

CITY COUNCIL STANDING COMMITTEE

Budget & Finance

Thursday, December 20, 2012 – 6:00 p.m.

1st Fl. Council Committee Rm. – City Hall**-Minutes-****Present: Chair, Councilor McGeary; Councilor Melissa Cox; Councilor Jacqueline Hardy (Alternate)****Absent: Councilor Ciolino****Also Present: Linda T. Lowe; Kenny Costa; Jeff Towne; Stacie Couture; Mike Hale; Hans Baumhauer; Tony Gross; Carol McMahon; Chief Campanello; Kim Patience****The meeting was called to order at 6:00 p.m. Items were taken out of order.****1. Memorandum from DPW Director re: requesting \$500,000 from available certified Water Enterprise free cash to fund improvements in the Annisquam neighborhood**

Mike Hale, DPW Director, said the state Department of Revenue (DOR) had certified the amount of available funds, otherwise known as free cash or, more properly, retained earnings as of June 30, 2012 for the Water Enterprise Fund to be \$1,718,715. He said he wished to maintain a significant portion of that in case of emergency, he recommended using a portion of it for capital requests. In that light, he was requesting \$500,000 of it to be used to fund continued water improvements in the Annisquam neighborhood. He said the DPW had begun a program of water main replacement in Annisquam in the summer of 2012. The program involves replacing cast iron, heavily tuberculated water mains that are causing discolored water in the area. At a meeting last spring a number of neighbors said they had had tea-colored water for the last 25 years. **Mr. Hale** said that once water gets into the peninsula it stays there and is consumed at a slow rate. This is not harmful but is an aesthetic issue. The discoloration shows the age of the mains, which were installed in the 1920s and 1930s. The areas with new water mains no longer have brown water, he said. With this funding request, he said, the DPW believes it can address much of the remaining balance of old water mains. Water main replacement will not begin until the freezing weather has passed for the season and the threat to temporary water bypass ends. This money will purchase the pipes, mains, their installation and roadway restoration.

Mr. Hale added that it is hard for the DPW to do work of this scale by itself, as it is difficult to dedicate a four-person crew to a project like this. Having an on-call contractor has allowed them to leave someone there to November. Their goal with staffing is to have more DPW staff on site than contractors.

Councilor Hardy noted she had visited the project, and removing the tuberculated pipe had had a positive effect. She said she had not received any complaints on the project; the neighbors are not being inconvenienced; and the contractor and City staff have been excellent. It is long overdue and will support the appropriation. **Councilor Hardy** asked if this phase will complete the work in Annisquam. **Mr. Hale** expressed hope they can stretch the \$500,000 request as far as possible and that the “lion’s share” will be completed.

MOTION: On motion by Councilor Hardy, seconded by Councilor Cox, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the appropriation 2013-SA-23 in the amount of \$500,000.00 (Five-Hundred Thousand Dollars) from the Water Enterprise Fund Retained Earnings (“Free Cash”) to Water Enterprise Fund, Infrastructure, Account #610000.10.450.58760.0000.00.000.00.058 for the purpose of water main replacement in the Annisquam neighborhood in the City of Gloucester.

2. Memorandum from DPW Director re: requesting \$500,000 from available certified Sewer Enterprise free cash to fund sewer improvements in the Commonwealth Avenue neighborhood

Mr. Hale stated the Sewer Fund was certified by the DOR to have retained earnings of \$1,971,986. He noted that there is 25,000 linear feet of water work ongoing in the Commonwealth Avenue neighborhood. As with the water fund retained earnings, he said, he wished to retain a significant portion for emergencies, but he recommends that some money also be used for capital requests. In this instance he said he is requesting \$500,000 be appropriated for planned sewer improvements to the Commonwealth Avenue neighborhood. There are significant issues with capacity of pipes and the alignment of the pipes as there is a mix of systems in that neighborhood. In the past, lines had been laid haphazardly, often through private property. The department needs to identify where the lines are located. There are streets with traditional mains with collection access, but there is a lot of “interesting” plumbing in

this neighborhood. The \$500,000 would fund the first stage of a project that would eventually include relaying of sewer mains and services, and the installation of sewer manholes for routine and preventative maintenance.

Mr. Hale said that the DPW had also identified a number of deficiencies within the sewer pump stations. In coordination with their contract operator, as well as Weston & Sampson, Public Works has compiled a list of critical deficiencies including electrical controls, pump motors, odor control and backup power. Pump stations need a much larger capital investment moving forward, but a portion of the \$500,000 request will stabilize the pump stations and help prevent backups into neighboring homes. A comprehensive evaluation of all sewer pump stations is planned for 2013, and a long-term capital plan will develop from that evaluation. The critical items identified need immediate remediation to ensure proper operations at the pump stations. **Mr. Hale** said he anticipated that all work associated with the funding request to be undertaken early in 2013 and completed by the end of the fiscal year.

