

Budget & Finance Committee
Thursday, July 23, 2015 – 4:00 p.m.
1st Fl. Council Committee Rm. – City Hall
-Minutes-

Present: Chair, Councilor Melissa Cox; Vice Chair, Councilor William Fonvielle; Councilor Paul Lundberg (Alternate)

Absent: Councilor McGeary.

Also Present: Kenny Costa; Jim Destino; John Dunn; Harbormaster Jim Caulkett; J.J. Bell; James Pope; Mile Hale

The Committee meeting convened at 4:02 p.m. Councilor Fonvielle entered the meeting at 4:08 p.m.

1. Memorandum, Grant Application & Checklist from Harbormaster re: FY16 Clean Vessel Act (CVA) Contract & installation of shoreline facility

Harbormaster Jim Caulkett explained the following: that the city is in receipt of a FY16 Federal Clean Vessel Act (CVA) Contract for a total of \$77,000 of which \$9,500 is earmarked for the pump out boat, a sum that is received every year, and \$67,500 which is to be earmarked for the construction of a shore side pumpout facility to be installed during the Harbor Loop Water Sheet Remediation project by National Grid at Solomon Jacobs Park. Boats will be able to pull directly into the float and be able to pump directly into city sewers so that the pump out boat doesn't have to pull alongside a boat during rough seas and/or weather. He pointed out that there is a 25 percent match which will come from the retained earnings of the Waterways Enterprise account.

Councilor Lundberg asked if there was a fee associated with this service. **Mr. Caulkett** said no fee is charged as this is a federal grant passed through a state agency to the city, and the service is free to all boaters. When asked by **Councilor Cox** if the grant would cover the cost of the staff for the season, **Mr. Caulkett** confirmed that it would. He also confirmed that the \$67,500 will cover the entire pump out facility's cost and will be available to boaters in the summer of 2017. When asked by **Councilor Cox** why we are purchasing everything in advance he noted he wanted to be able to have all the equipment on site when National Grid is ready to do the installation for the pump out facility. He said that National Grid is bearing all the burden of the trench work and installation, and the equipment will be ready on site.

COMMITTEE RECOMMENDATION: On a motion by Councilor Lundberg, seconded by Councilor Cox, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Fonvielle) absent, to recommend that the City Council accept under MGL c. 44, §53A a Federal Clean Vessel Act Grant from the U.S. Department of the Interior passed through the Massachusetts Division of Marine Fisheries for \$77,000 for the purpose of servicing resident and transient boaters of the City for the disposal of sewage from vessel holding tanks and portable toilets of which \$9,500 is earmarked for the City's pump out boat and \$67,500 is earmarked for the purpose of a shore side pumpout facility at Solomon Jacobs Park.

2. Memorandum, Grant Application & Checklist from City Hall Restoration Commission re: acceptance of a grant in the amount of \$8,000 from the Bruce J. Anderson Foundation

J.J. Bell, City Hall Restoration Commission (CHRC), explained that the CHRC applied to the Bruce J. Anderson Foundation, a supporting organization of the Boston Foundation for \$12,000 and received \$8,000 for the purpose of restoration of the ceiling at the top of the stairwell around which is the cenotaph for the city's fishermen which is a special space. Noting that Jim Hafey, the city's Facilities Manager, is a member of the CHRC, they are working through him to obtain pricing. He noted that it may cost more than the grant because of the difficulties of erecting the staging on the third floor stairwell but he said they believe they will have a way to fill any anticipating funding gap.

Councilor Cox expressed the thanks of the Committee to the CHRC for this grant application. **Mr. Bell** noted that Commission member Maggie Rosa was responsible for filling out the application, and the Councilor extended the Committee's thanks to Ms. Rosa as well.

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

accept a private grant under MGL c. 44, §53A for \$8,000 from the Bruce J. Anderson Foundation, Inc., a supporting organization of the Boston Foundation for the purpose of the restoration of the ceiling above the Gloucester Fisherman Lost at Sea Mural in Gloucester City Hall.

