

Budget & Finance Committee
Thursday, January 18, 2018– 5:30 p.m.
1st Fl. Council Committee Room – City Hall
-Minutes-

Present: Chair, Councilor Melissa Cox; Vice Chair, Councilor Scott Memhard; Councilor Ken Hecht

Absent: None.

Also Present: Kenny Costa; Jim Destino; John Dunn; David Dow

The meeting was called to order at 5:30 p.m.

1. Memorandum from CFO re: General Fund Free Cash Distribution in the amount of \$10,000 for the restoration of cannons at Stage Fort Park

John Dunn, CFO, said that the \$10,000 appropriation from Free Cash is to restore the cannons at Stage Fort Park. This will go to a line item in the Mayor's Office so that it can be tracked when the expense comes in. **Jim Destino**, CAO, reported that this is one of the projects leading up to the city's 400th anniversary in 2023 and will lead to the cannons being able to be fired. This is a good use of Free Cash, and there is no Revolving Fund and is why it is through the Mayor's office.

Councilor Cox expressed concern that the cannons' restoration is taking place too far in advance of the city's 400th anniversary. **Mr. Destino** advised plans call for a year of festivities leading into the city's 400th anniversary. He reported he had similar concerns initially but said he does see this as an appropriate use of Free Cash funding.

David Dow, Chair, Stage Fort Park Advisory Committee, conveyed that the cannons have been in place since the 1930's and under direct questioning by **Councilor Cox** both he and **Mr. Destino**, explained that there is going to be a radiological study in the area of the Fort. The Stage Fort Park Advisory Committee in conjunction with the DPW applied for and received CPA funds to restore the cannons and the Fort in the most recent funding round for \$32,944. Of that total, \$3,550 will pay for the purchase of timbers to be used to construct carriages for the three coastal cannons, and have cast iron wheels forged for them. **Mr. Dow** advised that when the Historical Commission stepped in, \$20,000 of the CPA funding which would have been used for planning and landscaping was now redirected into the archeological work under the auspices of the DPW Director. That leaves about \$12,000 to be used towards the Fort's restoration. Once restored two of the cannons will be able to be "fired" which will create noise and smoke but will require another \$12,000 to complete, and this \$10,000 appropriation will go towards that effort. **Councilor Cox** touched upon the method by which the study will be conducted with **Mr. Destino** describing what she suggested was a viable alternative method that may be more cost effective and would speak with the DPW Director about her suggestion as would **Mr. Destino**. **Mr. Destino** added that anything they find regarding the Fort's history will only add to the city's ability to tell its story. He reminded that the Committee that the Historical Commission is driving the study. **Mr. Dow** showed the Committee schematics of what the cannons will look like when fully restored. **Councilor Cox** confirmed that two of the cannons will be restored to fire and three of the cannons will be restored but not be able to be fired.

Councilor Hecht discussed with **Mr. Destino** briefly how the 400th Anniversary Celebration will be funded. **Mr. Destino** explained that like the city's 350th and 375th Anniversary celebrations, this effort will be driven by the citizens -- it is a citizens' organization trying to raise money. He noted there is a trust fund of \$38,000 that was left by a benefactor some years ago to the city for the specific purpose of funding the city's 400th Anniversary and will be used as seed money to organize the festivities. The 400th Anniversary Committee will seek out corporate donations as well as from other sources and will create an entire program. He said that Robert Gillis is spearheading the effort along with Former Mayor and City Councilor Bruce Tobey and Ruth Pino. **Councilor Cox** said with the permission of the Council President that it would be a good idea to have the 400th Anniversary Committee Chair come before the Council to highlight what that Committee has is in the works in a few months. **Mr. Destino** pointed out that Plymouth, Mass., is way ahead of Gloucester in funding and in planning for their 400th and has hired a professional planner. He conveyed it has been suggested that Gloucester hire someone as a professional planning director on a part-time basis, and move them to full-time during the anniversary year which he said would be a good use of the Trust Fund monies.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Hecht, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve Supplemental Appropriation 2018-SA-15 in the amount of \$10,000 (Ten Thousand Dollars) from the

General Fund, Undesignated Fund Balance (“Free Cash”), Account #0001-359000, to Executive - Mayor, Purchase of Services, Account #0112152-520000 for the purpose of funding the restoration of cannons at Stage Fort Park.

2. *For Information Only - Letter from Executive Director of PERAC re: Appropriation for Fiscal Year 2019 – Brief explanation to Committee by City Auditor*

Kenny Costa, City Auditor, stated for the record that he’s an ex-officio member of the Gloucester Contributory Retirement System Board and was not speaking for the Board but was before the Committee in his role as City Auditor. He reviewed for the benefit of the Committee what the Fiscal Year 2019 Pension Appropriation for the FY19 requires through the city (memo with highlights from previous Segal Consulting actuarial tables on file). The Segal Actuarial Report (Report) included benefit provisions of MGL Ch. 32, assets of the plan as of December 31, 2015 and economic assumptions regarding future salary increases and investment earnings. Actuarial reports are done for a two year time span every two years. The funding schedule is then revised, he said. He highlighted for the Committee points from his memo:

- “Projected salary increases of 4% in 2016 and 4.5% for 2017 and later;
- Investment rate of return of 7.50% (previously 7.75%);
- The funded ratio has increased from 44.62% as of January 1, 2014 to 45.33% as of January 1, 2016 on an actuarial value basis. As of January 1, 2016, the actuarial value of assets totaled \$90,265,398 vs. actuarial accrued liability of \$199,142,701. The unfunded actuarial accrued liability totaled \$108,878,303. The System is on track to be fully funded by FY2034;
- The impact of the plan changes from the Pension Reform Acts of 2011 and 2012 effective for employees hired on or after April 2, 2012, that the minimum retirement age was increased from 55 to 60. Additionally, an increase in the salary average period used the retirement benefit calculation formula from 3 to 5 years;
- Projected salaries for firefighters were adjusted to reflect the increase in hours from 42 per week to 56 per week effective July 1, 2014. The Firefighters’ increase in hours increased the unfunded liability by \$3.4 million as part of the January 1, 2014 actuarial valuation report.”

He briefly reviewed three tables from the Report for the Committee relative to the subject matter. He reminded the Committee that they would be seeing more about the city’s pension funding during the FY19 budget review.

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

Kenny Costa, City Auditor, reviewed his reports previously placed on file with the Committee.

A motion was made, seconded and voted unanimously to adjourn the meeting at 6:09 p.m.

Respectfully submitted,
Dana C. Jorgenson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.