

CITY COUNCIL STANDING COMMITTEE
Budget & Finance
Thursday, September 9, 2010 – 5:30 p.m.
1st Fl. Council Conference Room – City Hall

Present: Chair, Councilor Steven Curcuru; Councilor Jacqueline Hardy

Absent: Councilor McGearry

Also Present: Councilor Verga; Jim Duggan; Kenny Costa; Jeff Towne; Police Chief Michael Lane; Sarah Garcia; Lucy Sheehan; Nancy Papows; Hank Camille; Carol Murray

The Budget & Finance Meeting was called to order at 5:33 p.m. Items were taken out of order.

1. Continued Business

- A) Grant Application and Checklist from the Council on Aging for a Formula Grant Allocation FY2011 (Continued from 08/26/10)

Lucy Sheehan, Council on Aging explained that this is not a new grant. This grant was what has paid Ms. Sheehan's salary when she started with the City in 1988 and to date. This grant is yearly and on going for which they apply for and submit a budget (Budget and back-up information submitted at meeting). It is very hard with dates because it is up to the legislature on what they receive from their grant application.

Mr. Duggan clarified it is \$7.00 per senior, and they use the census figure of 6,003 seniors.

Councilor Curcuru noted that the information was missing previously that they were looking for.

Ms. Sheehan noted this grant has always paid for the full-time senior clerk and part of the outreach coordinator's salary. The rest of the outreach coordinator's salary is paid for by the City, partially by Senior Care and from one other source. The first payment is expected by September 17th which will be 50% of the award. The State is sending the money to them much faster this year. It is ongoing from the Executive Office Elder Affairs. They choose what they want to do with the grant. They have always used it for salaries, which is necessary.

Councilor Hardy asked if they have people who work and are paid under the grant sign a time card every pay period which states they are working under a grant and that their pay is subject to the grant being funded.

Ms. Sheehan stated they are on the regular payroll of the City. The grant money comes through the City.

Councilor Hardy asked Ms. Sheehan to please meet with the City Auditor to go over the rules and regulations regarding the grant. The recent external audit brought these rules and regulations to light.

Councilor Curcuru noted the money will come in September and that they have to accept the grant.

Mr. Towne stated the money comes electronically transferred and will sit in their account until the Council accepts the grant.

Mr. Duggan stated if the money goes into a holding account then wouldn't the salaries that this pays go into a deficit.

Mr. Costa responded that salaries shouldn't be charged to that account until it has been accepted by the Council and also created on the ledger.

Mr. Costa relayed some of the issues surrounding the grant monies and would meet with Ms. Sheehan to clarify the issues.

Councilor Curcuru asked then how did they pay the salaries.

Mr. Costa responded out of the appropriation account; and once the funds are received and accepted, then it is reclassified and the appropriations account is reimbursed.

Mr. Duggan stated that was how they had been paying the Council on Aging employees since July 1, 2010.

Mr. Towne noted they have to find out if there are grant restrictions on payroll or is it coming into the City; and they're choosing to fund it with payroll.

Mr. Costa added they have to look at the budget and whether it is an allowable cost.

Mr. Towne responded they're tying it to payroll but it may not necessarily have to be tied to payroll. They would take care of it internally.

The original motion stands after having this sent back to B&F for review.

No action was necessary by the B&F Committee on this matter.

B) CC2010-058 (Ciolino) Amend Gloucester Code of Ordinances §9-1 and §9-2(a)

This matter was continued to September 23, 2010.

C) Monthly Review with CFO, Jeff Towne re: Trust Funds

Mr. Towne noted the documentation he provided to the Committee was broken down between principal, meaning the original deposit that was given for each of these bequests; and part of it accumulates and appreciates, and then additional donations; and the income increases are shown in the assets due to stock increases or dividends or interest received. The balance was \$1,595,864.82. They're managed by the Cape Ann Savings Bank and by the City's Trust Commission, which currently has two members and hope to have a third member who would preferably have a legal background in case there are trust issues or things to serve on a board of the trust funds. Cape Ann Savings Bank makes the decision on how to invest the funds based on guidelines the City gave to them long ago which they are in the process of looking at. He also gave them the historical information they have available to them; some of them go back quite a ways. All appear to be non-expendable trust funds, meaning you can't expend the principal. You can only spend a portion of the income or all of the interest. The balances on page 2 of the income of the various funds, \$576,000.00, can be expended for the purposes that the money was originally given for. The question was did anyone know of these bequests. He made the Schools CFO aware of these trust funds, which could help them to increase their budget of particular programs. There are many requests that have to do with the indigent and the poor. There are some funds expended by Associated Charities, like the Peter A. Chisholm Fund, which they are looking to have removed from the Trust Commission's care and be sent to Associated Charities. They make all the decisions with regards to the disbursements, not the City who has no say. Associated Charities is petitioning through the courts to have that done, which in his role as Treasurer was fine to him. Mr. Towne's goal was to have these kept in mind, and make department heads aware and meet with them to see if they could use these funds.

