

**Budget & Finance Committee**  
Thursday, October 3, 2019 – 5:30 p.m.  
**1<sup>st</sup> 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; Jim Destino; Police Chief Edward Conley; Shellfish Warden, Peter Seminara; Jaimie Corliss; Michael Hale; Adam Curcuru; Vanessa Krawczyk**

The meeting was called to order at 5:30 p.m. Matters were taken out of order.

**1. *Memorandum from Police Chief re: request acceptance of a FY20 State 911 EMD Grant in the amount of \$45,340.29***

**Police Chief Edward Conley** reviewed briefly that the Police Department has received this annual state reimbursement grant that funds the department's Emergency Dispatch continuing education program as well as quality assurance improvements, a part of which includes review of a percentage of emergency calls. There is no match, he noted. **Councilor Cox** asked what percentage of calls are reviewed. **Chief Conley** advised it is about 20% by state standards.

**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 state grant from the Massachusetts Department of Massachusetts Executive Office of Public Safety and Security, State 911 Department, a FY20 State 911 Department Emergency Medical Dispatch Grant Program for \$45,340.29. The grant period is from September 10, 2019 through June 30, 2020. There is no local match for this grant.**

**2. *Memorandum from Shellfish Constable re: request acceptance of a FY20 Great Marsh Green Crab Trapping Program in the amount of \$12,500***

**Peter Seminara**, Shellfish Warden, advised the city is in receipt of a Great Marsh Green Crab Trapping Program Grant in the amount of \$12,500, under the same parameters as the previous year's grant award from the Mass. Division of Marine Fisheries (MA DMF). He noted that this annual grant has no match, and the same two fishermen will continue to do the trapping. There is a market for the crabs in New York, he added.

**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 state grant from the Massachusetts Division of Marine Fisheries (MA DMF), a FY20 Great Marsh Green Crab Trapping Program Grant in the amount of \$12,500 for the purpose of funding a program to capture and remove European green crabs from coastal marine and estuarine waters within the Great Marsh ecosystem to improve shellfish, eelgrass, and other fishery resources within the City's jurisdiction. The grant period is through June 30, 2020 and there is no required local match.**

**3. *Memorandum from Planning Director re: acceptance of a CZM Coastal Resiliency Grant in the amount of \$70,650***

**Jim Destino**, CAO, explained as follows to the Committee: As a result of the city's Climate Change Vulnerability Assessment and Adaptation Plan and Municipal Vulnerability Preparedness (MVP) effort, an analysis was conducted as to where best spend funding which revealed two main city assets -- the High School and the Water Pollution Control Facility. The city has been in discussions with the Environmental Protection Agency (EPA) and Coastal Zone Management (CZM) about a secondary sewerage treatment plant. This is the first step in that process which is to shore up the land to prepare for a secondary pollution treatment plan. The grant award is \$70,650 with a municipal match of \$23,550 which will come from the DPW's Design Services budgeted account. The grant will fund a feasibility study to determine if building a berm or a type of flood wall will give the Water Pollution Control

facility adequate protection from flooding. He mentioned previous street flooding that blocked access in the entire area of the Water Pollution Control property for the duration of a tide cycle.

**Councilor Memhard** confirmed with **Mike Hale**, DPW Director, that this is a stand-alone project with the same initial funding source as the high school flood wall project, through CZM. He pointed out this is the same issue as the High School -- the Annisquam River canal. It doesn't make sense to relocate the Water Pollution Control Facility, he noted. He conveyed that this is money well spent to determine how to fortify this property to protect the facility from flooding. He identified EPG Consulting, a Civil Engineering Design firm, as the city's consultant that's worked with the DPW before. He confirmed this is laying the groundwork for grants moving forward for designing the construction of these projects. They're working with the U.S. Economic Development Administration (EDA) to free up funding, which means funding has to be centered on jobs and jobs creation, **Mr. Destino** conveyed, saying that the city is making inroads with that federal agency. He voiced assurance that it is a question of when the funding will come to the city, not if it is coming. He mentioned it is hoped construction funding will come from the federal government.

