Budget & Finance Standing Committee
Thursday, October 21, 2021 – 5:30 p.m.
REMOTE MEETING
-Minutes-

Present: Chair, Councilor Melissa Cox; Vice Chair, Councilor Scott Memhard; Councilor John McCarthy

Also Present: Auditor, Kenny Costa; CFO, John Dunn; Police Chief, Ed Conley; Community Impact Unit, Lieutenant Jeremiah Nicastro; Assistant Fire Chief, Robert Rivas; Shellfish Constable, Peter Seminara; Clerk of Committees, Sherry Karvelas

This meeting was conducted remotely through ZOOM. All votes were by ROLL CALL.

Meeting called to order at 5:30 p.m.

Councilor Cox announced, "Consistent with chapter 20 of the Acts of 2021, this meeting will be conducted by remote participation. The public may not physically attend this meeting but every effort will be made to allow the public to view and listen to the meeting in real-time and participate when necessary. If you are calling in on a phone, you can press Star 9 to request to speak. If you are watching on a computer or a device, there is a raised hand button that you can tap or press to request to speak. Please use either of these options to be recognized to speak."

1. ***Memorandum from Police Chief requesting funds for moving the Community Impact Unit (Cont. from 10/07/21)***

__Summary of Discussion:__ The **Police Chief, Ed Conley** stated that these funds would be used to renovate and furnish the new space for the Community Impact Unit at 67 Middle Street. He added that the Middle Street space would also be used as a temporary space for police operations when the police building underwent its own renovations. The **Police Chief** added, for information, that the Police Building Committee was recently formed and would have the first meeting next week to adopt the CMR construction method to send to City Council for approval.

Community Impact Unit, Lieutenant Jeremiah Nicastro stated the Community Impact Unit (CIU) was moving from a 300 ft^2 office space at the Browns Mall for six people and a dog to the Middle Street location which was approximately 3000 ft^2 and also stated that the new space would be the temporary home of the police department when the police building underwent renovations. He stated the building needed to be completely repainted and the duct work in the building needed to be cleaned. He added that furniture, including desks and chairs, computer docking stations and a laptop needed to be purchased. **Councilor McCarthy** stated he had been able to tour the new space with **Lieutenant Nicastro** and stated that it was a useful space and a great value for the City and thanked the YMCA for making the space available to the City.

Councilor Cox asked for information regarding the lease at the new space. The **Police Chief** stated the Police Department was approached by the YMCA for the possible lease of the Middle Street space for the same terms of the lease for the current space at the Browns Mall. He added the priority use of the space was for the CIU, but secondarily the space would be used for the temporary housing of the Police Department. There was a separate discussion regarding the leasing of the space and the general procedure for negotiating a long-term lease in the City and informing the City Council. **Councilor Cox** asked if there were any repercussions for breaking the lease at the Brown Malls. The **Police Chief** stated there were no repercussions because, he believed, the City was looking at other potential uses for the space. He added that the funding for the rent for the CIU (both at Browns Mall and now going into Middle Street) was grant-funded through the Health Department; he added that it was the same funding source that paid for the Community Navigator. The **Auditor, Kenny Costa,** informed the **Members of the B&F Committee** that there was a City ordinance, Sec. 2-52, that covered the signing of leases. He read two of the subsections: *(a) All agreements, contracts, deeds, indentures, instruments or leases that may be given or required to be executed by the city shall be signed or approved by the mayor and sealed with the seal of the city. (b) The council shall be notified in writing whenever a request for proposal for a lease of real property with a term which exceeds more than one year or the total cost is expected to exceed $250,000.00 issued.* The **Auditor** stated he had a copy of the lease which showed that the cost per year was $8,400 that started on October 1, 2021, and ended in 2023.

Members of the B&F Committee thanked **Lieutenant Nicastro** for the great work of the CIU.

