

CITY COUNCIL STANDING COMMITTEE

**Budget & Finance**

Thursday, July 29, 2010 – 5:30 p.m.

1<sup>st</sup> Fl. Council Conference Room – City Hall

**Present:** Chair, Councilor Steven Curcuru; Councilor Jacqueline Hardy

**Absent:** Councilor McGeary

**Also Present:** Kenny Costa; Jeffrey Towne; Jim Duggan; Tom Markham; Jim Caulkett; Police Chief Lane, Fire Chief Dench; Assistant Superintendent, Brian Tarr; Tom Markham, CFO, School Department

**The meeting was called to order at 5:30 p.m. Items were taken out of order.**

**1. *Continued Business***

A) COM2010-027: Sullivan & Rogers – Independent Auditors’ Report (Reports on file in City Clerk’s Office) (Continued from 07/15/2010)

**Chris Rogers**, Partner, Sullivan & Rogers, Independent Auditors, informed the Auditor’s office that he would not be able to make the meeting; therefore the matter was continued to the August 26<sup>th</sup> meeting.

**2. *Memorandum from the Harbormaster re: \$9,500.00 grant from the Clean Vessel Act Pumpout Grant Program***

**Jim Caulkett, Gloucester Harbormaster** explained this was the eight year for this contract grant through the Massachusetts Division of Marine Fisheries Clean Vessel Act Pumpout Program. He was seeking approval to continue his department receiving reimbursement for their pumpout boat expenses, this year for \$9,500.00. The money has to be used on the pumpout boat and also used to maintain a shed at the boat ramp. No match is required with this grant. It expires 06/30/2011.

**Councilor Hardy** stated they work with the Auditor and the Treasurer to keep track of the grant to be sure all the correct paperwork is filed.

**Mr. Caulkett** replied that he does, to make sure the account is tracked appropriately. The account now has approximately \$17,000.00. They’ve been maxing out for the last couple of years receiving the total of \$9,500 each year for the last three or four years. This is a no match grant; it is all federal funds issued to the State and then down to them.

**MOTION:** On motion by Councilor Hardy, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to accept a grant from the Massachusetts Division of Marine Fisheries under the Clean Vessel Act Pumpout Program in the amount of \$9,500.00 for the Gloucester Harbormaster’s Department.

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

**Kenny Costa, City Auditor** explained to the Councilors a new format for the report presented at each B&F meeting (submitted prior to the meeting and on file) explaining that the first page was not actual expenditures that exceeded appropriations, but were projections that by the way they are going by the end of the fiscal year they will be projected to be in deficit of the amounts stated in the accounts shown.

**Mr. Towne** stated his comment to Mr. Costa earlier was by doing this early in the season before they even get up and running, it’s hard for the Administration side to look at the numbers, using the split payroll issue as an example. Once it would be fixed it would go away. He admitted here was a definite

shortage on the Mayor's salary. When he had done the calculation, he put it in lower and didn't understand how it got in there. If they look it as projections, as long as they keep in mind that there's time to make corrections, especially the first part of the year, it would be very helpful. The two offices (Auditor and Treasurer) are in constant communication, and fix many things before it gets to B&F. It's good to point it out, but they need time to do the analysis. Mr. Markham has a lot of items on there and hadn't even seen the list.

**Mr. Costa** stated they've made corrections at the school department.

**Councilor Hardy** added she thought it was a good tool, but needed to be presented in a different format from what they are accustomed and asked that it not be put on the spread sheet, which was for real deficits.

**Mr. Costa** then suggested a separate report. The second page was the actual deficits thus far. They contacted all the departments shown, and many will be corrected immediately.

**Mr. Towne** agreed that there were accounting issues that will be immediately corrected.

There was a brief discussion between the Councilors, Mr. Towne and Mr. Costa regarding the split payroll, the DPW newly consolidated maintenance accounts and Worker's Comp.

**Councilor Hardy** felt this should be a working document for this Committee and that it was not necessary to go through the Mayor's report.

**Mr. Towne** agreed and stated if it gets into a problem, then they can all try to figure out where they are going to transfer the funds from. He assured the Committee they will recognize what needs to be fixed between the two departments (Auditing and Treasurer's) and assist department heads to recognize it, that's when they'll recognize it for them and have them put in a transfer for it.

**Councilor Hardy** made clear that it is a tool they would like to use. She appreciated him sending them new ideas, and his thinking "outside the box".

**Mr. Costa** then passed out the current grant checklist document and the document showing his proposed changes to it (Documentation listed and on file). He proposed on page 3 an actual formal budget. This would give the application writer a lot more room and his department a lot more information. They can supply this in different formats. The current form is one page and has too much consolidation. If there's an amendment to the budget, they wouldn't be able to tell.

