

CITY COUNCIL STANDING COMMITTEE
Budget & Finance
Thursday, June 17, 2010 – 6:30 p.m.
1st Fl. Council Conference Rm. – City Hall

Present: Chair, Steven Curcuro; Vice Chair, Paul McGeary; Councilor Jacqueline Hardy

Absent: None

Also Present: Jeff Towne; Mary Richardson; Jim Duggan; Lt. Joseph Aiello; Tom Markham, CFO-School Department; William Sanborn; J.D. MacEachern

The meeting was called to order at 6:34 p.m. Items were taken out of order.

MOTION: On motion by Councilor McGeary, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to change the start time of their meetings to 6:00 p.m. henceforth.

1. Continued Business

A) Monthly review with Jeff Towne, CFO re: Tax Recap

Mr. Towne submitted documentation for the Committee's review (on file). The matter was continued to the July 1, 2010 meeting.

2. Memo from City Auditor regarding accounts having expenditures which exceed their authorization

Ms. Richardson went down the list presented to the Committee (on file) much of which was being taken care of with transfers at this meeting.

A) Expenses owed to the City by the School Department

Ms. Richardson reviewed the School Medicare has a total amount owed for the Special Revenue accounts that includes grants and revolving funds \$18,384.03 and the Unemployment was at \$21,482.00 but today \$10,587.91 has been received. Mr. Markham is working with Mr. Towne to determine which revolving funds the schools will be reimbursing the City for out of the \$18,384.03 from Medicare.

Mr. Towne noted some of the revolving funds there was confusion on his department's part, what they should be seeking versus historically what they have sought. He and Mr. Markham have discussed what they're going to try to get back by the end of this fiscal year the things they have typically paid for in the past, grants and several others; two revolving funds. Some of the Medicare could be paid from those. They're not typical like the food services fund. He didn't want to 'hit' those; they're already in deficit. He also didn't want to establish a new practice towards the end of the fiscal year. It's not fair to the schools if they weren't expecting to pay for it and now we're looking for them to pay for it. They've talked that in FY12 they want to clearly identify who is paying what for all of these funds for Medicare. The grants owe a very insignificant portion of that. The school is pretty much up to date on what they've been paying on the grants right along; they're paying regularly paying on the grant portion of Medicare. The unemployment compensation is difficult because they'll get a bill in May, for instance, that represents February, March and April from the State. Then they'll turn it over to the school telling them the same. It's not that they're late it's just getting the bill all at once that covers multiple funds. While he was out of the office the previous week, there was a bit of overstatement that the schools were behind in paying their unemployment. They are not. They're up to date, paying pretty regularly. When they get the bill they put it forward on their warrant. They are billed monthly. The confusion was there were multiple months coming through, and they were seeking reimbursement saying this was February, March

and April, and they're just giving it to the City in June. They're not behind because they're just giving it to them.

Councilor Curcuru asked was it coming late from the City side to the schools.

Mr. Towne stated no, it was late coming from the State.

Mr. Markham showed the Committee the May and June invoices. It came on June 9th and they're on this week's warrant.

Mr. Towne noted in this particular instance, it came May 26, 2010. It represented dates in March and February. When they get it; they pay it and send it on to the schools and expect the schools to reimburse them in the same fiscal year if they're paying it out on their behalf, just like when you do grants or when you have someone on unemployment. You make the payment and draw down and send it over to them. It's not as if they're doing it late. He noted the June 11th invoice which represented all of April, the one they posted June 11th (City-wide including the schools). He believed this is where the confusion stemmed.

Mr. Markham deferred to Mr. Towne. His predecessor and he have been very attentive to when the bills come in and place them on the next warrant or as close to the next warrant as possible. Medicare was a misrepresentation of the volume of people that were charged against grants. Ms. Richardson earlier in the week had made note that it was an inaccurate number. They are very attentive to the grant payments. There are two parts of that. Some grant employees are 12 month employees, 26 payrolls. Their grants run September 1 through August 31 on more of a federal year as opposed to a city fiscal year. If it is a 26 week employee, there will be FICA coming in over the summer months. If it's a 21 pay, meaning a school year employee, a teacher or a school it will all be paid within the 21 pay periods. What drew up some red flags was the representation that all the revolving funds, or the employees paid from the revolving funds, they hadn't paid those on Medicare. Historically the school district had not. They're introducing a new practice especially on revolving funds that have a consistent source of revenue like circuit breaker, for example, SPED, even the pre-school. He had never perceived they were behind because they hadn't paid them before. If they want to move toward that in 2012, then they can plan and get to it. He had this conversation with the Superintendent. There was no opposition on being able to move these things around within the next couple of weeks would be quite difficult to do; it's not something they planned on. As they move forward, he agreed with Mr. Towne, it is reasonable that when there's dedicated revenue stream that's not the tax base, that the Medicare should be covered from that stream.

