CITY COUNCIL STANDING COMMITTEE

Budget and Finance

Friday, December 18, 2009 – 9:00 a.m.

1st Fl. Council Conference Room – 9 Dale Avenue, City Hall

Attendees: Councilor Jason Grow, Chair, Councilor Joseph Ciolino, Vice Chair, Councilor Steve Curcuru

Absent: None

Also in Attendance: Councilor Jackie Hardy, Marcia McInnis, Sarah Garcia

The meeting was called to order at 9:01 a.m. Items may be taken out of order.

1.   Other Business

A. **FY10 Seaport Bond Fund grant of $50,000 for the Harbor Plan Coordinator position**

Sarah Garcia, Community Development Director asked the Budget & Finance Committee to accept a $50,000 from the Seaport Advisory Board for the purpose of funding the position of the Harbor Plan Coordinator.

Councilor Ciolino asked is this part of Ms. Garcia's salary and the Harbor Plan Coordinator?

Ms. Garcia responded yes.

Ms. Garcia said the vote by the Advisory Board is for four communities. We are always deficit reporting. All the charges are eligible from June to June even though it's voted in December.

MOTION: On motion by Councilor Grow, seconded by Councilor Ciolino, the Budget and Finance Committee voted 3 in favor, 0 opposed to recommend to the City Council the acceptance of the FY10 Seaport Bond Fund grant in the amount of $50,000 for the Harbor Plan Coordinator position.

B. DOR Determination re: $231,000 to be paid to the State

Ms. McInnis spoke to the DOR determination of $231,000 to be paid to the State. She stated that a Council vote is needed because they have recommended that the money come from the Stabilization Fund. They know there is little flexibility and a lean budget for the City.

Councilor Grow said before this goes further – administration needs to respond to make a recommendation.

Councilor Curcuru is surprised - now the DOR wants satisfaction on this at this moment. We have these three deficits, one being school lunch program?

Ms. McInnis said a special revenue fund a revolving fund. This kind of fund runs as a deficit. A point of discussion between the School Department and the City and does the City have a right to tell the School that they can deficit spend in those funds. The position is that has been strongly taken by the School that the City doesn't have the authority to tell the school not to deficit spend those revenue funds. The City of Gloucester is not unique in this dilemma; others are in the same situation. They are cracking down, (Jerry Perry of the DOR) to be very concerned about the deficits in revolving funds in schools like athletic funds and food funds. This year they were very vocal, and now requiring us to raise one third of the deficit. They are requiring the same thing of Salem. The DOR is starting to say that those school revolving funds with deficit balances have to be resolved.

Councilor Curcuru asked how much is the deficit?

Ms. McInnis said she doesn't know exactly at this moment.

Councilor Grow suggested that until the Administration comes forward with a recommendation to deal with this, there isn't much the Council can do.

Ms. McInnis said they talked internally and knew this possibly, that the Medicare amount was going to need to be raised of $133,000. Taking from the Overlay Fund and avoiding a big conundrum of trying to get everyone together to get a vote, but this is more than they expected. They didn't expect that the school lunch program which is $43,000, and $55,000 for health insurance. Every deficit they have revolves around health insurance issues and school lunch. It's not things that we say we will do or not do.

Councilor Grow reiterated they need something out of the Mayor's office and can't call a Council meeting until that time.

Councilor Curcuru asked can we have a meeting and just go to the City Council.

Councilor Hardy asked does it have to be referred out to the City Council.

Councilor Grow says this is not an emergency. A special meeting would have to be called; it would have to be referred out to B&F and then to the City Council and have a "ping pong" meeting.

Councilor Ciolino asked does the Administration know about this.

Ms. McInnis said she expected this would be an issue right along. We have had discussions of having to get the Council together and get the votes done. The $231,000 is a surprise.

Councilor Curcuru said all of a sudden we're hearing about this by the DOR and that we have to satisfy it so quickly.

Ms. McInnis said there was no indication from them; and this is the way it works. This is why it's so stressful. Trying to dovetail the audit and audit entries drive what goes on - as well as a combined audit sheets goes into the recap. When you finish the audit process you go into an important process to set the tax rate. We never know what their determinations are going to be; and they could send out indications that they're going to crack down, but then they just do.

Councilor Grow said they have to set this matter aside as there has been no referral out from the Administration.

2.	Review of City Auditor

Councilor Grow, Chair of the Budget & Finance Committee called for an Executive Session and to comply with Chapter 39: Section 23B.(1) Open meetings of governmental bodies made the following motion:

MOTION: On motion by Councilor Grow, seconded by Councilor Ciolino, the Budget & Finance Committee voted by roll call 3 in favor, 0 opposed to move the meeting into Executive Session for the purpose of a personnel performance/review of the City Auditor.

At 9:20 a.m. the public portion of the meeting was closed.

MOTION: On motion by Councilor Grow, seconded by Councilor Ciolino, the Budget & Finance Committee voted 3 in favor, 0 opposed to move out of Executive Session at 10:28 a.m.

At 10:28 a.m. the Budget and Finance Committee reopened the public portion of the meeting and was noted that no votes were taken during the Executive Session.

By unanimous vote the Budget and Finance Committee meeting was adjourned at 10:30 a.m.

Respectfully submitted,

Dana C. Jorgensson

Clerk of Committees