COMMITTEE RECOMMENDATION: On a motion by Councilor Cox, seconded by Councilor Memhard, the Budget & Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to recommend that the City Council approve Supplemental Appropriation 2022-SA-5 in the amount of $45,000 (Forty Five Thousand Dollars) from the Building Maintenance Stabilization Fund – Undesignated Fund Balance, Account #7700-359000 to the Building Maintenance Stabilization Fund – Community Impact Unit (CIU), Building Improvements, Account #770012- 582003 to fund the cost of building improvements for the Community Impact Unit relocation to 670 Middle Street and including costs incidental or related thereto.

2. ***Memorandum from Fire Chief requesting acceptance of a FY22 MA DFS Equipment Grant in the amount of $40,000***

<u>**Summary of Discussion:**</u> The **Assistant Fire Chief, Robert Rivas**, stated the funding was an Earmark Grant from Senator Tarr for the purchase of battery-operated hydraulic rescue tools (jaws of life). He stated 100% of this purchase was grant-funded with no cost to the City.

COMMITTEE RECOMMENDATION: On a motion by Councilor Cox, seconded by Councilor Memhard, the Budget and Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to recommend that the City Council accept a state grant under MGL c. 44, §53A, a FY22 Massachusetts Department of Fire Services (DFS) Equipment Grant Earmark in the amount of $40,000, for the purpose of purchasing battery powered hydraulic extrication tools. The grant period is through June 30, 2022 and there's no local match required.

3. ***Memorandum from Shellfish Constable requesting acceptance of a FY22 Great Marsh Green Crab Trapping Grant in the amount of $10,000***

<u>**Summary of Discussion:**</u> The **Shellfish Constable, Peter Seminara** stated this was a recurring grant that funded two commercial fishermen to remove invasive green crabs from the Annisquam River. He stated over the past three years that 50,000-60,000 pounds of green crab had been removed. He added that there had been a major uptick in the softshell clam population in the Annisquam, so this method of removing the invasive species was an effective method of predator eradication. He stated over the past five days there had been over 4,000 pounds of green crabs removed.

Councilor Memhard asked how the commercial fishermen disposed of the invasive green crabs. The **Shellfish Constable** stated that there was a bait market utilized in Connecticut and New York. **Councilor McCarthy** asked how close green crabs were becoming to be eradicated. The **Shellfish Constable** stated that he did not think they were close to being eradicated as the green crabs were a voracious predator and adept at fitting into any marsh ecosystem.

COMMITTEE RECOMMENDATION: On a motion by Councilor Cox, seconded by Councilor Memhard, the Budget and Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to recommend that the City Council accept a state grant under MGL c. 44, §53A, a FY22 Great

Marsh Green Crab Trapping Grant Program in the amount of $10,000, for the purpose of providing a program to legally collect, remove and dispose of European green crabs from coastal marine and estuarine waters within its jurisdiction. The grant period is through June 30, 2022, with no local match required.

***4. Review of Debt Service by CFO** (Cont. from 9/9/21)*

__Summary of Discussion:__ The **CFO, John Dunn** started his presentation on the City's General Fund Debt Service. He asked the **Members of the B&F Committee** to reference the first sheet in the handout (as shown below):

CITY OF GLOUCESTER
GENERAL FUND DEBT SERVICE AT SEPTEMBER 30, 2019
INCLUDING ANTICIPATED NEW ANNUAL DEBT ISSUANCE AS NOTED

$5.0 million in new debt issued annually (2023 - 2024 at 2.5%, 2025 - 2033 at 4.5%)