Councilor Hardy appreciated the wide open communications and working together cohesively. She wondered if anyone else saw the need to meet on this subject on a more regular basis with the two departments suggesting once a quarter which the Committee decided to take up later in the conversation.

Councilor McGeary stated it seemed late to change the rules. Looking forward, as a general principal it's good to know what money is going to what department.

Councilor Hardy asked if the agreement that was in place is no longer in place.

Mr. Towne responded no not in this fiscal year, but moving forward in FY11 they're going to be doing all the grants; and they'll have another conversation on things like the Tower Foundation and the Gloucester Foundation and Transportation as well as Pre-School Circuit Breaker/SPED. From the City's perspective when they do the budget, they do a historical budget. The problem would be if the school were to add a lot of new employees or pick up different employees that would add numbers that would be subject to FICA or Medicare, they can't see that because FICA and Medicare is paid out of one account under Personnel for the entire City including the schools; and the schools reimburse the City. There needs to be stronger communication. From now on if something is created here, it has to be self-supported by paying the Medicare or you have to let them know before budget season starts that they're adding three more people, say, so they can include it. It's trying to make sure they're all on the same page as to what the cost is going to be.

Mr. Markham what will help make it easy is that they have the system in place. As a grant is opened, when they get the award from the State, after the School Committee accepts it; it's recorded in the

minutes and submitted to the Auditor's office, and they open the grant. Right there is a line for Medicare. They could model a system that is similar to that for revolving funds.

Mr. Towne took it a step further that if a grant is there that when they do payroll Medicare gets charged straight to the grant so that they don't have the back and forth. This would make matters much easier on both sides. The others will have to be continued to be worked on throughout the fiscal year.

Councilor McGeary stated the grants do pay parts of people's salaries, for instance 40% of someone's salary. Does that carry through; that's not a difficult thing to manage.

Mr. Markham stated when you apply for the grant it's built in; it's a known number up.

Councilor McGeary thought in the specific case of SPED, his understanding was that it was a moving target. In September they might suddenly find the schools needing three more aides and that's why they're talking of the circuit breaker account money making that more accessible as people get added unpredictably into the system. Using the circuit breaker money would help address that.

Mr. Markham stated it would be an appropriate use of the money because it's usually those youngsters who are the neediest requiring extra assistance of some kind. Circuit breaker is only funded at 42% this year. The general fund is picking up 58%. It's reasonable to attach the cost to the source of income at the expense, meaning the youngster who needs the service.

Councilor Curcuru stated Mr. Markham knows that they end up historically with this on a regular basis; is there a reason they don't budget a line item for this – just to carry some money in there for hiring the aides. The circuit breaker only pays a portion of it, and the General Fund pays the remainder. Is there a reason why you don't budget a line item and carry it as a reserve account to cover that so they won't be short. It's every year it comes about.

Mr. Markham stated he did it differently this year. Working with the SPED Director they've examined if there were any students that they knew were coming out of an out-of-district placement, that it may be less expensive to hire a part-time aide than it would be to send them to an out-of-district placement. They transferred money from out-of-district placement line (which was the savings) when they came back to the district to a personnel line. So they were able to use some of that ability to shift money from a tuition payment into a salary line. They didn't budget for it; but they could cover it from the SPED Department. In some cases it's less expensive to hire a part-time aide than sending the student out of district.

Councilor McGeary stated so the savings by not sending the tuition, you're using some of that savings to pay for the aide. So in a sense what you're saying is that you're budgeting for the worst-case scenario.

Mr. Markham stated they know at the end of the year with the I.E.P. meetings completed for that year what the plans are for out of district student placement, some starting in July as some are year around residential placements, not just school year. Those that they know that are coming back to the district from a tuition school, they have made adjustments into FY11. With the budget approval, they'll make some of those tweaks in July or August. He noted the representation on the invoices from the City the June bill which covered a variety of months, April in this case; what has been the past practice; is that by the time they get the bill for the month of June, it will be August or September. The past practice has been if you make 12 payments in a year you're considered to have paid your year. Should he anticipate a bill in September for June? He noted he'd already made 12 payments in FY10.

Councilor Curcuru stated then the bill in July when you pay that you're paying for the previous fiscal year.

Mr. Towne responded they pay them as they get them and seek reimbursement as they pay them. The outside auditor would probably say you have to book those back in the last year. They can't 'guess-imate' the bills. They don't know until they get them. They're in the same situation as Mr. Markham.