Councilor Cox asked if this free cash is outside of the General Fund free cash. **Councilor McGeary** clarified this is free cash from the Water Enterprise Fund. **Mr. Costa** explained the DOR calls this retained earnings. The term "free cash" is more associated with the General Fund.

Councilor Hardy asked whether there remained sufficient funds in case of an emergency; and **Mr. Hale** said that there were and that using 25 to 28 percent of the money for these important projects is good use of the funds.

Councilor Hardy asked how these funds are created. **Mr. Hale** stated the funds are collected through sewer user fees and other smaller components like sewerage tipping fees. **Mr. Towne** stated retained earnings also include unspent appropriations from previous years. **Councilor Hardy** asked if the City could be overcharging for sewer and water fees or is it something that will level out, asking whether, if not, the charge above the cost of service should be viewed as a tax. **Mr. Hale** stated the rate for sewer is based on a set of calculations each budget season. He said the amount collected annually was not excessive, and that the fund's balance is an accumulation from a number of years. **Mr. Towne** added the money comes through the water and sewer bills and that it is properly categorized as a charge, which **Mr. Costa** also confirmed. Neither **Mr. Towne** nor **Mr. Costa** said the charges above cost of service should be called a tax. **Mr. Towne** stated best practice is to have a 90-day fund reserve for an enterprise fund, which would translate to \$1.5 million, which he called an appropriate amount, and an adequate resource to pay for more things in cash.

Councilor McGeary asked how much money will be for the pumping station. **Mr. Hale** estimate the cost of the pumping station repairs at \$200,000 and the cost of the investigation on Commonwealth Avenue at about \$300,000.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the appropriation 2013-SA-24 in the amount of \$500,000.00 (Five-Hundred Thousand Dollars) from the Sewer Enterprise Retained Earnings ("Free Cash") to Sewer Enterprise Fund, Reserve for Capital Outlay, Account #600000.10.440.58000.0000.00.000.00.058 for the purpose of replacing of sewer collection systems in the Commonwealth Avenue neighborhood as well as repairs to sewer pump stations in the City of Gloucester.

3. Memorandum from DPW Director re: request a loan authorization in the amount of \$4,000,000 to fund construction related to the CSO modified Consent Decree and Long Term Control Plan (CSO-005-1 Area Construction)

Mr. Hale explained to the Committee that this is a request for a loan authorization of \$4 million to fund the construction related to the Combined Sewer Overflow (CSO) Modified Consent Decree and Long-Term Control Plan (CSO-005-1) Area Construction. This is the planned next project. He presented a map (on file) that depicted by highlighting the roadways involved: Mount Vernon, Perkins, Staten, Spring, Marchant and Warner streets, Herrick and Winchester courts, and portions of the east end of Main Street. The first phase was done last winter and wrapped up about the 4th of July and included Mill, Hancock and Short streets and Eastern Avenue. The city was also able to get work done on Prospect Square. The latter, he said, is a major improvement as the Prospect Square area directly discharges to drains on Main Street that discharge to the inner harbor. These projects are prescribed in the City's Long Term Control Program (LTCP). That is the schedule they provided the State and Federal governments a number of years ago of how the City planned to mitigate the combined sewer overflow. The city renegotiated the schedule recently, with the U.S. Department of Justice, the Environmental Protection Agency (EPA) and the state. Department of Environmental Protection (MDEP) agreeing that the City's new proposal warranted the amendment of the consent decree. The City continues to move forward on the reordering of the project even though an official court decree has not been received. The city does have a verbal "go-ahead" from the EPA and DEP. Those agencies have agreed that the City is making good progress. They approved the City's

process in place, and noted that the results shown indicated that the City is meeting the spirit of the original consent order.

Mr. Hale noted that once the project is completed, a series of tests of the harbor and some of the outfalls will be undertaken to ensure that the project has separated storm water and sanitary water in this area. The testing is for bacteria. The project phase completed last summer removed the sewerage pipes of 100 homes from the storm drain system, which had been allowing sanitary waste to go directly to the harbor. The goal of the CSO project is to end this practice. In the past, homes were connected to combined or dedicated drains as opposed to a sanitary sewer; resulting in the discharge of raw sewage into the harbor. The CSO-005-1 area is an old neighborhood similar to Commonwealth Avenue where a long time ago these homes were plumbed in directly to the harbor; Commonwealth Avenue was not. The project will install new drains; new sanitary sewers; separate the two and then put it all back together.

Councilor McGeary asked about the cost differential in the original proposal which was \$12.6 million and a modification which is \$7 million; and how it was saved; what was no longer required. **Mr. Hale** stated the cost savings, in the end about \$3 million, was in the order in which the projects are done and approving them together. He stated it was his hope there would be an end to the CSO work. There would be continued work with the collection systems. During recent rains the collection systems have seen a significant amount of infiltration into the system in East Gloucester. The Hartz Street pump station at Hartz Street and Bass Avenue has been running at "full speed" for the past three days. That is a result of sump pumps and illicit connections as well as pipes within the groundwater table that aren't watertight, and the high tides. A lot of the tidal influence was removed a number of years ago; but it could still be an issue. It is mostly ground water getting into old clay pipes and open joints. He said the next logical step is in improving collections systems.

