

CITY COUNCIL STANDING COMMITTEE
Special Budget & Finance Meeting
Tuesday, December 21, 2010 – 6:45 p.m.
1st Fl. Council Conference Room – City Hall

-- MINUTES --

Present: Chair, Councilor Steven Curcuru; Vice-Chair, Councilor Paul McGeary; Councilor Jacqueline Hardy

Absent: None.

Also Present: Councilor Verga; Councilor Mulcahey; Councilor Theken; Linda T. Lowe; Jim Duggan; Kenny Costa; Dr. Joseph Connelly; Val Gilman; Kathy Clancy; Michael Hale

The meeting was called to order at 6:48 p.m. There was a quorum of the City Council.

1. School Repairs:

A) Tentative Approval by the Massachusetts School Building Authority (MSBA) of Green Repair Grant Program for five schools:

- O'Maley Middle School
- Plum Cove Elementary School
- Veteran's Memorial Elementary School
- East Gloucester Elementary School
- Beeman Memorial Elementary School

Jim Duggan reviewed that in September with Superintendent Connelly five Statements of Interest (SOI's) were submitted for the Green School repair program from the MSBA which would allow the City if selected, to be reimbursed 48.27% towards the entire roof replacements for the schools as noted above. Before the Committee as outlined in the memo from the Mayor (on file), is the process and the estimated figures supplied by the MSBA. Looking at the roofs square footages; the replacements are \$20.00/sq. ft. These estimates are on the safe side by taking the high end (dollar value). OPM stands for Owners Project Manager which shows on page 2 of the Mayor's report to cost \$231,397.00. Mr. Duggan had a conference call with Superintendent Connelly and Councilor Hardy, at that time in her role as Acting Mayor with their contact at the MSBA, Dianne Sullivan. The Administration challenged that that it was not \$15,000.00 per property which they were told "no". The Administration asked if they could they use the City Engineer as the OPM, and the answer was "no". The MSBA made clear (MSBA) that that the OPM must be in there. They have designated pool of 20 OPMS as well as designers which the City can interview and select from. Not all 20 will be there when they get final approval because some are already on other projects. The price that he received for OPM services was estimated at 3%-5% of the total construction costs. This represents 5%. Mr. Duggan, on inquiry from **Councilor Theken** noted they are exploring the costs. He didn't know for sure what the process is for the OPM's in the pool available. They would not overburden the OPM's, he believed; and reiterated these numbers were supplied by the MSBA.

Dr. Joseph Connelly, Superintendent of Schools noted the OPM's were also firms not necessarily individuals to allay concerns there would not be an adequate number of OPM's available to the City.

Mr. Duggan continued, with the designers it was 10% number that he was provided with that afternoon by the MSBA. It was explained that it was 1% of the total construction cost. He was surprised it was now 10%. Moving forward those two costs are (proportionately) reimbursable under the terms of the grant. They are adding in a contingency to make it an even \$6 million for the total project cost. The

reimbursed amount with contingency is \$2,896,200 with the City's debt would be \$3,103,800. Reimbursed amount without contingency would be \$2,568,993 and the City's debt in this case would be \$3,431,007.

Councilor McGeary noted the contingency is in case it is spent; if it is not spent was it reimbursable.

Mr. Duggan noted once they are into it, he didn't know if it would cover skylights, for instance. If they want to do something like that, he didn't know if that was an eligible (reimbursable) expenditure.

Councilor Curcuru asked about the \$4,627,940 square foot roof costs total and with the other costs up now to \$6 million; all the extras add to the project costs. The City is still responsible for over \$3 million.

Mr. Duggan agreed.

Mr. Hale stated an OPM is required by State law. This is going to be an accelerated schedule and will start the first of the summer school vacation. They will have 10 weeks to get the work done on all the schools. He would bid them out in separate packages. He noted that Rockport's school roof project for one building took all summer. We have five school roofs.

Dr. Connelly said the \$1.3 million is reimbursable.

Mr. Hale stated the skylights at Veteran's weren't meant to be there for the number of years they were in place. They have to put something else in place to make the light and have to install certain types of electrical fixtures.

Councilor Hardy asked about the wet insulation and would that be part of the project. Did it make sense while on the roof that if they need to have a skylight replaced that they let the contractor do it so when they put the flashing on it, for instance, it is "on them" should there be a failure.

Mr. Hale stated "absolutely" assuring the Committee it would be part of the bidding process.

Mr. Duggan stated that is why they are looking at the high side.

Councilor Hardy asked about the term in the proposed motion that the State is recommending they use. "Project Funding Agreement" may be executed between the MSBA and the City asking for a definition.

Mr. Duggan stated that is the contract once they notify the MSBA that they have the support of the Council for the Loan Authorization.

Dr. Connelly stated the official vote of reimbursement is two votes – first is the vote to start the process. They'll do the schematic design and all the work to be done (OPM & Designer) and the final costs and then the MSBA will give the final approval.

Councilor Hardy asked if a School Building Committee will be required.

Mr. Duggan stated they have replaced that in the motion with "Department of Public Works" which they could do. They do not need to have a building committee.