Mr. Markham stated you pay 12 bills in a fiscal year; you've paid your bills. A like example would be utility bills for the month of June will land in July, and they won't have the money to pay them. They'll have made 12 payments in FY10.

Councilor Curcuru wondered then when you get June's bill, who pays the bill.

Mr. Markham stated the City has the money. They won't get the bill until July.

Mr. Towne stated they'll be using FY11 money to pay it. It will be in Department 368.

Councilor McGeary asked about the bill from the State on Medicare.

Mr. Towne stated it's their cost for those people of the City's share of what they're getting paid.

Councilor McGeary noted in private industry they pay unemployment insurance.

Councilor Curcuru stated he'd been in debt meetings over the last few months. Food service has been an on-going issue. He knew Mr. Markham came up with a plan to pull it out going forward. The outstanding debt has raised concerns. He asked Mr. Markham to give a sense of what will be paid and how they'll go forward.

Mr. Markham stated they've been meeting regularly. The issue of all of the debts effectively will be done with the transfers tonight. They will be leaving on the table not quite out of debt but are on course of an appreciation of the revolving negative balance, not counting the FY10 balance; they're looking at \$148,267.00 that is the reconstituted deficit figure from Mr. Boyce's work. The City had applied \$43,000.00 for recap purposes and brought it down to the \$148,267.00. He looked at FY10 and the revolving piece of the historical debt. He received the authority from the School's B&F to substantially reduce the debt by June 30th. There will be a series of transfer requests with regard to the food service debt.

Councilor Curcuru asked how long this \$148,267.00 had accumulated.

Mr. Towne stated it was over four or five years.

Councilor Curcuru asked why that wasn't picked up on and continuously been carried over.

Mr. Towne stated they were trying to close three fiscal years at once through 2009. The former Auditor had her hands full and there was a gap in CFO's. They never got into looking into it in depth. The Auditor just didn't have the time.

Mr. Markham stated it would be \$35,000.00 as a net projection for debt this year. Within the first month he was here they had some layoffs in September. They've done a number of things to have a much more watchful eye. His bottom line projection will be a \$35,000.00 loss for the year. He will be using some general funds in FY10 to bring the FY10 operation down. He will pay down the balance down now while the fiscal year is in operation.

Councilor Curcuru asked if the DOR would be satisfied.

Mr. Towne stated if they pay off the \$148,267.00 and had no loss then DOR won't have anything to say because there'll be no deficit in that fund.

Councilor McGeary noted that doesn't include the \$35,000.00

Mr. Markham stated that was his projection. They'll use general funds to address both matters. They'll address the \$148,267.00. They may get to \$25k. He hoped this would go a long way with the Council and the DOR in less than a six month period with this historically negative balance. He reconstituted their five year plan and is going to the School Committee next week. Moving forward they'll need increase the price of school lunch.

Councilor Curcuru asked regarding the transfers and funds for the transfers where the money would come from and would it be permissible.

Mr. Markham stated it would be from the General Fund and Mr. Towne reminded the Committee that the Council allowed for transfers to be sent to them until the end of this fiscal year.

There was a discussion as to how to close out the deficits and to get them to the City Council in time for their Tuesday, June 22nd meeting between the Committee and Mr. Markham, Mr. Towne and Ms. Richardson.

Councilor Curcuru asked Mr. Markham how he would go forward.

Mr. Markham revised the plan based on the projection that is more current. It includes an assessment of costs, the types of things they need to contribute to, the health insurance contribution. In the course of time the food service needs to become self-sufficient. One of the things they don't do is budget in the General Fund to support any students that can't afford lunch. It is an expectation in the General Fund. It is practice in Gloucester that by the kindness of the lunch employees they move students along who can't pay. All of those lunches, \$3 here and there, add up. School lunch is \$2.50 in elementary schools, \$2.75 at O'Maley and \$3.00 at the High School. Adult prices are about \$1 higher in each case. There is an

expectation that they're supposed to a line that shows they're supporting it. There's a lot of factors that have been left off the table as they reconstitute the model.

Councilor Curcuru asked about the year's school lunch program.

Mr. Markham stated they saw a \$20,000.00 loss in September. They looked at the last 3 Septembers and compared them. This past September they were serving cold food [due to the Boil Water Order]. They took a hit there, as the whole City did creating a revenue gap there. If you add all of these pieces, they had a situation with some water related concerns where a couple of schools had to have bottled water brought in; and it adds up over time. They've put this into their planning. They're strong advocates of point of purchase sales. They're seeking the financial assistance to make it happen. It's for collections. They'll be able to take credit cards with parents going on line to have accounts for their children to reduce the volume of cash on each site and be able to do this with this sort of system and track and report what is done in real time. The food service folks have been good about getting the information to them. They're about a month behind. They'll get reimbursed in July for June. Instead of getting 2 or 3 months in July they'll be getting just one month. IF the school committee approves the plan they'll move forward with the point of purchase plan. It will improve efficiency and improve accounting. The administration is seeking a five year business plan that will help them to be able to budget.

