

Budget & Finance Committee
 Thursday, May 17, 2018-6:30 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: Councilor Lundberg; Jim Destino; Kenny Costa; Tom LaFleur; Sal DiStefano; Interim Police Chief John McCarthy; Jaimie Corliss

The meeting was called to order at 6:31 p.m. Matters were taken out of Order

NOTE: The Committee of the Whole was not convened as there was no quorum of the City Council pursuant to Agenda Item #6.

1. Memorandum & Special Budgetary Transfer Request 2018-SBT-13 from School Department

Tom LaFleur, Director of Finance & Operations for the School Department advised that his department is requesting a Special Budgetary Transfer for \$238,807.46 for the purpose of funding Special Education Out-of-District Tuition for School Choice students. He explained that the payment method has changed -- formerly if a child choiced out, they paid the third-party schools directly. Because of reports of payment malfeasance, the state has changed the method through the School Choice Program. These funds for these children are in the school budget, the money will come out of the "School Choice Out" account in order for the city to pay the bills.

Responding to an inquiry by **Councilor Hecht**, **Mr. LaFleur** referred to his submitted documentation (on file) showing the breakdown of purchase orders and costs for School Choice Out students equating to seven students who **Mr. Destino** noted that the costs are different. **Mr. LaFleur** commented it was unfortunate as the School District as the structure to support these students educationally as well as staff. He advised it is an issue with regulations, and that the School District is speaking with the city's legislative contingent about it.

COMMITTEE RECOMMENDATION: On motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve Special Budgetary Transfer 2018-SBT-13 in the amount of \$238,807.46 to Account #0182052-565004, General Fund, School Choice Sending Tuition Assessment from the following accounts:

<u>Account No.</u>	<u>Account Name</u>	<u>Amount</u>
S4191992-530100	SPED-Tuition Mass. District Wide Professional & Technical	\$56,438.84
S4193992-530100	SPED-Tuition Non-Public School District Wide Prof. & Tech.	\$42,675.94
S4194992-530100	SPED-Tuition Collaborative District Wide Professional & Tech.	<u>\$139,692.68</u>
	TOTAL:	\$238,807.46

2. Letter from Clean City Commission Chair re: City Council acceptance of 240 pairs of reusable gloves from Clean Pro in the amount of \$192.00

Ainsley Smith, Chair of the Clean City Commission asked that the Council accept this donation for 240 pairs of reusable gloves and puncture proof from Clean Pro. These gloves are to be used by volunteers for city-wide clean ups which Ms. Smith showed to the Committee. The Committee asked Ms. Smith to convey their thanks to Clean Pro for their donation.

COMMITTEE RECOMMENDATION: On motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council accept under MGL c. 44, §53A, a donation to the Clean City Commission from Clean Pro, a local residential and commercial cleaning business for 240 pairs of reusable gloves valued at \$192.00 to be used by volunteers for beach and street clean-up events.

3. Memorandum from Community Development Director and Economic Development Director: City Council acceptance of the Mass. Dept. of Marine Fisheries Grant for the Gloucester Fresh Seafood campaign in the amount of \$12,000

Councilor Cox paused the proceedings in order to read the grant documentation submitted by Mr. DiStefano on the grant earlier in the day (on file) which had not been previously submitted through the Mayor's Report as her Committee had been in a day-long budget meeting.

Sal DiStefano, Economic Development Director, reported that the Mass. Dept. of Marine Fisheries has selected Gloucester to receive a \$12,000 grant for continued marketing and outreach efforts for the Gloucester Fresh seafood campaign. There is an award letter signed by the Governor but there was a delay in processing it. This is a no match grant, he noted, to continue to promote the Gloucester Fresh Seafood specifically for monkfish and yellowtail. He pointed out this is the second time the city has received this grant. He expressed appreciation to the Governor for it. The money will be used to continue their live demonstration to institutional buyers and to create new digital media in partnership with 1623 Studios; a series of short videos targeting restaurants, institutional buyers to be viewed on GloucesterFresh.com. He advised this grant is used as leverage for other grants. He asked the Council to accept the grant funds to keep pushing this effort forward.

Councilor Cox advised she'd be pleased to accept the grant but the Committee has no award letter and asked where it was. **Mr. DiStefano** noted he received the award letter very late last week but was missing the contract and other pieces from the Mass. Division of Marine Fisheries. He pointed out there is a deadline to spend the funds. This grant will be used as the 20% match for a Seaport Economic Council (SEC) grant, **Mr. Destino** advised. **Councilor Cox** highlighted that the agenda packet information was lacking. She reminded Mr. Destino of a meeting with the Community Development Director who indicated she had issues with grants, saying she'd never received a packet such as this for accepting a grant without the language of the grant and the legal documentation. She added it is atypical that the Council is asked to accept a grant where they have 30 days to spend it all down. **Mr. Destino** noted he didn't realize there was a lack of documentation as far as the award letter and contract. This has happened before on other grants, he pointed out; especially at the end of a fiscal year that requires quick turnarounds. He pointed out this is money the Council can accept. **Mr. DiStefano** explained that he was asked specifically not to announce this grant by the state, that they were doing a press release but haven't done so yet. He reported that he sent multiple emails to the state reminding them of the process that had to be followed with the city, and that funds have to be spent by the end of the fiscal year. He expressed he wanted to respect the wishes of the grantor as well. **Mr. Destino** advised it is about accepting the grant now, he added with the limited time being faced by the grant funding limitations, and they can announce it later. **Mr. Costa** advised that there is enough information available as right now for the Council to accept the grant. **Councilor Cox** asked when this money will be spent. **Mr. Destino** reiterated that this is used for the match for the SEC grant which should be awarded in several weeks. The SEC grant application was for \$110,000 at the next SEC meeting in several weeks. **Councilor Cox** expressed concern for grants processing given recent staff turnover in the Community Development Department.