Councilor Hardy stated that is why they asked for this accounting and to learn more about it themselves so that when budget issues come up they can perhaps look towards some of these funds. She thanked Mr. Towne for obtaining this information for them.

Mr. Towne noted there was more information still to come on several other funds which he hopes to have soon, one in particular for \$60,000.00.

This matter was continued to November 4, 2010.

The meeting was recessed at 6:33 p.m.

The Meeting reconvened at 6:41 p.m.

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

Mr. Costa reviewed the documentation with the Committee submitted prior to the meeting. He went over the projected overdraft accounts all over encumbered payroll accounts. They don't know why

they're in deficit. The maintenance accounts are due to the change over. They're bringing it to the departments' attention.

Councilor Curcuru discussed with Mr. Costa and Mr. Duggan the matter of school monies with regard to the MOU going back to the Schools. Mr. Markham, School CFO, will be bringing several transfers forward, along with health insurance monies that will be transferred back to the City. There will be a total of three items.

Councilor Hardy noted they are continuing to perpetuate police parking.

Mr. Duggan needed to confirm that this is for the extra money they had on the Saturdays and Sundays for the extra parking enforcement officer. The first weekend the officer was used covered expenses.

3. Memorandum from Police Chief re: acceptance of two grants from the Commonwealth of Massachusetts (E911 Salaries Grant \$61,795.00 and Training Grant \$10,987.00)

Police Chief Michael Lane explained to the Committee that his Department had been notified that it's been awarded, through a non-competitive process, receives from the State the E911 Salaries grant of \$61,795.00 and the E911 Training Grant of \$10,987.00. The salaries grant, which has seen a slight increase this year, is used to supplement the salaries of officers who dispatch full time. The training grant which also has seen a slight increase this year is used to pay for training of officers who routinely dispatch and for training of new officers who must attend the E911 training for the first time. Last year six full-time dispatchers received a 40-hour course given by the State in handling all types of E911 calls with the assistance of this grant. He asked the Committee to accept these grants stating they are vital to the operation of the Gloucester Police Department. There is no cash or in-kind match required for the E911 grants. These awarded funds come from a tax on the monthly cell phone bills of Massachusetts residents. They received word on August 10th that they would receive these grants. The money was awaiting acceptance. He noted the comparables of other towns in their packet, and what the City receives. It was noted the both grants their contracts begin August 11, 2010 and end June 30, 2011.

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 the acceptance of the Massachusetts E911 Salaries Grant for a total of \$61,795.00.

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 the acceptance of the Massachusetts E911 Training Grant for a total of \$10,987.00.

4. Memorandum from Michael B. Hale, DPW Director re: MSBA Green Repair" Grant Program

Mr. Duggan explained that they've been working closely with Dr. Connolly, Interim Superintendent on this matter. For the initial part of the process the district has to submit a statement of interest. There is then a review of the statement of interest by the MSBA which could potentially lead to a site assessment of what you are trying to do; and then it is determined whether you are approved to be in the program. Part of the statement of interest is language that the City Council will need to adopt. If the district is accepted into the program, they want an authorization for the full appropriation of the work to be done as part of a vote. They will reimburse the City for FY10 at 48.27% for every invoice they send in related to windows for the schools, roofs, and boilers; only those three items. Unlike the other general MSBA programs, he's been informed it's more streamlined approach because it is only those three things that are eligible.

Councilor Curcuru noted he mentioned Superintendent Connolly.

Mr. Duggan responded Superintendent Connolly has experience in these statements of interest; and he is convening a meeting with himself, Mr. Hale and Superintendent Connolly on or before the 9/22 deadline.

Depending on the statement of interest, he may be requesting that a special City Council meeting be held for language to be adopted in order to submit to the MSBA prior to the 22nd.

Councilor Curcuru asked if they would try and attack those three previously named items with this match. Did the work need to be completed first before reimbursement?

