

Budget & Finance Committee
Thursday, December 10, 2015 – 5:00 p.m.
1st Fl. Council Committee Room – City Hall
-Minutes-

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

Also Present: Kenny Costa; Jim Destino; John Dunn; Emily Freedman; Lucy Sheehan; Noreen Burke; Matt Coogan

The meeting convened at 5:04 p.m. Matters were taken out of order.

1. *Petitions for road repairs in accordance with GCO Article VI “Repair of Private Ways,” Sec. 21-80 et seq. (Cont’d from 10/22/15)*
 - A) *Starknaught Heights; B) Starknaught Road; C) Oxford Road; D) Joseph’s Way*

Councilor McGeary said everything is in place except that the DPW Director will be producing an engineering plan to meet the requirements of the ordinance which Jim Destino, CAO, confirmed would be on file with the Council by their Tuesday, Dec. 15 meeting.

COMMITTEE RECOMMENDATION: On motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to allow the withdrawal of the Petition brought forward by the abutters of Starknaught Road under Sec. 21-83 of the Gloucester Code of Ordinances to repair/repave that private way without prejudice.

COMMITTEE RECOMMENDATION: On motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council under Sec. 21-83 of the Gloucester Code of Ordinances that the City is to repair/repave the private way of Starknaught Heights. The abutters agree to provide all easements, rights of way, designs, permits and legal certifications necessary for said improvements. The cost resulting from said improvements to be carried out is based on Sec. 21-83, “Funding for approved Construction and Repair.” The full cost of this project is not to exceed \$145,000; one hundred percent of the costs shall be borne by abutters and assessed as betterments.

COMMITTEE RECOMMENDATION: On motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council under Sec. 21-83 of the Gloucester Code of Ordinances that the City is to repair/repave the private way of Oxford Road. The abutters agree to provide all easements, rights of way, designs, permits and legal certifications necessary for said improvements. The cost resulting from said improvements to be carried out is based on Sec. 21-83, “Funding for approved Construction and Repair.” The full cost of this project is not to exceed \$57,000; one hundred percent of the costs shall be borne by abutters and assessed as betterments.

COMMITTEE RECOMMENDATION: On motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council under Sec. 21-83 of the Gloucester Code of Ordinances that the City is to repair/repave the private way of Joseph’s Way. The abutters agree to provide all easements, rights of way, designs, permits and legal certifications necessary for said improvements. The cost resulting from said improvements to be carried out is based on Sec. 21-83, “Funding for approved Construction and Repair.” The full cost of this project is not to exceed \$41,000; one hundred percent of the costs shall be borne by abutters and assessed as betterments.

2. *Memo and Loan Order from the Chief Financial Officer re: Road Betterment Project proposed for Starknaught Heights, Oxford Road and Joseph’s Way*

John Dunn, CFO, explained that this loan order is in conjunction with the petitions moving forward for the road betterment projects just voted on by the Committee. The loan order will be paid back in full by the abutters of the three private roads being bettered, that being Starknaught Heights, Oxford Road and Joseph’s Way. If for some reason any road may be unable to move forward by the time of the Dec. 15 Council meeting, Councilor Cox

confirmed with **Mr. Dunn** that the Council needs to be amended during the City Council meeting, they will have that information available to the Chair as to the dollar amount if a road drops out of the betterment program at the last moment, he said. He further confirmed the city would only borrow what is needed to do the paving project.

COMMITTEE RECOMMENDATION: On motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to approve the following Loan Order:

Ordered: That Two Hundred and Seventy-Five Thousand Dollars (\$275,000) is appropriated to pay costs of making temporary repairs, including paving, to the following private ways:

Starknaught Heights

Oxford Road

Joseph's Way

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(5), or pursuant to any other enabling authority. Although any borrowing by the City to meet this appropriation shall constitute a general obligation of the City and a pledge of its full faith and credit, one hundred percent (100%) of the amount needed to repay any borrowing pursuant to this order shall be raised through the assessment of betterments upon the abutters of each of the private ways, in accordance with M.G.L. Chapter 80, and any other applicable authority. The Mayor and any other appropriate official of the City are authorized to take any and all actions necessary to assess the betterments described above, the term of which will not exceed ten years.