This grant includes a preliminary cost analysis, **Mr. Hale** confirmed for **Councilor Hecht** and touched on some suggested property improvements such as a flood gate. He showed the Committee a picture during the previously referenced storm depicting a foot of water on the roadway, but noted that the Water Pollution Control Facility remained dry. He advised that they look to the elevation in storm surge using a 50 year benchmark. The 25% match was confirmed as a cash match for **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 accept under MGL c. 44, §53A, a state grant from the Executive Office of Energy and Environmental Affairs, Office of Coastal Zone Management, a FY20 Coastal Resilience Program Grant of \$70,650 (ENV 20 CZM 02) for the purpose of conducting a feasibility assessment and prepare conceptual design alternative for protecting the long term function of its primary wastewater treatment plant from current and future flooding. The grant period is through June 30, 2020 and the grant match amount is 25% of the total project cost.**

**4. Memorandum from Grants Administrator re: Affordable Housing Trust Funding Recommendation for 10 Haven Terrace.**

**Michael Luster**, Affordable Housing Trust member with **Andrew DeFranza** of Harborlight Community Partners explained as follows: The Affordable Housing Trust has voted funding of \$35,000 to the Harborlight Community Partners for an affordable housing rehabilitation project located at 10 Haven Terrace so that a particular unit in danger of foreclosure by a large national bank may be preserved as affordable. This renovation will keep the affordable unit in the city's affordable housing stock. The unit will have local preference to the extent allowed under state law. This unit was previously deeded as affordable housing.

**Mr. DeFranza** noted that this was one of the few units that didn't have a local bank mortgage, rather it was with a large regional bank. He explained that when the unit went to foreclosure the bank could have swept the affordable housing designation out. The Harborlight Community Partners owned the land, and then were able to buy out the bank note. The unit will be made permanently affordable housing through this process. **Councilor Cox** discussed briefly with **Mr. Luster** and **Mr. DeFranza** about a right of first refusal to buy out an affordable housing unit that comes up for sale or foreclosure.

**Councilor Cox** confirmed with **Kenny Costa**, City Auditor, that the city hadn't given funds from the Affordable Housing Trust or CPA funding towards this project previously.

**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 appropriate \$35,000 for an affordable housing project as recommended by the Affordable Housing Trust Committee for a Harborlight Community Partners owned affordable housing unit at 10 Haven Terrace in Gloucester, MA from Fund #8217, Affordable Housing Trust Fund. This appropriation will support the full renovation of a vacant affordable housing unit. The unit shall continue to carry a State Affordable Housing Restriction in perpetuity.**

**5. *Memorandum from Community Development Director re: request acceptance of a Seaport Economic Council Grant for the Harbormaster***

Per the City Auditor, this matter requires no Council action and that it was for the Committee's information only.

**6. *Supplemental Appropriation-Budgetary Request 2020-SA-4 in the amount of 10,000***

**Mr. Destino** advised that the Veterans' Center is in need of HVAC repairs. Noting that the Director of Veterans' Services has raised \$8,000 through donations to use towards this project, the city is supplementing the remainder of the total \$18,000 cost for the repairs with \$10,000 from the Building Maintenance Stabilization Fund.

**Councilor Cox** asked why the city is relying on donations to undertake this project. **Mr. Destino** advised the donations were made for this purpose. **Adam Curcuru**, Director of Veterans Services, confirmed that the Michael and Renee Minogue Family Foundation did contribute for this project, along with other community-minded donors for the Veterans' Center. Using donated funds, he pointed out, gives the community a sense of ownership. The HVAC system is coming from the outside, and the installation and related work will be done by DPW staff, he confirmed. This is not anticipated to impact the function of the now shared space with the Harbormaster who is moving in for the winter season while his facility is being renovated, and the Veterans' Center activities.

**Mr. Hale**, responding to a question from **Councilor Memhard**, conveyed he didn't have a time line to share with the Committee as to when the project will start, but assured his department will undertake the project as staffing becomes available.

**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-4 in the amount of \$10,000 (Ten Thousand Dollars) from the Building Maintenance Stabilization Fund-Undesignated Fund Balance, Account #7700-359000, to Veterans' Center – HVAC Building Improvements, Account #770008-582003 for the purpose of funding building maintenance improvements to the Veterans' Center HVAC System.**

**7. *Memorandum from the CFO re: loan authorization request in the amount of \$2,000,000 for the residential septic system program***

**Mr. Destino** advised as follows: For a number of years the city has operated a septic loan program to provide funding for the repair, replacement and/or upgrade of residential septic systems if a homeowner meets certain criteria. These projects are triggered by Board of Health action due to the failure on specific septic systems. The city provides funding and general guidance for each of the projects, and the property owner repays the project and financing costs through an annual betterment over a 15 year period. In 2017 there were 11 projects for a total of \$206,000; in 2018 there were 14 projects totaling \$422,000 and in 2019 there were 18 projects totaling over \$500,000. The Health Department reports that there is still an ongoing need for the program; and in fact, there are a number of impending inquiries, about 11 currently. These projects have expended the previous Council-approved March 2013 \$2.0 million appropriation. This \$2 million loan will fund future similar projects.