Councilor McGeary queried if this project they are being asked to finance would essentially complete the CSO projects or was there another phase yet to be done. **Mr. Hale** stated once this phase is completed tests will be done to verify waste water is removed from the drain system. If done right they should be okay with the consent decree. Once the system is tight on the western side of the harbor, the eastern side will be examined. The Hartz Street pumping station has been difficult for a number of years. There is an outflow at Cripple Cove and is a point of discharge in an overflow. He said he could see regulators possibly pointing them towards East Gloucester. The goal is to eliminate threats to the neighboring homes and the harbor.

Councilor Cox asked why there was a piece of Mt. Vernon not highlighted asked what the solid black line meant on the locus map. **Mr. Hale** stated those are the streets that would have excavation to them. It could be they don't know what is in that section. **Councilor Cox** asked if they will flyer the neighborhood prior to the project's start; and also asked about the timeline. **Mr. Hale** stated they hope to put the project out to bid in February and start in March or April. The schedule would be similar to last year's project. The same engineer would be used as on the last project, but he could not say who would be the contractor. He assured the councilor that constituent issues are handled quickly. **Councilor Cox** asked to work with Mr. Hale on informing the neighborhood which is in her ward and would work with him to coordinate some outreach efforts. **Mr. Towne** suggested the ward residents be invited to the public hearing on the loan order to give them their first opportunity to hear about the project. **Councilor Hardy** informed the Committee that public hearing is scheduled for Jan. 8. **Mr. Hale** suggested he could have a pre-construction meeting within Ward 2 to help educate the neighborhood. He also stated they have just completed a very similar project with very few issues involved. Project plans include uniformed police details and good signage. He also had done a fair amount of outreach to the area. Some of the work will be done in the summer and other parts continued to the fall. Work in these neighborhoods will take a bit longer due to the scope of the work.

Councilor Hardy asked for a ballpark estimate of the interest rate. **Mr. Towne** stated it is always 2 percent for long term borrowing with the MWPAT (Mass. Water Pollution Abatement Trust). He expressed hope most of the project would qualify, although he said the cost of repaving could not be financed under MWPAT terms. He estimated the cost of the project to be at least \$235,000 a year in principal and interest. There is still several hundred million dollars left in the city's borrowing limit.

Councilor Hardy asked if they anticipate finding illicit connections. **Mr. Hale** stated they find them everywhere they go. The department and the contractor fix everything they come across.

Councilor Hardy asked if they were bringing the sidewalks up to code upon completion of the project, which **Mr. Hale** stated they would as they did in the last project.

Councilor Cox observed that Friend Street was not included for this project and asked when it would be repaved. **Mr. Hale** stated there is other work needs to be done on Friend Street, although the major utilities are done. Friend and Taylor streets have a common main; the responsibility for the maintenance of which is not clear. He expects Friend Street will be repaved this coming year.

Councilor McGeary asked whether, since the project is planned to take place roughly concurrently with the Fort infrastructure project, any thought had been given to combining the two projects. **Mr. Hale** stated he is at 100 percent engineering design on this CSO project and that the Fort infrastructure project is at 25 percent engineering design. This project will have already begun when the Fort project is just going to bid.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to approve the following loan order:

ORDERED: That up to \$4,000,000 (Four Million Dollars) is appropriated for the purpose of funding additional CSO Long-Term Control Plan expenses including without limitation all costs thereof as defined in Section 1 of Chapter 29C of the General Laws; that to meet this appropriation the Treasurer, with the approval of the Mayor is authorized to borrow up to \$4,000,000 (Four Million Dollars) and to issue bonds or notes thereof under Chapter 44 of the General Laws and/or Chapter 29C of the General Laws or any other enabling authority; that such bonds or notes shall be general obligations of the City unless the Treasurer, with the approval of the Mayor determines that they should be issued as limited obligations and may be secured by local system revenues as defined in Section 1 of Chapter 29C; that the Treasurer with the approval of the Mayor is authorized to borrow all or a portion of such amount from the Massachusetts Water Pollution Abatement Trust (“Trust”) established pursuant to Chapter 29C and in connection therewith to enter into a loan agreement and/or security agreement with the Trust and otherwise to contract with the Trust and the Department of Environmental Protection with respect to such loan and for any federal or state aid available for the project or the financing thereof; and that the Mayor is authorized to enter into a project regulatory agreement with the Department of Environmental protection, to expend all funds available for the project; and to take, with the approval of the City Council, any other action necessary to carry out the project; AND FURTHER TO ADVERTISE FOR PUBLIC HEARING.