Mr. Duggan stated they want to take advantage of it in order to address the outstanding concerns they have in those three areas. You can submit the progress payments; progress payments will only be reimbursed at a certain percentage.

Councilor Curcuru stated some of this work won't be done until next spring or summer and asked if they would still be eligible.

Mr. Duggan stated he would "go out on a limb and assume they're not the only district who can't do the work when the pupils are in school." It would have to be postponed and done during the summer months or during some school vacation times, perhaps. The MSBA is likely taking that into consideration. It's more like \$7 million for the City's needs in these areas.

Councilor Hardy asked this didn't preclude them from applying for other grants the City would be eligible for, for other purposes to repair schools, in the spring.

Mr. Duggan stated it wouldn't. They would have to get accepted; the MSBA would have to review it; do a site assessment; and do a more in depth process. He and the Superintendent spoke yesterday. He had a School B&F meeting last evening and wanted to know that the Administration was on board and offered all the help he could. Mike Hale will not be the full-time point of contact; it will be the new facilities manager. Part of the statement of interest, which was faxed in the other day by the Superintendent, has the log-in information. The point of contact information was submitted with it. For the time being it is Mike Hale. This meeting is for the three of them to get on the same page.

Councilor Curcuru noted it was nice to have the Superintendent with his experience in this.

Councilor Hardy asked about the job description reflects this for the facilities manager.

Mr. Duggan responded he asked just that question to Mr. Bain, Personnel Director, that the new facilities manager should understand the trades and facilities.

Councilor Hardy stated they will have to work hand and hand with Mr. Costa to be sure the criteria is met properly and that it's done right and timely. If not, they may not be reimbursed. She felt it was a very big job for a new facilities manger.

Mr. Duggan appreciated the Councilor's concern but didn't have the same level of concern. They're looking for a high quality individual. He felt they will get an experienced professional, whoever they will be. If they need to bring other individuals in to assist or support the facilities manager, if he needs to make the decision to take it away from the facilities manager, he will.

Councilor Hardy noted that the City Council is "up to their eyeballs" with special meetings. She realized they would need a resolution on the 21st.

Mr. Duggan noted that to be correct. He will have a better understanding from Superintendent Connolly shortly. He can call and find out.

Councilor Curcuru noted they still have to make a motion out of B&F to send it to the Council.

Councilor Hardy stated they need the proper language. They're going to have to make a motion at a special B&F before the Special City Council. It will be hand carried on the 22nd to the MSBA.

Mr. Duggan noted the point of contact at the MSBA reiterated the statement of interest was not simple but was not difficult.

This matter is continued to a Special Budget & Finance Meeting for 5:45 p.m, on Tuesday, September 21, 2010 to be followed by a Special City Council Meeting 6:15 p.m. the same evening.

5. Memorandum from Jeffrey Towne, CFO, City of Gloucester for Establishment of Talbot Rink Enterprise Fund, MGL c. 44, §53F1/2

Mr. Costa explained that the rink is now one consolidated fund with the Athletics Revolving Fund. They're looking to give the rink its own identity by establishing its own enterprise fund under MGL c. 44,

Sec. 53F1/2 to establish the Talbot Rink as an enterprise fund. The first step is to adopt the fund, and then to create an annual budget for the rink fund, which Mike Hale, DPW Director, would do. If the existing fund is in a surplus or deficit, they have to vote to move that surplus or deficit to the new enterprise fund. They've charged rink salaries to the account from July 1st to now. He talked to DOR who said they can't do it retroactively to July 1st. The Council is going to have to move all those salaries from July 1st until now; it will be a deficit until they collect revenues.

Councilor Curcuru stated they are in a deficit but how are they paying them.

Councilor Hardy asked how many people are on the rink account.

Councilor Curcuru understood there to be three full-time employees.

Councilor Hardy asked if any are on grants and was told no.

Mr. Costa stated they will have to move those salaries from July 1st to date; those expenditures will have to be moved to the new enterprise fund. They'll have to have a vote on that as well.

Councilor Curcuru stated it would be self-supporting account but with no budget; and asked how Mr. Hale was making out to isolate that rink to keep it separate from the school with things like the utilities.

Mr. Dugan stated not at this point. They are trying to address that but didn't have complete information at this time and would look into it.

Councilor Hardy noted they've been trying to do that ever since the switch.

Councilor Hardy asked for that information in writing because the Council will want information on the enterprise account.

Councilor Curcuru stated that it needs to be done right away.