Councilor Hardy asked what kind of an increase they'll look for.

Mr. Markham stated it was 5%, 4%, 3% and 3% percent increase. This hasn't been approved yet by the School Committee; but it's effectively 15 cents per meal. He submitted the proposal to the B&F Committee for their review (on file). The School Department has seen the number of applications go up for free lunches. They've surpassed their expected number for this year. There is an application period that is required for the State. All the applications are supposed to be in by the end of October. The State has to plan also. The school district has a fiduciary obligation to approve each form to make an assessment that it is a valid one.

Councilor Hardy was concerned that there might be a stigma attached.

Mr. Markham assured that the application is sent home through the mail, and that it is done discretely and confidentially. They also serve breakfast. The deficit includes breakfast, but the program for breakfast is not being proposed for an increase

Councilor Hardy asked about grants and would the involvement with the Board of Health be of assistance.

Mr. Markham stated they're helping with healthy meals, but there's no money attached. They've created some initiatives that insist the food meal be healthier. They want to make sure they provide a healthy meal, but this also drives up the cost of the meal. He wasn't aware of any grants available at this time.

Councilor Curcuru asked about the State reimbursement.

Mr. Markham stated a family applies for the free or reduced lunch for the student(s) and essentially by signing it becomes an affidavit of their assurance they are in financial need. Once the application is approved, it goes to the state. It's a reimbursement based on the number of lunches sold. If Johnny doesn't eat lunch, they're not reimbursed. The lunch staff at the counter, especially at the smaller elementary schools can be discrete. By the second or third week of school the school staff knows who these children are.

Councilor McGeary asked if the point of sale would help the anonymity.

Mr. Markham stated it would. The student would put in the pin code, and the software will know. It should help facilitate the reporting for the reimbursement process from the State.

Councilor McGeary stated there will be in FY12, FY13, FY14 some line items will be there to cover the deficit.

Mr. Markham stated the FY11 plan has a net for an annual operation of 2010 dollars. The goal in the first year is to break even. The big piece is that doesn't include the food service contribution to health insurance. The budget is what it is. As they evolve they'll start planning a lot earlier. Food service costs have been reduced. The general fund will pick up likely costs and will work to be more attentive to this. Having a plan is significant.

Councilor Curcuru suggested a quarterly meeting with Mr. Markham which the Committee agreed. **Mr. Towne** clarified that the \$35,000.00 on paper if it doesn't show up until July that Mr. Markham is counting it towards FY10 and that they're all on the same page and booking it on FY10.

3. Memo from Police Chief re: Department of Homeland Security Grant

Lt. Aiello stated he is here to ask the City Councilor to accept \$67,711.00 from the Department of Homeland Security and the Seaport Advisory Council to purchase TWIC hand-held readers. This portion of the grant from the Department of Homeland Security will be used to include port-wide security camera surveillance system and Transportation Workers Identification and Credentialing (TWIC) System for the port of Gloucester. In the event that the security in the harbor is elevated by the Coast Guard, or a foreign flag ship enters the port the government has the right demands that anyone who serves or goes aboard the vessel have a TWIC card. This card is scanned in the machine and the fingerprint is also taken and would identify the individual as having security clearance to bring stores onto the vessel, to have free access to it. Otherwise they have to be escorted. These funds are being distributed from the City of Salem (fiduciary agent), but Gloucester will be receiving and take possession of equipment for the camera surveillance system which will have multiple locations within the port. The TWIC system is also used if the U.S. Coast Guard locks the vessels down, a TWIC identification card is required to gain access to the vessel. It is the TWIC system and cameras funding that are being accepted this evening is for \$67,711.00. This is state of the art, new technology. It is a reimbursement grant. It has already gone out to bid; in order to establish an account they have to go through the Council. There was a 20% match is covered by the Seaport Advisory Council. \$50,784.00 has come from the Department of Homeland Security and a \$16,927.00 from the Seaport Advisory Council (match portion of the grant).

Councilor Curcuru asked if the TWIC system was mostly for security clearance and not any training aspect.