4. *Memorandum from Harbormaster re: request establishment of three Stabilization Funds and a Waterways Improvement and Maintenance Fund*
5. *Supplemental Appropriation-Budgetary Request (#2013-SA-16) from Harbormaster’s Office*
6. *Supplemental Appropriation-Budgetary Request (#2013-SA-17) from Harbormaster’s Office*
7. *Supplemental Appropriation-Budgetary Request (#2013-SA-18) from Harbormaster’s Office*

Tony Gross, Waterways Board Chair explained the following to the Committee the following requests to establish and fund stabilization funds for facilities under the Waterways Board’s control:

• **Dun Fudgin Ramp:** The board asked that a stabilization fund for Dun Fudgin public ramp be established and initially funded with \$25,000. Under the Waterways Board’s contract with the State, the board is allowed to charge fees and use those fees for the operation of the Dun Fudgin ramp and public landing. Any revenues in excess of the cost of operation and maintenance have to be accounted for by the City Treasurer. Referring to information he handed the Committee (placed on file) he noted the first section is the explanation of how the board came up with the formula for creating a stabilization fund for Dun Fudgin. Using the board’s formula, it was determined that \$24,824 of the board’s retained earnings should be set aside in the stabilization fund for Dun Fudgin.

Councilor Hardy asked if they could up the fees for upkeep of other ramps besides Dun Fudgin. **Mr. Gross** stated they are in contact with the State public access board to see if they can use these funds for Lanes Cove and Stone Pier near Wingersheek Beach as they are ramps maintained by the public access board. He said the public access board is generally amenable to these kinds of requests. Dun Fudgin ramp fees are collected via an honor system on weekdays with a secured box. On the weekends the ramp is staffed. **Mr. Costa** stated that by putting these funds in the budget, the city can appropriate the funds immediately and doesn’t have to wait for the DOR to certify free cash.

• **St. Peter’s Commercial Marina:** This marina has required little support from the Board. **Mr. Gross** said that the time of an Administrative Assistant is charged to the marina, which is for the lease administration. The board would like to establish a stabilization fund for the St. Peter’s Marina and initially fund it with \$150,000 which, based on a 1999 estimate, would fund anticipated repair costs. This marina is 14 years old, and will soon need increased maintenance. The board instructed the Harbormaster to bring to the Board one-, five- and ten -year replacement plans for all their facilities, including St. Peter’s. St. Peter’s will be the most expensive and first to be undertaken, he said.

Councilor Cox asked if the Waterways Board is responsible for the lighting at the marina as she had received several complaints in the off season when it gets darker earlier that the marina isn’t well lit. **Mr. Gross** agreed

better lighting would be good for security purposes; and the tenants would welcome it. Improved lighting would be a part of the plan they are waiting to receive from the Harbormaster, he said.

Harbor Cove: **Mr. Gross** stated that the source of the funding for a stabilization fund for Harbor Cove is the \$12,300 the board received when it took over control of the facility from the Gloucester Redevelopment Authority. The facility has concrete floats and a greater life expectancy, though some of the pilings are chafing badly, he noted. He said the Board, is looking for a short, medium and long-term plan for Harbor Cove.

Councilor Hardy asked about the contributions from Chapter 91 licensees who do don't want the public traversing their property. **Mr. Gross** stated those donations went directly into operating revenue. He will request that the Waterways Board's finance committee segregate out those funds. They need to sort this out and is why they are only asking for \$12,300; but would work to fund more moving forward. This is what the Board voted. They are moving forward on a lot of fronts and will hit the board's retained earnings rather hard in the near future. **Councilor Cox** and **Mr. Gross** discussed the presented spreadsheet briefly.

MOTION: On motion by Councilor Hardy, seconded by Councilor Cox, the Budget & Finance Committee voted 3 in favor, 0 opposed in accordance with MGL Chapter 40, Section 5B, to recommend to the City Council to establish a Dun Fudgin Boat Ramp Capital Projects Stabilization Fund #730000 for the purpose of improvements the Dun Fudgin Boat Ramp.

MOTION: On motion by Councilor Hardy, seconded by Councilor Cox, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council appropriation 2013-SA-16 in the amount of \$25,000 (Twenty-Five Thousand Dollars) from the Waterways Enterprise, Retained Earnings ("Free Cash") to Transfer In-Dun Fudgin Boat Ramp Capital Project Stabilization Fund #730000.10.996.49700.0000.00.000.00.040 for the purpose of improvements to the Dun Fudgin Boat Ramp.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed in accordance with MGL Chapter 40, Section 5B, to recommend to the City Council to establish a St. Peter's Commercial Marina Capital Projects Stabilization Fund #740000 for the purpose of improvements to the St. Peter's Commercial Marina.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council appropriation 2013-SA-17 in the amount of \$150,000 (One-Hundred and Fifty Thousand Dollars) from the Waterways Enterprise, Retained Earnings ("Free Cash") to Transfer In-St. Peter's Commercial Marina Capital Project Stabilization Fund #740000.10.996.49700.0000.00.000.00.040 for the purpose of improvements to the St. Peter's Commercial Marina.

