

CITY COUNCIL STANDING COMMITTEE

Budget and Finance

Thursday, September 3, 2009 – 7:00 p.m.

City Council Conference Room

Present: Councilor Jason Grow, Chairman, Councilor Steve Curcuru, and Councilor Jackie Hardy, Alternate.

Councilor George joined the meeting at 7:20 p.m.

Absent: Councilor Ciolino

Also Present: Marcia McInnis; Jim Duggan; Chief Lane; Patrolman Nicastro, Doug MacArthur, Mr. Terpos, and Greg Verga

The meeting was called to order at 7:00 p.m.

1. Special Budgetary Request – Supplemental Appropriation. Engineering Department.

It is requested that \$40,000 be transferred from the Highway Force Account for the purpose of paving work as per contract #99078. These funds will be used for additional pothole repairs throughout the City by Allied Paving Corporation. Funds were transferred out of the Highway Force Account in October 2008.

MOTION: On motion of Councilor Grow, seconded by Councilor Hardy , the Budget and Finance Committee voted 3 IN FAVOR 0 OPPOSED to recommend the City Council approve the Special Budgetary Request – Supplemental Appropriation in the amount of \$40,000:

From: Highway Force Account 294015.10.442.59600.0000.00.000.00.000

To: Highway Paving Account 101000.10.422.52490.0000,00.000.00.052

2. Acceptance of Funds from the Commonwealth of Massachusetts – Community Development. Money is not yet available; therefore, discussion on this Agenda Item will be TABLED.

3. Memo from General Counsel re Proposed renewal of lease Isabel Babson Memorial.

The proposal for the lease renewal for a term July 1, 2009 ending on June 30, 2014 was provided. In lieu of rent, the City will waive real estate taxes assessed on the premises while said premises are in use by the City of Gloucester. The space, on Rogers Street, contains paved surface, twelve lined parking spaces, one space reserved for the sole use of the Lessor, one handicapped space and eleven parking meters. The use is for parking purposes, only.

MOTION: On motion of Councilor Grow, seconded by Councilor Hardy, the Budget and Finance Committee voted 3 IN FAVOR 0 OPPOSED to recommend the City Council approve the renewal of the lease for the Isabel Babson Memorial for a term to end on June 30, 2014.

4. Memo from CAO re Request to pay invoice without a purchase order.

Mr. Duggan reported on this request to pay the CATOC invoice in the amount of \$1900 for transportation during SailGloucester. This amount will be paid through the Tourism Budget. Services were contracted on or about July 1, 2009. The event was planned in a short time, and CATA was brought in toward the end of the planning process.

Councilor Hardy does not want to see CATA waiting longer for payment, and would like assurance this type of situation will not happen in the future.

MOTION: On motion of Councilor Grow, seconded by Councilor Curcuro, the Budget and Finance Committee voted 3 IN FAVOR 0 OPPOSED to recommend the City Council approve payment to CATOC in the amount of \$1,900.00 for

transportation services rendered on Saturday, July 4, through Tuesday, July 7, 2009 for SailGloucester.

5. Report from City Auditor re Accounts having expenditures which exceed their appropriations.

Ms. McInnis reported many expenditures exceeding appropriations have been cleared up since the last meeting. The schools are in a better position. Further, the Library acknowledges the two items will be reviewed and dealt with by Transfers, which will be forthcoming. **Councilor Hardy** stated she does not want to see this happen in the FY2011 Budget.

6. CC2009 – 009 (Hardy) Creation of Enterprise Account for Solid Waste and Recycling. (Taken out of order as the last item on the Agenda)

Councilor Hardy spoke to her Order stating her request to conduct research on the possibility of creating an enterprise account for solid waste and recycling; and, further that the Auditor inform the Council when the solid waste enterprise account revenues become greater than the account expenditures, resulting in a decrease in trash fees to the public.