3. Memorandum from Chief Financial Officer requesting City Council approval of a Loan Order in the amount of \$1,350,000 for Technology & Building Improvements

OVERVIEW:

James Pope, IT Director, reviewed for the Committee the three main aspects of the loan order funding. He said that for City Hall funds will be used to rewire the entire building for data so any network connection, printer connection, where they locate the actual hardware that makes Wi-Fi work, will be ideal and where it needs to be. Currently it is placed in a hodge-podge fashion throughout the building. He said that added to the project was the electrical work which will be done at the same time which goes hand-in-hand.

Councilor Cox asked if this would be a joint Department of Public Works and IT project. **John Dunn**, CFO, said they will bundle the work together. They will have to hire an electrician for the electrical work and electrical panel work, but the cabling work is going to be done by a company the city has used consistently in the past several years, and whom he used in Beverly for many years, that are from the state bid list and specializes in data cabling. While they wouldn't necessarily need to get into the walls as an electrician would, he said it would make things easier to have them in at the same time which is why the work is being bundled together. He noted the results of an engineering report that said the electrical panels need to be done in City Hall. Both **Councilors Cox** and **Lundberg** acknowledged the report saying that it was extremely important to get the electrical rewiring and panel work done.

Mr. Dunn said, in addition to cabling work at City Hall, there is a phone system that will service not only City Hall but most other municipal buildings, excepting the schools that have a considerably newer telephone system. He highlighted that computer room in the 1st Fl. Council room will be shrunk substantially to the size of approximately a four foot by eight foot type of closet which will allow for better room use. He pointed out that the precipitating factor to initiate this overhaul of the city systems is what occurred last September at the High School during a nor'easter that caused a near shutdown of the city's IT systems.

Mr. Pope reviewed his memo (on file) which describes a core technology project, physical infrastructure which is mainly data wiring and a video presentation system.

- **Core Technology Project.** This is to address the server and citywide network that lets city employees do their day-to-day job. In September of 2014 there was a rain storm and a leaking roof combined with a power outage that threatened the city's core IT infrastructure located at the High School. There is a "fiber" room there which is where all the fiber optic cable throughout the city collapses back to. The roof has since been fixed but it made them rethink the situation. He said they wanted to move the room further into the building to make it more secure to the protection of a building that is more actively maintained and has the attention of the IT staff every day. At the same time they will replace the electrical equipment that connects all these buildings together. Physically they are moving wiring and replacing the network hardware that joins everyone together. Shared services were never envisioned when that original equipment was installed, it was noted. They now share services and the network has become increasingly more important. They are stepping up a level the quality of the hardware as it is on 24/7. This system serves the sewer system control systems flows over this network, police and fire radios are on the network and are adding video surveillance, and the demands have been increasing on this system.

Councilor Cox pointed out that the city can't have an emergency shelter at the high school because it is in a FEMA flood zone, but they're going to put the heart of the city's IT infrastructure in a flood zone. If they're going to improve these systems what assurances are there that the new fiber optic room won't be flooded out. **Mr. Pope** said that the new room will be moved to the high school's second floor adjacent to the library. There is a longer term plan for a redundant core to come on line a few years out for a second core at a yet to be determined location because there aren't many facilities in the city that aren't in a FEMA flood zone. At the same time they are modernizing the equipment in that new room. Even though the day it was brought on line 15 years ago as a server room, it was never was designed to be as such. The infrastructure systems weren't in place to protect the room by appropriate HVAC with a generator connected to it by generator. HVAC will be upgraded as well as the electrics and a dry suppression system will be installed. **Mr. Dunn** noted that the bigger component of the funding is to upgrade facilities at the high school.

Councilor Cox noted during budget time they spoke about combining school and city IT departments highlighting that the city is investing a lot of money into the school's infrastructure and asked if talks had begun to

that end. **Mr. Dunn** said it hasn't. He said that even though physical location is at the high school, they long ago made decision to consolidate into one location for this core technology. One doesn't have anything to do with the other, **Councilor Cox** then noted. **Mr. Dunn** said it just happened to be located at the high school as there was a space there for it and some of which was being used for the school. **Councilor Cox** said that the dry fire suppression is a wise decision.