MOTION: On motion by Councilor Hardy, seconded by Councilor Cox, the Budget & Finance Committee voted 3 in favor, 0 opposed in accordance with MGL Chapter 40, Section 5B, to recommend to the City Council to establish a Harbor Cove Commercial Marina Capital Projects Stabilization Fund #750000 for the purpose of improvements to the Harbor Cove Commercial Marina.

MOTION: On motion by Councilor Hardy, seconded by Councilor Cox, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council appropriation 2013-SA-18 in the amount of \$12,300 (Twelve Thousand, Three Hundred Dollars) from the Waterways Enterprise, Retained Earnings ("Free Cash") to Transfer In-Harbor Cove Capital Project Stabilization Fund #750000.10.996.49700.0000.00.000.00.040 for the purpose of improvements to the Harbor Cove Commercial Marina.

8. *Supplemental Appropriation-Budgetary Request (#2013-SA-19) from Harbormaster's Office*
9. *Supplemental Appropriation-Budgetary Request (#2013-SA-20) from Harbormaster's Office*

Mr. Gross stated when someone gets a Ch. 91 license from the state, the state assesses a mitigation fee so that they are not forced to have public access through their private property. The mitigation fees are given to the Waterways Board to use for public access for the general benefit of the City. This money has been held in reserve by the Waterways Board and is mainly for public access. After the appropriation there would still be \$14,500 in reserve. **Mr. Costa** stated that if the funds were left in the Waterways Board's reserve; the Waterways Board

would have to come to the Council to appropriate the money. **Mr. Costa** recommended adding those monies to the donations. The balance in the Waterways Improvements Fund would be \$53,050. The reserve was likely intended for this purpose. The donation money will now go to the Improvements Fund instead of the Waterways Enterprise Account.

Councilor Hardy asked if they are going to create public access. **Mr. Costa** noted the design for Solomon Jacobs Pier came from this fund, which is improving public access at that location.

MOTION: On motion by Councilor Hardy, seconded by Councilor Cox, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council appropriation 2013-SA-19 in the amount of \$38,850 (Thirty Eight Thousand, Eight Hundred and Fifty Dollars) from the Waterways Enterprise, Retained Earnings ("Free Cash") to Transfer In-Municipal Waterways Improvements and Maintenance Fund #720000.10.996.49700.0000.00.000.00.040 for the purposes outlined in MGL c. 40, §5G.

MOTION: On motion by Councilor Hardy, seconded by Councilor Cox, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council appropriation of 2013-SA-20 in the amount of \$14,500 (Fourteen Thousand, Five Hundred Dollars) from the Waterways Enterprise, Retained Earnings Chapter 91 Donation Reserve to Transfer In-Municipal Waterways Improvements and Maintenance Fund #720000.10.996.49700.0000.00.000.00.040 for the purposes outlined in MGL c. 40, §5G.

10. Memorandum from Gloucester Public Schools Director of Finance re: requesting permission to pay FY12 invoices with FY13 and permission to pay services/goods procured without a purchase order in place

1) Rental of propane grill without a purchase order in place: Hans Baumhauer, Director of Finance for the School Department, explained that there are three unpaid bills that need Council approval to be paid. The rental of the propane grill was done for a Field Day at West Parish School. The kitchen range broke and the former principal asked the Food Service Director to rent a propane grill. There was a turnover of one Food Service Director to another, and this bill went unattended. **Councilor Hardy** asked if this was a result of not having a purchase order in place which **Mr. Baumhauer** stated was the case; and he assured the Committee that the Food Service Director knows a P.O. needs to be in place.

Mr. Baumhauer also further assured the Committee that he has reconfirmed the P.O. process with all School departments. **Mr. Costa** stated at the beginning of the year they open purchase orders with approved vendors. **Mr. Baumhauer** stated Food Service wasn't going to do rent the gas grill until the range broke suddenly. The range was subsequently repaired. With no purchase order in place if this had happened, he said there was not much he could do under the circumstances. **Mr. Costa** stated they can put a purchase order in place in an hour, and could do a P.O. revision afterwards if more money is needed. There was a discussion with **Mr. Baumhauer**, the **Committee** and **Mr. Costa** about emergency situations and possible remedies.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to pay invoice #108860 dated 06/12/2012 by Gloucester Rental Center, Gloucester, Mass., in amount of \$150.00 for a propane grill rental by the West Parish PTO to be paid from the FY13 School Department Operating General Fund budget without a Purchase Order in place.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council, in accordance with MGL Chapter 44, Section 64, to pay invoice #108860 dated 06/12/2012 by Gloucester Rental Center, Gloucester, Mass., in the amount of \$150.00 for a propane grill rental by the West Parish PTO expenses incurred in the prior fiscal year to be paid with funds from the current FY13 School Department Operating General Fund Budget.

