

Budget & Finance Committee
Thursday, March 21, 2019 – 5:30 p.m.
1st Fl. Council Conference Room – City Hall
-Minutes-

Present: Chair, Councilor Melissa Cox; Vice Chair, Scott Memhard; Councilor Ken Hecht

Absent: None.

Also Present: Councilor Nolan (left the meeting at 5:47 p.m.); Councilor O’Hara (left the meeting at 6:18 p.m.); Kenny Costa; Joanne M. Senos; Jim Destino; John Dunn; Fire Chief Eric Smith; Vanessa Krawyck

The meeting was called to order at 5:31 p.m. There was a quorum of the City Council until the departure of Councilor Nolan at 5:47 p.m.

1. Memorandum from CFO re: loan authorization request in the amount of \$900,000 for the demolition and reconstruction of Magnolia Pier

Jim Destino, CAO explained that the loan authorization represents the follow-through of the commitment from the Administration made for the rebuilding of the Magnolia Pier. He recounted that the pier design went through several iterations and that in the end the design for the new pier was similar to what was there before. He noted that some money has been and continues to be raised privately to support the rebuilding of the Magnolia Pier. He extended his thanks to Councilor Nolan for his coordination with the Magnolia Pier Advisory Committee. He advised that in the language of the loan authorization the Mayor has the authority to use those donations to help pay down the loan saying that in the end they may not need the full amount of the authorization due to the fundraising efforts. If everything goes well Tuesday evening at Council they’ll go out to bid and start construction by Memorial Day, he added.

Councilor Cox asked how much money had been raised to date. **Councilor Nolan** advised that between two committees and the Magnolia Beach Corp. and the Gloucester Fund it is around \$175,000. **Councilor Cox** asked what the expectation for funding versus privately-raised money. **Mr. Destino** answered, “Zero;” pointing out that this is a city project that had always been had planned that the rebuilding of the pier would be a full funding by the city. He conveyed that anything the people of Magnolia have done is wonderful. **Councilor Cox** asked if private citizens can buy into the loan order, for example to put \$10,000 towards it. **John Dunn**, CFO advised that would be difficult saying that there are some communities like Cambridge that such have programs, but he advised he wasn’t in favor of instituting such a program because of the administration of any such loan by-in programs. He recounted that many years ago it was done, but pointed out that is why they put language into the loan authorization that the Mayor can accept any grants or donations towards the pay down of the loan. He described that how it works is that they fund the project with short-term borrowing and then at the end of the project the long-term debt is issued for the remainder. When he gets the word it’s the end of the fundraising and the money is in hand, they will move to issue the debt, he noted.

Councilor Cox briefly discussed with **Mr. Destino** and **Councilor Nolan** for the possibility of salvaging wood from the old pier to be saved to use as a fundraising incentive. **Councilor Nolan** confirmed Mr. Hale told him he had no problem in saving some of the wood at a specific location for that purpose.

When asked about the bidding process, **Mr. Dunn** advised he expected it would take about 2½ months. **Mr. Destino** mentioned the cooperation of the Conservation Commission about the pier’s construction materials which assisted in keeping down the costs.

Councilor Hecht addressed the merits of the fundraising concept briefly.

Councilor Nolan expressed his thanks to the Administration, Councilor O’Hara, as well as the Magnolia community for coming together for the rebuilding of the Magnolia Pier with another fundraising event to go. What they don’t raise will come out of city expenses, but these are responsible people that want to help as they can.

Councilor O’Hara expressed he was pleased to see this loan authorization going forward. **Councilor O’Hara** asked about city insurance coverage for the pier citing what happened recently with Newell Stadium. **Mr. Destino** assured that the pier falls under the city’s insurance, and explained that the city carries general insurance as well as liability insurance but acts of G-d (known as force majeure) aren’t covered. **Mr. Dunn** added that if a fire was set on the pier and it was damaged, that is one matter, but if it was an act of G-d, then it wouldn’t be likely. If the pier is damaged due to a major storm it could be something to claim through FEMA, **Mr. Destino** added, and that they still could see some FEMA funding for the damage done to the pier and if there is something forthcoming it will be used as pay down on the loan authorization.