**Mr. Towne** stated they want that amendment approved by the grantor agency.

**Mr. Costa** noted on page two he wanted to have certain documents sent into his office so his staff can review these documents and feel more confident as they're entering the budget:

- Grant application;
- Grant award letter;
- Council Order approval;
- Original Grant Account Budget as approved by Grantor;
- Amended Grant Account Budget as approved by Grantor (if applicable);
- and any additional information as requested by the Auditing Department

**Councilor Curcuru** stated this was for crossing T's and dotting the I's.

**Mr. Costa** stated they have made great strides in mitigating the creation of new deficits. He wanted to be able to look back and know what happened to the grants. It also helps free cash as well. This would also be information that the outside accounting firm will be asking them for.

**Councilor Curcuru** felt these changes make it perfectly clear for anyone applying for a grant.

**Mr. Costa** asked how they would best introduce this to the Administration.

**Mr. Duggan** stated that could be introduced at the next manager's meeting. Then it would be a matter of emailing all the hard copies and put it in the file; and also locating it on the shared drive.

**Councilor Hardy** suggested perhaps B&F could make a request to the Administration to consider the new, revised grant check list changes proposed and to let them know. She requested also that all their

documents and forms have document numbers. Then when a form is revised, it gets a new document number.

**Mr. Costa** noted he was starting with grants and wanted to do something similar for capital projects. There should be budgets and was looking to create checklists for that as well.

**Mr. Towne** stated part of the reason they couldn't do some of them; this was the first year they separated out all of the water and sewer capital projects. That was one of the previous Auditor's goals that he had agreed upon - separate them out; clean up the deficits; work on the budget. If anything has a budget going forward, they'll work together with the Auditor's office. They have to make sure the roll-over budgets are done correctly. That's where the mistakes have been found in the past. Roll-over budgets were off, so they didn't tie to the funding authorization that was remaining to be spent. It will be a lot cleaner and easier now because all the capital projects are in individual funds.

**Mr. Costa** stated it is just putting some controls into place so they can better manage things and was a better way to move forward.

#### **4. Memo and Grant Application/Checklist from Police Chief re: "Secure Our Schools" Grant**

**Chief Michael Lane, Gloucester Police Department** explained to the Committee that in early June the Police Department received notification that the U.S. Dept. of Justice was offering a COPS grant entitled "Secure Our Schools". It allowed a competitive grant which for the purchase of safety hardware for improvement of school safety. He had spoken in the past with Principal Goodwin, at GHS, and one of his big wish list items was to have a camera security system at the high school. If received, this grant would allow for the installation of physical hardware, such as metal detectors, surveillance cameras, etc., in schools. The Police Department has to do the application. The grant requires a 50% match, and is competitive in nature. They have been working with the School Department, specifically Grant Harris and Anne Marie Jordan, in identifying matching funds, should the grant be awarded to the City. The application had to be in by the deadline of July 2<sup>nd</sup> and just got it in at the end of business. He expressed his regret in not being able to send in the permission to apply until after the grant had been turned in strictly because of the short turnaround and waiting for the School Department to have it ready for submission. The grant submitted was for \$150,000.00. Any award received would be for \$75,000.00 with an equal amount of match supplied by the School Department. The Chief reminded the Committee that this was a competitive grant, and they may not get it and won't know until September.

**Tom Markham, School Department CFO** stated the application for \$150,000.00. GHS would be the primary recipient of the security systems. However, they wanted to apply for the entire district. With this opportunity, they put in some extra research time and brought in a potential vendor who may or may not bid on the process. There is much work to be done, and the request before them as shown could actually outfit all the school buildings from the elementary schools, to the O'Maley, to the high school. You could apply to any amount you want, half of which had to be your contribution. They may only get \$25,000.00. They have requested \$150,000.00; and they will put out the first \$75,000.00. They will meet the needs as the grant will allow. For about half of the \$75,000.00 his plan would be to use reimbursements from E-RATE they received from a variety of sources over the last couple of years which have been sitting in a building use revolving fund (as it is all related to technology refunds from the vendors, like Verizon or whoever the computer software provider may be) that would get them about \$37,000.00; the remainder would have come from the general funds for 2011.

**Councilor Curcuru** asked who would maintain these systems once in place.

**Mr. Markham** replied the vendor would be, especially at the high school which would have the most sophisticated system.

**Councilor Curcuru** asked if they would be responsible for the first year of operation as far as maintenance was concerned.