Further Ordered: That the Treasurer is authorized to file an application with the Municipal Finance Oversight Board to qualify under M.G.L. Chapter 44A 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.

3. *Memo and accompanying documents from the Chief Financial Officer re: LED Streetlight Retrofit Project*

Matt Coogan, Senior Planner updated the Committee saying that the city is ready to move forward with the LED Streetlight Retrofit Project, and the final step is the execution of documents for the equipment acquisition, installation and financing with the various divisions of Siemens Industry, Inc. He informed the Committee that: Since the city started the process of the LED streetlight conversion, they are also working with the MAPC and Siemens with eight other communities providing turnkey services for the city -- Siemens does the investment grade audit, design the system for the city, help to pick the fixtures and then install the fixtures. Through that process Siemens guaranties any savings that is estimated.

Since the city embarked on this process there has been much new science on LED technology, and while it has pushed back the city's installation timelines, the city is getting a better product especially as it relates to better color/temperature outcome. The city was able to work through the difference between a 4,000 Kelvin (K) fixture and a 3,000K fixture. There are some detracting factors to a 4,000 K LED light which can disrupt circadian rhythms (sleep patterns) and also contribute to glare in the night sky (making it more difficult to see stars). They have worked to find appropriate lower color temperature fixture that will qualify for reimbursement incentives from National Grid that will help to pay for this project. Siemens arranged for testing of three different fixtures from three different manufacturers positioned on Washington Street below Gee Avenue and had about 60 responses, over 80 percent urged the city to go with the warmer color temperature light which is what the city was leaning towards. Out of the 3,000K lights, there is one significantly more cost effective, Leotek, one of the "big three" manufacturers, and is what Salem is going with. The fixtures are warrantied for 10 years, and it is expected the lights will last beyond that, up to 20 years. The fixtures will have different type of pin system on the top of the fixtures where a photo cell system (which is how the lights turn on and off) can be installed, a seven pin system versus a standard three pin system. If it is financially feasible in the near-by they can install a wireless network that would give real-time data of whether lights are on or off; place some public communications systems, cameras, wi-fi or light dimmers. At this time that technology is financially out of reach due to the way National Grid bills the city for streetlights which is not a metered situation, more of a prescriptive method based on a calculation. If the way National Grid bills the city changes in the future, it may become more financially obtainable to install such systems with the seven-pin array.

Councilor Cox asked about the installation timeline. **Mr. Coogan** said that once this Council process is completed, they can start procuring the fixtures which should weeks, and the installation process should take eight weeks. He suggested they would look to start in late January and finish by mid- to late March. Responding to inquiries by **Councilors Cox** and **McGeary**, **Mr. Coogan** said about 100 fixtures is installed per day, and it is not weather dependent to the extent that the crews work on a four day week with a floating day for contingencies.

The Committee briefly discussed with **Mr. Dunn** that the decorative fixtures in the downtown would be handled after the main city conversion as there are other considerations for these particular lights due to their not being water-tight which has caused damage, and light dispersion issues with LED lights. He advised that there are bulbs designed particularly for the 360 degree dispersion of light, whereas all other streetlight fixtures are downward facing.

Mr. Dunn added while this has been a long process the city is getting brand new technology and will be in the forefront of this technology with a 68 percent savings overall, and that the quality of light will be far better than what the city has now, better color from a public safety perspective and reduce a lot of nighttime glare.

Councilor Fonvielle briefly discussed with **Mr. Coogan** that the 4,000K light fixtures along the Route 128 extension are owned and paid for by MassDOT.

Councilor Cox asked about leaning or double poles and would they be addressed as a part of streetlight conversion project. **Mr. Coogan** advised they will replace arms, faulty wiring and cut back vegetation only. He said that the poles are owned by National Grid, and the city owns the streetlight armature and light. It was recommended by **Mr. Destino** that the Planning & Development Committee not permit another Pole Petition until National Grid removes all double poles in the city. **Councilor Cox** also remarked that National Grid also has many outstanding police detail bills and had suggested that P&D not permit any further pole petitions on that basis as well.

