

**SPECIAL GLOUCESTER CITY COUNCIL MEETING**

Tuesday, May 2, 2017 – 7:00 p.m.

Kyrouz Auditorium – City Hall

**-MINUTES-**

**Present:** Chair, Councilor Joseph Ciolino; Vice Chair, Councilor Steven LeBlanc (entered the meeting at 7:09 p.m.); Councilor Paul Lundberg; Councilor Scott Memhard; Councilor Valerie Gilman; Councilor Sean Nolan; Councilor Joseph Orlando, Jr.; Councilor James O'Hara

**Absent:** Councilor Cox

**Also Present:** Mayor Sefatia Theken; Jim Destino; Kenny Costa; Fire Chief Eric Smith; James Pope; Tom LoGrande; Grace Poirier

**The meeting was called to order at 7:02 p.m.**

**The Council President** announced that this special Council meeting was being audio and video recorded.

**Flag Salute & Moment of Silence.** Councilor O'Hara dedicated the Moment of Silence to Police Officer Health Mosley who recently passed away.

**Oral Communications:** None.

**Consent Agenda:** None.

**Presentation:** Mayor Sefatia Theken – Presentation of Mayor's Proposed FY18 Budget

**Councilor Memhard** thanked the Mayor and her Administration for their efforts in the preparation of the FY2018 municipal budget for the City of Gloucester in order to provide essential city services to all Gloucester residents. Through the President of the City Council he asked that the meeting be turned over to the Honorable Mayor Sefatia Theken for her presentation of the FY2018 budget.

Thanking everyone working on behalf of the Gloucester Community, as well as the Council, **Mayor Theken** made what she said was a final request to the Council -- that they can't think about the short term only, that they must think and act for the long term. She indicated that whether that means following Governor Baker's recommendations to increase regionalization efforts and shared services across Cape Ann, she urged the City Council to join the Administration in tackling the major issues that will most affect everyone in the future for years to come, "not just for today but for tomorrow," paraphrasing the saying under the Kyrouz Auditorium mural. She urged that together they take meaningful action so that they can and will continue to move Gloucester forward. She said in her 13 years as a City Councilor, and three years as Mayor this was the most difficult budget ever. She urged that the Council look at the budget with an open mind.

**Jim Destino**, CAO, expressing his thanks to the Mayor for her leadership in developing the FY18 budget explained that this was the Administration's third and most difficult budget to put together. Highlighting the report of the city's Outside Auditor's on the city's Basic Financial Statement for FY16 given at the Budget & Finance Committee's April 20 meeting he recounted that the report showed all positive trends; that the city's net position was \$1.4 million stronger than last year at this time. He expressed thanks to the City Auditor, Kenny Costa for seeking out and hiring a new, well qualified outside auditor which he said has been worthwhile. He cited the single audit of the Waterways Board/Harbormaster Department that showed great improvements in tightening controls which he said will also reap benefits to the city through the Waterways Enterprise Fund. He relayed there were great strides being made as to the city's financial process saying that much had to do with the Council helping to "hold the line" on city expenses and debt. Additionally he extended his thanks to John Dunn, Chief Financial Officer and financial team as well as city department heads who worked together on this budget making the necessary difficult decisions. He then reviewed the following:

- **Water and Sewer Rates:** Because of the management of the Water and Sewer Enterprise Funds, there was a small amount of free cash which was used for rate relief for FY18. There will be a \$0.28 increase in water rate and the sewer rate will decrease by the same rate of \$0.28 creating a combined flat rate.
- **Revenue:** It was noted to be a difficult year to be able to raise revenue expectations, although several were adjusted higher: the hotel/motel tax revenue was raised, as was new growth and a small rise in ambulance revenue.
- **Expenses:** Primary driving factors of the city's budget were highlighted: debt, commitments to employees with contracts that were funded by one-time monies previously. This was termed as a, "continuing struggle" along with an additional \$500,000 in pension costs; coupled with increased employee health

insurance on the city and school side. The budget guidance given by him and CFO over three years has been level service budgets meaning that there are to be no new hires and expenses were to be held although it doesn't mean expenses don't go up. It was noted that the School Department has step and track raises; there are union contracts still under negotiation, and pay grades on the city side give a 1%-3.5% raise even without a contract, and that doesn't include Cost of Living Adjustments (COLA). The percentage increases have to do with existing contracts and what has to be done to honor them.