Fiscal Year	Total at 6/30/2021	Betterment Supported	Net at 6/30/2021	FY 2022 Issue	FY 2023 Issue	FY 2024 Issue	FY 2025 Issue	FY 2026 Issue	FY 2027 Issue	FY 2028 Issue	FY 2029 Issue	FY 2030 Issue	FY 2031 Issue	FY 2032 Issue	FY 2033 Issue	Total	Annual Budget Up By 2.5%	Exc/(Def)
2022	$5,863,013	$ 564,483	$ 5,298,530													$ 5,298,530	$ 5,298,530	$ -
2023	$5,381,793	$ 555,629	$ 4,826,164	$ 649,790												$ 5,475,954	$ 5,430,993	$ (44,961)
2024	$5,049,186	$ 405,297	$ 4,643,889	$ 534,950	$ 375,000											$ 5,553,839	$ 5,566,768	$ 12,929
2025	$4,895,380	$ 394,814	$ 4,500,566	$ 511,575	$ 368,750	$ 375,000										$ 5,755,891	$ 5,705,937	$ (49,954)
2026	$4,704,790	$ 390,830	$ 4,313,960	$ 488,450	$ 362,500	$ 368,750	$ 475,000									$ 6,008,660	$ 5,848,586	$ (160,074)
2027	$4,104,063	$ 94,875	$ 4,009,188	$ 470,450	$ 356,250	$ 362,500	$ 463,750	$ 475,000								$ 6,137,138	$ 5,994,800	$ (142,338)
2028	$3,688,598	$ 96,325	$ 3,592,273	$ 452,450	$ 350,000	$ 356,250	$ 452,500	$ 463,750	$ 475,000							$ 6,142,223	$ 6,144,670	$ 2,447
2029	$3,174,648	$ 93,337	$ 3,081,311	$ 434,450	$ 343,750	$ 350,000	$ 441,250	$ 452,500	$ 463,750	$ 475,000						$ 6,042,011	$ 6,298,287	$ 256,276
2030	$3,120,236	$ 90,275	$ 3,029,961	$ 416,450	$ 337,500	$ 343,750	$ 430,000	$ 441,250	$ 452,500	$ 463,750	$ 475,000					$ 6,390,161	$ 6,455,744	$ 65,583
2031	$2,870,959	$ 87,025	$ 2,783,934	$ 227,825	$ 331,250	$ 337,500	$ 418,750	$ 430,000	$ 441,250	$ 452,500	$ 463,750	$ 475,000				$ 6,361,759	$ 6,617,138	$ 255,379
2032	$2,790,462	$ 88,825	$ 2,701,637	$ 219,500	$ 325,000	$ 331,250	$ 407,500	$ 418,750	$ 430,000	$ 441,250	$ 452,500	$ 463,750	$ 475,000			$ 6,666,137	$ 6,782,566	$ 116,429
2033	$2,658,379	$ 10,425	$ 2,647,954	$ 213,025	$ 318,750	$ 325,000	$ 396,250	$ 407,500	$ 418,750	$ 430,000	$ 441,250	$ 452,500	$ 463,750	$ 475,000		$ 6,989,729	$ 6,952,131	$ (37,598)
2034	$2,378,935	$ 10,113	$ 2,368,822	$ 207,475	$ 312,500	$ 318,750	$ 385,000	$ 396,250	$ 407,500	$ 418,750	$ 430,000	$ 441,250	$ 452,500	$ 463,750	$ 475,000	$ 7,077,547	$ 7,125,934	$ 48,387

Note: This spreadsheet shows the impact of the issuance of $5.0 million in General Fund debt in each of the fiscal years 2023 to 2034 when added to the current (9/30/2021) committed debt service net of betterment supported debt $ 322,506
It then compares that amount to the FY 2021 debt service budget increasing by 2.5% per year and calculates the excess/(deficiency).

The **CFO** explained the purpose of each column including *Fiscal Year*, *Total Debt Service as of 6/30/2021*, *Betterment Supported*, and explained that the *Net at 6/30/2021* column was not supported by anything other than the General Fund. He stated the document was based on issuing approximately $5 million of debt a year until 2034. He stated the FY2022 debt issue was done in September which, he stated, came in at 2%. He stated through 2024 the debt would be issued at 2.5% but that he expected that the rate would rise starting in 2025 at 4.5%. He stated the *Total* column (third column from the right) reflected what the City might be expected to pay in the future as debt was issued. He stated the *Annual Budget Up By 2.5%* column showed that if debt service increased by 2.5% over the current baseline budget what that would look like versus what the City would have to pay if this type of debt had to be issued over the years. He stated the final column, *Exc/(Def)*, was the excess deficiency from year to year. He stated the $322,506 figure at the bottom of that column reflected the total if the City issued debt as explained based on expected interest rates and increasing the debt service budget by 2.5%. He explained, based on that above scenario, that the City could afford and would have the funds for certain projects.