Mr. Costa noted more information will come forward when Mr. Hale presents the budget.

Councilor Curcuru asked that when this goes to the Council, could Mr. Hale have a preliminary budget at that time.

Councilor Hardy asked if they have to advertise this to create an enterprise account.

Mr. Towne, who was no longer at the meeting having left during the recess, was put on speaker phone and asked if the Committee needed an advertisement to create an enterprise fund, to which he responded that he did not see anything in the law that says they have to advertise to create such a fund.

Councilor Curcuru asked Mr. Hale to be present for that special B&F meeting.

Mr. Costa noted they shouldn't be deficit spending out of the fund, so at the beginning of the year when they start collecting revenues, they can then spend money for budgeted items.

Councilor Curcuru noted there were also associated revenues with the rink.

Councilor Hardy requested that they know more about the projected revenues, and imagined that some ice time was booked in advance and asked for the advance schedule for rink time. She also questioned if there was the business plan for this rink. She believed these were the questions that other City Councilors will want to know.

Mr. Duggan stated they are just starting to come out of the merger to get it on track.

Councilor Hardy withdrew her request.

Councilor Curcuru asked for how much revenue was brought in from last year and where it came from.

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 the establishment of the Talbot Rink Enterprise Fund in accordance with MGL c. 44, §53F1/2.

6. Memorandum from Community Development Director re: HUD Sustainable Communities Challenge Grant

Sarah Garcia, Community Development Director, explained to the Committee that the grant application (which she gave in hard copy to the Councilors which was previously submitted) had to be

submitted on August 23rd for the HUD Sustainable Communities Challenge Grant. It is being run out of the Urban Housing Development. This grant looked at the transportation aspects and green path networks. If they would give them planning money, they would integrate it with the harbor plans for a harbor walk and how to connect the neighborhoods to the waterfront. If they succeed, then by making it more walkable it would have a spill-over effect to get people around town on bicycles, etc. They are applying for \$1.5 million in funding (see memorandum on file for description of grant goals). They asked for this sum at the suggestion of their grant writer. They tried to scope actual construction costs. As people come from the train station to the downtown, they looked at how people can get from the train to the beaches, which is where the bike share program comes into play. This would be a matching grant which they would be able to provide through in-kind services and other grant sources so there would be no requested obligation from the General Fund.

Mr. Duggan stated if they take their bikes on the trains to the beaches will there be enough bike racks.

Ms. Garcia didn't want to go into too much detail, but felt this was a long shot in her best opinion. It is a 20% match. They would match it with funding they already have in place like the EPA Brownfields, and the Seaport Advisory Council money for the Harbor Walk, as an example and money from the Washington Street Corridor. HUD was a long stretch, but they also put in a component with DOT. She was sensitive to the fact that it was off topic but consistent with other plans they have out there.

Councilor Curcuru thought this will help pay for the planning aspect of other projects already out there.

Ms. Garcia stated these planning grants set them up for the next grants. She would be more focused the next time, what is the grant that it gets her next but felt as a City they're not there yet. They're just pulling it together in rethinking the harbor area over the last few years. They scoped in some planning and some construction costs. They did a redesign of Maplewood Avenue and Railroad Avenue which would be good. It is a missing link.

Councilor Hardy asked about the Senior Project Manager.

Ms. Garcia stated if they got this money they would have to hire someone.

Councilor Hardy asked who would be doing the supervision.

Ms. Garcia stated the Project Manager would supervise in her stead.

Councilor Hardy asked what the strings are for the City if it is awarded and accepted.

Ms. Garcia stated that she didn't feel there would be strings. They are familiar with them and that they are savvy with the administration of them. It is similar to the CDGB funding.

Councilor Hardy noted that on Page 4, 5 and some others, the importance highlights the linkages between the downtown civic center and the waterfront.

Ms. Garcia stated that refers to the Library, and other buildings centrally located to the downtown.

Councilor Hardy asked if there has been a determination as to the location of the Municipal campus.

Ms. Garcia stated the values need to be brought forward and hasn't happened yet.

Councilor Hardy stated she had several Councilors who would like to have a discussion on where the campus would be located and hear more from the public.

Ms. Garcia stated the Committee was not to make a recommendation but to put forward values from the conversations and what are the realistic next steps and what might make sense.

Councilor Hardy noted that it is not binding.