Councilor McGeary confirmed that this is a lease-to-own program, and with the lease payment every year the city will still make enough back in maintenance and cost of electricity to actually money for the city. **Mr. Dunn** said, "Yes, in a sense." He pointed out that the city could handle this project through a bond, but Siemens came forward offering tax-exempt financing in terms of a lease. An advantage is that the underlying interest rate is market so no money is left on the table that way. There is no issuance costs associated with a lease versus a bond, and a lease doesn't appear in the city's debt service and has a non-appropriation clause. He explained that should something catastrophic happen the city can't appropriate a lease payment in the following fiscal year.

Councilor Cox said the total 10-year lease is \$1,362,000. **Mr. Dunn** confirmed it was the gross amount. He said there is a rebate coming in from National Grid and a grant as well. Under the lease scenario they can prepay any portion of the lease at any time which can't be done with a bonding, he pointed out. He said that if they put aside the annual savings, they may pay this lease off over eight years rather than 10 years noting that there is a very small pre-payment penalty whereas once a bond is issued prepayments can't be made. This project and lease ties Siemens together through the entire project -- while the city is dealing with multiple divisions it is still under the under the Siemens corporate umbrella.

If there is a light out do they go through the city website. **Mr. Destino** confirmed for **Councilor Cox** the method to seek out a remedy by reporting the outage on the city's website "SeeClickFix" remains the same.

Councilor McGeary said after 10 years the city owns the lights, or eight years if prepaid. **Mr. Dunn** said they own the lights from the start. After eight or 10 years the city can change vendors, change the fixtures as technology changes after that timeframe. He reconfirmed that although the lights are warrantied for 10 years but expectations are the lights can last up to 20 years.

Councilor Cox asked how much was the grant, which **Mr. Dunn** and **Mr. Coogan** confirmed it was \$240,000, and National Grid incentives (rebate) totaling \$210,000. This lease will be paid out of a Capital Project Fund, **Mr. Dunn** said, in response to **Councilor McGeary's** inquiry. **Mr. Destino** thanked Mr. Coogan for his great job on the project. **Councilor McGeary** added his thanks to the public for their input as well.

COMMITTEE RECOMMENDATION: On motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to approve a Financing Agreement Lease for the City of Gloucester's LED Streetlight Retrofit as follows:

Ordered: That the Gloucester City Council ("Council") authorizes the Mayor, the Treasurer and any other appropriate Gloucester City ("City") official to execute any and all documents relating to a Financing Agreement Lease ("Lease") with Siemens Public, Inc. The Lease will finance the costs of the retrofit project ("Project") converting all city-owned streetlights to LED lighting technology. The Lease will be for a maximum term of 10 years and pay gross costs for equipment, installation and associated expenses not to exceed an amount of \$1,362,639. Further, the Council adopts a Financing Agreement Lease Resolution

(placed on file) authorizing the acquisition of such equipment and the approval of the execution of any and all necessary and related documents. Further, the Council authorizes the Mayor and any other appropriate City official to apply for and accept any and all grants or gifts that may be available to the City to pay costs of the Project or to reduce the budgetary costs of lease payments, such as grants or gifts to include without limitation a Massachusetts Green Communities grant(s) or incentive payments from National Grid.

4. *Memo, Grant Application & Checklist from the Community Development Department re: acceptance of a Planning Assistance Towards Housing (PATH) Grant from Mass. Dept. of Housing & Community Development for \$15,000*

Emily Freedman, Senior Project Manager with the Community Development Department, said that the Planning Assistance Towards Housing (PATH) Grant from Mass. Dept. of Housing & Community Development for \$15,000 was applied for in September and is now awarded. This will fund the services of the Metropolitan Area Planning Council (MAPC) for them to prepare a Housing Production Plan. MAPC has pledged \$5,000 in-kind consulting assistance towards this project through its District-Level Technical Assistance Program offered to MAPC member communities. These funds will allow the city to conduct an inventory survey of existing housing stock; a comprehensive needs assessment of housing needs in the city of rental and homeownership, develop future goals and planning strategies for housing development and preservation, and create a formal Housing Production Plan for increasing the city's affordable housing stock.