DEBT TO BE ISSUED			
Stage Fort Park Visitors' Center	$ 450,000	5059	Balance of appropriation after $200,000 issued as bond debt in September 2020
GHS Flood Control	$ 771,000	5061	After $2,379,000 Grant from EOEEA
Concord Street Bridge	$ 500,000	5063	After $500,000 in grants from MassDOT
City Hall Renovations	$ 5,600,000		Grants (State and CPA) and internal sources could provide $3.0 to $4.0 million.
Police Station - Courthouse Renovations	$ 9,000,000	5052	Cost is estimated at this time.
GHS & O'Maley Security	$ 1,600,000	5072	
EGES & Veterans	$ 4,200,000	5073	
ADA Streetscapes	$ 325,000	5075	After $275,000 State streetscapes grant
TOTAL TO BE ISSUED	**$ 22,446,000**		

The **CFO** explained *DEBT TO BE ISSUED*, as shown above. He stated the debt to be issued had already been approved by the City Council in terms of appropriation orders. He stated the *TOTAL TO BE ISSUED* figure of $22,446,000 figure was his best estimate at this point. He stated the approximately $22.5 million in debt, issued at $5 million a year, was approximately four-and-a-half years of debt that had to be issued in the future.

ISSUED IN SEPTEMBER 2021			
Plum Cove Boiler and GHS Fieldhouse	$ 1,200,000	5060	Balance of appropriation after $650,000 issued as bond debt in September 2020
DPW Vehicles & Equipment	$ 1,500,000	5066	
Parking and Paving	$ 2,500,000	5071	
TOTAL	**$ 5,200,000**		

The **CFO** explained the debt issued in September of 2021 (as shown above) was done so at an excellent rate of less than 2%.

The **CFO** explained that he did not expect that the City would be issuing debt of $5 million a year through the year 2034; he just assumed that figure to show what would happen if the City did and stated on the positive side the City could afford to issue that amount of debt if necessary to continue to move forward with improvements where needed throughout the City, although it would also be dependent upon the interest rates over the next 12 years.

Councilor McCarthy stated he did not see a new central fire station anywhere in his projections as, he stated, it was a building that was going to need to be replaced. He asked if there had been any discussion with the Capital Improvements Advisory Board or any long-term plan regarding the replacement of that building. He also asked if replacement or renovation of the wastewater treatment plant would be covered by sewer and water bills or would funding need to come out of the General Fund by issuing debt. The **CFO** stated fire station work was needed, as well as work on the DPW campus. He stated those matters were not identified in these figures as the costs were unknown and he only could show what figures he reasonably currently knew about. He stated he was projecting out $5 million a year for twelve years, which was approximately $60 million; he stated currently the City was committed to approximately $23 million so there was the possibility for other projects, including the Central Fire Station and the building at the DPW campus. He stated his current analysis was that the City could afford to issue $5 million of debt until 2034 unless the interest rates skyrocketed. **Councilor McCarthy** asked, and the **CFO** confirmed, that this affordability was considering that all departments in the City ran at level service. **Councilor Memhard** asked the **CFO** what other matters the Capital Improvements Board Advisory could forecast and plan for with additional long-term planning besides the items highlighted on the handout. The **CFO** stated there were matters that popped up every year and that matters would be discussed at the next Capital Improvement Advisory Board meeting. **Councilor Cox** stated the City buildings needed a lot of maintenance, particularly the DPW campus, and stated the appropriate boards were finally in place to look at these matters systematically.

