

Budget & Finance Committee
Thursday, August 22, 2019 – 5:30 p.m.
1st Fl. Council Conference Room – City Hall
-Minutes-

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

Absent: None.

Also Present: Kenny Costa; Mike Hale; Jill Cahill; Vanessa Krawczyk

The meeting was called to order at 5:32 p.m. Matters were taken out of order.

1. Memorandum from HR Director re: requesting permission to pay FY19 invoice with FY20 funds

Vanessa Krawczyk, Assistant CAO, asked the Council to pay a prior year's invoice that was received late from FY19 with FY20 funds. In the next Mayor's Report she advised there will be another late invoice for Unemployment Assistance that was overlooked. She conveyed that steps are being taken to correct such oversights, on an inquiry by **Councilor Cox**. The funds were available in the last fiscal year but were swept up for Snow & Ice, **Kenny Costa**, City Auditor, pointed out, saying that there was a Purchase Order but not enough funds for payment.

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 in accordance with MGL c. 44, §64 approve payment of a prior year invoice for claims processed by the Massachusetts Executive Office of Labor and Workforce Development, Department of Unemployment Assistance EAN Number 78303680, dated July 9, 2019 for the purpose of paying for June 2019 claims for city employees to be paid with FY2020 General Fund – Human Resources Department budgeted funds for a total of \$292.02.

2. Memorandum, grant application & checklist from the Assistant Library Director re: request acceptance of a Library Services & Technology Act grant in the amount of \$7,500

Ms. Krawczyk briefly described the use of the grant funds totaling \$7,500 from the Mass. Board of Library Commissioners for the Sawyer Free Library to create a civic hub for the community for \$7,500 (full documentation on file).

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 accept under MGL c. 44, §53A, a federal grant from the Institute of Museum and Library Services passed through the Massachusetts Board of Library Commissioners, a Library Services and Technology Act Grant Program entitled "Civic Hub" for \$7,500 for the purpose of establishing the Sawyer Free Library's role as a civic hub in the community. The grant period is from October 1, 2019 through September 30, 2020. There is no local match for this grant.

3. Memorandum from CFO re: request amendment to loan order 2018-007 to increase loan from \$1,600,000 to \$2,000,000 to fund improvements to the Harbormaster's Office

Ms. Krawczyk advised the following: In July 2018 the City Council approved a loan order in the amount of \$1.6 million to fund improvements to the Harbormaster facilities. General contracting bids are due next week. There is a Seaport Economic Council grant for \$1 million received earlier in the year. Estimates from last year were updated and are coming in higher and so they are planning for higher bids which is the reason for the ask to increase the loan order.

Jill Cahill, Director of Community Preservation advised that the Building Committee took steps to stay within budget as much as possible. The subcontractor bids came in today, she advised, noting that while some subcontracting bids were on point, HVAC came in much higher, a reflection of this construction season. She added that the city doesn't want to be in the position of not being able to sign a contract because they're short of funding.

Councilor Cox asked if there would be one General Contractor. Due to the value of the estimated contract there are sub-bids, and various trades have to bid separately. It is procedural, not that it's a choice, because of the

value of the project, **Mike Hale**, DPW Director, advised. The estimate for the total project is now \$1.8 million but it is appropriate to build in a want the buffer which takes the overall total to \$2 million.

Councilor Cox asked when the final plans will be available. **Ms. Cahill** assured there are plans available now; construction documents were finalized this summer. **Mr. Hale** advised that there are no significant external modifications to the building which consists of some windows and door replacements. The majority of the work is inside the building. The final plans will be placed on the building committee's website. **Mr. Hale** added that the entirety of the process has been transparent; noting that minutes from the Building Committee meetings are posted on line.

Councilor Hecht asked if the \$1.8 million include an estimated General Contractor fee which was confirmed it did by **Ms. Cahill**. He touched on the issue of possible larger windows on the water side of the building. Bigger windows will be installed in the communications room but not for the Harbormaster's office as a compromise, due to structural issues, **Ms. Cahill** conveyed.