Ms. Garcia stated it binds them to study the enumerated intersections. There is no commitment to doing programs. This is also to move forward on the water shuttle idea. It is a way to reinvent the use of parcels that are underutilized at this time. The Ocean Alliance would be interested in having public meetings on their property and would be interested in having the water shuttle there. They also have the Harbormaster who would be involved. If there is a way to help other properties on the waterfront, this is a much protected harbor; it would be like the City's own launch service. All they have to do is have a pier for it. They found ferries are never worthwhile for tourists. But if it is serving businesses, it is serving a need, for a launch service. They'd provide dockage and parking. It's all about transportation.

Mr. Costa asked that the studies that have to be done are part of the grant.

Ms. Garcia stated yes and the 20% match is from the Harbor Walk funding. The CDBG funds would also help provide the match. August 23rd was the deadline for submission. This was submitted to the

Mayor's Office on August 13th. They didn't have the grant application written until it went in or scoped. It took a long time to ascertain how to make it all hang together.

Councilor Hardy noted the window of opportunity is so short, they should consider change how the timing works.

Ms. Garcia stated it is not done intentionally. They are always alerted to what is happening.

Councilor Hardy stated they should consider a loosening of the rules.

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 allow Community Development to apply for a HUD Sustainable Communities Challenge Grant in the amount of \$1.5 million.

The matter to discuss grant applications is to be an agenda item for the October 7, 2010 meeting.

7. Discussion Related to the TD Bank Beach Deposit Discrepancies/Status of Same

Mr. Duggan stated they're working with the TD Bank to come to a resolution.

Councilor Curcuru asked was there an on-going investigation with the City and within the bank and was the City satisfied with the investigation as far as the Police Department was concerned.

Mr. Towne stated he had not been involved in this matter for quite some time.

Mr. Duggan believed the investigation has concluded; and they are working out a resolution as a result of the findings with the bank from their internal investigation and looking at the City's investigation in a confidential meeting.,

Councilor Hardy asked if the City still had money in TD Bank.

Mr. Duggan responded currently they did.

Mr. Towne stated all the beach deposit money was moved to another bank and the beach revenues are also in another bank.

Mr. Duggan stated they will have more information when they come to a resolution. He assured the Committee they would be the first to know of that resolution.

Councilor Hardy stated it seemed a long time had gone by already.

Mr. Duggan stated it is a sensitive issue, an issue they are not going to take lightly; they've examined very thoroughly, and it has been a while.

Councilor Curcuru had read in the newspaper that the CFO is frustrated which he read in the paper; was that correct that he was quoted in the paper as being frustrated..

Mr. Towne wants the matter to be resolved.

Mr. Duggan stated they have their attention, and they are working out a resolution.

Councilor Hardy asked when they can have it next on their agenda.

Mr. Duggan stated it can be on their next one. When they know and have a mutual agreement and understanding, they will share that information.

This matter is continued to September 23, 2010.

8. Discussion Related to the North Gloucester Betterment re: Final Loan (over) Payments and Process of Reimbursement to Property Owners

Councilor Hardy noted that Carol Murray, Dennison Street, a constituent from her ward brought this matter of betterment final loan payments and process to her attention and asked that she come before the Committee to express her views.

Mr. Towne stated Ms. Murray wasn't the only citizen that he's had this discussion with. He explained when a sewer betterment is completed after 15 years, 10 years, or however long the betterment is on the system for, it gets billed on the actual bill. When it's over, when they pay the last bill, say May 1st billing

was the last time the betterment was applicable; the 1st and 2nd quarter preliminary bills in the following year are based upon the previous year's tax bill which includes the betterment. As an example, say for rough numbers taxes are \$3,000.00 and the betterment is \$1,000.00. If you divided that up over quarters, it would be \$1,000.00 each quarter. After it's paid, and paid in full on the May 1st quarter, the *preliminary tax bill* for the first quarter is \$1,000.00 and the second quarter is \$1,000.00. Now say their taxes are still \$3,000.00 with no inflation or anything else, what would happen is they would already have been billed that first quarter for \$1,000.00, second quarter \$1,000.00 and then the third and fourth quarter they would only pay \$500.00 each quarter to get to the \$3,000.00 *property tax*. Folks who have paid off the betterment believe, and he could understand why, that they paid off the betterment so therefore first quarter and second quarter preliminary bill should be reduced. *But the preliminaries are property tax bills, they're not betterment bills.* It is property tax that's being billed in advance based on last year's total. He understood from the taxpayer's point of view that it appeared they were being over billed because it's based on the betterment; but the fact is that it's going towards the property tax bill. They called the DOR to be fair and be sure of the legality. They indicated by the way they are doing it is legal and what should be done. The DOR indicated to them that by doing it the way they are doing it, it is legal. It is what should be done. The taxpayer is looking at it and saying, 'I don't want to give you more money than I have to on the 1st and 2nd quarterly bill'. When they first started at the beginning of the process, the City started billing them on the 3rd and 4th quarter. They had expenditures from the City's perspective before that of 12 to 18 months because they were extending funds out for the City, getting rid of cash flow, and then collecting it back on the tail end of it. They didn't start collecting until the project was completely done. The City has spent that money out on the betterment side and paid that money before they started billing. On the tail end the customer is paying their property tax bill.