In response to an inquiry by **Councilor Hecht**, **Mr. Costa** confirmed the grant booking process by his office to ensure the funds are spent appropriately and that documentation is in place. **Councilor Cox** asked how often after the city has an executed grant contract where the city hasn't been reimbursed. **Mr. Costa** advised it happens but very rarely, sometimes there lag and sometimes it's timing. **Mr. Destino** added that grant award letters signed by the Governor is a sure thing.

Jamie Corliss, Grants Manager, asked if the B&F process is changing; that the Committee will require fully-executed contracts prior to approving acceptance of grants, pointing out that hadn't been the case previously. She noted that they were able to submit unsigned contracts. **Councilor Cox** advised she'd at least like to have in hand a signed letter of intent, and that's what was missing on this grant, but she'd appreciate a copy of the contract in the packet even if it is unsigned. If it's not, there will have to be more extensive questions by the Committee on a grant's finances, she added.

COMMITTEE RECOMMENDATION: On motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council accept under MGL c. 44, §53A, a grant from the Massachusetts Department of Marine Fisheries for \$12,000 for the purpose of supporting outreach, promotion, demonstrations and new digital marketing development by the City of Gloucester in partnership with the Gloucester Fishermen's Wives Association.

4. Special Budgetary Transfer Request 2018-SBT-14 from the Police Dept.

Interim Chief John McCarthy asked that the Council approve a transfer of funds from Police, Investigations, Salaries account to the Police Uniform-Vehicles account. Funds are needed to cover one cruiser lease and purchase of two unmarked cruisers. These funds are replacing older vehicles with high mileage, he added. **Mr. Destino**

added that this is creative financing to fund cruisers that should be in the operating fund every year. He explained that when they received the DEA drug money, they expended a lot of it to buy cruisers through the years which has now been all expended for various purchases with Council approval for public safety. There is no officer assigned to the DEA anymore, **Interim Chief McCarthy** advised. This is lag money, **Mr. Destino** pointed out, and that's being used to pick up two needed cruisers. **Interim Chief McCarthy** advised that the department made a commitment about a year ago to work with the audit in order to get certified and then accredited. The Sergeant's position had been reassigned. When they finally were able to promote the Sergeant, they assigned that full-time to get the department through certification and accreditation. **Councilor Cox** discussed with **Interim Chief McCarthy** use of the DEA money over the years briefly.

Councilor Cox confirmed this is for a first-year vehicle lease, and that the other two vehicles are outright purchases with **Interim Chief McCarthy**. He advised the unmarked cars usually last 10 years and so makes sense to purchase them outright. The **Interim Chief** noted the lease is about \$17,000, and is a three year lease; and that the cruisers are about \$28,000 each, purchased through the Plymouth County State Buy List. Councilor Hecht noted this was an economical way to obtain these vehicles.

Councilor Cox asked why there were lag funds available in Criminal Investigations Salaries line. **Interim Chief McCarthy** advised there had been several retirements but in FY19 those positions will have been filled.

COMMITTEE RECOMMENDATION: On motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve Special Budgetary Transfer 2018-SBT-14 in the amount of \$76,600 from Account #0121251-51100, Police-Criminal Investigations, Salaries to Account #0121158-585001, Police-Uniform, Vehicles for the purpose of funding the lease of one police cruiser and the purchase of two unmarked police cruisers.

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

Mr. Costa, City Auditor, reviewed his reports (on file) with the Committee.

6. *CC2018-020 (Memhard/Cox/Hecht) Request City Council vote to place a proposed increase on the CPA surcharge from 1% to 3% on the November 6, 2018 ballot (Cont'd from 05/03/18)*

Councilor Cox advised that at the last meeting the Committee requested that General Counsel to provide language for a ballot question on the CPA surcharge increase which they did. In that timeframe some things came to light from the Community Preservation Committee (CPC). She advised she is no longer in support of this effort based on communications she's received in the last week. This initiative, she mentioned, was "premature" without the CPC having not met on it and that this was put forward not in the order she advised she expected.

