

Budget & Finance Committee
Thursday, June 4, 2015 – 5:00 p.m.
1st Fl. Council Committee Rm. – City Hall
-Minutes-

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

Also Present: Jim Destino; John Dunn; Tom Daniel; Sander Schultz; Fire Chief Eric Smith; Aleesha Nunley;
Adam Curcuru

The Committee meeting was called to order at 5:00 p.m. Matters were taken out of order. **Councilor Cox** arrived at 5:15 p.m. **Councilor McGeary** left the meeting at 5:47 p.m.

1. Memorandum from General Counsel and the Inter-municipal Agreement with the Towns of Rockport & Manchester-by-the-Sea re: District Veterans' Services Office

Adam Curcuru, Veterans' Agent for the city stated that the city has entered into an Inter-Municipal Agreement with Rockport and Manchester to combine veterans' services in Gloucester for those two towns. They currently have a part-time veteran's service officer, which he noted they already pick up some of that slack already. The agreement formalizes the relationship and makes Gloucester the hub for the three communities. He explained that the towns are each paying \$14,500 to the city, \$10,000 of which will be paid to himself, Veteran's Agent and Lucia Amero, Senior Clerk as stipends. The other \$19,000 goes to the General Fund. If these are recurring stipends moving forward they will be pensionable and he wanted to ensure that the funds were set aside and available should that happen, as well as that the city's overhead is covered. He noted that most of the veterans in Rockport and Manchester are using Gloucester's services anyway because there are no full-time services in those towns. **Mr. Destino** said the last step is for the Council to ratify this agreement. The Mayor and the two Chairs of the Boards of Selectmen have already signed it. He said it is good for the city and for the two towns involved. **Mr. Curcuru** discussed Chapter 115 benefits being received by a very small number of veterans between Rockport and Manchester and the process with **Councilor Cox**. As far as processing the Chapter 115 paperwork, the process will now be expedited because it is centrally located in Gloucester, **Mr. Destino** pointed out. There will be a CATA route added to the Veterans' Center for the convenience of the area veterans, he announced.

Councilor Cox said this agreement is in the best interest of the veterans and would support it.

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 authorize the Mayor to enter into the inter-municipal agreement entitled, "INTER-MUNICIPAL AGREEMENT BETWEEN THE CITY OF GLOUCESTER AND THE TOWNS OF ROCKPORT AND MANCHESTER-BY-THE-SEA FOR A DISTRICT VETERANS' SERVICES OFFICE."

2. Memorandum from EMS Coordinator re: updating City of Gloucester Fire Department Ambulance Service Billing & Collection Policy

Sander Schultz, EMS Coordinator and Firefighter with the Gloucester Fire Department explained the following:

There is a proposed rate increase for the ambulance service. The rate increase for ambulance services is 1.6 percent overall, generating an increase in revenue of 0.063 percent or about \$6,800 for FY16. The difference between this rate increase and previous increases is that in the past they were bringing the overall rates up to industry standards. For about the last year and a half the GFD Ambulance Service rates have been at industry standard and there isn't much to increase to keep them at standard. They have also abandoned the rate statement of "Medicare + ___ percent" although in essence the rate model is Medicare +300 percent. The only rates that have increased for FY16 that go into effect July 1, 2015 are the Basic Life Support (BLS) Emergency and Advance Life Support 1 (ALS) Emergency, ALS2 Emergency, and the Special Care Transport Care fees. All the rest of the fees have remained the same. These changes are based on his recommendation in consultation with Intermedix, the Ambulance Service's current contracted billing firm, and his knowledge of the system.

Under direct questioning by the Committee, **Mr. Schultz** said that Medicare sets billing rates nationally and have reimbursement rates they pay and no matter what a service may bill, that is what Medicare will pay for their

patients. Over the past 8-9 years, they have been slowly increasing rates in a manner consistent with municipal and private ambulance services throughout the Commonwealth and nation. The rates have leveled out. The semantics have changed due to issues with private health insurers. The city ambulance rates are among the higher rates of North Shore municipalities, although the rates compare with Lynn, for instance. Ambulance rates have plateaued. It is difficult to compare services with private ambulance services as they hold contracts for their services with entities such as hospitals and other health care facilities. Municipalities typically set their rates based on a slightly different set of standards because of that factor and others.

Councilor McGeary said in the past, although the semantics were different the different levels of service were identified. **Mr. Schultz** explained that ALS1 service means that an IV is placed and one medication is administered to a patient. Once two medications or more are administered or mix a medication with an electrical skill (defibrillation, cardioversion or pacing or airway support) ALS2 would be the service rate charged -- same ambulance, same crew, but it denotes the level of service provided during transport for the patient and is charged appropriately.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 2 in favor, 0 opposed, to recommend that the City Council approve the Gloucester Fire Department Billing and Collection Policy as presented by the EMS Coordinator and approved by the Mayor dated May 14, 2015 and further to approve the proposed fee schedule attached to and incorporated into the policy effective July 1, 2015.