**Mr. Markham** thought they may be a little bit ahead of themselves, but that would have to be built in. The first budget packet it would appear would be FY12.

**Chief Lane** stated they'll know in September.

**Mr. Markham** added they would install the systems when they determine what they'll be receiving and then find out whether they have to expend their funds first, as well as the procedure to procure a vendor. An aggressive goal would be an installation over Christmas or February vacation periods depending on how long it would take. It will take a couple of months to go through the procurement process.

**Chief Lane** pointed out the pool of money available is only \$16 million nationwide, not a big pool, and it's a competitive grant.

**Councilor Hardy** asked what account number they would pay the match out of if they were fortunate enough to be awarded the monies.

**Mr. Markham** stated the building use revolving fund which is where they put all of the E-RATE funds would be used as much as possible, about \$37,000.00. The remainder would have to be cobbled together as it wasn't part of the FY11 budget. They'd have to "sharpen their pencils" and see where they stand with some balances well ahead of the spring.

**Councilor Hardy** asked if they'd be able to identify them quickly.

**Mr. Markham** expressed his confidence they could do that.

**Councilor Hardy** would like to see an identification of the sources for the match before voting on it at City Council.

**Mr. Markham** was confident they would have to make cuts and go to principals and department heads and ask them to make a decision for this priority. It will be a judgment call on their part, as they've been asking for this for years.

**Brian Tarr, Assistant Superintendent** stated a number of years ago when they recognized security was a big issue in the schools. He put together a School Safety Committee to involve the Police, Fire, the Health Department and other safety agencies in the community. The elementary schools doors don't line up to a view of anyone who can recognize who's coming through the doors. It is a huge issue. He took Grant Harris with him about six months ago to North Andover because their school system is considered the best working system. They highlighted for him all the crimes they solved because the cameras can come up on various computers. In that school district, it is one of the jobs of the Assistant Principal to monitor all the cameras on the campus. They could adjust them and move them to other locations. They spoke of how much of their issues had been reduced because of this system. Their system was \$50,000.00. He felt the nice thing about their system was that someone in the PD can pull down and access the live video from the police station and also from their central school offices. He believed this was something that was very much needed here. If they can secure the elementary schools, it would be wonderful. He gave an example that they had information that a person was coming to grab his child and run. They had to put a police detail in that building; and in fact that person did try to do just that. Without being able to secure a school building, they have to supply a police detail. A security system will help in many different ways. They would have complete security of their buildings, and just as importantly, parents and staff will feel safer.

**Councilor Hardy** hoped they were fortunate enough to be awarded the grant so they can install the cameras and door securing systems in the amount of money they would need. However, she'd be looking for the sources to be identified for the match from the School Department should they receive the grant before they receive approval at City Council.

**MOTION: On motion by Councilor Hardy, seconded by Councilor Curcuro, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council to permit the Gloucester Police Department to apply for the "Secure Our Schools" grant from the U.S. Department of Justice for a project total of \$150,000.00, (\$75,000.00 from the grant with a 50% match to be covered by the School Department).**

**5. Memorandum from Fire Chief re: permission to pay invoice from FY2010 with FY2011 funds**

**Fire Chief Phil Dench** asked the Committee for permission to pay a bill from FY10 for L.W. Bills/Alarm Engineering out of FY11 budget. The bills were accumulated from 01/27/2010 and 06/30/2010 totaling

\$9,989.60. He explained that in FY2010, now retired Chief Barry McKay budgeted \$5,000.00 in this account for maintenance of the municipal fire alarm system that L.W. Bills maintains for the City. It was anticipated by the previous chief that the old, hard-wired fire alarms system would be replaced by the new radio box system at that time. At a point in time he learned the switchover was not even close to being completed. During the transitional period when he took over as Chief, this “fell between the cracks”. It has taken longer to accomplish the changeover than anticipated, necessitating emergency repairs to the old system. The budgeted money (\$5,000.00) was expended by July; and they continued to have bills mounting up.

**Mr. Duggan** stated the last budget was the previous Chief’s budget. He, Chief McKay, Chief Dench, and Mr. Towne sat together during the budget process with an understanding and belief that the switchover would be done in a quicker fashion as a result of their discussion with then Chief McKay. Therefore, they cut the budget of the Chief in anticipation of having the switchover done by September or October of FY10. Unfortunately, that was not the case.

**Councilor Curcuru** asked why bills had accumulated since January 2010 noting it was quite a long time. The vendor hasn’t been paid even though they’ve been invoicing since the beginning of the year.