Councilor Curcuru noted it was pretty much a wash at that point but was still a little confusing.

Ms. Murray heard the explanation from Ms. Papows and Mr. Towne over the phone and to some degree understood their explanation. She related that when she and her husband paid the betterment off they were excited. Then she got her 1st quarter bill and saw the \$500.00; she wasn't happy; she felt she gave the City \$500.00 of her money that they collect interest on her money and again the next quarter. It makes sense now; but it is \$1,000.00. She felt they were hurt.

Mr. Towne noted the City put out all the money out of City funds that they've paid interest on in their repayment of the debt that they paid out by the City in advance (to pay for the sewer work itself). He didn't know when Ms. Dennison's particular project ended versus when they first got billed.

Ms. Murray noted it was fairly shortly after completion that they were first billed. They had negotiated a 3% or so interest rate and chose to pay over a ten year period. They found out after the fact they could have had a private company come in and do it for less. There were other things that happened surrounding the sewer betterment done on their street that were also upsetting. She is a citizen who pays her taxes and feels hurt by this process.

Mr. Towne expressed Ms. Murray had been clear from the beginning, and understood her perspective. He couldn't do anything about it because it is the way the law works. He gave the example that when someone has a water and sewer bill, their June water and sewer bill gets added to their 3rd and 4th quarter bill for taxes. They collect interest to that point in time of 14% up until the time it goes on their bill. Then they have an interest free period if they pay their bill on time on February; and another interest free period of a portion of that bill. Say it is \$3,000.00 they owe; they'll end up getting \$1,500.00 for the February and \$1,500.00 on the May bill and pay no interest between that bill and February 1st and that time and May 1st. It's not fair to the rest of the people who pay their taxes on time. But that's the way the law works in terms of calculating it. They try to follow the law and be consistent with everybody and go 100% by the board. He further expressed if he were these folks, he'd probably feel the same way that they're overpaying the City. But he stated that the City has paid up all the expenses up front. Then they were billed on the 3rd and 4th quarter bill. They're paying towards their property tax in advance which they feel as though it is unjust. He understood that. They would have to make an adjustment for every single person by hand. It's hard to make sure they bill accurately for 13,000 tax bills every quarter to make sure it is calculated correctly. There was too much of an opportunity for them to make manual

entry issues and errors that they would have to work through. It is not just a time saving effort. It is a real issue; either they do a programming change and pay for that to be done or do it by hand to make sure they calculate those things accurately. Either way it is time consuming for the staff. The reiterated he understood but they have to be consistent.

Councilor Hardy asked what the understanding of the taxpayer going into this was.

Ms. Murray understood it was 10 years; that they were paying 3% interest; then it was off their taxes.

Councilor Curcuru asked that in future that this was explained in writing for projects so that there was a clearer understanding to prevent these types of issues.

Ms. Murray noted that many people aren't as mindful of these details. She's the one that takes the hit and wondered how many people in the City are in the same boat.

Mr. Towne stated he has 15 different betterment projects. He would have to look at that.

Ms. Papows stated she had looked up this particular betterment. There was a total of 800 in the project.

On the 10 year plan there was perhaps 100 to 200. On the 20 year plan it could be 600 or 700 adjustments. There are only certain things that can go on the tax bill a certain way according to the State. It is always a quarter of what was done the previous year. It is always one quarter towards their real estate tax for a tax that hasn't been set and is why it is preliminary bill and is always adjusted. Those last two quarters will be smaller. When the betterment first goes into play no one likes to see it. It doesn't hit your bill July 1st because it wasn't there last year and doesn't hit your October bill. You get two very large installments on the 3rd and 4th quarter. When it comes in it's loaded at the end. You can't bill the betterment in the preliminary.

