

Budget & Finance Committee
Thursday, June 22, 2017– 5:30 p.m.
1st Fl. Council Committee Room – City Hall
-Minutes-

Present: Chair, Councilor Scott Memhard; Councilor Ciolino

Absent: Councilor Orlando

Also Present: Kenny Costa; John Dunn; Gregg Cademartori

The meeting convened at 5:31 p.m. Matters were taken out of order.

1. Supplemental Appropriation-Budgetary Requests from the DPW: 2017-SA-38, -39, and -40

John Dunn, CAO, explained that the DPW needs funds for police details and other contract needs in the Water Department through the end of FY17.

COMMITTEE RECOMMENDATION: On motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Orlando) absent, to recommend that the City Council approve Supplemental Appropriation 2017-SA-38 in the amount of \$53,419.62 (Fifty Three Thousand Four Hundred Nineteen Dollars and Sixty Two Cents) from Account #6000-328000, Water Enterprise Fund, Fund Balance-Special Purposes to Account #600052-520000 Water Enterprise Fund, Purchase of Services for the purpose of funding police details and other contract needs through the balance of Fiscal Year 2017.

Mr. Dunn explained that this Supplemental Appropriation is also within the Waterways Enterprise Fund to remove an account deficit caused by an unfunded 2% wage increase for ASFCME A employees because of the union contract extension was confirmed during FY17. The affected employees are mostly employed by the DPW and fall within the General Fund “side,” but it also affects both the Water (Enterprise Fund) and Sewer (Enterprise Fund) salary accounts. While these wage increases were able to be covered for sewer employees through the salary line items, it was not the case with the Water salaries, he said, and is why this appropriation is necessary.

COMMITTEE RECOMMENDATION: On motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Orlando) absent, to recommend that the City Council approve Supplemental Appropriation 2017-SA-39 in the amount of \$9,000 (Nine Thousand Dollars) from Account #6000-328000, Water Enterprise Fund, Fund Balance - Special Purposes to Account #600051-511000 Water Enterprise Fund, Salaries for the purpose of funding an account shortfall due to union contract settlements during Fiscal Year 2017.

Mr. Dunn conveyed that this Supplemental Appropriation is due to timing of work that the Water Department and DPW does. This is \$20,000 to fund the flushing program before June 30. **Councilor Memhard** noted that these appropriations have moved approximately \$82,000 out of the Water Enterprise Fund reserve.

COMMITTEE RECOMMENDATION: On motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Orlando) absent, to recommend that the City Council approve Supplemental Appropriation 2017-SA-40 in the amount of \$20,000 (Twenty Thousand Dollars) from Account #6000-328000, Water Enterprise Fund, Fund Balance - Special Purposes to Account #600051-513002 Water Enterprise Fund, Overtime-Labor for the purpose of funding flushing program and other overtime needs for the remainder of Fiscal Year 2017.

2. Special Budgetary Transfer Request 2017-SBT-25 from the DPW

Mr. Dunn said this transfer from Central Services-Motor Oil & Gas account, an account with available funds due to low gasoline prices, will fill a shortfall in the Facilities Maintenance’s Natural Gas account which is in deficit due to the uncertainty of usage in new gas services driven in large part by bringing the West Parish School on line. He said the anomaly was that the city didn’t have any expenditure history to go by as the West Parish School

building is larger than the previous school. He advised that they will be building information on thermal usage to create a usage history and budget accordingly.

COMMITTEE RECOMMENDATION: On motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Orlando) absent, to recommend that the City Council approve Special Budgetary Transfer 2017-SBT-25 in the amount of \$10,000 from Account #0149952-548001, DPW Central Services, Motor Gas & Oil, to Account# 0147252-521002, DPW Facilities Maintenance, Natural Gas for the purpose of funding a projected account deficit.

3. *Memorandum, Grant Application & Checklist from Acting Community Development Director re: FY18 Community Resilience Grant Program for Gloucester Sewer Pump Stations*

Gregg Cademartori, Acting Community Development Director, recounted that the city completed a Climate Change Vulnerability Assessment & Adaptation Plan about a year and a half ago. He noted the plan identified vulnerable infrastructure which the city is using to look at possible capital investments weighing doing things in the same manner or are there other design considerations be taken into account because of identified vulnerabilities. He referred to such infrastructure as pump stations, roadways, and physical assets such as buildings. He advised that near-term infrastructure work was identified based on the plan which highlighted five of the city's pump stations. These are stations that need significant capital work, and this grant gives the city the ideal opportunity to examine them from a design viewpoint. He touched on questions being asked such as how can the city fortify these pump stations to protect them to enhance their long-term viability and take into account future flooding conditions. He pointed out the planning document is being used akin to a "blueprint" on how to proceed with infrastructure improvements. He said that the state through these grant programs looks to see if communities conducted these kinds of analyses that specifically identified specific design work for particular types of infrastructure. The Community Development Department collaborated with the DPW for a quick design contract which he said they were confident the work needs to be done in the near term and can be completed within the timeframe of the grant program. He noted some of the match will come from Sewer Enterprise Fund. He said even if the city hadn't had this grant, the infrastructure work would have had to be done, but that the city is fortunate that this is an activity supported by the state and is why this is mostly for a design contract with a small amount of in-kind from grant administration. It was noted this grant is through Mass. Coastal Zone Management (CZM).