COMMITTEE RECOMMENDATION: On a motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve the following a loan authorization of \$900,000 as follows:

Ordered: That the City of Gloucester appropriates Nine Hundred Thousand Dollars (\$900,000) to pay costs of the demolition of the existing and reconstruction of a new Magnolia Pier, including costs incidental or related thereto. To meet this appropriation the Treasurer, with the approval of the Mayor is authorized to borrow said amount under and pursuant to M.G.L. Chapter 44, Section 7(1), or pursuant to any other enabling authority. The Mayor and any other appropriate official of the city are authorized to apply for, accept and expend any grants or gifts that may be available to the City to pay costs of the projects. Any premium received by the City upon the sale of any bonds or notes approved by this vote, less any such premium applied to the payment of the costs of issuance of such bonds or notes, may be applied to the payment of costs approved by this vote in accordance with Chapter 44, Section 20 of the General Laws, thereby reducing the amount authorized to be borrowed to pay such costs by a like amount.

Further Ordered: 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.

2. Memorandum from Fire Chief re: acceptance of a Student Awareness or Fire Education Grant in the amount of \$4,354 and a Senior SAFE grant in the amount of \$2,600

Fire Chief Eric Smith briefly explained the two grants the Fire Department applies for and obtains annually (documentation on file) from the state Fire Marshall's office to continue their outreach programs. He expressed appreciation for the work done by Fire Captain Barbagallo to continuing to write and managing the two grants' outreach programs.

COMMITTEE RECOMMENDATION: On motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council accept under MGL c. 44, §53A, a FY2019 School-based Student Awareness of Fire Education (S.A.F.E.) grant from the Mass. Department of Fire Services in the amount of \$4,354 for the purpose of providing fire and life safety education to school-aged children.

COMMITTEE RECOMMENDATION: On motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council accept under MGL c. 44, §53A, a FY2019 Senior Awareness of Fire Education (S.A.F.E.) grant from the Mass. Department of Fire Services in the amount of \$2,600 for the purpose of providing fire and life safety education to seniors.

3. Memorandum from Interim Police Chief re: request acceptance of an Earmark Grant from the Executive Office for Administration and Finance to upgrade the Police Department Communication System in the amount of \$75,000

Mr. Destino noted every year they send the state legislators their wish list on their state budget, and one of the items was asked for by the Police Department was \$75,000 for upgrading radios, some radio equipment and to fund the upgrading of the Homeland Security cameras that will be used to protect the plovers at Good Harbor Beach.

Councilor Cox expressed concern about radio communications hindered by granite and other geography of the city with **Councilor Memhard** expressing concern for compatibility between the Fire and Police Department radios. At the time **Mr. Destino** was unable to address those questions, but that further in the meeting he confirmed to the Committee that the Police Department radios were now compatible with all other city departments' communications systems.

COMMITTEE RECOMMENDATION: On motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council accept

under MGL c. 44, §53A, a FY2019 Earmark Grant line item #8000-0313, through the Mass. Executive Office of Public Safety and Security, in the amount of \$75,000 for the purpose of upgrading the Police Department's communication infrastructure through the purchase of new public safety radio equipment. There is no match and grant expires June 30, 2019.

4. Memorandum from City Clerk re: acceptance of donations to the Archives Committee in the amount of \$175

Joanne M. Senos, City Clerk, appearing on behalf of the Archives Committee asked that the Committee accept two donations (\$75 from Barbara B. Berman and \$100 from Christopher J. McCarthy for a total of \$175). As the donations weren't specific the funds will be applied to the Archives Committee Donations fund. She noted the Archives Committee always acknowledges all donations.

COMMITTEE RECOMMENDATION: On motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council accept under MGL c. 44, §53A, cash donations from Barbara B. Berman in the amount of \$75.00 and from Christopher J. McCarthy in the amount of \$100.00 for a total of \$175.00 for the Gloucester Archives Committee for the purpose of funding the Gloucester Archives Committee Donation Projects in Fund 3305.

5. Memorandum from CFO re: requesting approval to credit the General Stabilization Fund via Home Rule Petition with the Fuller School Sales proceeds