Ms. McInnis stated that Enterprise Funds are established upon the recommendation of the Mayor and vote of the City Council. Neither the Mayor nor the Council can independently decide what to do. A structure and framework are needed to explore the possibilities. She looked at towns and cities that have established Enterprise Funds for this purpose and provided information on the three towns. Copy on file in the City Clerk's Office.

Ms. McInnis also stated there is a lot of decision making as to what will be in the waste stream, which is a regulated area. Further, there would be a considerable amount of work in establishing the account.

Councilor Hardy stated she thought the new system could generate more money, and if it makes more money, it should go back to the fee payer by reducing the cost of the bags.

Councilor Curcuru questioned whether or not this would be self-sustaining and, further, the program should run a while before establishing the account.

Ms. McInnis commented that none of the programs she researched are self-supporting as it is an expensive operation which needs to be supported by General Fund subsidy.

Councilor Grow spoke to the expenses for waste disposal in other parts of the country/world; and, further he does not feel there would be a great reduction in the cost of the bags.

Mr. Duggan commented that revenue streams are generated, and the city would be handcuffed to just that one activity when there are so many other demands on the city such as debt, infrastructure, etc. If the sale of the bags gets to a point to make money, it should be applied to the General Fund.

Councilor Hardy questioned meals taxes going to Tourism vs other needs for the

City, and noted that Tourism is getting \$23,000 this FY. **Mr. Duggan** stated that money has not been invested in Tourism in the past, and some funding needs to be reinvested as the City did this year in the DPW.

Councilor Curcuru asked about an update on the trash costs, etc. **Ms. McInnis** said it started late and did not perform as well because of the late start.

Councilor Grow commented he wants to see an increase in recycling efforts. Further, he requested the Administration put together a Task Force to evaluate the Enterprise Fund with the new Recycle Coordinator. He would like the possibility examined for feasibility, logistics, ordinances required, and applications with the laws. Further, review what it would cost to implement, as well as opportunity costs. A review of known profit and known expenses could also be included, which would reflect the true cost of waste removal.

Mr. Duggan stated that once the new Recycle Coordinator is in place, discussion will be set up, with REVISIT to the Budget and Finance Committee.

7. COM 09-028 (City Auditor) Patrolmen's MOA – Final Review.

(Take out of Order)

Councilor Grow reviewed questions on the fiscal impact of the MOU (to be called MOA from this point on).

Points of discussion:

The Contract, as agreed, does not increase the expenses in the Personnel Budget as is covered under the current budget. There is no change in appropriations.

The effective date is July 17, 2009, the date of signing.

There is no retroactivity, and any changes took place as of July 17, 2009

The contract reflects back to July 1, 2008

Salary stipends merge into the base salary

On November 1, 2009, the clothing allowance goes into effect.

The Defib and 911 Training goes into effect July 1, 2010

The clothing allowance of \$975.00 is over a span of eight months, not a full year, which reflects a \$14,000 savings. Clothing allowance is November 2009 to June 2010.

Benefits of the Quinn Bill go into effect September 1, 2009

Mr. MacArthur, Retirement Board, provided documents which show all pensionable items. He stated that most items on the list will not be pensionable after 2012. He also cited the Acts of 2009, Chapter 21 which reflect other items providing savings for the city. He also spoke to:

Minimum compensation; Section 16; extension of the funding schedule which has 18 years left, although now extended for two years to 2030; and, the unexpected retirement of 30 people this year. He also noted the following three factors:

The City must maintain no higher than a 4.5% increase;

The City must get 7.78 on finances; and,

The City cannot hire any more people which would cause an increase in unfunded liability.

Mr. MacArthur also noted that the Administration must negotiate with the bargaining units; however, there is no change as far as retirement is concerned as it is built into the present-day system. In 2006, the unfunded liability was \$62,891,501; and in 2008 dropped to \$59,723,548. He stated that people used to be leaving money in if they leave the employ of the City; however, now people are withdrawing their money.