Lt. Aiello stated yes. But the only way federal grants now become easier to obtain is via multi-jurisdictional/ multi-agencies. So they partnered with the State Fish Pier and Cruiseport because they have the same problem – if a ship pulls in to either location, they have the same federal mandates. They convinced the federal government it would be a burden to the State Fish Pier and Cruiseport to purchase and install the system because they would use it so infrequently. It would force them to invest \$100,000.00. So they agreed to give them the mobile TWIC units and give them a day's worth of training, bringing in Mr. Shaw from the Fish Pier, someone designated from Cruiseport; and they will be taught how to use the equipment. The technology is so new they may not use them for a while. The issue was the federal government had offered it and paid for it. He didn't want to be in a position where a ship was secured and then they asked the Police to pull out their TWIC readers. The TSA didn't know anything about the system; the Coast Guard had very little information on it. The TWIC system they are getting is the top of the line system that enables them to swipe a driver's license, a TWIC card, a passport. It will tell them that the passport is actually that person. It won't tell them, however if it is a fake passport, per se. It will tell them that fingerprint belongs to that person on the passport, TWIC card or driver's license. They will have nine.

Councilor Curcuru asked if the training will come out of the police budget.

Lt. Aiello responded the training was part of the bid. When they do train they'll have to bring in civilian assets in as well.

Councilor Hardy asked to whom the 9 units will be distributed.

Lt. Aiello stated the Coast Guard, the Harbormaster, Mr. Shaw at the State Fish Pier, and possibly Cruiseport. Cruiseport hires their own private security company. They'll have them in the City.

Councilor Hardy asked if someone is on vacation, that unit will be available for other people to use.

Lt. Aiello stated absolutely. The unit will be available throughout the City; and anyone who is a stakeholder in port security issues will come to that one day's training.

Councilor Hardy wondered if this would be used to check on commercial fishermen, to board boats, to check on catch shares.

Lt. Aiello stated if they have a TWIC card on them it is just for identification of the person; and commercial captains (anyone with a captain's license) have a TWIC card. It is not for checking on catch shares or anything of that nature.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to accept the Department of Homeland Security Port Security Grant Program for the Transportation Workers Identification and Credentialing (TWIC) System for \$67,711.00.

4. Two Special budgetary Transfers (#10-35AND #10-36)

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-35) \$1,550.00 from Treas/Collector – Sal/Wages Perm Position, Unifund Account #101000.10.145.51100.0000.00.000.00.051 to Auditor, Sal/Wage – Temp Pos, Unifund Account #101000.10.135.51200.0000.00.000.00.051.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-36) \$1,850.00 from Treas/Coll – Salary Wages Temporary, Unifund Account #101000.10.145.512.0000.00.000.00.051 to Licensing Board, Sal/Wage – PT Position, Unifund Account #101000.10.165.51250.0000.00.000.00.051.

5. Special Budgetary Transfer Requests to cover the Snow/Ice Deficit (#10-37, #10-38, #10-39, #10-40, #10-41, #10-42, #10-43, #10-44, #10-45, #10-46, #10-47, #10-48, #10-49, #10-50, #10-51)

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-37) \$5,000.00 from Purchasing, Telephone Service, Unifund Account #101000.10.138.53410.0000.00.000.00.051 to DPW S&I Removal, OT Snow & Ice, Unifund Account #101000.10.423.51310.0000.00.000.00.051.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-38) \$1,200.00 from Treas/Coll – Sal/Wages – PT Position, Unifund Account #101000.10.145.51250.0000.00.000.00.051 to DPW S&I Removal, OT Snow & Ice, Unifund Account #101000.10.423.51310.0000.00.000.00.051.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-39) \$20,000.00 from 101000.10.145.57420.0000.00.000.00.057 to DPW S&I Removal, OT Snow & Ice, Unifund Account #101000.10.423.51310.0000.00.000.00.051.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-40) \$5,000.00 from Pub Prop Maint. Sal/Wages – Perm Positions, Unifund Account #101000.10.470.51100.0000.00.000.00.051 to DPW S&I Removal, OT Snow & Ice, Unifund Account #101000.10.423.51310.0000.00.000.00.051.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-