**Mr. Duggan** stated they’ve paid for some of them. There were two factors at work. When the Chief talked to him about it with Mr. Towne, he told them to not pay them because there was a mistake with the overtime money. They hadn’t figured out what that issue was, and he instructed the Chief to carry the bill over.

**Mr. Towne** stated there was also some discussion whether they were all “theirs” at one point in time; if the City called in or was it someone else’s bill.

**Chief Dench** responded that was a different issue and that these invoices were all for emergency maintenance. The old fire alarms that service the buildings in the City old alarm systems are on the telephone poles, and wires on the manholes. When there is a short circuit in the entire circuit somewhere, when the wind has broken one of the old the wires or a manhole has flooded getting the wires wet and shorting them out, what happens is the circuit opens meaning none of the alarms are working on that zone. There are eight or nine zones in the City. When that would happen the fire alarms wouldn’t work. They’d have to call L.W. Bills in on an emergency basis 24 hours a day to trace the short and fix it.

**Mr. Duggan** stated certain bills were being paid at certain part of the year. Ann Marie Parisi was no longer in the employ of the City. Chief Dench was all by himself to do administrative matters. Historically, the Fire Department has always had someone there in that office taking care of those matters for the Chief and the Department. Chief Dench was at a disadvantage while trying to get through the administrative process.

**Chief Dench** added that until Sue Mills came on board, and he got her oriented as to what they had for bills, and she “took up” her own system for payment planning and execution. When he was by himself and would get a bill, he’d just pay it. It wasn’t that he didn’t know if it was a current bill or not. There may have been previous bills that got held off for a period of time, but there was no system in place; and he had no administrative assistance.

**Councilor Hardy** asked about purchase orders (PO’s). L.W. Bills has been a vendor the City has gone through for a number of years now. She asked how they get called to a service job. She understood a purchase order had to be in place; something encumbered; so that when you call them in you can charge against that PO. On none of the invoices listed have POs. She noted she went through the files and not many of the other ones had PO’s either. She felt there had to be a better system, and wanted to know if they were doing business with L.W. Bills, and how much longer did the Chief feel they would need their services.

**Chief Dench** stated they may still do work for the City. As far as the repair work went, he hoped in the next few weeks with having two more businesses that have to go on line with the radio boxes; the Hovey Condominiums and Stop ‘n’ Shop.

**Mr. Duggan** expressed his pleasure that only two remained as eight months prior there were dozens of businesses who had yet to go on line with the new radio boxes.

**Councilor Hardy** stated if they were to continue doing business with L.W. Bills, they need to be informed that they will not be able to do work without an open PO with the City going forward.

**Chief Dench** took the blame stating when he was by himself and got the bills, he didn't realize that it was a good idea to go ahead and open up a PO to have it sitting there so when you needed to have emergency work done, you put it against that PO. Knowing that L.W. Bills had been their vendor all along for emergency work, he would just call them to come in.

**Councilor Hardy** reiterated that L.W. Bills had been waiting since January to be paid for emergency work.

**Chief Dench** responded yes; but that they had not been paid for non-emergency work as there had been none other than the emergency work.

**Councilor Curcuru** asked if they were still incurring bills going forward.

**Chief Dench** stated they are. If they had a big storm that night and the few systems that have the old circuits go down, they have to pay them to come in and fix them. He reiterated that he hoped the last two businesses come on line in the next few weeks. Then he can shut down the old system once and for all.

**Councilor Curcuru** asked how long this process had taken so far.

**Mr. Duggan** stated that it wasn't until July 1<sup>st</sup> where it was actually now a State law so that the Chief could fine, he believed, \$100 per day to businesses (for not being on the new system). The Chief had been approaching the businesses and sending letters to encourage conversion.

**Chief Dench** stated when he set a drop dead date to give businesses an incentive to get this done, he started to see compliance. When he took over a year ago, it was his understanding that this process was done and that they were going to be ready by July of last year to make the change-over. When he came on board, it wasn't until September, when he realized that there had been no movement. He started sending out letters to Stop 'n' Shop's store manager, as an example. They never got to the right people who could give the OK. There were several of these businesses, like the Hovey Condos. He sent that letter to the manager of the building. It would never get to the person that really needed to have it in order to give the OK to switch the building over. It took him several months to figure out who hadn't really made any movement at all. He didn't want to keep having to call L.W. Bills for emergency repairs to the old system, either.

**Mr. Duggan** stated there are businesses open 24 hours a day, Walgreen's for example. They're saying to the Chief, they don't need it. If their business starts to burn, they'll call the Fire Department on their cell phone; so why do we need a fire alarm.