Councilor Hardy questioned state and federal pay on salaries. **Ms. McInnis** stated that in the Contract, this is treated as regular pay, so anything paid is taxable, including stipends. Stipends are treated as regular wages, and anything on a W-2 has a tax payable.

Mr. MacArthur noted that one cannot be on a 1099 and be an employee in the same system.

With regard to the Quinn Bill, it is pensionable and rolled into base salary in 2012. The Quinn Bill is considered wages.

Mr. MacArthur also reported that with new legislation on health insurance, anyone who works for the City ten years or less when leave, their health insurance will not be full and will be prorated. This is designed to help communities. He stated that at the present time, groups are divided into 5 with regards to work environment; however, will now be reduced to two groups – administrative and other. This will be a big savings to the city and the State will define what duties one has. At this time Chapter 21 is being challenged in Court. In closing, he said the Commission is studying retirement systems which will, supposedly, help cities and towns.

With regard to questions posed, **Ms. Egan** provided copies of a memo to the City Auditor and Councilors as follows: *This is in response to your request for a legal opinion as to whether career incentive pay, as called for in the patrolmen's collective bargaining contract, is included in the definition of wages for pension purposes under the changes to the law enacted by Chapter 21 of the Acts of 2009. The patrolmen's contract states that the career incentive pay is to be considered salary for pension purposes. MGL c41*

section 108L provides that career incentive pay is an increase to the base salary. Chapter 21 of 2009 does not exclude salary increases which become a part of an employee's base pay; it only excludes salary enhancements or augmentations plans which are for a limited or definite term. In her opinion, the career incentive pay is included within the definition of wages for the purposes of calculating pension benefits.

Mr. Duggan spoke to police details stating that the range was between \$38 and \$43 per hour; however, working through negotiations, it was brought down to \$40 per hour straight fee. The average rate was \$40.84 per hour. Speaking on civilian flaggers, the companies are charging \$55 per hour; however, **Chief Lane** pointed out the flaggers are making \$35.00 with the company making the overage.

Councilor Grow pointed out that there are advantages in that, when the state instituted civilian flaggers, it was a 13% savings over police officers. He suggested hiring and training DPW workers to be used as flaggers for City projects. **Mr. MacArthur** stated that, under the pension system, if one hires a person, there must be a specific job description. **Mr. Duggan** pointed out advantages of having the police officers on details in that they can tow cars, make arrests, and be first responders. Flaggers, he said, do not have this authority. He also pointed out that the minimum time in the City has been reduced from 8 hours to 4 hours. **Councilor Curcuru** stated he is concerned that private detail costs get passed on to the residents.

Patrolman Nicastro pointed out that it is a State Law that there can be no private flaggers on State roads. **Councilor Grow** stated they can be put on City roads.

Further, he felt it was not a good idea to put this into the contract as then the City is locked into a long-term precedent.

Councilor George questioned the section regarding if there is a death in the family, one does not have to take bereavement at the time of death.

Chief Lane addressed this stating that, should an officer have a relative who passed away at a long distance with more time than normal to return the deceased, etc., taking leave immediately would not serve the purpose and officers often have to take sick leave in this case. Further, this is an exceptional instance; and, he will monitor and administer with discretion. **Councilor George** commented she is assured the Chief will use good judgment.

Councilor Grow commented he wants a clear understanding of the various aspects of the MOA.

Ms. McInnis stated amounts will change; and, **Mr. Terpos** stated that contract changes would amount to an increase of \$32,000 in FY11. Further, if there is a level funded budget, there would be less overtime, creating more savings.

On question of **Councilor Curcuru, Patrolman Nicastro** stated that, at the first contract negotiation meeting, he was told there was no money available.

There will be a presentation by the Administration on the MOA at the City Council Meeting September 8th.

8. Other Business. There was no other business.

It was moved, seconded and voted UNANIMOUSLY to adjourn the meeting at 8:40 p.m.

Respectfully Submitted,

Anne Marchand

Substitute Recorder