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 amendment to Loan Order 2018-007 for an additional \$400,000 for a new total loan authorization of \$2,000,000 as follows:

Ordered: That Loan Order 2018-007, Certificate of Vote 2018-129 of this Council approved July 24, 2018 authorizing the borrowing of \$1,600,000 to pay costs of improvements to the Gloucester Harbormaster facilities and establish a visiting boater center, including costs incidental or related thereto, is amended in its entirety to provide as follows:

Ordered: That the City of Gloucester appropriates Two Million Dollars (\$2,000,000) to pay costs of improvements to the Gloucester Harbormaster facilities and establish a visiting boater center, 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, 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.

This public hearing will be heard on Tuesday, August 27, 2019.

4. Memorandum from CFO re: loan authorization request in the amount of \$1,000,000 for the replacement of the Concord Street Bridge

Mr. Hale recommended that the city completely replace the Concord Street Bridge over Walkers Creek (at Sumner Street & Concord Street). He showed the Committee photos of the bridge which he described (placed on file). It is in very poor condition, he reported. It was noted that there is an email communication from Deborah Cramer asking to raise the approach to the bridge on either side of it. He noted the approach both sides and Sumner Street approach it is underwater at times. Showing the 2030 sea rise projection for the area along with the 70 year and 100 year projections, milestone years, which no one can accurately predict (placed on file and available on city's website). Referencing the Klinefelder Report on Climate Change and Vulnerability (dated 2015 and on file), he pointed out that there are many city assets that are ranked a higher priority, than a small bridge, although not discounting this neighborhood. He described that there are 25 houses past the bridge. He highlighted that there are significant city infrastructure needs that have to adapt to climate change.

He conveyed this a \$900,000 project with about \$490,000 in support funding from the MassDOT Municipal Small Bridge Programs Grant. Were they to raise the roadway structures it would be millions more. He suggested

that raising the approach on either side of the bridge may not be the best use of city money given all that has to be done. The city is getting dollar for dollar, and once the project is complete it will last a long time even with the projected sea rise models, he pointed out. He expressed appreciation for the constituent's concern, but this isn't in the top 50 infrastructure issues for the city.

Councilor Memhard asked if the design, without elevating the approaches to the bridge or the structure, were there other things at a lesser cost that could be done to alleviate that kind of current as there's a lot of marshland in the area. **Mr. Hale** advised a design hasn't be done yet and described the technical issues that would have to be reviewed before a final design is approved. He pointed out that were they to build the approach up, they'd have to go out 600 feet on Sumner Street and pick it up that length on Concord Street but also have to protect the homes on either side. This is a good project now, he conveyed; the bridge isn't safe in its current condition. He assured the bridge is inspected annually so they don't have to close it. He spoke with **Councilor Cox** briefly about retaining the granite involved briefly and the construction of the wing walls as well as the possibility to reuse some of the bridge materials elsewhere in the city if practical.

Councilor Memhard inquired about with this kind of construction when there is actual overflow not only impacting the opening of the bridge but overflowing the roadway. **Mr. Hale** conveyed that the tidal surge in and out has to be examined and taken into consideration in the design of the railings and other elements of the bridge structures. **Ms. Krawczyk** reminded the Committee the design process hasn't taken place yet. **Mr. Hale** and **Councilor Cox** also touched on condition of guard rails around the city due to accidents, and **Mr. Hale** advised when public property is damaged and if the police report captures it in detail the first time whatever it may be, they have a third party that seeks out the insurance money. He noted he's having a conversation with the Police Department Lieutenants. He also touched on the anticipated contractor, Bayside, headed by a former DOT employee who knows that system, especially bridges, very well. He assured that as soon as the funding is in place they'll move forward.

Councilor Hecht discussed with **Mr. Hale** on how access to this neighborhood would be affected briefly.

Deborah Cramer, 318 Concord Street, expressed concern for sea rise saying that she thought that this would be an opportunity to view this construction with relation to sea rise and have continued access in the future for the homeowners. She asked they try to think about sea rise when undertaking these kinds of projects. **Councilor Cox** advised that to do what Ms. Cramer is suggesting would be ten times the cost now projected, and the city just doesn't have that kind of funding. **Ms. Cramer** asked if the bridge design could allow for it to happen later. **Mr. Hale** touched on the importance of access for the homeowners and that the design will take into consideration sea level rise.