EAST GLOUCESTER/VETERANS DEBT SERVICE IMPACT ON TAX LEVY

	Water Shift	CSO Shift	Total Shift	Issue 1	Issue 2	Issue 3	Issue 4	Total Added to Levy	Stabilization Support	Net Added to Levy	Delta From 2020	Impact per $100k of Value
2022	$ 1,927,440	$ 2,691,726	$ 4,619,166	$ -				$ 4,619,166		$ 4,619,166		
2023	$ 1,832,112	$ 2,657,441	$ 4,489,553	$ 1,032,418				$ 5,521,971		$ 5,521,971	$ 902,805	$ 12.89
2024	$ 1,773,122	$ 2,635,007	$ 4,408,129	$ 1,032,638	$ 708,110			$ 6,148,877	$ 150,000	$ 5,998,877	$ 1,379,711	$ 19.70
2025	$ 1,740,522	$ 2,605,405	$ 4,345,927	$ 1,032,763	$ 708,110		$ -	$ 6,086,800	$ 110,000	$ 5,976,800	$ 1,357,634	$ 19.38
2026	$ 1,547,933	$ 2,570,510	$ 4,118,443	$ 1,031,638	$ 708,110	$ 782,768	$ -	$ 6,640,959	$ 625,000	$ 6,015,959	$ 1,396,793	$ 19.94
2027	$ 1,259,207	$ 2,548,612	$ 3,807,819	$ 1,034,138	$ 708,110	$ 782,768	$ -	$ 6,332,835	$ 325,000	$ 6,007,835	$ 1,388,669	$ 19.83
2028	$ 1,168,216	$ 2,527,691	$ 3,695,907	$ 1,035,138	$ 708,110	$ 782,768	$ -	$ 6,221,923	$ 225,000	$ 5,996,923	$ 1,377,757	$ 19.67
2029	$ 1,165,742	$ 2,507,448	$ 3,673,190	$ 1,034,638	$ 708,110	$ 782,768	$ -	$ 6,198,706	$ 200,000	$ 5,998,706	$ 1,379,540	$ 19.70
2030	$ 1,161,191	$ 1,804,689	$ 2,965,880	$ 1,032,638	$ 708,110	$ 782,768	$ -	$ 5,489,396		$ 5,489,396	$ 870,230	$ 12.42
2031	$ 1,151,731	$ 1,787,265	$ 2,938,996	$ 1,034,013	$ 708,110	$ 782,768	$ -	$ 5,463,887		$ 5,463,887	$ 844,721	$ 12.06
2032	$ 662,089	$ 1,499,906	$ 2,161,995	$ 1,032,363	$ 708,110	$ 782,768	$ -	$ 4,685,236		$ 4,685,236	$ 66,070	$ 0.94
2033	$ 240,189	$ 757,781	$ 997,970	$ 1,031,788	$ 708,110	$ 782,768	$ -	$ 3,520,636		$ 3,520,636	$ (1,098,531)	$ (15.68)
2034	$ 187,200	$ 701,172	$ 888,372	$ 1,034,063	$ 708,110	$ 782,768	$ -	$ 3,413,313		$ 3,413,313	$ (1,205,854)	$ (17.22)
									$ 1,635,000			

Assumes $43.0 million in total debt issued.
$20.0 million level debt issued in early FY2022 at 1.96% for 25 years with a long first coupon
$11.5million level debt issued in late 2023 at 4.5% for 25 years
$11.5 million level debt issued in late 2025 at 5.5% for 25 years

Impact is based on the runoff of shifted debt at the FY 2022 baseline plus the addition of Elementary School debt.

Impact per $100k of Value is based on FY 2021 residential tax rate of $12.44 per $1,000.