Councilor Fonvielle said it appeared on the grant schedule that by now the housing inventory should have been completed. **Ms. Freedman** said that applications are accepted by the state on a rolling basis, and it turned out to be a slower process with the city only just received the contract. This will push the schedule out about three months out, and they'd be looking to ramp up this winter/early spring, she advised.

Councilor Cox confirmed with Ms. Freedman that the MAPC will be doing the production plans.

Councilor McGeary said the kinds of things that will be identified such as funding mechanisms for city and private developers to tap into. **Ms. Freedman** expressed her agreement, saying that the MAPC will help them to look into how to best to leverage the federal resources and other grants the city receives, look at best practices of other communities as to how to make it easier for development to take place.

Councilor Cox congratulated Ms. Freedman and she would look forward to a presentation on the results. **Ms. Freedman** said there is a public process associated with the grant which will be on-going for the next five to six months.

Councilor Fonvielle noted that there is an appointment of a Councilor to a committee associated with this grant which was confirmed by **Ms. Freedman**. **Mr. Destino** advised it would be the Council President who would make that appointment.

COMMITTEE RECOMMENDATION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend that the City Council accept under MGL c. 44, §53A a one-time Planning Assistance Towards Housing (PATH) Grant from the Massachusetts Department of Housing & Community Development for \$15,000 for the purpose of creating a Housing Production Plan for the City of Gloucester.

5. *Memo, Grant Application & Checklist from the Council on Aging re: acceptance of FY16 COA State Formula Grant for \$66,636*

Lucy Sheehan, Director of the Rose Baker Senior Center, explained that the FY16 COA State Formula Grant for \$66,636 is an annually received grant that helps to underwrite the salaries of the Senior Clerk, Outreach Coordinator and the part-time Social Worker. There is no match, she advised. She said that the numbers are close from FY15, and this was a \$1 more this year than last year per senior (\$7 per senior for FY15 versus \$8 per senior for FY16). The part-time Social Worker started yesterday, she advised, and the funding will keep the position in place at least until the end of June.

Councilor McGeary said that the work and programs of the Senior Center are extremely worthwhile.

COMMITTEE RECOMMENDATION: On a motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 favor, 0 opposed, to recommend that the City Council accept under MGL c. 44, §53A, a Mass. State FY2016 Formula Grant Allocation from the Mass. Executive Office of Elder Affairs for a total of \$66,636.

6. *Memo, Grant Application & Checklist from the Public Health Director re: acceptance of a Public Health Preparedness Grant (PHEP) for \$5,840.48*

Noreen Burke, Public Health Director explained the following: This is a grant for which the city has been the fiscal agent for 7+ years which is not being transitioned at the request of the Mass. Dept. of Public Health (MDPH) to the International Institute of Greater Lawrence (IIGL) which started on July 1, 2015. During this final funding transition year from PHEP to Health and Medical Coordinating Coalition which is the new regional configuration for emergency preparedness, the city's Health Department will receive a small portion of the Grants Accounting Specialist's salary to support her on-going administrative and fiscal work as PHEP comes to an end. The total award is for \$5,840.48 which runs until the end of June. This position is entirely funded by grants and was noted to be critical to the department's fiscal stewardship to their grants. The IIGL will now be the host organization charged with developing the new regional Health and Medical Coordinating Coalition framework for the entire northeast region of Massachusetts that includes Fire, Police, and Ambulance Services, municipal Health Departments and hospitals rather than the original 15 communities. She noted that the Centers for Disease Control (CDC) is pushing the state to move to a bigger regional configuration which was the impetus for the move by the state. This is to coordinate responses to public health emergencies, **Councilor McGeary** noted, even if one community is affected but needs a regional response moving forward which **Ms. Burke** confirmed. She said most public health emergencies don't stop at town lines.

Councilor Fonvielle asked if the move to Lawrence a good thing or an unfortunate move for her department. **Ms. Burke** said to some degree it is a relief because it means the Health Director can focus on the drills and exercises that need to be done rather than the administration of the grant.

Ms. Burke advised the Committee that in early January she would be resigning from her position as Director of the Public Health Department for the city to pursue other opportunities. She thanked the Councilors for their support during her tenure.

