

Budget & Finance Committee
 Thursday, April 4, 2019 – 5:30 p.m.
1st Fl. Council Conference Room – City Hall
-Minutes-

Present: Vice Chair, Scott Memhard; Councilor Ken Hecht

Absent: Councilor Cox

Also Present: Councilor Lundberg (entered the meeting at 5:48 p.m.); Amit Chhayani; Jim Destino; John Dunn; Mike Hale Adam Curcuru; Vanessa Krawyck

The meeting was called to order at 5:30 p.m.

1. Memorandum from Director of Veterans Services re: acceptance of donations in the amount of \$387

Adam Curcuru, Director of Veterans' Services, advised that Cape Ann Veterans' Services is in receipt of two donations, noting that they have great support from the community for a total of \$387.

COMMITTEE RECOMMENDATION: On a motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Cox) absent, to recommend that the City Council accept under MGL c. 44, §53A, donations from members and business partners to the Cape Ann Office of Veterans' Services for the purpose of supporting on-going efforts to serve Veterans and Active Duty military for a total of \$387.00 as follows:

<u>Name/Entity</u>	<u>Dollar Amount</u>	<u>Date Received</u>
Andrew and Ann Kouletis	\$100.00	02/01/2019
Third Annisquam Parish	\$287.00	01/14/2019
TOTAL:	\$387.00	

2. Memorandum, Grant Application & Checklist from the Planning Director re: FY2020 Green Communities Competitive Grant in the amount of \$144,331 with a \$50,000 match from the city (Grant Application)--for information only

The application documentation for the FY2020 Green Communities Competitive Grant is for information only and was placed on file.

3. Memorandum from CFO re: loan authorization request in the amount of \$190,000 for the Souther Road paving betterment

John Dunn, CFO, advised that this loan authorization is funding for the road paving betterment project for Souther Road which is the final part of the Ordinance process. He noted that as is his practice, he rounded up the dollar amount for the loan authorization to allow leeway for any contingencies. He reminded the Committee that even though the city may allow betterment repayments up to a 10-year period, the city must pay the loan back over a five-year period which has to do with the change in borrowing laws. A number of abutters involved in these projects pay up front, about 30% to 50%, depending on the size of the assessment, he confirmed to **Councilor Hecht**.

Mike Hale, DPW Director, responding to a series of questions from **Councilor Hecht**, advised that about ready to close out is the betterment project for Nashua Avenue at a cost of \$200,000, Englewood Road and Lake Avenues are next up in the betterment queue at a cost of \$300,000. He noted that Souther Road is joining the queue, and the Brier Neck neighborhood is still going through planning efforts to determine what needs to be done, which is complicated for a number of reasons, a few of which he touched on briefly. Additionally, **Mr. Dunn** described the complexity of the city's role in betterment financing noting that the city pays the cost up front. There are tax implications for the city on the back end of these projects, and that from an accounting standpoint, betterments are difficult to process and track. He cautioned the Committee about the number of projects they've opened a door to as there will be a point where the city will have to reexamine just how many projects they can oversee and finance because of the accounting and financial implications for the city. **Mr. Destino** also participated in the conversation.

Councilor Memhard conveyed the concern of the Souther Road abutters that the loan order was for \$190,000 as they approved a project estimated at \$157,000. **Mr. Hale** responded by saying that the original request was for a price for Souther Road and for a portion of Brier Road, the section of Brier Road that goes towards the water. His department provided an itemized price for Souther Road and then an add-on for Brier Road. He advised that all the correspondence he received from this group refers to the Souther Road/Brier Road project. Noting he was not at the meeting for the vote and not knowing that the abutters didn't take up Brier Road at all, the price would be \$168,000 for Souther Road -- \$158,000 for construction costs and \$10,000 for contingencies, about 8% over the base cost which is the traditional "hold" for all paving projects. **Mr. Dunn** added that the betterment that gets assessed to the property owners is whatever the project costs. He pointed out that if they wanted it was okay for the Council to amend the loan order and reduce it to \$168,000 but that means it's all the funding the city has for the project. If for any reason they're short of money, and several feet remain to be paved, they're done and it can't be helped. He reminded the Committee that he doesn't borrow the funds until Mr. Hale advises that a project is finished. If at the end of the project it comes to the total of \$168,000 that is what he goes out and borrows for the final debt. The betterments will be \$168,000. **Councilor Memhard** clarified that Mr. Hale and Mr. Dunn won't know what the final cost is until it is completed. The first bill to abutters will go out nine months to a year from completion, he indicated. **Mr. Hale** conveyed that in his estimation that abutters likely won't receive the betterment payment request until the first tax bill of 2021 based on the timing of this two-season project -- with binder laid down this year and the top laid next year. **Mr. Dunn** explained that the first betterment bill doesn't appear until the third-quarter tax bill of each year, which is by law. By way of example, the project ends in January; the first bill will be a year from then. It depends on the timing of when the project ends and when the recording is done at the Registry of Deeds, as well as how it works on the tax billing cycle. Betterments are difficult to administer from an administrative standpoint, he pointed out, but assured that the Treasurer/Collectors Office has it well in hand.