Stabilization Support comes from transfers in from the General Stabilization Fund which has a balance of $6.5 million at 6/30/2021

The **CFO** asked the **Members of the B&F Committee** to reference the document entitled *East Gloucester/Veterans Debt Service Impact on Tax Levy*, as shown above. He stated the Water Shift and the CSO Shift columns were added to the taxes and those figures would be decreasing over time due to issues where the City decided to do an override. He stated there was another override for the new school and explained how the effect of that would be on the tax rate over time. He stated in September $20 million in debt was issued for the new elementary school as the rate was only 2%, locked in for twenty-five years. He stated the *Issue 1* column showed the cost to the City of issuing $20 million of debt, which was specific debt service that the City was committed to currently. He stated the figures in the *Issue 2* and *Issue 3* columns were what he expected may happen in the future. He stated the figures in the *Total Added to Levy* column was what was added to the levy currently (the water shift and CSO shift). He stated looking at those figures over time, as they decrease, the City can increase the amount of debt associated with the override for the school to keep that debt reasonably in line with increases in the tax levy. He stated the *Impact per $100K of Value* column for building this school was less than 20 cents per $100,000. He stated, in his estimation, this was a good decision as the City could afford it. He stated that there would be some use of the stabilization funds to keep the figure below the 20-cent level through 2034. The **CFO** emphasized that these figures would change year to year based on varying factors.

EGES/Vet's Elementary School Building Project
30-Sep-21

Feasibility Study - Fund 5050		
Appropriation	$	1,000,000
Expended	$	985,203
MSBA Reimbursement	$	522,238

EGES/Vet's - Non-MSBA - Fund 5073		
Appropriation	$	4,200,000
Expended		
Ball Field Design	$	25,405
Rent	$	115,034
Building Reno	$	39,913
Total Expended	$	180,352
Encumbered		
Building Reno	$	313,679
Peer Review	$	10,985
Ball Field Design	$	111,095
Moving & Storage	$	30,635
Rent	$	418,000
Total Encumbered	$	884,394
TOTAL AVAILABLE	$	3,135,254

EGES/Vet's - MSBA - Fund 5074		
Appropriation	$	66,700,000
Expended		
OPM	$	435,673
Design	$	1,941,463
Construction Manager	$	140,584
Total Expended	$	2,517,720
Encumbered		
OPM	$	1,751,334
Design	$	3,512,837
Construction Manager	$	6,777,180
Other Services	$	130,570
Total Encumbered	$	12,171,921
TOTAL AVAILABLE	$	52,010,359

The **CFO** gave an update for expenditures on the EGES/Vet's Elementary School Building Project. He explained the figures for the feasibility study in the top box would not change. He stated the Non-MSBA fund information in the middle box would change as the project moved forward due to incoming renovation invoices, but moving forward the expenditures would be only rent and utility costs. In the bottom box, the biggest changes would occur, he stated. He stated currently the project was still on budget, but there were concerns regarding supply chain issues particularly in terms of steel.

Funding Schedule #1 as of January 1, 2020

Fully funded by June 30, 2034
Appropriations increase 6.80% per year

(1) Fiscal Year Ended June 30	(2) Employer Normal Cost	(3) Amortization of Unfunded Actuarial Accrued Liability	(4) Actuarially Determined Contribution: (2) + (3)	(5) Unfunded Actuarial Accrued Liability at Beginning of Fiscal Year	(6) Percent Increase in Actuarially Determined Contribution
2021	$2,056,777	$8,848,258	$10,905,035	$125,235,370	- -
2022	2,126,074	9,520,503	11,646,577	124,825,178	6.80%
2023	2,197,690	10,240,854	12,438,544	123,664,264	6.80%
2024	2,271,700	11,012,665	13,284,365	121,646,607	6.80%
2025	2,348,187	11,839,515	14,187,702	118,654,903	6.80%
2026	2,427,230	12,725,236	15,152,466	114,559,504	6.80%
2027	2,508,916	13,673,918	16,182,834	109,217,252	6.80%
2028	2,593,333	14,689,934	17,283,267	102,470,226	6.80%
2029	2,680,570	15,777,959	18,458,529	94,144,363	6.80%
2030	2,770,723	16,942,986	19,713,709	84,047,968	6.80%
2031	2,863,887	18,190,354	21,054,241	71,970,093	6.80%
2032	2,960,163	19,525,766	22,485,929	57,678,770	6.80%
2033	3,059,653	20,955,319	24,014,972	40,919,097	6.80%
2034	3,162,466	21,411,152	24,573,618	21,411,152	2.33%
2035	3,268,711	- -	3,268,711	- -	-86.70%