SBT-41) \$6,079.83 from DPW – Solid Waste, Supplies, Unifund Account #101000.10.403.54000.0000.00.000.00.054 to DPW S&I Removal, OT Snow & Ice, Unifund Account #101000.10.423.51310.0000.00.000.00.051.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-42) \$14,000.00 from City Clerk, Sal/Wage Perm Position, Unifund Account #101000.10.161.511.0000.00.000.00.051 to DPW S&I Removal, OT Snow & Ice, Unifund Account #101000.10.423.52970.0000.00.000.00.052.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-43) \$28,000.00 from DPW – Solid Waste, Supplies, Unifund Account #101000.10.403.54000.0000.00.000.00.054 to DPW S&I Removal, OT Snow & Ice, Unifund Account #101000.10.423.51310.0000.00.000.00.051.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-44) \$12,000.00 from Com Dev – Sal/Wage – Perm Position, Unifund Account #101000.10.181.51100.0000.00.000.00.051 to DPW S&I Removal, OT Snow & Ice, Unifund Account #101000.10.423.52970.0000.00.000.00.052.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-45) \$5,000.00 from Pub Prop Maint Natural Gas Heating, Unifund Account #101000.10.181.470.52150.0000.00.000.00.052 to DPW S&I Removal, OT Snow & Ice, Unifund Account #101000.10.423.52970.0000.00.000.00.052.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-46) \$15,000.00 from Com Dev – Sal/Wage – P/T Pos, Unifund Account #101000.10.181.51250.0000.00.000.00.051 to DPW S&I Removal, OT Snow & Ice, Unifund Account #101000.10.423.52970.0000.00.000.00.052.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-47) \$60,236.93 from DPW – Solid Waste, Supplies, Unifund Account #101000.10.403.54000.0000.00.000.00.054 to DPW S&I Removal, OT Snow & Ice, Unifund Account #101000.10.423.51310.0000.00.000.00.051.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-48) \$10,000.00 DPW Other – Gasoline, Unifund Account #101000.10.499.54110.0000.00.000.00.054, to DPW S&I Removal, Salt/Sand – Road, Unifund Account #101000.10.423.55410.0000.00.000.00.054.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 0 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-49) \$11,157.10 DPW Solid Waste - Supplies #101000.10.403.54000.0000.00.000.00.054, to DPW S&I Removal, Salt/Sand – Road, Unifund Account #101000.10.423.55410.0000.00.000.00.054.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-50) \$5,000.00 DPW Other, Sal/Wage – Perm Position #101000.10.499.51100.0000.00.000.00.051, to DPW S&I Removal, Salt/Sand – Road, Unifund Account #101000.10.423.55410.0000.00.000.00.054.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-51) \$135,797.72 Treas/Coll – Debt Service LT interest – Perm Position #101000.10.145.59150.0000.00.000.00.059, to DPW S&I Removal, Salt/Sand – Road, Unifund Account #101000.10.423.55410.0000.00.000.00.054.

6. *Request from ad hock Newell Stadium Bathroom Committee re: remaining monies from Mass Electric mitigation fund*

J.D. MacEachern and William Sanborn, Inspector of Buildings discussed with the Budget & Finance Committee informally the matter of Newell Stadium and its facilities and plans with regards to the remaining monies from a Mass Electric mitigation fund. During the discussion, Mr. Sandborn did state that the City owns Newell Stadium. Finances were reviewed with a document Mr. Sanborn submitted (on file) and one the Assistant Auditor gave to the Committee (on file). It was decided that the Auditor's Office and the Treasurer would work together to research the matter and come back to the Committee with the results.

The matter was continued to the August 12, 2010 meeting.

7. *COM2010-27: Sullivan & Rogers – Independent Auditors' Report (Reports on file in City Clerk's Office)*

Councilor Curcuru asked Ms. Richardson to a time is set up with Chris Rogers of Sullivan & Rogers to appear before the Committee and have them at one of the next two meeting dates of either July 1st or 19th.

8. *CC2010-036 (Tobey) regarding (a) rescinding for the FY12 budget cycle the CSO debt shift enacted on May 25, 2010 and (b) instituting a stormwater fee system pursuant to the ordinance enacted in September 2009*

The matter was continued to the July 1, 2010 meeting.

9. *Supplemental Appropriation Budgetary Requests#10-SA-12, #10-SA-13, #10-SA-14, #10-SA-15, #10-SA-16, #10-SA-17, #10-SA-18, #10-SA-19 (late referral from City Council Mtg. 06/07/2010)*

The following motions are all related to the Gloucester School Department.

Put in the account numbers.

This transfer is to close a deficit fund balance in the Sawyer Music Fund.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the transfer (#10-SA-12) \$9,655.25 from Workers Comp Settlement, Unifund Account

#101000.29.384.51776.5210.00.200.00.051 to General Fund – Transfers to Special Rev Funds, Unifund Account #101000.10.992.59600.0000.00.000.00.059 (Fund #285014).

This motion is to close a deficit fund balance in the I.E.P. Grant Fund.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the transfer (#10-SA-13) \$4,200.00 from Workers Comp Settlement, Unifund Account #101000.29.384.51776.5210.00.200.00.051 to General Fund – Transfers to Special Rev Funds, Unifund Account #101000.10.992.59600.0000.00.000.00.059 (Fund #281032).