COMMITTEE RECOMMENDATION: On a motion by Councilor McGeary, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council accept under MGL c. 44, §53A a federal grant from the U.S. Department of Health and Human Services passed through the Massachusetts Department of Public Health Emergency Preparedness Bureau and the International Institute of Greater Lawrence in the amount of \$5,840.48 for the purpose of supporting the public health emergency preparedness and response activities throughout the North Shore and Cape Ann Coalition.

7. *Other Business*

- A) Memorandum from Harbormaster & Supplementary Appropriations 2016-SA-12, 2016-SA-13, 2016-SA-14, 2016-SA-15, 2016-SA-16, 2016-SA-17 (Cont'd to 01/07/16)
- B) Memo, Grant Application & Checklist from the Harbormaster to Accept a Division of Marine Fisheries Public Access Grant in the amount of \$15,000 (Cont'd to 01/07/16)
- C) Memo, Grant Application & from Police Chief and Grant Application Check List to Accept a FY16 State 911 Support & Incentive Grant in the amount of \$61,795 (Cont'd to 01/07/16)
- D) Memo from CFO re: Allocation of General Fund Free Cash and three Supplemental Appropriation-Budget Requests (2016-SA-9, 2016-SA-10, 2016-SA-11) and the establishment of a Building Maintenance Stabilization Fund

Mr. Destino reviewed that the Department of Revenue (DOR) had certified General Fund free cash on October 15 for \$3,450,816. The Administration is proposing to use \$1,000,000 of this to amortize the FY15 Snow & Ice deficit. This leaves \$2,450,816 to be allocated according to the Capital Plan Funding and Free Cash Distribution Policy which the City Council had approved previously in 2015 (Funding and Policy on file). The allocation of free cash funds are proposed as follows:

Capital Projects Stabilization Fund (40 percent)	\$980,326
Building Maintenance Stabilization Fund (to be established 20 percent)	\$490,163
General Stabilization Fund (10 percent)	\$246,081

Remaining as unreserved free cash	<u>\$735,245</u>
TOTAL	\$2,450,815

Councilor McGeary said there is still \$642,000 still in Free Cash and asked a general outline. **Mr. Destino** said he assumed it would be used in FY17 to balance the budget to fund the Firefighter's contract as had to be done over the last two fiscal years. There are no plans to use the remainder of the FY15 free cash this year, he said. It is still the intention to put in \$1,000,000 towards Snow & Ice, **Mr. Destino** confirmed that was what would happen regardless of the FEMA through MEMA reimbursement.

Councilor McGeary said the Committee has heard about the perfect storm of 11 firefighters out on disability when typically on an annual basis it is two to three firefighters, they were told when this current contract was adopted it would be several years where there would be some additional costs associated with the transition to a three platoon system and 52-hour work week. He said it was anticipated that by the third year the system would be sufficient so that there would be no dipping into free cash to support overtime costs. **Mr. Destino** said he didn't believe the scenario would iron out after three years and would take longer than that. Using one-time money to fund the expansion of departments is poor practice, he said. He pointed out that there is \$2 million or less of new money to the city each year, and when \$2.2 million is used in one year of one-time expansion of one department, it is subsidized by every city department. He advised that the Fire Department has run through its overtime budget five months into FY16 because of the firefighters out on disability. Minimum manning has had to be reduced from 18 to 16, and there will be times now when at least over 33 percent staff is out on a given shift which will mean that there will be times that the Magnolia Fire Station will have to be shuttered be it a night or day shift. Budget guidance was given to every department this year -- all departments will live within their FY16 budget.

Councilor Cox asked why it is Magnolia station that would be closed. **Mr. Destino** pointed out that there is a fire station in West Gloucester on Concord Street and was why it was that outlying station and not Bay View. Everyone will live within their number.

Councilor McGeary asked if any projection were done that if it had been a typical year with two or three firefighters out on disability would it be better. **Mr. Destino** said "No." He explained that at the same time that this contract was negotiated which put the reorganization in place, sick leave buy-back was extended and sick leave and vacation time was extended per hours, going from a 48 hour work week to a 72 hour work week or a 30 percent increase in vacation time because it was asserted that firefighters were getting a 30 percent increase in work hours. Firefighters were working those hours, but they were working them in overtime under the four platoon configuration, he pointed out.