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 \$1,000,000 as follows:

Ordered: That the City of Gloucester appropriates One Million Dollars (\$1,000,000) to pay costs of the complete replacement of the Concord Street Bridge over Walkers Creek, including the payment of all 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, Sections 7 or 8, 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 and all grants or gifts that may be available to the City to pay costs of this project. 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.

This public hearing will be heard on Tuesday, August 27, 2019.

5. Supplemental Appropriation-Budgetary Request 2020-SA-2 from the DPW

The Committee was informed by **Mr. Hale** that the Supplemental Appropriation-Budgetary Transfer 2020-SA-2 from the Highway Force Account from the Road Opening Permit fees in this case to be used to offset the DPW budget for the purpose of funding various sidewalk, curb and street completions in the city by the DPW.

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 2020-SA-2 in the amount of \$30,000.00 (Thirty Thousand Dollars) from Highway Force-Transfers to General Fund Account #32085-596001, to DPW-Public Services, Purchase of Services, Account #0147052-520000 for the purpose of funding various sidewalk, curb and street completions in the city.

6. Memorandum & Supplemental Appropriation-Budgetary Request 2020-SA-3 from the Treasurer/Collector

Mr. Hale advised he's asking for \$60,000 to replace carpeting in the GHS library which was subjected to years of water damage resulting from leaks in the roof above the library. The recently completed GHS roof project has corrected the leaking issues, and it is time for the carpet to be replaced. It was hoped to get it done this summer, but this will be a vacation project either Christmas or February. They'll be using carpet tiles which are easier to install and replace. He touched briefly on the bidding and costs of the project with Councilor Hecht.

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 approval Supplemental Appropriation 2020-SA-3 in the amount of \$60,000 (Sixty Thousand Dollars) from the Capital Projects Stabilization Fund-Undesignated Fund Balance, Account #7600-359000 to Capital Project Stabilization Fund-GHS Building Improvements, Account #760025-582003 for the purpose of replacing water-damaged carpet in the Gloucester High School Library.

7. Memorandum from CFO re: loan authorization request in the amount of \$55,000 for Saville Road private way repairs

Mr. Hale reported that similar to other private ways paving petitions, this is a small private road near the West Gloucester Fire Station. The abutters have successfully completed their petition/application process for the city (on file) to make permanent repairs to their private way. The cost of such repairs will be funded through a loan order, and the borrowed funds will be repaid 100% through homeowner betterments. The some infrastructure work will also be done in conjunction with this project, he noted, as with other projects of this type.

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 pursuant to GCO Ch. 21 "Streets, Sidewalks and Other Places," Sec. 84 "Permanent construction or repair" subsection (j) make the determination that the construction or repair of Saville Road is required by public necessity and that an authorization of funding for the project should move forward.

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 \$55,000 as follows:

Ordered: That the City of Gloucester appropriates Fifty Five Thousand Dollars (\$55,000) to pay costs of permanent repairs, including paving, to the Saville Road private way, 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, Sec. 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 M.G. L. 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 access 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 public hearing will be heard on Tuesday, September 10, 2019.

8. Memorandum from CFO re: request to repurpose completed Water Capital Project Funds with a total balance of \$98,129.86

Mr. Hale explained as follows: The department doesn't typically budget capital water work. It comes out of the Fund Balance in the Water Enterprise Fund or by combining remaining loan balances – in this case, six completed water capital project funds with a total balance of \$98,129.86. The money will be used for small water projects, a few of which were named and described briefly. The work is done by DPW personnel, he mentioned. **Mr. Costa** verified that all the money is available, left over from other capital projects. **Mr. Hale** advised this is very helpful to his department.

Councilor Hecht discussed briefly with **Mr. Hale** the savings the city obtains by doing work in-house versus through private contractors. He urged the DPW receive more funding in order to hire more employees to continue this type of in-house work. **Mr. Hale** noted his biggest deficit is a lack of personnel, and they're at the end of an extremely busy summer.