Councilor Memhard noted the total of \$130,500 is strictly for design components and not for actual "implementation." **Mr. Cademartori** said it will give them a bid document, and the funding isn't for the actual construction project. He advised that if the timing works out, the city may be able to "piggyback" in the next grant round to seek construction funding. **Councilor Memhard**, citing the five targeted pump stations, asked if there were particular characteristics that make them eligible under the grant. **Mr. Cademartori** said that the pump stations are all either in the flood plain or in future predicted flood zones and considered highly vulnerable. He explained how the collection system works, and that pump stations are typically situated in low-lying areas to collect by gravity. The state will be interested to see what the city's solutions are to these problems as the solutions will be "unique" but will also generate a library for the city of how to approach flood zone reconstructions. **Councilor Memhard** asked if in terms of "flood-proofing" it meant installation of back-up generators, for instance. **Mr. Cademartori** said that could be an element if not already part of the pump installation. He advised some pump stations have submersible pumps that need to be sealed as in some flooding events water is flooding into the waste water collection system; others are small buildings that could be protected by berming. He said it will depend on the needs at of each of the station..

COMMITTEE RECOMMENDATION: On a motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Orlando) absent, to recommend that the City Council permit the Community Development and Public Works Departments apply for a Massachusetts Coastal Zone Management, Coastal Community Resilience Grant for FY18 RFR for Gloucester Pump Stations for the purpose of flood-proofing, redesigning and retrofitting five city sewer pump stations. The projected total project cost to be \$130,500, of which the grant applied to be \$97,500 and there is a local cash match of \$30,000, and a Staff In-Kind Value of \$3,000.

4. *Memo, Grant Application & Checklist from Acting Community Development Director re: Executive Office of Energy & Environmental Affairs Municipal Vulnerability Preparedness Grant Application & Acceptance*

Mr. Cademartori explained as follows: This grant for acceptance is also administered by CZM. CZM had put out a rapid turnaround designation program, the “MVP” Program, which invited communities to apply for planning grants, or if they had done a study such as Gloucester completed, a city or town could obtain the MVP designation as an MVP community. The MVP designation gives the city a higher rating when in consideration during competitive grant rounds when being assessed by the state for future grant funding. The city applied just for the MVP designation, and it was CZM who offered the \$20,000 grant although not applied for. It was noted that the city’s study focused in large part on risks from flooding and in smaller part on other potential climate change impacts to the city (see Agenda Item #3). There is a no match for this planning grant – \$10,000 of the funding will come through this fiscal year and \$10,000 in the second half in FY18. The state has identified providers that will assist in the tasks they want to see completed. In August or September there will be a number of vendors available through a state list to assist with this grant program, and the city will have to select a consultant from that list. The consultants the city worked with on the prior plan will be one of those vendors and the city will continue to work with the same consultant.

Councilor Memhard confirmed with **Mr. Cademartori** that the \$20,000 will be used to pay the consultant.

COMMITTEE RECOMMENDATION: On a motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Orlando) absent, to recommend that the City Council accept under MGL c. 44, §53A a state grant, Municipal Vulnerability Preparedness (MVP) Climate Resiliency Planning Grant from the Executive Office of Energy and Environmental Affairs for \$20,000 for the purpose to complete a community resiliency planning process that will examine the city’s vulnerability and strengths and identify priority actions to build resilience as the climate changes in the City of Gloucester.

5. Supplemental Appropriation-Budgetary Request 2017-SA-43 from CFO

Mr. Dunn conveyed the following: The Gloucester Public Schools receives rebates on certain purchases throughout the year through a federal program that subsidizes the costs of telecommunications and internet access, known as the E-Rate program. In the past these rebates were credited to a special revenue account and the school administration was given access to the funds to spend them as needed. In FY17, the city received advice from the Department of Revenue that these funds are more properly recorded in the General Fund. These are unbudgeted funds that have already been received into the General Fund and will fall to the bottom line. With this appropriation it will allow the removal of the same amount from Free Cash to the School Department in order to give them access to the funds that had been budgeted for last year prior to changing the way the rebates were handled previously.