Councilor Hardy asked when they repair these roofs what the life expectancy will be of each roof.

Mr. Hale stated they could get 20 years out of a good rubber roof. The last round of roof repairs/replacements was a lower end rubber. The technologies have become better; and have to make sure they don't just do a ballasted roof.

Mr. Duggan thanked Dr. Connelly who was "fantastic" in this process who coordinated the SOI's, making the points of contact, reaching out to the State delegation and thanked Sen. Tarr and Rep. Ferrante for their assistance.

Councilor Hardy stated the City has been invited to participate; will they know they'll get funding and are they in it for the five roofs.

Dr. Connelly stated assuming they confirm the five roofs at the site visit need the work, the MSBA will confirm that back to the City. Then the MSBA gives a final vote of approval after the OPM and Designer and final costs are determined.

Mr. Duggan stated they will not know the final number of the loan at the public hearing. Dr. Connelly is saying that they have been approved. In his conversations with Ms. Sullivan, he outlined the timeline of the City's commitment; calling the special meetings, determining the public hearing. He was told "excellent", they're moving forward. These are the numbers that he has and received at 3 p.m. that day from the MSBA. They will have a better handle once the OPM and Designer are on board to find out the final actual number.

Councilor Hardy stated if they authorize up to \$6 million then find out it is less, they don't have to do the entire amount. She wanted to confirm that they wouldn't have to borrow.

Mr. Hale stated it will be March when they will know what the bids will come in at. Looking at Veteran's (Elementary School) roof in 2005, it was slated to be replaced for \$212,000.00 and now it is \$626,920 to do the work.

Dr. Connelly noted the timeline off the MSBA website which he had printed out (document submitted at meeting and on file).

Councilor Hardy asked if there was an opportunity to hire locally on these roofing projects.

Mr. Hale stated there is no longer an ordinance requiring that; further, there wasn't a local company large enough to handle such projects. They need huge crews to accomplish it in the timeframe allotted. Local firms would be invited to bid if they choose to and have that option.

Councilor Hardy asked Mr. Hale if he would inform the company who ends up doing the work that if they need day laborers to consider hiring Gloucester citizens.

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

Ordered: That the sum of up to Six Million (\$6,000,000) Dollars for (i) roof replacement at the Ralph B. O'Maley Middle School, 32 Cherry Street, Gloucester, which proposed repair project would materially extend the useful life of the school and preserve an asset that otherwise is capable of supporting the required educational program, (ii) roof replacement at the Plum Cove Elementary, 15 Hickory Street, Gloucester, which proposed repair project would materially extend the useful life of the school and preserve an asset that otherwise is capable of supporting the required educational program, (iii) roof replacement at the Veterans' Memorial School, 10 Webster Street, Gloucester, which proposed repair project would materially extend the useful life of the school and preserve an asset that otherwise is capable of supporting the required educational program, (iv) roof replacement at the East Gloucester Elementary School, 8 Davis Street Extension, Gloucester, which proposed repair project would materially extend the useful life of the school and preserve an asset that otherwise is capable of supporting the required educational program, (v) roof replacement at the Beeman Memorial School, 138 Cherry Street, Gloucester, which proposed repair project would materially extend the useful life of the school and preserve an asset that otherwise is capable of supporting the required educational program, said sum to be expended under the direction of the Department of Public Works, and to meet said appropriation the Treasurer with the approval of the Mayor, is authorized to borrow said sum under M.G.L. Chapter 44, or any other enabling authority; that the City acknowledges that the Massachusetts School Building Authority's ("MSBA") grant program is a non-entitlement, discretionary program based on need, as determined by the MSBA, and any project costs the City incurs in excess of any grant approved by and received from the MSBA shall be the sole responsibility of the City; provided further that any grant that the City may receive from the MSBA for the Project shall not exceed the lesser of (1) forty-eight and twenty-seven one hundredths percent (48.27%) of eligible, approved project costs, as determined by the MSBA, or (2) the total maximum grant amount determined by the MSBA; that the amount of borrowing authorized pursuant to this vote shall be reduced by any grant amount set forth in the Project Funding Agreement that may be executed between the City and the MSBA; and that the Treasurer is authorized to file an application with the Municipal Finance Oversight Board to qualify under Chapter 44A of the General Laws any or all of the bonds authorized by this order and to provide such information and execute such documents as the Municipal Finance Oversight Board may require for these purposes.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted in favor, opposed to advertise the above loan authorization for public hearing for January 11, 2011.

- B) Discussion related to grant application and process for potential repair/reconstruction of West Parish School

Mr. Duggan noted the Mayor's Report memo outlined that the CIAB review the West Parish project. The Administration felt that it is a costly project; that they have to plan out their capital expenditures of the City and Schools. This will be done the first of January.

On question by **Councilor Curcuru, Dr. Connelly** stated the fact that they had that telephone conference call with Dianne Sullivan was encouraging. If the City was serious about tackling the project it was still in the pipeline. If they table it, at some point they have an obligation to notify the MSBA that they're not going to move forward.