Mr. Schultz said as of April 30, 2015 the GFD Ambulance Service was carrying an outstanding Accounts Receivable balance of \$1,888, 676.12 most of which is current and will be collected. The old debt, greater than 300 days old and considered uncollectable debt from 376 accounts totals \$490,109.90 of Accounts Receivable. He recommended this uncollectible debt be authorized to be written off.

In response to a statement by **Councilor McGeary** that from an accounting perspective these are no longer Accounts Receivables and are not considered an asset in the city's books, **Aleesha Nunley**, Assistant City Auditor said that she would reduce the receivable by the \$490,109. This is only counted in the General Fund if it is received. **Mr. Dunn** added there is receivable and deferred revenue. The receivable is \$1 million and deferred revenue is there at \$1 million, and they only recognize when the revenue is actually received.

Councilor Fonvielle asked about the process after the 300 day window is reached. **Mr. Schultz** explained if an account ages more than 300 days, it could mean there is an appeal to the charge which it happens often with automobile claims with multiple insurance tussling over who pays the bill. Any account in that process is not written off. These are accounts within the 300 days since the account was generated that have had no activity with no ability to locate a payer, either the patient or an insurer, and in some cases it is Medicare claims that may have been deemed not medically necessary. In the later category of calls the ambulance service has a medical/legal duty to respond, treat and transport, and they do what they can to reduce those instances. The number of those calls is not as great as in the past but are an expected part of the service. Of the 376 accounts: Auto insurance claims-25; Medicare 110; Private insurance-125; Unknowns-116. The Unknowns account \$240,000 and is the largest number of dollars missing--they just can't find the people.

Councilor Fonvielle noted that if someone dies the debt is written off, and asked what happens if someone is incapacitated. **Mr. Schultz** said that in most cases if the patient is incapacitated and is being cared for, their insurer pays, but that it is a different situation if the patient falls below the federal poverty guidelines under certain circumstances, then with documentation that debt is written off.

MOTION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 2 in favor, 0 opposed, to recommend that the City Council authorize the write-off of \$490,109.90 in uncollectible, outstanding ambulance billing.

3. Memorandum, Grant Application & Checklist from the Community Development Department re: U.S. Economic Development Administration Public Works & Economic Adjustment Assistance Grant-Blackburn Seafood Processing Cluster

Stephen Winslow, Senior Project Manager with the Community Development Department said that:

The Community Development and Public Works Departments have received preliminarily a U.S. Economic Development Administration's (EDA) Public Works and Economic Adjustment Assistance Grant of \$555,500 with

a project total of \$1.111 million to support infrastructure work at the Blackburn Industrial Park, including replacement of one industrial park pump station, refurbishment of another industrial park pump station, and some sewer force main work. There are 10 conditions that will need to be met by on June 15 and submitted to the EDA, and then there will be an award letter and a federal contract will follow. The infrastructure was installed in the 1970's, he noted. The Blackburn Center Pump Station will be completely redone. The Heritage Way station will have pump and line replacements. There will be added sewer force main lines because sewage is backing up at times as it travels down Harrison Avenue. As new businesses are added to the industrial park, the proposal was to upgrade that infrastructure capacity. The city would provide a 50 percent match for the project of \$555,500 in the form of a loan (See Agenda Item #4). It was noted that the start date for the grant is July 1, 2015 and end date is December 31, 2016 according to the grant documentation.

Councilor McGeary referred to map Mr. Winslow submitted of the areas of work for the Blackburn Industrial Park (placed on file) was reviewed briefly with the Committee. On inquiry by **Councilor McGeary** regarding road resurfacing once the infrastructure work is complete, **Mr. Winslow** said there are contingency fees built into the overall budget for resurfacing work to be done. The new sewer force line goes to Harrison Avenue, Neptune Place and down to Eastern Avenue, **Councilor McGeary** noted. He also pointed out that this preliminary grant award is contingent on the next agenda item. **Mr. Dunn** said that to get the grant offer the city has to commit to the loan order. On further inquiry by **Councilor McGeary** whether this expense would be excluded debt, **Mr. Dunn** said that This debt would be not excluded debt and would go on the sewer fund; therefore onto the sewer rate.

It was noted that the Mazzetta Corporation can go forward with their business and can start their processing; however, this work will certainly be of assistance to them in that it will become necessary to their functioning after fully operational. It was highlighted that this infrastructure work is not just for that particular company but to also service two vacant properties that will now be much more attractive to potential buyers because of these infrastructure improvements, as well as the Gloucester Engineering property. **Mr. Destino** reported that Mazzetta was used within the application for the grant because they are generating new jobs, and this is an economic development grant which specifies it be new job creation. Mazzetta still has months of build out before they are fully operational, he said.