Kenny Costa, City Auditor advised that the DOR wouldn’t certify Free Cash until the city had made the exchanges. **Mr. Dunn** recapped that this is funds the city has already received on the revenue side in the General Fund; the money will come out of Free Cash this year and fall to Free Cash next year.

COMMITTEE RECOMMENDATION: On motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Orlando) absent, to recommend that the City Council approve Supplemental Appropriation 2017-SA-43 in the amount of \$49,134.70 (Forty Nine Thousand One Hundred Thirty Four Dollars and Seventy Cents) from the General Fund, Undesignated Fund Balance (“Free Cash”), Account #0001-359000 to the School General Fund, Facilities Telephone Maintenance – Repairs & Maintenance, Account #S0041995-524100 for the purpose of subsidizing the cost to provide telecommunications and internet access to the Gloucester Public Schools.

6. Special Budgetary Transfer Request 2017-SBT-24 from the CFO

Councilor Ciolino declared under MGL c. 268A he is a Sawyer Free Library incorporator but that this will not affect his vote. **Councilor Memhard** declared he, his wife and daughter are incorporators of the library but that won’t affect his vote.

Mr. Dunn explained that in the library budget one of the things that the State Library Board of Commissioners requests is that 13 percent of the library’s budget is devoted to books/periodicals each year. He advised that during the budget process last year the city had made changes mostly to deal with the hiring of the city’s first archivist which changed the entire budget. He said that what didn’t happen was the recalculation of the 13% of the total appropriation for FY17. It is proposed to transfer from available funds in the Library’s wages account to its

Administration-Books account for \$8,530 to meet the Mass. Board of Library Commissioners requirements. He said there is no additional appropriation here; this is simply moving the funds within the library budget.

COMMITTEE RECOMMENDATION: On motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Orlando) absent, to recommend that the City Council approve Special Budgetary Transfer 2017-SBT-24 in the amount of \$8,530 from Account #0161051-511300, Library Administration, Wages Hourly Permanent to Account# 0161052-551004, Library Administration, Books for the purpose of adjusting books/periodicals budget to 13 percent of the Sawyer Free Library's appropriation to meet the Massachusetts Board of Library Commissioners requirements.

7. *Memo from City Auditor regarding accounts having expenditures which exceed their authorization & Auditor's Report and other related business*

Mr. Costa, City Auditor briefly reviewed the City Auditor's report with the Committee (on file) and advised that there were year-end transfers that needed to be taken care of that were unable to come through the Council's Consent Agenda at the June 11 meeting. **Note:** The Council when taking up the following transfers as a Unanimous Consent Agenda will vote to suspend their Rules of Procedure because the transfers came directly to the B&F Committee and not through the Council Consent Agenda.

Mr. Dunn explained that 2017-SBT-29 transfer is taking from library available funds within the salary line and transferring to Tourism which has had a long-standing deficit. **Councilor Memhard** asked for a brief explanation how this transfer works interdepartmentally transfer and how is it made up for on the library's side. **Mr. Dunn** said the last payroll of FY17 is the next day and there are encumbrances for salary expenditures incurred next week but won't be paid until July. Actual expenditures plus encumbrances against the original budget leaves some amount of money left or it leaves a deficit. They are moving funds around from accounts with positive variances to accounts that are or will go into deficit by the close of FY17. **Councilor Memhard** inquired as to why there was a \$17,000 surplus in the Library's salary accounts. **Mr. Dunn** explained that as people leave the city's employ and those positions aren't filled right away, and then a new hire generally comes in at a lower pay rate, it creates lag funds and is why at year end salary funding remains. He said these are surpluses that arise "in the normal course of business." **Councilor Memhard** said the actual expenditure will be under budget. **Mr. Dunn** said the actual budget will be reduced by this amount.

COMMITTEE RECOMMENDATION: On motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Orlando), absent, to recommend that the City Council approve Special Budgetary Transfer 2017-SBT-29 in the amount of \$17,000 from Account# 0161051-511000, Library Administration, Salaries to Account# 0156351-511000, Tourism, Salaries, for the purpose of funding account deficits.

Mr. Dunn said this transfer is similar to 2017-SBT-29. There is a positive variance in the City Clerk's salary account due to a retirement, and this transfer to Police Administration is the one single line item for the retirement buy back for the former Police Chief, he said. This was difficult for the Police Administration to solve this deficit, and this transfer makes the account whole, he said.

COMMITTEE RECOMMENDATION: On motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed to recommend that the City Council approve Special Budgetary Transfer 2017-SBT-30 in the amount of \$31,850 from Account# 0116151-511000, City Clerk, Salaries, to Account# 0121051-519011 Police Administration, Retirement Sick Leave Buyback, for the purpose of funding an account deficit.