Councilor Cox said in July 2017 the city will be entering into a new contract with the firefighters. She asked if there is any thought to another reorganization and going back to the former four platoon configuration. **Mr. Destino** said they're hiring special legal counsel to assist in the negotiation of the next contract (as well as to give advice on the other five city contracts up for renegotiation at the same time -- see discussion under #7E). He said a complete reorganization of the Fire Department could be done, but the Administration would have to obtain the full agreement of the firefighters.

COMMITTEE RECOMMENDATION: On motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve Supplemental Appropriation 2016-SA-9 in the amount of \$980,326.00 (Nine Hundred Eighty Thousand Three Hundred Twenty Six Dollars) from the General Fund, Fund Balance Undesignated ("Free Cash"), Account #1010000.10.000.35900.0000.00.000.00.000 to Capital Projects Stabilization Fund -Transfers In-from the General Fund, Account #850000.10.991.49700.0000.00.000.00.040 per the Capital Plan Funding and Free Cash Distribution Policy.

Councilor McGeary confirmed that after this transfer there would be \$1,028,122 in the Capital Projects Stabilization Fund.

ESTABLISHMENT OF A BUILDING MAINTENANCE STABILIZATION FUND:

Councilor McGeary said it was a wise decision to establish this fund to meet city needs.

COMMITTEE RECOMMENDATION: 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 establish a new Stabilization Fund to be known as the "Building Maintenance Stabilization Fund" pursuant

to Massachusetts General Law (MGL) Chapter 40, Section 5B, for the purpose of funding extraordinary facility maintenance (repair and upkeep) expenditures relating to all municipal buildings (City and School).

COMMITTEE RECOMMENDATION: On motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve Supplemental Appropriation 2016-SA-10 in the amount of \$490,163.00 (Four Hundred Ninety Thousand One Hundred Sixty Three Dollars) from the General Fund, Fund Balance Undesignated (“Free Cash”), Account #1010000.10.000.35900.0000.00.000.00.000 to Building Maintenance Stabilization Fund-Transfers In-from the General Fund, Account #860000.10.991.49700.0000.00.000.00.040 per the Capital Plan Funding and Free Cash Distribution Policy.

COMMITTEE RECOMMENDATION: 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 Supplemental Appropriation 2016-SA-11 in the amount of \$245,081.00 (Two Hundred Forty Five Thousand Eighty One Dollars) from the General Fund, Fund Balance Undesignated (“Free Cash”), Account #1010000.10.000.35900.0000.00.000.00.000 to the General Stabilization Fund -Transfers In-from the General Fund, Account # 840000.10.991.49700.0000.00.000.00.040 per the Capital Plan Funding and Free Cash Distribution Policy.

Mr. Destino extended his thanks to the B&F Committee for their leadership on the free cash distribution matter and support of the Administration’s policy. He advised that City Auditor, Kenny Costa, could tell the Committee how important their taking this step was as to how the Mass. Dept. of Revenue views the city and bond rating agencies such as Standard & Poor’s. He said it was a step in the right direction in prudent fiscal policy to take care of what the city owns. **Councilor McGeary** observed that there is a lot of spending taking place and at some point the city will have to face a debt exclusion. **Mr. Destino** expressed his agreement adding that at least it would be from a position of strength. He also confirmed that the most recent Standard & Poor’s rating was unchanged which was AA2

- E) Memo From CFO re: FY16 Free Cash Appropriations and three Supplemental Appropriation-Budget Requests (2016-SA-18, 2016-SA-19, 2016-SA-20)

Mr. Destino said there now are pressing needs for funding from Stabilization Funds and explained as follows:

2016-SA-18: This transfer for \$35,000 is to fund Labor Counsel up to \$25,000 to support collective bargaining beginning next month. He said that the Administration feels it is prudent to have legal counsel as it is their first time through this process and there will be no Personnel Director as Sally Polzin will retire the first week of January. He pointed out that the unions have their own Legal Counsel. This money will pay for itself over the term of the next contracts, of which there are six coming up through 2016 – AFSME A, AFSME B, GMAA, Police Patrolmen and Police Superior Officers and Firefighters. He said the school unions are separate but will be on the same cycle. The transfer is also for unforeseen expenditures during contract negotiations; \$10,000 will be available for any unforeseen expenditures during the balance of the fiscal year.