Responding to an inquiry by **Councilor Cox**, **Mr. Destino** advised that on average the loan to a resident is about \$36,000. This funding can only be used for septic systems, under Title V, and not removing a property from a septic system and tying into the city's sewer system. The city is paying the 2% interest on the overall loan to which **Mr. Destino** confirmed the city carries at a cost of \$40,000 on \$2 million, but highlighted that this program does help the environment. As to the cost of interest paid by the city, **Mr. Hale** advised, they can absorb that \$40,000 easily on testing alone which is directly tied to failing septic systems -- for instance, the economic loss to city shellfish beds alone can be enormous, he pointed out, due to that kind of pollution. All the money from the betterments goes to debt service, **Mr. Destino** added.

**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 \$2,000,000 as follows:**

**Ordered:** That \$2,000,000 is appropriated for the purpose of financing the following project: repair, replacement and/or upgrade of septic systems, pursuant to agreements between the Board of Health and residential property owners, including the payment of costs incidental or related thereto; that to meet this appropriation the Treasurer with the approval of the Mayor is authorized to borrow \$2,000,000 and issue bonds or notes therefor under G.L. c.111, §127B½ and/or Chapter 29C of the General Laws, or any other enabling authority; that project and financing costs shall be repaid by the property owners, in accordance with those agreements, but such bonds or notes shall be general obligations of the City; and that the Mayor or any other appropriate City officials are authorized to expend all funds available for the projects and to take any other action necessary or convenient to carry out 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 matter will be advertised for public hearing.

**8. Memorandum from CFO re: loan authorization request in the amount of \$1,500,000 for DPW Equipment**

**Mr. Hale** advised there was a need for a number of pieces of new DPW equipment to generally upgrade fleet vehicles and add some specialty equipment (list on file). He advised the fleet vehicles includes:

- Equipment: A street sweeper; a front-end loader with snow blower and boom flail;
- Vehicles: 3 sport utility vehicles; 2 ½ ton 4 x 4 pickups; 5 - 1 ton 4 x 4 dump trucks and 3 – 5 ton dump/sander trucks.

All vehicles are maintained by the DPW mechanics, and the vehicles do have a limited life expectancy. At some point it isn't cost effective to continue to repair these vehicles. The vehicles and equipment are purchases, not leases, he confirmed for **Councilor Cox**. **Mr. Destino** advised there have been 'hand-me-down' fleet vehicles which are given to city staff who need transportation for their jobs such as the Shellfish Warden, meter staff, and the Director of Veterans' Services, most recently, as the fleet vehicles filter through the system. It was noted that the term of the loan would be for ten years.

**Councilor Memhard** asked about resale value of the fleet vehicles and equipment. **Mr. Hale** advised there is not much value by the time they've finished with the vehicles and equipment, and at most are sold for scrap. **Councilor Cox** advised she received a complaint that the DPW yard appears to the public as being in disarray. **Mr. Hale** reviewed the many vehicles that are stored at the yard for various city departments, some on a seasonal basis, and discussed the issue with the Committee briefly. The front of the property, he highlighted, is neater than it's ever been. There will be a new sign for the department erected. This is an industrial area, he reminded the Committee, and that in essence the DPW yard is an industrial site.

The Committee encouraged through the Administration the expansion of staffing for the DPW with the next city budget. **Councilor Memhard** commented that the purchase of these vehicles is a good step forward for the city.

**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 \$1,500,000 as follows:

**Ordered:** That the City of Gloucester appropriates One Million Five Hundred Thousand Dollars (\$1,500,000) to pay costs of the purchase of equipment by the Department of Public Works, 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 matter will be advertised for public hearing.