2) Police Department details: Mr. Baumhauer stated the bills did not get to his office until a month and a half ago. The bills were from one city department to another so no purchase order is needed, according to Mr. Costa. Kim Patience, Gloucester Public Schools Athletic Director, said she was on medical year until the end of the school year. The invoices were sent back to her as of September, and she tried to pay them, she said. Her secretary had asked the Police Chief's secretary to bill for games separately. The School Department never got rebilled because the Police Department was sending lump sum billings.

Councilor Hardy stated this is a reimbursement to the General Fund as the officers have already been paid. **Ms. Patience** said that in the future her office will have an open pay sheet and will have a check system. This is the first time this has happened.

Councilor McGeary noted there were transitions going on at the Police Department when all this transpired contributing to the situation.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council, in accordance with MGL Chapter 44, Section 64, to pay invoice #11282 dated 1/21/2012 by the Gloucester Police Department, Gloucester, Mass., for \$840.00 for police detail expenses incurred in the prior fiscal year to be paid with funds from the current FY13 School Department Operating General Fund Budget.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council, in accordance with MGL Chapter 44, Section 64, to pay invoice #11270 dated 12/29/2011 by the Gloucester Police Department, Gloucester, Mass., for \$1,240.00 for police detail expenses incurred in a prior fiscal year to be paid with funds from the current FY13 School Department Operating General Fund Budget.

3) Field rentals: Mr. Baumhauer stated due to the reconstruction of Newell Stadium, fields had to be rented for Gloucester teams. **Ms. Patience** stated this was a first time the school department had to do field rentals. She noted that it was unclear exactly how many rentals would be needed, which was made more complex when nighttime activities were curtailed because of the mosquito-borne disease outbreak. She said she was under the assumption she could open a P.O. with an undetermined amount as she didn't know how much money she needed. She conceded that this was an oversight on her part. She said she is now familiar with the proper methodology. Gordon College was cooperative about giving them a lot of open dates. They got a grant from GFAA offsetting the rental cost. **Councilor Hardy** noted on the Gordon College \$1,575 bill is for this fiscal year. **Mr. Baumhauer** stated this is about the P.O. being put in place after the fact. **Councilor Hardy** asked Ms. Patience to obtain the actual invoice from Gordon College and if that if the Council does not have the invoice by its Jan. 8 meeting when this matter would come before them for a vote, the matter will be continued to their next meeting or until the Council has an invoice for payment from Gordon College in hand.

MOTION: On motion by Councilor Hardy, seconded by Councilor Cox, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to pay purchase requisition #312019 dated 10/22/2012 to Gordon College, Wenham, Mass., in the amount of \$1,575.00 to be paid from the FY13 School Department Operating General Fund Budget without a Purchase Order in place.

Ms. Patience noted she was locked out of other venues because colleges and high schools were already booked. She contracted for Bishop Fenwick High School fields.

MOTION: On motion by Councilor Hardy, seconded by Councilor Cox, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to pay purchase requisition #311928 dated 10/12/2012, Invoice #561 dated 11/19/12 to Bishop Fenwick High School, Peabody, Mass., in the amount of \$720.00 to be paid from the FY13 School Department Operating General Fund Budget without a Purchase Order in place.

11. Memorandum from Police Chief re: permission to reimburse expenses for an officer's EMT certification, some of which were incurred in FY12, from FY13 EMT budget line items

Stacie Couture stated that Officer Liacos signed up to take classes from January to May. He had to pass a practical and written exam the timing of which pushed the costs over the next fiscal year. She said she could not reimburse his costs until he produced in a State EMT license showing he had been certified. He has now passed his course and State certification (certification on file). He will not get reimbursed for failed test times or fees. He only is reimbursed for passing, per contract. **Mr. Costa** agreed that there was nothing Ms. Couture could do; that it was the timing of the testing.

Councilor McGeary expressed concern on the PayPal receipts and asked were they considered adequate as invoices. **Mr. Costa** stated it is a receipt not an invoice; but it is up to the Council. Generally when there is a

receipt there is an invoice behind it. He assumed the Officer got an invoice. The \$1,000 was for McNeilly (the EMT training company). It could be in his PayPal account or direct from the company. **Councilor Cox** noted there is an actual invoice from McNeilly for one of the tests. She expressed there should be an invoice. **Councilor McGeary** stated there needs to be a way to get an invoice through PayPal that can then can be submitted for the record. He said it is not an easy process. The Auditor will need to write up the process of obtaining the invoices from PayPal.

Councilor Hardy expressed she had a concern in matching up the spreadsheet with the actual invoices. But she called Ms. Couture and went over it item by item, and determined it was the officer's not completing the course the first time that caused the confusion. The Excel spread sheet is what the officer is being paid for. **Councilor Hardy** said she was satisfied with the explanations on the reimbursements.