Mr. Duggan noted in his conversations with the MSBA he expressed his concern on the MSBA's overall position with the City if they looked to postpone the project to a later date. At no point in time did they express it would jeopardize the project. There was a question and concern of affordability. The City needs to put in writing with the understanding of all the parties concerned: the City Council, the School Committee, and the Mayor in order to request a postponement to a date certain or indefinitely. The MSBA asked for a realistic timeline for the postponement. They will review the request and will reply in writing. When the City is ready for the project to proceed they may have to resubmit the Statement of Interest and start over again or may, depending on the timeline, put it to the side and when that timeline comes up, they might not have to start all over again.

Councilor McGeary stated they could put it on an inactive list.

Val Gilman, School Committee Chair stated that she supports moving forward with the prerequisite phase which "costs nothing". Dr. Connelly gave them the impression it is important to get the filing out there. They will go forward with that stage. She expressed her gratitude for his expertise in this area. The MSBA might decide that the population at West Parish might not warrant their going forward. She added, however, she is sensitive to the cost of the roofs and West Parish. She and several School Committee members attended a recent MSBA seminar where it was made clear that the "pot of money" is going to greatly diminish over the next few years. If they are in consideration by the MSBA, they should "grab it" because it won't be there in the years ahead and was important to note.

Dr. Connelly continued to feel it was beneficial to get these prerequisites done. It will then be waiting for them. However, he also admitted it is a great deal of work; and he would assist in any way he could. He felt it made sense that this point no matter what they decide to do with that project would be plus for the City.

Councilor Curcuru stated they didn't put the West Parish School on the list for roof repair.

Mr. Hale stated if they were planning on doing something large scale there, then they would not replace the whole roof. On inquiry from **Councilor Curcuru** he thought the square footage and costs would be about \$600,000.00 because in 2005 it was about \$240,000 to replace that roof.

Mr. Duggan thought that could be a project in the pipeline with the MSBA.

Councilor McGeary asked for an explanation of the prerequisite phase.

Dr. Connelly noted once you submit feasibility prerequisites, MSBA reviews them and schedules a meeting to discuss the scope of the project. When they meet in Boston, they'll have that fully studied and will tell them based on their projections whether it justifies the building of the school. They have two purposes to substantiate the need but also to carry out that project. They'll tell them what their best approach is. If they go ahead and have the meeting, they'd try to get a sense how much they could get out of the feasibility study. If they get the go ahead, the design firm would do the feasibility study looking at all the options and look at all the buildings and what would be the best approach. That becomes the feasibility study. They would then determine the best solution. Then the design firm would do the schematic drawings and cost estimates, and goes to the City, then fund. The prerequisites are sent in for

the MSBA's consideration; and are at no cost to the City. Further, the information is already available but needs to be assembled. This is a preliminary study.

Councilor Hardy asked what the City Council would do to help with that process.

Dr. Connelly stated the other three prerequisites are analysis of the maintenance of the buildings which Mr. Hale has been working which amounts to about a couple of weeks worth of work. It is looking back on five to 10 years and then it is the same information for 5 to 10 years projection.

Councilor Hardy asked what role the Council would play wondering if they referring this to the CIAB, and what role B&F plays in the process.

Councilor Curcuru thought the matter should go to the CIAB.

Councilor Hardy asked at what point in time they would name a member of the City Council to a potential building committee.

Dr. Connelly thought the issue was the Mayor stated she felt if they're going to delay this project for a year or two that at this point the prerequisites involve so much work that they should perhaps table it all and come back at it in two years.

Councilor Hardy stated they'd then be composing a letter [to the MSBA].

Kathy Clancy, School Committee member stated they have Dr. Connelly with his expertise here now until the end of the school year; and he has offered to help without cost to get the next hurdle done feeling "there is no harm in doing it."

Mr. Duggan appreciated the no out-of-pocket expense per se to the City, but City departments are strained now; and this process of gathering the information and formatting it into what the MSBA wants is time consuming. While respecting Dr. Connelly's expertise, it was the Administration's recommendation that this matter be forwarded to the CIAB and not burden the City staff at this time.

Councilor Hardy asked when the CIAB could take this up.

Mr. Duggan didn't know.

Ms. Gilman asked Dr. Connelly how much work it would take for him to do the prerequisites study.

Dr. Connelly stated the work really rests with Mr. Hale and Jeff Towne, CFO. It is gathering the information they have and putting it into the format the MSBA wants. There is forming of the Building Committee; the maintenance history and the projected capital investment. They have to demonstrate in the last three years their financial effort to maintain the public school buildings has equaled what half of the foundation budget should be.

Councilor Curcuru thought it should go to the CIAB and give them a timetable. It would be on their list of the overall capital projects; to return to the Council by mid-June.

MOTION: On motion by Councilor Hardy, seconded by Councilor McGeary, the Budget & Finance Committee voted 3 in favor to refer to the CIAB the matter of the West Parish School for the purpose of a comprehensive report to be presented to the City Council by June 1, 2011.

A motion was made, seconded and voted unanimously to adjourn the meeting at 7:35 p.m.

Respectfully submitted,

Dana C. Jorgenson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING:

- **Massachusetts Building Authority Green Repair Program Timeline – 5 pages submitted by Dr. Joseph Connelly, Superintendent of Schools**