**9. *Request from the Mayor to accept a State Dredging Program Grant in the amount of \$2,400,000***

**Mr. Destino** spoke to the tremendous amount of work that went into the successful partnering between the city, Governor Charlie Baker, Lt. Governor Polito, State Senator Tarr, Congressman Moulton and Massachusetts Senators in order for the city to receive this \$2.4 million grant from the Executive Office of Housing & Economic Development in order to complete the funding for the dredging of the Annisquam River. It is the federal government's responsibility to keep the channel clear. After seven years to get to this point, the federal government finally set aside \$5.6 million for the river's dredging based on the Army Corps of Engineers (ACE) estimate. The only two bids received came in at \$11.1 million and \$13.2 million. If they left the silt out of the dredging project, which is most of Lobster Cove, that would bring the project total to \$8.1 million. If the city could come up with \$2.4 million, to come to a total of \$8.1 million, ACE would still award the contract and start on or about November 1<sup>st</sup>. He then explained the intense process the city went through to finally obtain this last amount of funding for the project that required intervention from the city's State Senator, Congressman, and Senators. **Mr. Destino** also touched on how the city's Harbormaster has been in constant communication with the mooring holders in the affected areas of the Annisquam River, about 70 in the river and 70 in Lobster Cove, as they will need to remove their mooring equipment before the project starts which will take two winter seasons. The city will work with the mooring holders to ensure a smooth seasonal process. This is a pass-through grant with the local match of 50% already met by the ACE funding. He advised that the city is hoping to reapply to obtain grant funding to finish the Lobster Cove dredging. This project is to ensure clear passage of the main river channel which is the most important area for public safety and commercial boating. As a byproduct, it gives the city through the Harbormaster an opportunity to assess mooring placement. It has been a long hard process, but they have a good project in the end, **Mr. Destino** highlighted.

**Councilor Cox** confirmed with **Mr. Destino** that Lobster Cove will not have the silt dredged through this funding of the dredging project which **Mr. Destino** reassured the city will be applying next year for grant funding to complete the dredging of Lobster Cove.

**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 state grant from the Massachusetts Executive Office of Housing & Economic Development, a Massachusetts Dredging Program Grant of \$2,400,000 for the purpose of completion of funding for the Army Corps of Engineers for the Annisquam River Dredging Project. The non-state match of 50% is met with the Army Corps of Engineers' contribution to the project. The grant period is through June 30, 2020.**

**10. *Memorandum and Supplemental Appropriation-Budgetary Request 2020-SA-5 from the CFO re: establishment of an Energy Management Systems and Green Energy Stabilization Fund***

**Mr. Destino** conveyed that over the past several years the city has received incentive payments from National Grid (NG) for various energy efficiency and green energy projects undertaken in the city such as the streetlight conversion and various boiler projects in city buildings. The best plan to manage these incentive payment monies, in consultation with the CFO and the City Auditor, was to create a new Stabilization Fund. The city is now in receipt of five incentive payments from National Grid totaling \$109,898.01 for work done primarily at Gloucester High School and the O'Maley Innovation Middle School. Additionally, there is a \$32,179.55 balance in a special revenue fund (Fund #3349) from previous NG incentive payments. In all this totals \$142,077.56. The fund would be credited with incentive payments or grants from National Grid or any other source that result from energy

efficiency or green energy projects that the city may undertake. Appropriations from the fund would be used for funding like projects or as match funds for grants. As with any Stabilization Fund, appropriations require a 2/3 vote of the Council. The first proposed use of these funds would be as an \$81,500 match for the Dept. of Energy Resources (DOER) Green Communities Competitive Grant award of \$112,852 to fund energy management and LED lighting improvements at GHS (see B&F minutes of 09/19/19 on file). **Mr. Costa** reviewed briefly the reasoning behind the four motions before the Committee to create the new stabilization fund and then transfer the funds for the DOER grant match.

**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 establish an Energy Management Systems and Green Energy Stabilization Fund under MGL Ch. 40, §5B. Appropriations from this Fund will be used to support energy efficiency and green energy projects throughout the city.

**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 the fourth paragraph of Massachusetts General Laws Chapter 40, Section 5B, which provides for the dedication, without further appropriation, of all, or a percentage not less than 25 percent, of particular fees, charges or receipts to a stabilization fund established under Massachusetts General Laws Chapter 40, Section 5B, to be effective for the fiscal year beginning on July 1, 2019.

**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 to dedicate 100% of the energy incentive revenues collected to the Energy Management Systems and Green Energy Stabilization Fund established under Massachusetts General Laws Chapter 40, Section 5B, effective for fiscal year 2020 beginning on July 1, 2019.

**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-5 in the amount of \$81,500.00 (Eighty One Thousand Five Hundred Dollars) from the Energy Management Systems and Green Energy Stabilization Fund-Undesignated Fund Balance, Account #7601-359000, to Dept. Of Energy Resources (DOER)-GHS Grant, Account #760101-582007 for the purpose of funding a match for a DOER Grant for energy efficiency work at GHS.

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:** None.