MOTION: On motion by Councilor Hardy, seconded by Councilor Cox, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council, in accordance with MGL Chapter 44, Section 64, to pay overtime salaries expenses dates ranging from 01/07/2012 to 5/16/2012 to Officer Christopher Liacos for \$6,450.63 for overtime salaries expenses incurred in the prior fiscal year to be paid with funds from the current FY13 Police Department Operating General Fund Budget.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council, to reimburse Officer Christopher Liacos for \$1,000.00 for EMT Basic Course Fees expenses to be paid from the current FY13 Police Department Operating General Fund Budget without a Purchase Order in place.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council, in accordance with MGL Chapter 44, Section 64, to reimburse Officer Christopher Liacos for \$1,000.00 for EMT Basic Course Fees expenses incurred in the prior fiscal year to be paid with funds from the current FY13 Police Department Operating General Fund Budget.

Councilor Hardy asked for an invoice for the \$150.00 charge before the Council votes at the January 8th meeting on this reimbursement.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council, to reimburse Officer Christopher Liacos for \$150.00 for the Commonwealth of Massachusetts EMT Practical Exam Fee expenses to be paid from the current FY13 Police Department Operating General Fund Budget without a Purchase Order in place.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council, in accordance with MGL Chapter 44, Section 64, to reimburse Officer Christopher Liacos for \$150.00 for the Commonwealth of Massachusetts EMT Practical Exam Fee expenses incurred in the prior fiscal year to be paid with funds from the current FY13 Police Department Operating General Fund Budget.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council, to reimburse Officer Christopher Liacos for \$175.00 for the McNeilly EMT Basic Practical Exam Site Fee expenses, Invoice #369, dated 02/24/2012, to be paid from the current FY13 Police Department Operating General Fund Budget without a Purchase Order in place.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council, in accordance with MGL Chapter 44, Section 64, to reimburse Officer Christopher Liacos for \$175.00 for the McNeilly EMT Basic Practical Exam Site Fee expenses, Invoice #369, dated 02/24/2012, incurred in the prior fiscal year to be paid with funds from the current FY13 Police Department Operating General Fund Budget.

Councilor Hardy asked also for an invoice on this reimbursement only.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council, to reimburse Officer Christopher Liacos for \$55.00 for the EMT Basic Exam Fee expenses to be paid from the current FY13 Police Department Operating General Fund Budget without a Purchase Order in place.

12. Communication and Stated Contract Form from Assistant to the EMD re: request City Council acceptance of a \$4,500 CERT grant From MEMA

Carol McMahon, Assistant to the EMD explained this is a no-match grant of \$4,500 to be used for training and equipment for Community Emergency Response Team (CERT). The funds will be used for a screen and a projector as well as some CERT kits and identifying equipment such as shirts to readily identify the team when they are in the field.

Councilor Hardy asked about photo I.D.'s. **Ms. McMahon** said she found from the State surplus program a machine for \$10 to produce I.D.'s and got some equipment. **Councilor Cox** thanked Ms. McMahon for her efforts on the behalf of CERT of which she and Councilor Hardy were certified volunteer members.

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council, in accordance with MGL Chapter 44, §53A to accept a \$4,500 federal pass through Crisis Counseling Assistance and Training Program (CCP) Community Response Emergency Team (CERT) Grant for FFY2010 from the Mass. Emergency Management Agency (MEMA) for use by Gloucester CERT.

13. CC2012-070 (Whynott) Amend GCO Chapter 8, Article I "in General", Sec. 8-1 re: License for storing inflammables fees Subsection (C)

MOTION: On motion by Councilor Cox, seconded by Councilor Hardy, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to AMEND GCO Chapter 8, Article I "In General," Sec. 8-1 "License for storing inflammables: fees" subsection (c) by DELETING "The annual fee for renewal of certificate of registration shall be \$25.00 and by ADDING "The annual fee for renewal of certificate of registration shall be \$100."

14. CC2012-071 (Whynott/Hardy) Amend GCO Chapter 4, Article II "Dogs" Sec. 4-22 "Fees and penalties" subsection (a) re: Dog license fees

Councilor Hardy stated the State has issued regulations for fees for dog licenses requiring that non-spayed or non-neutered dog owners should pay a higher fee. At the same time the City saw a substantial drop in dogs being registered when the license fee for unspayed or unneutered dogs was raised to \$22.50. In an effort to get those dogs back on the roles again, to be sure they're vaccinated, for example; she and Councilor Whynott are asking for a decrease of the licensing fees in the hope that more dogs will be registered in the City of Gloucester. The City Clerk has the statistics showing the drop off of licensed dogs over the years (on file). She argued that the Council needs to protect the public and by lowering the fees and helping ensure all dogs are licensed. She said this would be a boost to the licensing effort in the City, especially in light of the new dog park coming on line shortly.