Notes:
Actuarially determined contribution for fiscal year 2021 is set equal to the amount determined with the prior valuation.
Actuarially determined contributions are assumed to be paid on July 1.
Item (2) reflects 3.0% growth in payroll and a 0.15% adjustment to total normal cost to reflect the effect of mortality improvements due to the generational mortality assumption.
Projected normal cost does not reflect the future impact of pension reform for new hires.
Projected unfunded actuarial accrued liability does not reflect the recognition of deferred investment gains.

Segal 10

The **CFO** explained the funding schedule for the pension assessment, as shown above. He explained the column entitled *Amortization of Unfunded Actuarial Accrued Liability* as what the City would be paying for retirees that had not been paid for and needed to catch up with. He stated the column entitled *Employer Normal Cost* was what the City was paying for in terms of current employees. He stated according to this schedule the City's pension assessment would decrease by over $21 million in 2035 and that 2035 would see a radical change due to this decrease. He stated the City was committed to the 7% increase to retire this matter in 2034 and that the City would then have to work on the OPEB liability in 2035 and beyond. He stated this timeframe would be another opportunity for the City to go back to the MSBA for another possible combined school, for example. **Councilor Cox** stated this liability could be paid off early. The **CFO** agreed, but added that it could be paid off early but he did not know how that would happen as, for example, ARPA funds could not be put towards this debt. **Councilor McCarthy** asked if there were any requirements mandating that more money be paid towards OPEB, instead of the small amounts currently being paid. The **CFO** stated just small amounts at this point and added that he did not think the State would come up with any requirements in terms of statute until the pension liability was overcome. He stated cities and towns needed to retire their pension liability by 2040, so there may be some future legislation to require cities and towns to work on the OPEB liability. He stated pension obligation bonds had been discussed, but were considered risky. He added that pension obligation funds were something that the City needed to possibly consider getting the authorization as a first step to this issue to have that option available when the time came, but that it would be a long process to get to the point of issuing pension obligation bonds.

The **Members of the B&F Committee** thanked the **CFO** for the amount of detail and time he put into these documents. The **CFO** stated he would be happy to answer any further questions or present further information if needed at a future meeting.

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

<u>Summary of Discussion:</u> There were no matters under this heading for the Committee's consideration.

<u>OTHER BUSINESS:</u> **Councilor Cox** stated the **Members of B&F Committee** had requested the Interim Board of Health Director come before B&F to discuss the return of a State grant from the Board of Health. She explained that this was a regional grant in the amount of $223,561.82 for a Massachusetts Department of Public Health Excellence Grant for Shared Services with no local match requirement, with the region for the grant being Gloucester, Rockport, Manchester, Essex, Danvers, Beverly and Ipswich. She further explained that the grant provided for a full-time position of a Mental Health Navigator. **Councilor Cox** stated the grant was returned to the State without notifying the regional partners or giving the regional partners an opportunity to manage the grant in lieu of the City being the grant manager and stated it was her understanding that this was due to a staffing issue. **Councilor McCarthy** stated that it was absolutely necessary to understand why the City turned this grant back into the State and the duty of the Administration to explain why this happened. **Councilor Memhard** agreed and stated that the City's sister communities were affected as well and stated that community needs were possibly not being met due to the loss of this grant.

It was decided that a special B&F meeting would be held at a date to be determined; **Councilor Cox** stated she would reach out to the Interim Public Health Director and Chair of the Board of Health to mutually agree upon a date.

MOTION: On a motion by Councilor Cox, seconded by Councilor Memhard, the Budget and Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to adjourn the meeting at 6:53 p.m.

Submitted by: Sherry Karvelas, Clerk of Committees

Documents submitted at the meeting: None.

Meeting Recording: http://gloucester-ma.gov/1097/Past-Remote-Public-Meetings