**Councilor Hardy** thought it was a state law that they have this.

**Chief Dench** told the Committee many times they had to go out and sit down with the tenants. The owner may have said you have to do this, but the tenants would balk. This wasn't uncommon. When they sat down doing the budget this year, when he had a good handle on it, they were only going to put in \$5,000.00 in there. But they were still going to be incurring bills. Once the system is down, they're still going to have to hire someone to take down all the wires that are on the telephone poles, so they can get rid of some double poles because they're still going to have fire alarm wires on them. He didn't know if it would be L.W. Bills that would do that work. So they put \$25,000.00 in the budget this year to finish up the rest of the bills they anticipate they will have between L.W. Bills until they get it completely switched over.

**Councilor Curcuru** stated that the \$25,000.00 will pay for these invoices and the removal of as much as you can.

**Chief Dench** didn't anticipate that they'll be able to pull down all the wire in the City for that. They may never come down.

**Councilor Curcuru** stated you have money in your budget to pay future bills.

**Chief Dench** stated he hoped they could get done and have money left over.

**Councilor Hardy** stated she would like a letter to be sent to L.W. Bills telling them that unless they have an open purchase order they can do no work for anticipated matters, things that can wait a day or two. For an emergency they're charging \$127.50/hour on some of the invoices. For the same overtime on other invoices they're charging \$137.50/hour.

**Chief Dench** responded that it depends on what it is.

**Councilor Hardy** replied straight time is \$85.00/hour and time and a half is \$127.50/hour not \$137.50.

**Chief Dench** stated it depends on whether it is a weekday, weekend or holiday.

**Councilor Hardy** asked that Ms. Miller take her file on L.W. Bills and meet with Mary Richardson, Assistant City Auditor, go through all the open invoices that Ms. Miller thinks she has and see whether or not they have been paid. She felt that there were several invoices that were paid that Ms. Miller believed had not been paid. She expressed her frustration with this particular company. Further, that the City shouldn't be doing business with a vendor unless there was an open PO. No other department was allowed to do it. She understood it was a learning curve; but not only was this request to pay money from last year's services it was without PO's in place.

**Chief Dench** believed that the reason there were no PO's was that there was no money to cut a PO against.

**Councilor Hardy** flatly stated then they should not have been doing the work. They should have gotten transfers into their account to put the money in place.

**Mr. Duggan** stated he told the Chief it was emergency work; it had to be done. He told him they'd carry this over for this fiscal year.

**Chief Dench** stated they've been doing the work for the City for over 30 years.

**Councilor Curcuru** asked if they were looking for their money.

**Chief Dench** stated they're very patient and understanding.

**Councilor Hardy** stated in the future she would like to see the actual invoices not just a statement that was submitted for the packet.

**Councilor Curcuru** agreed stating he, too, wished to see the individual invoices, not just a statement.

**Councilor Hardy** added that Ms. Miller had been very helpful to her. She would vote affirmatively at this meeting; but wanted assurances that Ms. Miller and Ms. Richardson would meet regarding the account and give her notice saying that they agree on what was still open and what was paid. Then she would be more inclined at Council to view the permission to pay favorably.

**Chief Dench** said some of the L.W. Bills invoices had been paid, but not those listed this evening. Those were the invoices that had not been paid.

**MOTION: On motion by Councilor Hardy, seconded by Councilor Curcuru, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend to the City Council approval of payment from FY11 Fire Department budget from Safety Serv-Non Payroll Unifund Account #101000.10.220.53070.0000.00.000.00.052 to vendor, L.W. Bills Alarm Engineering for services received from said vendor during FY10, of the following invoices:**

- **invoice #4617 dated 01/27/10, for \$1,496.30**
- **invoice #4665 dated 02/11/10, for \$546.30**
- **invoice #4807 dated 03/25/10, for \$4,776.60**
- **invoice #4869 dated 04/08/10, for \$1,715.30**
- **invoice #4915 dated 04/15/10, for \$548.80**
- **invoice #5210 dated 06/29/10, for \$906.30**

By unanimous consent the regularly scheduled meeting of Budget & Finance for August 12, 2010 was cancelled. The next meeting of the Committee will be Thursday, August 26, 2010 commencing at 5:30 p.m.

**A motion was made, seconded and voted unanimously to adjourn the meeting at 6:33 p.m.**

**Respectfully submitted,**

**Dana C. Jorgenson**  
**Clerk of Committees**

**DOCUMENTATION/ITEMS SUBMITTED DURING MEETING:**

Existing Grant Application and Check List  
Proposed changes to Grant Application Check List

**###**