 lunch will be available for purchase at the Snack Bar. It is all to stop the bleeding of funds, **Dr. Safier** pointed out. Cards are now being cut off, and the School Committee is contemplating possibly instituting the same process for the Middle School the panel noted.

**Mr. Baumhauer** pointed out that over the past two to three years the School Department has had to write off over \$108,000 in unpaid debt. By regulation, he explained, that money must come out of the department's operational budget. At present there remains a debt of approximately \$71,000. He added that any family that is on Free and Reduced Lunch or who became eligible for Free and Reduced Lunch is not required to pay any past debt, nor will they be prohibited from buying lunch which is part of the \$108,000 that has been written off. The school district doesn't get reimbursed for past debt for those who become eligible for free and reduced lunch. The write-off for free and reduced lunch debt last year was \$28,000 and has to come off the operating budget as does all debt. The district overall is approaching 43 percent on free and reduced lunch annually the panel confirmed.

**Dr. Safier** said letters to families who owe money that can afford to pay for lunch has not yielded results. There are currently thousands and thousands of dollars of debt due to unpaid bills. Efforts at collection, even through the courts, have not worked to significantly reduce the overall Food Service debt. The procedures he outlined, he added, at a minimum will serve to reduce further debt. At this time the School Committee is considering implementing similar procedures at the O'Maley Innovation Middle School. The panel confirmed that there is no intention of implementing such procedures at any of the city's elementary schools. He said did not believe their the point of sale cards were ever intended to be a credit card for adolescents, but a convenience for parents to pay in advance for their students' lunches.

**Councilor McGeary** discussed why cash payment for lunches is discouraged much of which had to do with the short time students have for lunch and the volume of students who need to go through the lunch lines, as well as tracking POS. With cards being deactivated and students having to seek out a staffer assigned for such situations in the cafeteria, **Ms. Clancy** said it is also a teachable moment on financial responsibility.

**Councilor McGeary** inquired about the School Food Service revolving fund which can't be run in a deficit and asked about the advantage of the revolving fund? **Mr. Costa** said the General Fund is subsidizing the budget. It is by law that it must be done through a revolving fund which **Mr. Baumhauer** confirmed. **Mr. Costa** added that there is a budget now so that purchase orders can be opened prior to the start of the school year and commended Mr. Baumhauer for his good management of the fund. **Councilor McGeary** and the panel pointed out that funds not gained at the POS are the cost of a teacher. The issue is the people who are capable of paying, **Dr. Safier** pointed out.

There was a brief discussion to bring the dollar amount down to \$25 for the freeze point for POS cards for funds owed in the new year once this new policy takes hold. **Mr. Pope** said they are trying to actively hire people in food service to check on the POS use of cards. **Councilor McGeary** said there is no choice as there is a real financial impact to the school budget.

**Councilor Cox** thanked the school personnel present for their efforts.

### 11. *Memo from City Auditor regarding accounts having expenditures which exceed their authorization & Auditor's Report*

**Mr. Costa** reviewed his reports (on file) with the Committee.

**A motion was made, seconded and voted unanimously to adjourn the meeting at 5:35 p.m.**

**Respectfully submitted,**

**Dana C. Jorgensson  
Clerk of Committees**

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