The following motions are to help close a deficit fund balance in the Advertising Revolving Fund.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the transfer (#10-SA-14) \$675.00 from Workers Comp Settlement, Unifund Account #101000.29.384.51776.5210.00.200.00.051 to General Fund Transfers to Special Rev Funds #101000.10.992.59600.0000.00.000.00.059 (Fund #283015).

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the transfer (#10-SA-15) \$1,225.00 from Non Prof. Sickday Incent/Bback, Unifund Account #101000.29.384.51902.5100.00.100.00.051 to General Fund Transfers to Special Rev Funds #101000.10.992.59600.0000.00.000.00.059 (Fund #283015).

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the transfer (#10-SA-16) \$1,100.00 from Literacy & Math Facilitators to General Fund Transfers, Unifund Account #101000.21.385.51101.2315.00.172.00.051 to Special Rev Funds #101000.10.992.59600.0000.00.000.00.059 (Fund #283015).

This motion is to close a deficit fund balance in CIP08 Reprogram-Boiler Replacement Fund.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the transfer (#10-SA-17) \$20,555.21 from RVL-Building Use MO, Unifund Account #283007.20.993.59600.0000.00.000.00.059 to Transfers to CIP08 Reprogram-Boiler Replacement Fund, Unifund Account #300068.20.993.49700.0000.00.000.00.040 (Fund #300068).

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the transfer (#10-SA-18) \$2,155.45 from R/A-DRA School Litigation, Unifund Account #284003.20.993.59600.0000.00.000.00.059 to CIP08 Reprogram-Boiler Replacement Fund, Unifund Account #300045.20.993.49700.0000.00.000.00.040 (Fund #300045).

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the transfer (#10-SA-19) \$232,785.35 from Sewer Enterprise Certified Free Cash of 06/30/2009 to Unifund Account #600000.10.993.59600.0000.00.000.00.059 accounts as follows:

Fund # 310000 CIP04 Infil/Inflow (610,000)

\$ 1,375.70

310013 CIP01 Sewer Lower Essex Ave Upgrade	91,263.24
310015 CIP03 Essex Sewer	32,225.36
310019 CIP04 Little River (600,000)	59,773.92
310021 CIP04 Sew Proj Lower Essex/Gibs Hill (570,000)	46,060.52
310022 CIP04 DPW Asset Mgmt Program	<u>2,086.52</u>
TOTAL:	<u>\$232,785.35</u>

10. Request by the City Clerk for a vote by the City Council under M.G.L. Chapter 54, Sec. 34 for a purchase of and change in voting machines for the City of Gloucester the Budget & Finance Committee

Ms. Lowe submitted a memo with an attached copy of the related MGL for the Committee (on file) and stated her office and the Assistant Registrar of Voters is requesting a vote by the City Council authorizing them to be able to purchase 11 refurbished ACCU-VOTE voting machines for use in all elections beginning with November 2, 2010. Under MGL, Chapter 54, Sec. 34, a majority vote of the City Council is required at least 120 days in advance of the election in which the voting system machines are to be first used and that the Council must order that the proposed new machines be used in all future elections. Then the Secretary of State, Elections Division is informed of the purchase and it is approved by them. In order to use them in the next election on November 2, 2010, they'd have to have it all completed by July 6th, and there is time to do that. The ACCU-VOTE system is an approved electronic voting system. This equipment will replace the Op-Tech outmoded system equipment which the Secretary of State, Elections Division has declared they will no longer support with legal and technical support after FY2012. They have anecdotal information that less than 10 municipalities in the State use this equipment. She noted she'd explained to Mr. Duggan that they seem to have a pretty good deal which they're going through the necessary purchasing requirements first for a fairly good price. The newer equipment would have a two year warranty. Things may change again in the next several years because already there are states that are going strictly electronic. You can only buy the systems that the Secretary of State has approved in advance. That is very limited as to the number of systems; and there's not a lot of competition in that market. They have to have been approved by the Secretary of State before purchase; and the system they are proposing has been approved.

Councilor Curcuru noted he and Ms. Lowe had discussed this matter earlier during the research phase and talked at that time about costs. He wondered if she had final estimates on the refurbished machines. **Ms. Lowe** noted Mr. Duggan had asked the same as well as it was confusing; but the purchase price will be more than originally thought; but it is still a lot less than brand new equipment would have been. There's a side issue of an anti-trust action against the company that produces the equipment who are now prevented from selling it. So the best way to go is to purchase from this particular vendor because they have it available. They'll be getting 11, one for each precinct plus one.

Councilor Curcuru asked that due to the procurement laws we could purchase the equipment without putting it out to bid.