Councilor McGeary asked for a follow up in a year to see if this lowering of the licensing fees results in a rise in dogs in the City being registered. He said he was not concerned about the revenue; he was more concerned to know of the actual numbers of registered dogs.

MOTION: On motion by Councilor Hardy, seconded by Councilor Cox, the Budget & Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council to AMEND GCO Chapter 4, Article II "Dogs," Sec. 4-22 "Fees and penalties" subsection (a) by DELETING "Revised fees for dog licenses effective July 1, 2002. Male/female/neutered/spayed, each dog: \$22.50;" and by ADDING by substitution: "Revised fees for dog licenses, effective beginning 2013 Licenses: Male/female/neutered/spayed each dog \$15.00 and Male/female/non-neutered/non-spayed each dog \$16.00.

15. Communication from Standard & Poor's Rating Services re: City's State Qualified Bonds, Series 2009

16. Standard & Poor's Rating Services Summary of Gloucester, Massachusetts; Non-School State-Programs

Mr. Towne stated he was reporting what was not an extensive rating review, but is an update. The city financial team had a brief teleconference with Standard & Poor's. The rating agency said it was pleased with the overall progress and financial stability with the stabilization fund balances, collection rates and free cash of the City. The City's due diligence and having strong reserves were all good positive factors and was why the City was upgraded from an A to an A+ rating. He noted that AAA is the highest rating. AA is really good and shows more positives than negatives. A is strong, but if something goes wrong there could be more risk associated. The City is at the top of the A category. He acknowledged it was a team effort. Mr. Costa, the Mayor and he sat in on this latest call with Standard & Poor's call. He said it is "a collective win for the City." It tells the market the City is doing better. In February there will be another meeting with the City's financial advisors. At that time they will hold discussions with only one rating agency. A better scenario, he said, would to have two ratings to obtain lower interest rates. He noted that there are generally six or seven bids now for the City's debt, as opposed to one or two when he first started with the City. The more competition for the City's bonds results in lower net interest cost.

The rating agency said it remained concerned about the city's obligations for Other Post-Employment Benefits (OPEB). The City actuarial obligation was at \$220 million and is now at 204 million, which is moving in the right direction, though most of the reduction was due to moving to a different health insurance provider and the addition of deductibles to the city's health insurance policies. **Mr. Towne** did note that increasing staff would increase OPEB liability. He noted that OPEB liability is relatively new to reporting standards, and the ratings agencies want the City to start addressing it. The City's schedule to fully fund its pension liability extends to 2027. The city needs to establish a plan to fund the OPEB trust fund. **Mr. Towne** said that would be addressed as part of the administration's recommendations on the use of the city's free cash. It won't be a significant amount, but they will start to see some significant progress as they move forward.

To further improve the city's financial picture, the administration intends to manage the debt, which should begin to decline in 2016/2017 if current borrowing policies are maintained. In 10 years 65 to 70 percent of the principal long-term debt will be expended. The financial team is planning for that but does not see indebtedness going away. Rather, the administration hopes to try to stabilize the amount of debt the city carries. The Capital Improvements Advisory Board report is coming soon to the Mayor, which should help in setting priorities for capital improvements and attendant borrowing. Having a predictable rate of indebtedness will help the City to "sock" money away.

Mr. Towne said the City did not need to fund the whole of its theoretical OPEB liability. Rather the city must begin to slowly fund the liability. The important thing about the pension liability funding is that it is going to go up and will continue to slowly go up until the obligation is 100 percent funded. The city must as well address its OPEB liability, he said

The rating agency was very happy to hear about the wind turbine and liked the progressiveness of the city's plans for the future. **Mr. Costa** noted this was the first time he spoke to Standard & Poor's and said they were happy to hear the City is no longer on the DOR watch list. He pointed out that OPEB funding can only be used for retirees' benefits and for no other purpose.

Councilor McGeary noted the report stated that the tax levy goes up 4.5 percent, despite the limit of 2.5 percent imposed by Proposition 2 1/2. **Mr. Towne** stated that is mainly CSO debt exclusion because it is outside of the Proposition 2-1/2 limits. Any time they increase CSO that is added to the tax rate. New growth will raise the levy limit.

Councilor Hardy asked if there is a periodic report with what debt is going to be retired. **Mr. Towne** stated once they get through the debt issuance in February he would produce that report and give it to the Council at the beginning of the second quarter. The debt for the acquisition of Poles Hill will be retired in 2019.

These documents were placed file with the Committee.

17. Memo from City Auditor regarding accounts having expenditures which exceed their authorization and Auditor's Report

Mr. Costa reviewed his documentation with the Committee (on file).

A motion was made, seconded and voted unanimously to adjourn the meeting at 8:29 p.m.

Respectfully submitted,

Dana C. Jorgenson

Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING:

- **Financial breakdown of Harbormaster requests for Dun Fudgin, St. Peter's Marina and Harbor Cove by Tony Gross, Waterways Board Chairman**