Councilor Hardy noted banks then ask for more money.

Ms. Murray noted that is what happened to them. She realized it was what Ms. Papows just explained. She thought it was too bad that it wasn't thought through.

Mr. Towne noted not all projects end at the same time. He acknowledged he fully understood where Ms. Dennison was coming from but again reiterated they have to be consistent across the board.

Ms. Murray understood the difficulty but continued to be unhappy; that would be a struggle again in the next quarter for her and her family.

Councilor Hardy recognized in this economy it was difficult.

Councilor Curcuru asked when does a betterment start?

Mr. Towne noted it's when the project is completed. If they go on line with sewer, then they should be billed. This was a great lesson in explaining things up front; they won't be happy; but at least they know.

Ms. Papows noted Engineering has a packet which explains about benefits but doesn't go into the next fiscal year explanation which they could add.

Councilor Hardy apologized they couldn't be of more help to Ms. Dennison.

Ms. Murray thanked the Committee for hearing her on this matter.

(Councilor Verga entered the meeting at 6:22 p.m.)

This matter was continued to October 7, 2010.

9. Tax Classification

Councilor Hardy asked this be placed on their agenda because under the City's ordinances, they need to address the tax classification in the month of October with a public hearing. She understood this was the "odd third year", the triennial certification year by the DOR. While she was unsure of the full ramifications of that, she felt the B&F should address it so that they do their due diligence under the ordinance.

Nancy Papows, Principal Assessor the triennial certification is a more in-depth audit by the State, a two-step process in terms of getting values certified. There is a preliminary certification and then a final certification, which doesn't take place until after you have a public disclosure that you're in the triennial certification year that you reassessed the properties and people can come in and view the values. In a

triennial certification year that process gets pushed out quite far. (Ms. Papows submitted a chart at the Meeting entitled, D.O.R. Certification Timetable). They try each year to get the values in earlier each year to the State so that they can get the values approved for tax classification and to get the tax rate certified. In the 2008 certification, they submitted they submitted the values September 28th, and it took seven weeks to get preliminary certification and nine weeks for final certification. The process has changed about how much the DOR does and how many hands it is filtered through. They have less staff now. It is a field review plus a review in their office; and then they take everything back to the DOR for review. It is difficult to meet the October date even in an interim year, even since 2006 when they had the staff in place that they have now. The DOR is coming Tuesday and Wednesday, September 14th and 15th, and they're submitting everything then. This is a week earlier than in FY08. What they don't know is how long it will take for them to get back to the City. They still need to get the tax rate approved. They had the Tax Classification meeting that year on December 3rd, which was down to the wire.

Councilor Hardy noted that is why they need two City Council meeting in December in case the certification takes longer. Was it the City's own ordinance that predicates that October date or is it the State; and if it is the City's ordinance, should they look to change the date in the ordinance?

Mr. Towne responded it was by the City's own ordinance.

Ms. Papows noted there is a little leeway in a triennial year. The October date was putting a deadline on them. She felt they should look to change it. She would "love" to have it in September, but to get that work done in that short a time period is very difficult. She felt in the interim years they are getting better; but in a triennial year it is extremely difficult. Every value has to be set before they submit, and they have to be careful it's all reviewed and ready to go. There is nothing in writing she can find in the DOR website. They may be able to hold a public hearing but you can't take the vote if the values aren't certified; and if you did you would have to re-affirm that so then it becomes a two-step process. But if you don't have the final values, and they present on the values that aren't certified as final, it isn't useful.

Councilor Hardy stated this was not a reflection on Ms. Papows in not meeting the deadline, but rather should they be looking at their own ordinance to make it more appropriate so that they're in compliance, and to obviate the need for the DOR to point out they're not in compliance with their own ordinance.

Mr. Costa stated in his former municipality they also went through a similar situation and wait for the DOR, and it was at the last minute.

Mr. Towne noted it was good to set goals and guidelines which keeps "their feet to the fire", but somehow they need to talk about it and come back to the Committee with a recommendation.

Councilor Hardy stated under their own rules of procedure any Standing Committee can take up any referral, and in the case of an ordinance would normally go to O&A, but under the circumstances it would make more sense to keep this with B&F.

Mr. Towne reminded the Committee of when they did the tax bills, always in or around December 20th or 21st. He felt that was cutting it very, very close.

Ms. Papows noted the irony that they get the information in earlier and earlier every year to the DOR, but they still can't get the tax rate certified any earlier.