Ms. Lowe responded Ms. Compton, the City's Purchasing Agent, advertised it. She has been very cooperative. They're assuming the only vendor that is probably going to reply will be this one they're speaking of because the market is so limited. They're also assuming they should be able to get this done, and this is where Mr. Duggan had been very helpful during the budget process, with the money they already had if it works out with this vendor they would use to purchase the machines. They also got the vendor to agree to break up the payments and make the second part of the payment going into a new fiscal year. Because they didn't get new money in the upcoming budget, then in July of 2012 they'd give them the rest of it. The vendor agreed as they would not purchase the machines without such an agreement.

Mr. Towne noted if they purchase the asset, and take delivery of the full lot, then accounting wise you're still going to have to record it the year in which you take it.

Ms. Lowe stated that they'd continue to work on the financial aspect to make it as cost effective as possible. Tonight she'd need a vote from the Committee that they concur the City should buy new voting equipment under MGL Chapter 54, Sec. 34.

Councilor Hardy confirmed that this was for the general election in November.

Ms. Lowe stated that is what the machines will be used for and not the in the primary. In order to use them in the primary election they would have had to have acted sooner. There's time enough to take care of everything between the two elections. Ideally it would have been better to do it for both elections. That time passed almost a month ago.

Councilor McGeary noted the law stated "not later than 60 days prior to a municipal primary preliminary election". Municipal appears to be the operative word here.

Ms. Lowe confirmed that as this is not a municipal election, it's why the 120 days applies.

Councilor McGeary asked for a ball park figure.

Ms. Lowe was hopeful it would be in the range of \$60,000.00 broken up over several fiscal years for the 11 machines.

Councilor Hardy asked if the vendor had parts for these refurbished machines.

Ms. Lowe noted this purchase price would include warranties, service and also some on site training. The vendor is located in Methuen. The other vendor is headquartered in Nebraska. This nearby vendor would be preferable.

Councilor McGeary noted having worked in technology for 35 years and because of it, he would look very skeptically at any system that that didn't have a paper record looking forward. He knew this one does, however. If the Secretary of State moved forward in that direction, he asked for a heads up if things should change.

Ms. Lowe stated odds are things are going to change.

Councilor Curcuru stated that this will get them by for several years.

Ms. Lowe agreed. As more highly technical electronic systems come on line, that's probably the direction we'd want to go and probably the State will say eventually now everyone must do this/

Councilor McGeary made clear he did not want to go in the direction of all electronic voting. He believed in one person, one ballot.

Ms. Lowe noted due to previous voter fraud cases in other states, she believed voting processes were moving towards highly electronic voting. At the Clerks Association Meetings, everyone uses these machines that they're proposing for purchase; and they're satisfied with them. And there is a paper ballot.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the authorization for the City Clerk to purchase of 11 ACCU-VOTE voting machines and associated equipment for use in all elections beginning with the November 2, 2010 elections in the City of Gloucester's ten (10) precincts under M.G.L. Chapter 54, Sec. 34.

11. Other Business

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-52) \$4,500.00 from Treas/Coll, Debt Service – ST interest Unifund Account #101000.10.145.59250.0000.00.000.00.059 to Veteran's Services, Medical Unifund Account #101000/10/543.57720.0000.00.000.00.057.

Councilor McGeary confirmed with Mr. Towne that the following two motions were regarding a grant that did not come forward for the parcel known as I4-C2, 65 Rogers Street.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-

**SBT-53) \$11,000.00 from Treas/Coll, Debt Service – ST interest Unifund Account
#101000.10.145.59250.0000.00.000.00.059 to Pub Prop Maint, Supplies Unifund Account
#101000.10.570.54000.0000.00.000.00.054.**

**MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to transfer (10-SBT-54) \$9,000.00 from Treas/Coll, Debt Service – ST interest Unifund Account
#101000.10.145.59250.0000.00.000.00.59 Pub Prop Maint, Supplies Unifund Account
#101000.10.470.51300.0000.00.000.00.051.**

**MOTION: On motion by Councilor McGeary, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 abstention (Hardy) to recommend to the City Council to transfer (10-SBT-55) \$1,771.09 Fire Department, Pub Safety Program, Unifund Account
#101000.10.220.53060.0000.00.000.00.052 to Fire Department Overtime Training Expense, Unifund Account #101000.10.220.51315.0000.00.000.00.051.**

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MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted UNANIMOUSLY to continue the Budget & Finance Committee meeting of June 17, 2010 to TUESDAY, June 22, 2010 at 6:00 p.m.

Respectfully submitted,

**Dana C. Jorgensson
Clerk of Committees**