Mr. Dunn explained that this transfer from Community Development salaries to Mayor Department salaries was largely driven by the former CAO and Community Development Director. When the CAO moved to the Community Development Director's position, the salary continued to be charged to the Mayor's Office for most of the tenure at Community Development because that person continued doing part-time work for the Mayor's Office. This transfer will remedy the account deficit, he said.

COMMITTEE RECOMMENDATION: On motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Orlando) absent, to recommend that the City Council approve Special Budgetary Transfer 2017-SBT-31 in the amount of \$32,000 from Account# 0118151-511000, Community Development, Salaries, to Account# 0112151-511000, Executive-City Mayor, Salaries for the purpose of funding an account deficit.

Mr. Dunn said the next two transfers are necessary because salaries were budgeted in several different accounts for the people who staff the Licensing Board and the Zoning Board of Appeals. He explained that because of the way the payroll was distributed, a \$1,000 was overextended within the Licensing Board and \$11,000 for the Zoning Board of Appeals. He recounted for the Committee that in the FY18 budget these salaries are now found in Inspectional Services.

COMMITTEE RECOMMENDATION: On motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Orlando) absent, to recommend that the City Council approve Special Budgetary Transfer 2017-SBT-32 in the amount of \$1,000 from Account# 0151051-511000, Public Health, Salaries, to Account# 0116551-511300 Licensing Board, Wages – Hourly Permanent, for the purpose of funding an account deficit.

COMMITTEE RECOMMENDATION: On motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Orlando) absent, to recommend that the City Council approve Special Budgetary Transfer 2017-SBT-33 in the amount of \$11,000 from Account# 0151051-511000, Public Health, Salaries, to Account# 0117651-511300 Zoning Board of Appeals, Wages – Hourly Permanent, for the purpose of funding an account deficit.

Mr. Dunn explained that this next transfer is something that occurs regularly. The city fund veterans benefits as needed and presented, and in turn the city is reimbursed the following year at 75% and typically these kinds of transfers occur at the end of each fiscal year. When the veterans come forward with proper documentation they should be supported, he said. Councilor Memhard confirmed that the library budget has these funds available with Mr. Dunn. Councilor Memhard noted that this brings the total from the Library accounts to \$25,200.

COMMITTEE RECOMMENDATION: On motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Orlando) absent, to recommend that the City Council approve Special Budgetary Transfer 2017-SBT-34 in the amount of \$8,200 from Account# 0161051-513000, Library Administration, Wages – Hourly Permanent, to Account# 0154352-577001 Veterans, Veterans Benefits - Medical, for the purpose of funding an account deficit.

Mr. Dunn said the last two transfers are to eliminate deficits in the city's liability insurance account. He said the city's pension assessment is paid by July 1 each year now and saves the city money and so the funds being transferred are available from that savings. He advised that when adding a \$39 million school building it creates extra liability insurance expenses. Councilor Memhard confirmed that the Pension Retirement account is not affected. Mr. Costa reiterated that the city used to make the pension assessment payment at the end of September and by paying on July 1 there is a cost savings and reconfirmed that this is why the funds are available for transfer.

COMMITTEE RECOMMENDATION: On motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Orlando) absent, to recommend that the City Council approve Special Budgetary Transfer 2017-SBT-35 in the amount of \$26,881 from Account# 0192151-517004, Pension, Pension Retirement Fund, to Account# 0194552-574001 Liability Insurance, Building Insurance, for the purpose of funding an account deficits in various liability insurance accounts.

Mr. Dunn said that they budget as best they can with information forwarded from the Vocational School and that there seem to be positive variances available each year.

COMMITTEE RECOMMENDATION: On motion by Councilor Ciolino, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Orlando) absent, to recommend that the City Council approve Special Budgetary Transfer 2017-SBT-36 in the amount of \$10,000 from Account#

0194252-569001, Regional School, Vocational School Assessment, to Account# 0194552-574001, Liability Insurance, Building Insurance to fund deficits in various liability insurance accounts.

Councilor Memhard discussed with Mr. Dunn briefly how he chooses accounts from which he will move funds to other accounts at year end. **Mr. Dunn** said they will pick off all they can for accounts in deficit or that may fall into a deficit at year end, and once that is completed, they'll "take a run" at the Snow & Ice deficit. **Mr. Costa** reminded the Committee about ordinary transfers that are those funds transferred between ordinary accounts that that don't come to the Council which they try to take care of first. He said in the last three years the Council has had to deal with substantially less year-end transfers than in the past.

A motion was made, seconded and voted unanimously to adjourn the meeting at 6:17 p.m.

Respectfully submitted,
Dana C. Jorgenson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.