Mr. Towne stated they gave them that legislative ability to still collect interest; and that was why if they don't get the tax bills out so that they're due February 1st, they can't collect any interest on that first bill. You can only start to collect interest after May 1st. That is tough and it hurts.

Councilor Hardy noted in 2004 they got an extra month.

Ms. Papows stated that was similar where the DOR was behind; therefore, they passed legislation that allowed cities and towns to have another month.

Mr. Towne added that it hurt cash flow.

Councilor Hardy noted it was in their projections.

Mr. Costa stated they can't earn interest on it as well, to which Mr. Towne concurred that on the cash collected interest isn't earned.

Councilor Curcuru asked what happens if they go out late that quarter, what happens the following quarter; would not the tax payer be seeing tax bills back to back.

Mr. Towne stated the fourth quarter would still be due May 1st, for instance. It puts a burden on the taxpayers as they get two bills in a row.

Councilor Hardy clarified in order that the Council meets their obligation under the law, what did Mr. Towne suggest they do. She noted she had never come across this. The ordinance did say October; what should they do.

Mr. Towne asked if they would have the information by then so they could estimate what the rates should be.

Ms. Papows wouldn't have the final values until after the public disclosure period. They know certain things are going to change; that's the trouble.

Councilor Hardy added that the ordinance didn't say they had to complete the public hearing. She had to advertise specifics on it.

Councilor Curcuru stated they couldn't do an estimated rate/

Mr. Towne didn't think it made sense; if you didn't have the detail what would the point be. You can't publish the posting of the public hearing.

Councilor Hardy wanted the record to show that they are addressing the matter and know that there is an obligation under the current City ordinance to meet the October deadline; but due to the lack of information, as their CFO, Chief Auditor and Assessor noted, they can't do much at this time.

Ms. Papows noted once they receive preliminary certification she would know more.

Councilor Hardy stated it would be two advertisements.

This matter was continued to October 21, 2010.

10. Event Gate Receipts from City Sporting Events

Mr. Costa clarified that they needed the information on all gate receipts not just on Newell Stadium which the Committee agreed was the information they were seeking.

Councilor Curcuru asked that Mr. Costa please inform Superintendent Connolly of the matter being taken up at the September 23rd meeting and that he was to bring whatever documentation they need to make a presentation. He also requested that there be information included on the Boosters concession stand.

This matter was continued to September 23, 2010 so that Superintendent Connolly can attend and he will bring whatever documentation they need and also wanted information on the boosters concession stand.

Councilor Hardy stated that a vote taken by B&F on August 26, 2010, as noted below was:

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 ADVERTISE FOR PUBLIC HEARING to consider a loan authorization that will authorize an appropriation for the purpose of repairs to the City's Fire Stations totaling up to \$36,000.00 and for the Treasurer to borrow said amount and to issue bonds and notes pursuant to M.G.L. C44 and further to authorize the Treasurer to file an application with the appropriate officials of the Commonwealth of Massachusetts to qualify under M.G.L. C44A these bonds.

She then asked for an amendment as follows because Mr. Towne was advised by the City's new Bond Counsel representative that there was preferred new language and then proposed the following and which the Committee voted on:

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 that \$36,000.00 is

appropriated for fire station repairs; that to meet this appropriation the Treasurer with the approval of the Mayor is authorized to borrow \$36,000.00 under G.L. c.44, §7(3A) or any other enabling legislation; that the Mayor is authorized to contract for and expend any federal or state aid available for the project; and that the Mayor is authorized to take any other action necessary to carry out this project; and that the Treasurer is authorized to file an application with the Municipal Finance Oversight Board to qualify under Chapter 44A of the General Laws any or all of the bonds authorized by this order and to provide such information and execute such documents as the Municipal Finance Oversight Board may require for these purposes AND TO ADVERTISE FOR PUBLIC HEARING.

Mr. Costa showed a new journal entry form and an interdepartmental reimbursement form to the Councilors and explained it and its uses.

A motion was made, seconded and voted unanimously to adjourn the meeting at 7:55 p.m.

Respectfully submitted,

**Dana C. Jorgenson
Clerk of Committees**

DOCUMENTS/ITEMS RECEIVED AT MEETING:

- **DOR Certification Time Table by Nancy Papows**
- **New Journal Entry Form and Interdepartmental Reimbursement Form from Kenny Costa**
- **Council on Aging Grant Application and Check List with all back-up documentation**