MOTION: On a motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council under M.G.L. c. 44, §53A accept a grant from the United States Department of Commerce, U.S. Economic Development Administration (EDA) Investments for Public Works and Development Facilities Program Grant for a total of \$555,500 for the purpose of making Sewer System Improvements in the Blackburn Industrial Park to allow expansion of the Cape Ann Seafood Processing Innovation District Project.

4. Memorandum & Loan Order from the Chief Financial Officer re: the U.S. Economic Development Administration Public Works and Economic Adjustment Assistance Grant to provide the city's match funding in the amount of \$555,500

John Dunn, CFO, said that this loan order is specifically the match funding which has to be in place before the final awarding of the EDA grant for the Blackburn Industrial Park Infrastructure Project.

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 authorize the following loan order:

ORDERED: That the City of Gloucester appropriate Five Hundred Fifty-Five Thousand Five Hundred Dollars (\$555,500) to pay the costs of improvements to the Heritage Way Pump station, constructing a new pump station servicing the Blackburn Industrial Park, and Harrison Avenue sewer force main extension to Eastern Avenue/Neptune Place, including the payment of all costs incidental or related thereto. To meet this appropriation the Treasurer, with the approval of the Mayor, is authorized to borrow said amount under and pursuant to M.G.L. Chapter 44, Section 7(1), or pursuant to any other enabling authority. The Mayor and any other appropriate official of the City are authorized to apply for, accept and expend any and all grants or gifts that may be available to the City to pay costs of the projects.

FURTHER ORDERED: 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.

5. *Memorandum, Grant Application & Checklist from the Community Development Department re: PARC Grant from the Executive Office of Energy & Environmental Affairs – Light Up Mattos Field*

Mr. Winslow explained that the Community Development Department is requesting permission to apply for a grant from the Parkland Acquisition and Renovations for Communities Grant Program from the Mass. Executive Office of Energy and Environmental Affairs for a grant total of \$106,400 in order to fund 56 percent of the total cost of the “Light-up Mattos Field Project.” The rest of the funding would come from the funds raised by the Light-Up Mattos Field efforts of the Cape Ann Women’s Softball League, headed by Patti Amaral, who was present. The cost to install the lights is estimated at \$190,000. The Community Preservation Committee has an application before it from the Cape Ann Women’s Softball League for this project, and should that funding be approved, it could line up well which will help the application for a PARC Grant move forward. **Patti Amaral** said they’re excited that this may be the “light at the end of the tunnel.”

Councilor Cox discussed with **Mr. Winslow** and **Ms. Amaral** that the light poles are on school property not city property and said that she would be willing to go to the School Committee to assist with presenting the case, with Mr. Winslow and Ms. Amaral’s support because the PARC grant requires that it be done all on city property. The land has to be purposed exclusively and dedicated for recreational purposes, **Mr. Winslow** said. They went through the same process with Newell Stadium he advised. **Councilor Cox** said that they would ask that the School Committee allow the ball field to be included as city property, and that they will have to work on that process.

Councilor McGeary asked when they would hear whether they’ll be awarded the PARC Grant. **Mr. Winslow** said it takes about 3 months and would hear in November. If awarded, the funds would be received in January 2016. Part of the acceptance for the grant is that the land be dedicated exclusively for recreation. He said that he has already reached out to the Chair of the School Committee. They will have a plan and have the School Committee rededicate the land so that it won’t jeopardize the grant. He noted this process has to be done before any monies are spent. This would be completed in FY2017 should the funding be granted.

MOTION: On a motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council permit the Community Development Department to APPLY for a Parkland Acquisitions and Renovations for Communities (PARC) Grant Program from the Massachusetts Executive Office of Energy and Environmental Affairs for \$106,400 to fund 56 percent of the total cost of the “Light-up Mattos Field Project.”

6. *Special Budgetary Transfer Request (2015-SBT-44) from the Community Development Department*

Tom Daniel, Community Development Director, said that his department wishes to pursue early registration for the 2016 Boston Seafood Exposition taking place next spring in order to realize some savings. He recounted for the Committee the positive showing the city made at the Exposition this past spring but how they had to register late and so paid a premium because of it. The funds come from the Stipend Line Item for other charges and expenses. The funds are available because of lag funds with a recording secretary position. He noted the city is saving several hundred dollars and priority choice for location of the booth for the city by preregistering as well.

MOTION: On 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-44 in the amount of \$3,900.00 from Account #101000.10.181.51990.0000.00.000.00.051, Community Development Stipends, to Account #101000.10.181.57000.0000.00.000.00.057, Community Development-Other Charges and Expenses, for the purpose covering Early Bird Registration for the 2016 Seafood Exposition.

7. *Memo from City Auditor regarding accounts having expenditures which exceed their authorization & Auditor’s Report*

Aleesha Nunley, Assistant City Auditor discussed her reports briefly with the Committee.

A motion was made, seconded and voted unanimously to adjourn the meeting at 5:47 p.m.

Respectfully submitted,

Dana C. Jorgensson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.