Councilor Memhard noted these betterment projects reflect a great deal of work in terms of constituent meetings, management meetings, "hands-on" by city senior management because each road and neighborhood is unique and different for a variety of reasons. He expressed concern for the number of meetings that they'll be pulled into as this process expands and the demands made on city management moving forward. **Mr. Destino** also expressed several concerns, as well as the administrative burden the betterments entail.

COMMITTEE RECOMMENDATION: On a motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Cox) absent, to recommend that the City Council approve the following a loan authorization of \$190,000 as follows:

Ordered: That the City of Gloucester appropriates One Hundred Ninety Thousand Dollars (\$190,000) to pay costs of permanent repairs, including paving to Souther Road, a private way in the City, 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(5), or pursuant to any other enabling authority. Although any borrowing by the City to meet this appropriation shall constitute a general obligation of the City and a pledge of its full faith and credit, one hundred percent (100%) of the amount needed to repay any borrowing pursuant to this order shall be raised in the first instance through the assessment of betterments upon the abutters of the private way, in accordance with MGL Chapter 80, and any other applicable authority. The Mayor and any other appropriate official of the city are authorized to take any and all actions necessary to assess the betterments described above, the term of which will not exceed 10 years, or such shorter time as proscribed by Massachusetts General Law. 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.

This matter is advertised for the City Council meeting of April 9, 2019.

4. Supplemental Appropriation-Budgetary Requests (2019-SA-32 & -33) from the CFO

Mr. Hale reported that the O'Maley Innovation Middle School building requires a fully functioning cooling system as the school has all fixed windows. He described the system as having two separate chillers. He reported that when the DPW took over the maintenance of the city's schools one of the O'Maley chillers didn't work, with the other chiller only working at one quarter of its capacity. The DPW rehabilitated the functioning chiller only to have other issues within the system. This past year through a loan authorization the DPW replaced all the pumps, controls and motors in the school's HVAC system. This last piece is for a new chiller which will come on line as soon as this loan authorization is approved before the warm weather starts. They can't run the school without the system, he pointed out.

COMMITTEE RECOMMENDATION: On a motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Cox) absent, to recommend that the City Council approve Supplemental Appropriation 2019-SA-32 in the amount of \$90,000.00 (Ninety Thousand Dollars) from the Building Maintenance Stabilization Fund-Undesignated Fund Balance, Account #7700-359000, to O'Maley Innovation Middle School HVAC System – Building Improvements, Account #770007-582003 for the purpose of funding building maintenance improvements to the O'Maley Innovation Middle School HVAC System.

Mr. Dunn advised this request for appropriation came through the DPW Director which is presented in one appropriation due to timing for garden improvements and an ADA (Americans with Disabilities Act) assessment. **Mr. Hale** noted that the western portion of Stacy Boulevard seawall project is now completed; the newly dedicated Avis Murray tennis courts are being reconstructed, and Generous Gardeners is taking over the Elizabeth Gordon Smith Garden, fundraising to redo the gardens. The city is offering labor to move trees and have obligated the city to install new walkways from the seawall up to Garden along with irrigation which is \$50,000.

He described the second piece at a cost of \$40,000, for the completion of a "504 Transition Plan." He explained that the city is mandated by the federal government to have an ADA Transition Plan which reviews areas to see what is non-compliant and create a plan to bring them into ADA compliance. He advised that the city funded the first part of the study through Chapter 90 money last year which looked at areas in the downtown, some places of worship and some schools. The second part through this appropriation will get the city its completion of the plan. This plan will qualify the city for grant funding annually of up to \$500,000 to aid in retrofitting some of these crosswalk ramps to make them compliant. With the plan, it makes the city a good candidate for the funding, he added, along with protection from lawsuits.

COMMITTEE RECOMMENDATION: On a motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Cox) to recommend that the City Council approve Supplemental Appropriation 2019-SA-33 in the amount of \$90,000.00 (Ninety Thousand Dollars) from the Capital Projects Stabilization Fund-Undesignated Fund Balance, Account #7600-359000, to Stacy Boulevard Capital Projects Improvements – Site Improvements, Account #760023-584000 for the purpose of funding various capital improvements that includes Stacy Boulevard walkway improvements, ADA assessment and garden irrigation.

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

Amit Chhayani, Assistant City Auditor, reviewed the previously submitted documentation with the Committee.

A motion was made, seconded and voted unanimously to adjourn the meeting at 5:58 p.m.

Respectfully submitted,

Dana C. Jorgenson

Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.