Councilor Memhard recounted for the Committee that last year he'd discussed this with the Mayor's office, based on the quality job the CPC was doing with submissions and recognizing it had been 10 years since the program was initiated. He suggested it was an appropriate time to have a community conversation to explore raising the percentage of the CPA surcharge in light of the matching funds that may or may not be available through the Registry of Deeds matches. Comparing the city's funding to a community like Rockport, that's gotten substantially more, he pointed out. He suggested that last year was an inappropriate time to bring this matter forward, and that this was a more auspicious time to do so. He advised he discussed this with some of the CPC members last year and received "enthusiastic" feedback. He asked to move it ahead as a consideration noting certain timing deadlines based on the ballot calendar advising he wanted this to be a "constructive step forward." **Councilor Cox** suggested that the appropriate path was not to initiate a (Council) Order first but to have a conversation with the CPC first to get their opinion on the timing on it and have them vote on it to come before the Council. While it doesn't have to be done in that manner, she explained, it would have been a more inclusionary process, which has her understanding that was the route it had taken but in fact had not.

Catherine Schlichte, Co-Chair of the CPC, advised an increase in the surcharge would be beneficial as every year they have more funding applications than money to disburse with many projects worthy of funding. She conveyed that the CPC hasn't taken a position on this matter, but that they hadn't been aware this was moving through the Committee until she read about it in the newspaper. She advised the CPC wasn't opposed to it. They had a brief meeting to determine expectations but haven't taken a position as a Committee formally. They have a meeting on May 22 when they open their public hearing on applications. They're pleased to participate, she conveyed.

John Feener, member of the CPC, advised he'd read the minutes of the last B&F meeting, noting there were questions raised by Committee members and wished to address them now and conveyed the following information: The \$100,000 exemption already in place was noted as being voted in by legislation; there are four different portions the Council can vote on or remove at any time they want. People will still be able to apply for and receive abatement. As to low-to-moderate income and elderly residents can also apply for abatements on an annual basis as well. The 3% surcharge doesn't mean the monies will increase to the city by that same rate from the state. The 3% and the matching is what's left over after everyone's funds is disbursed. With more cities and towns entering the CPA pool, it won't mean more state funds will come to the city because there's not much left. It was pointed out that a person who owns a \$1 million property will pay nine times as much as someone who owns a \$100,000 property. It might be an average of \$50 but some will pay much more. The concern is after a five year period, they only need 5% of the community to sign a petition to repeal the CPA surcharge, he cautioned. He expressed that there are projects, like the City Hall restoration that no matter what happens, the community is obligated to pay for it until 2025. **Mr. Feener** pointed out that so much good has been done with this money over the years, benefiting the community; and he conveyed he wanted to ensure they move forward judiciously rather than have people overreact coming to a vote too soon. He suggested they work as a group and do more educational outreach to the city voters.

Councilor Cox expressed her agreement with need for education outreach based on recent communications she's received on the matter. **Councilor Memhard** cited the confluence of issues that came to a head at the time of the withdrawal of the Habitat for Humanity project application. **Mr. Feener** suggested that if they do the outreach step first with the voters, then putting forward a CPA surcharge an increase could be more palatable. **Ms. Schlichte** expressed agreement that they have to run a campaign to make the effort positive for passage. She suggested it could be accomplished but it would take time and may not be able to be accomplished in this short a timeframe. **Councilor Cox** expressed her agreement.

Councilor Memhard suggested this was a window of opportunity and was responding to a situation of money on the table that the city has missed in light of the excellent track record that the CPC has. He advised he didn't disagree with the CPC members' concern but that there seems to be an absence of public awareness. If the sense of the Committee and the CPC to take more time he would understand it. **Ms. Schlichte** advised that the public at large isn't aware of the money available, and the CPC is working on public advisories to educate residents. **Councilor Memhard** agreed more educational outreach is necessary. **Mr. Destino** conveyed this is a good conversation to have, but that it is not only the match but the money to be raised. He suggested everyone is right and expressed support for the effort and to move a dialog forward to let it continue to grow. The people will let them know whether this is something that should go forward with that public dialog. Getting the CPA surcharge accepted by the citizens of Gloucester was a difficult process, he recounted. **Ms. Schlichte** added there is a good campaign that can be built.

After a discussion with the Committee and **Ms. Schlichte**, **Mr. Feener** and **Mr. Destino**, it was decided that the Committee would vote to withdraw the Council Order and that the CPC would work on this matter independently, to create a public educational outreach and involve a variety of other members of city boards, committees and commissions. It was suggested the CPC, after its due diligence could issue a report to the B&F Committee. **Mr. Destino** suggested that timing for this November may not work because they need a good coalition.

Councilor Cox expressed the Committee's thanks to the Assessor's Department and to the Legal Department for the information they provided to the Committee.

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 permit the withdrawal of CC2018-020 (Memhard/Cox/Hecht) Request City Council vote to place a proposed increase on the CPA surcharge from 1% to 3% on the November 6, 2018 ballot without prejudice.

This matter will be advertised for public hearing.

A motion was made, seconded and voted unanimously to adjourn the meeting at 7:30 p.m.

Respectfully submitted,
Dana C. Jorgensson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.