- **New Budget Format:** The CFO, with the assistance of the City Auditor and IT Director, with the new city financial software (MUNIS) had to reorganize and rename accounts, and this first year will require more of an explanation than in previous years.
- **School Department Budget:** He thanked School Superintendent Dr. Richard Safier, School Committee Chair, Jonathan Pope and Tom LaFleur, Director of Operations and Finance for their cooperation, support and input. He pointed out that the School budget was cut by over 20% in their level service budget.
- **Public Safety Departments:** **Mr. Destino** complimented the men and women of both the Fire and Police Departments, extending his thanks to Fire Chief Eric Smith and Interim Chief John McCarthy for their leadership. He announced that there is a major cut in those departments' administrative personnel budgets: the Assistant Fire Chief and Assistant Police Chief positions are not funded for FY18. He cited that it was not only important to the Mayor, himself and Mr. Dunn that these cuts do not in any way jeopardize station openings or public safety on the street and assured those numbers won't be compromised, reiterating that these are administrative positions only. **Mr. Destino** further assured there are contingency plans being put into place to assist Interim Chief McCarthy and Chief Smith by the Administration. These two positions represent \$250,000 to balance the FY18 budget.
- **City Financial Policies and Capital Outlay:** The city's net position is far stronger than last year due to the adopted Free Cash policy. There is almost \$2 million in the Capital Stabilization Fund and almost \$1 million in the Building Maintenance Stabilization Fund. While there aren't many capital outlays planned in FY18, the city will fund capital improvements through the two stabilization funds set up for that purpose. He noted that failing modular classrooms must be addressed, and highlighted that the city's schools and the rest of the city have capital needs to be addressed by this set aside money.
- **New School:** The School Department's plan for a new school was noted. It was recounted that there were almost 100 applications through the Massachusetts School Building Authority's funding program for new schools, and only 15 or so were chosen for a feasibility study; Gloucester was one such community whose need was recognized. **Mr. Destino** explained to the Council that the Administration will not borrow for a new school through General Fund and that funding such a project will be decided by the public through a debt exclusion.

**Mr. Destino** pointed out that many departments in City Hall are providing services at the same level as always although shorthanded. Due to that situation in the FY18 budget the Administration is taking lag monies and using it to fill fiscal gaps now. He briefly mentioned and described graphs in the FY18 budget books that highlighted Debt Payment analyses and Employee Benefits analysis for the city which he said when the complete analysis was made the information would be available on line to the public. He highlighted the IT Department's FY18 budget increase because each and every department said they need more IT support. He mentioned that the Assistant Fire Chief and Assistant Police Chief positions were not contractual and that the Public Works Department budget has been held and the big reason for the rise in their budget was due to the solid waste contract. The MUNIS operating system financial software, he said, will be a valuable tool, and yield excellent results in analyses of the city's finances. **Mr. Destino** concluded his remarks by expressing his appreciation to the Council for their input as well.

**John Dunn**, CFO, reviewed that the budget book appears less dense than the past saying that although the information is the same the format is different. He reviewed the format with the Council as this was the first year the budget was produced with the MUNIS software. He pointed out a particular page and described the format for briefly to the Council. He added that here is a lot of text contained in the budget book that will assist the Council's the ability to make sound decisions.

**Council President Ciolino** thanked the Mayor for her remarks saying that the Council looks forward to working with the Mayor and her Administration on crafting a blueprint for the over \$100 million dollar corporation also known as the proposed Fiscal Year 2018 municipal budget for the city. He pointed out that the Council will vote to accept receipt of the annual budget as proposed by the Mayor. He advised that the Council will have 45 days after receipt of the budget to take action on it. Tonight's budget acceptance, he said, will start a long and intense process for the Budget & Finance Committee comprised of Chair, Scott Memhard; Vice Chair, Joseph Orlando and himself in the review of the FY2018 budget. He conveyed that the budget meetings are open to the public which

will continue through the middle of June. He encouraged all Gloucester residents to attend to listen. He then highlighted some of the meetings and their dates:

- Public input and comments will be heard at a public hearing on the FY18 budget at the Council meeting, Tuesday, June 6;
- Water and Sewer rates and Enterprise Funds will be reviewed May 3;
- Public Works Department budget will be reviewed May 25;
- School Department budget will be reviewed May 30;
- Police Department budget will be reviewed May 31;
- Fire Department will be reviewed June 1; and
- On June 13 the Council will vote on the FY18 budget.

**MOTION: On motion by Councilor Memhard, seconded by Councilor Orlando, the City Council voted 8 in favor, 0 opposed, 1 (Cox) absent, that in accordance with MGL c.44, §32 and pursuant to the Gloucester City Charter Sec. 6 that the City Council accepts receipt of the Mayor's FY18 Proposed Budget and becomes the budget of the City Council and to refer this budget to the Budget & Finance City Council Standing Committee for further review.**

**A motion was made, seconded and voted unanimously to adjourn the meeting at 7:39 p.m.**

**Respectfully submitted,**

**Dana C. Jorgenson  
Clerk of Committees**

**DOCUMENTS/ITEMS SUBMITTED AT MEETING:**

- **City of Gloucester FY18 Proposed Budget**