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 authorize the following loan order:

Ordered: That in accordance with c. 44, § 20 of the General Laws, the \$1,785.88 unexpended balance of Fund # 6001 initially borrowed to pay the costs of Magnolia Water Lines, the \$64,187.46 unexpended balance of Fund # 6009 initially borrowed to pay the costs of Water Treatment Plant improvements, the \$27,935.92 unexpended balance of Fund # 6010 initially borrowed to pay the costs of CIP Phase 3 Water Improvements, the \$3,255.11 unexpended balance of Fund # 6011 initially borrowed to pay the costs of Commercial Street Infrastructure improvements, the \$798.49 unexpended balance of Fund # 6013 initially borrowed to pay the costs of CIP Water Main & Valve Improvements, and the \$167.00 unexpended balance of Fund # 6014 initially borrowed to pay the costs of CIP Water Main Rehab Project, which projects are complete and such amounts are no longer needed for the projects, are hereby appropriated by this Council to a new Water Capital Project Fund #6018 for a total of \$98,129.86 to pay the costs of Miscellaneous Water Infrastructure Improvements within the City, including the payment of any and all costs incidental and related thereto.

This public hearing will be heard on Tuesday, August 27, 2019.

9. CC2019-027 (Cox): Request that the City of Gloucester accept Sec. 33 of Chapter 5 of the Acts of 2019 re: AirBnB Community Impact Fee (Cont'd from 08/08/19)

Councilor Cox explained that the state was originally going to make communities manage their own revenue if they decided to pursue a community impact fee for Airbnb rentals, but now the state is managing the process, and it is now time to pursue this fee. This fee won't be passed on to the property owner but is paid by the renter. This is revenue rightfully belonging to the city, she conveyed, given the loss of rental housing; increased traffic enforcement; noise complaints, and trash due to the proliferation of Airbnb rentals in the city. **Councilor Memhard** pointed out this is a separate action from any actions the city might take such as guidelines for this activity.

A percentage of the 3% impact fee that comes to the city from the state, not all of it, will be earmarked for the city's Affordable Housing, **Ms. Krawczyk** confirmed, on inquiry by **Councilor Cox**. **Mr. Costa** advised all the returned money is a general receipt and goes into the General Fund; then the Council would vote to move it to another account, the same as the meals tax or hotel/motel tax revenue. **Councilor Cox** added this is a pass-through fee. She noted that there will be a reconsideration of the Council's votes on this matter as the documentation must be into the state by August 30th.

Councilor Memhard asked about the implementation process assessing the tenants for this fee. **Councilor Cox** conveyed that the funds are collected by an assessed service fee to the renter which then is passed through Airbnb by the property owners or property managers. Airbnb then in turn pays the state. The property owners are not paying this fee nor are they impacted by it, she pointed out. The city would get seven months of revenue if this is voted by the Council positively on Tuesday, **Mr. Costa** pointed out.

Ms. Krawczyk noted that statutorily there doesn't need to be a public hearing to adopt a state law and set the impact fee. She spoke with the Councilors about the fact that they won't know what kind of income they'll see until the income comes back from the state because they don't know how many Airbnb rentals there are in the city.

Councilor Cox thanked Ms. Krawczyk for her assistance in this matter.

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 accept Massachusetts General Law, Chapter 64G, Section 3D. (a) as follows:

“Section 3D. (a) A city or town that accepts section 3A may, by a separate vote and in the same manner of acceptance as set forth in said section 3A, impose a community impact fee of 3 per cent of the total amount of rent upon each transfer of occupancy of a professionally managed unit that is located within the that city or town.”

COMMITTEE RCOMMENDATION: On a motion by Councilor Hecht, seconded by Councilor Memhard, Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council accept Massachusetts General Laws Chapter 64G, Section 3D. (b) as follows:

“Section 3D. (b) A city or town that votes to impose a community impact fee under subsection (a) may, by a separate additional vote and in the same manner of acceptance as set forth in section 3A, also impose the community impact fee of 3 per cent upon each transfer of occupancy of a short-term rental unit that is located within a two-family or three-family dwelling that includes the operator's primary residence.”

Both matters will come forward under the B&F Committee Report.

A motion was made, seconded and voted unanimously to adjourn the meeting at 6:45 p.m.

Respectfully submitted,

Dana C. Jorgensson

Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING:

- Submitted by Mike Hale: Photos of the Concord Street Bridge over Walker Creek and GIS maps of 30, 70 & 100 year sea level rise estimates for the area of Concord Street pursuant to Loan Order 2019-009