John Dunn, CFO, explained that the sale of the Fuller School site to the Fuller Mixed Use Ventures, LLC has been completed and the sale proceeds are received. By state statute (MGL Ch. 44, Sec. 63) it is required that the proceeds from the sale of real estate be credited to a Special Revenue Fund to be expended on capital projects. That is somewhat restrictive and the Special Revenue fund balance sheet to the public and rating agencies puts it to the side. The idea was that it would be better positioned to the General Stabilization Fund. The benefit would be that it would be more flexible in terms of the use of the funds. The larger benefit is the presentation is showing as part of the General Fund balance that rating agencies concentrate on, and benefit the city more than as a Special Revenue Fund. It requires that the city do that through a Home Rule Petition. The Council has to approve the request for the Home Rule Petition which then goes to the legislative bodies to approve. It is hoped it will be done this year. The General Fund balance will be increased by \$4.1 million but if it doesn't happen until sometime in FY20 it is still a good benefit. He reported that the city's state legislators think this is a good idea as well and don't anticipate pushback at the Statehouse. After this passes at Council, a letter will be sent with the language for the Home Rule Petition from the Mayor to the city's state legislators, **Mr. Destino** advised. He also reported that as soon as the Fuller sale went through he got a call from MassDevelopment. He then recounted that the previous administration accepted MassDevelopment money to do a feasibility study (for a possible central emergency services building at the Fuller Property), but the caveat was that if the school was ever sold they'd have to return the funds. He reported that as soon as the property was sold MassDevelopment contacted them reminding that the money needed to be refunded. He conveyed they will take the money out of the proceeds from the sale and pay MassDevelopment back (about \$60,000). **Mr. Dunn** noted that the funds are in the Sale of Real Estate account pointing out that there was also \$1,000 in expenses for the closing and this, too, will be taken from that account. Once that money is removed, there will be a little over \$4 million remaining in the Sale of Real Estate account, he pointed out.

Councilor Cox asked why the funds are planned to be received by the General Stabilization Fund and not another more specific Stabilization Fund. **Mr. Destino** and **Mr. Dunn** advised that the General Stabilization Fund needs the biggest boost in funding and is the most flexible fund for city purposes. **Kenny Costa**, City Auditor, confirmed the real estate proceeds can't be moved into the General Fund.

Councilor Cox and **Mr. Destino** discussed briefly city-owned land that is buildable, and property taken due to non-payment of taxes, those that aren't buildable, with **Councilor Memhard** contributing to the discussion, to consider affordable housing partnerships to work to the 10% of all housing units in the city to meet the city's Housing Production Plan. **Councilor Cox** asked what the Fuller money will be used for. **Mr. Destino** advised at this time they don't know but are working on a plan. They're not to the point where they can spend the money until the Home Rule Petition passes. Included in that discussion were several concerns for funding for on-going city issues.

COMMITTEE RECOMMENDATION: On a motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council request that the city of Gloucester's state legislators file a Home Rule Petition on behalf of the city and based on said petition, that the General Court approve and enact a Special Act substantially as follows:

“Section 1. The General Court may make clerical or editorial changes of form only to the bill, unless the City Council approves amendments to the bill before enactment by the General Court. The City Council is hereby authorized to approve amendments that shall be within the scope of the general public objectives of this petition.

Section 2. Notwithstanding any general or special law to the contrary, the city of Gloucester, may, upon approval by the city council and mayor, credit the total proceeds from the sale of the former Fuller School property to a stabilization fund to be used for municipal purposes.

Section 3. The act shall take effect upon passage.”

6. *Supplemental Appropriation- Budgetary Transfer Request 2019-SA-31 from the CFO*

Mr. Dunn conveyed that the \$35,000 appropriation is for a further investigation as to what the best location for the School Pre-K Program and School Department Offices for either the High School or O'Maley Innovation Middle School and associated costs for renovation of the space or if the option to buy the current leased building is a better option. There are two more years left on the lease for the building being used now in the Blackburn Industrial Park, he pointed out which is why the timing is right to undertake this study now.

Mr. Dunn and **Mr. Destino**, responding to an inquiry by **Councilor Memhard** who asked if it was feasible to place the Pre-K and School Administration in the proposed new elementary school, advised that it would be very difficult to do with the Mass. School Building Authority (MSBA) funding 50% of a new school, and that to include that kind of additional space there would be no MSBA funding for it. There was also a brief additional discussion between the Committee and **Mr. Destino** about the location of the new school, touching on how the city anticipates funding its portion of the costs, and the Building Committee's meeting process.

COMMITTEE RECOMMENDATION: On a motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve Supplemental Appropriation 2019-SA-31 in the amount of \$35,000.00 (Thirty Five Thousand Dollars) from the Building Maintenance Stabilization Fund-Undesignated Fund Balance, Account #7700-359000, to School Pre-K and Administration Relocation Study, Account #770006-530006 for the purpose of funding a feasibility study for the relocation of the School Pre-K and Administration Offices.

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

Mr. Costa reviewed his documentation with the Committee.

A motion was made, seconded and voted unanimously to adjourn the meeting at 6:31 p.m.

Respectfully submitted,

Dana C. Jorgensson

Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.