Councilor McGeary said that in his six years on the City Council most of the people who work for the city do an honest day’s work for an honest day’s pay and those who would balance the budget on the backs of the workers he disagreed with. He said there needs to be give and take on both sides during these negotiations. **Mr. Destino** said the Administration is preparing comparisons with other cities and towns, analyses of 10 and 15 year wages and benefits and will be ready to go forward knowledgeably into these negotiations. **Councilor McGeary** added that it is difficult because while the city doesn’t produce a product but produces services and the resource is its employees and not buying paper clips won’t do the job. They have to educate the public that this is a service the city is providing and what they’re getting is a bill for services rendered, he advised.

Mr. Destino compared the Mayor’s contingency fund for the Committee with other area communities. He said that while Melrose and Newburyport have smaller budgets than Gloucester, the Melrose contingency fund is budgeted at \$46,000; Newburyport \$129,000; Beverly \$250,000; Salem \$109,000; Peabody \$700,000. Every penny that the city has spent is monitored from emergency custodian costs, bags filled with information given to visitors who are looking to invest in the city, taking these potential investors who are taken on tours of the city’s available real estate parcels to lunch. The Mayor is very active in the city’s promotion and is small money for the public relations efforts put forward by the Mayor’s office.

COMMITTEE RECOMMENDATION: On motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve Supplemental Appropriation 2016-SA-18 in the amount of \$35,000 (Thirty Five Thousand Dollars) from the General Fund, Fund Balance Undesignated (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to Mayor-Contingency/Emergency, Account #101000.10.121.57800.0000.00.000.00.057 for the purpose of funding Labor Counsel and for unforeseen expenditures.

2016-SA-19: This transfer for \$3,000 will supplement the original appropriation of \$20,000 and be used for various enhancements in the downtown. This is to backfill the Downtown Improvements account, he said

COMMITTEE RECOMMENDATION: 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 Supplemental Appropriation 2016-SA-19 in the amount of \$3,000 (Three Thousand Dollars) from the General Fund, Fund Balance Undesignated (“Free Cash”), Account #101000.10.000.35900.0000.00.000.00.000 to Public Property Maintenance-Downtown Improvements, Account #101000.10.470.52181.0000.00.000.00.052 for the purpose of funding various downtown enhancements.

2016-SA-20: This transfer for \$15,000 is to be transferred to the Inspectional Services’ Furniture & Fixtures for the customer service initiative to help streamline city permitting and economic development services. **Mr. Destino** advised this funding will place new signage directing people from the road, on the outside of the building, and in the building, a reception desk with the city seal, signage to show what departments are in the Annex. The desk will be staffed with a hybrid of staff and trained volunteers who will have permit applications available for distribution. This transfer is the capital piece, he said. This will be a hybrid of city staff and seniors receiving abatements, he said. This will be funded from the newly established Building Maintenance Stabilization Fund. **Mr. Destino** and **Mr. Dunn** discussed briefly with the Committee how the manning of the information desk.

COMMITTEE RECOMMENDATION: On motion by Councilor Fonvielle, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve Supplemental Appropriation 2016-SA-20 in the amount of \$15,000 (Fifteen Thousand Dollars) from the Building Maintenance Stabilization Fund, Transfers Out – to Trust & Agency Funds, Account# 860000.10.995.59600.0000.00.000.00.059 to the City Hall Annex Building Maintenance Fund, Transfers In – from Trust & Agency Funds, Account # 860001.10.995.49700.0000.00.000.00.040 for the purpose of funding reception area renovations at the City Hall Annex at Pond Road.

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

Mr. Costa reviewed his reports with the Committee.

A motion was made, seconded and voted unanimously to adjourn the meeting at 6:40 p.m.

Respectfully submitted,

Dana C. Jorgensson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.