Councilor Fonvielle asked what the useful life of the new equipment is being installed. **Mr. Dunn** said of the \$1.35 million, \$600,000 is electrical work in the walls at City Hall, electrical work at the High School, HVAC work, carpentry, rack systems all of which have a 20 year life at least. That would be 40 percent of the project, he said. **Mr. Pope** said as for the hardware that has a life expectancy of three to five years, they're trying to make the investment that they'll be able to swap out equipment as they can and becomes an operating expense not a huge capital expense. By making an investment in back up and server equipment and start staggering replacement of equipment so that it becomes on-going replacements rather than all-at-once replacement and becomes cost effective moving forward.

- **Telephone systems.** **Mr. Dunn** pointed out another component is the phone system in City Hall. He said a phone system lasts typically 15 years to 20 years. **Mr. Pope** said the phone system he has vetted and that had a demonstration with city staff, the advantages of this particular system the company has been in the voiceover IP phone systems since the 1980's. He pointed out that he could own one of the first phones they manufactured and it would still work as part of their phone system in some useful capacity. The city currently pays to call between buildings, he said, because there are no connections currently between city buildings because of how this phone system is structured. They will move to a network that interbuilding calls will use the city's network. They will be replacing Verizon and going with a carrier that will bring a fiber optic cable to them and will alleviate problems that come with copper cable in a coastal community. They can then distribute that phone service from City Hall and the High School this to all other city buildings. That is a separate component and allows them to reduce the server room in City Hall because one whole wall is comprised of the phone system. There will be a savings as they collapse the service so by only coming in at two locations, they remove the many analog phone lines and reduce the costs overall for the system. Interbuilding calls will be at no cost moving forward with the new system and getting more favorable rates for local and long-distance calls. The savings are difficult to quantify, but they are there, **Mr. Pope** assured.
- **Possible funds to reduce the final loan:** **Mr. Dunn** said that in terms of funding this loan, it is hoped they will identify old capital project funds that haven't been used that can be repurposed which could be as much as \$300,000 that can be put towards the project. He said in the end they may be issuing debt closer to \$1.1 million. He noted that in the city's licensing agreement with Comcast, Comcast pays the city about \$130,000 in fees annually and he suggested he could take about half of that about \$65,000 a year to apply it to the debt service on the balance. In the end, the net cost to the city each year is anticipated to be more modest.
- **Audio/Visual issues in Kyrouz Auditorium.** The audio issues were previously handled, and video was the next aspect to be improved in the City Hall auditorium, **Mr. Pope** said. As the city tries to move to more paperless processes to convey information to city departments or the City Council, the high level is to provide a large screen for the audience can see without issue, so they are looking to make use of the stage for a screen to come down from the ceiling hidden at the lip of the stage by hiding it in the soffit when not in use. They are confident to solve the issue of presentations made in full sunlight, he said. For the Council sitting at the dais they use what are known as confidence monitors that are positioned in front of the dais to see the presentation and at the same time deliver a feed to the CATV equipment which should make a better picture for the home audience. **Councilor Cox** said nothing will be done about the audio system or the cameras in the auditorium. **Mr. Pope** said the audio has improved dramatically with the new microphone system in Kyrouz Auditorium, and they have recently replaced a large portion of the TV equipment. He said he is working with CATV to replace cameras outside of this loan authorization. The room will be self-service as well via a panel with no ahead of time set up necessary.

Councilor Fonvielle expressed his pleasure that the anticipated upgrades.

Councilor Cox asked if that during the next budget season would this go against the IT Department's funding due to this investment in infrastructure. **Mr. Dunn** said that they all recognize this is an important step to keep

things safe and as redundant as they can make it so that they don't continue to work crisis to crisis. **Councilor Cox** asked when the work would begin. **Mr. Pope** said they are trying to get the high school work done before school starts. Many of the needed vendors are on the state bid list so they don't have to go out to bid and many vendors are already contracted with the city, so work will start quickly. It should be done in a year, **Mr. Pope** said.

COMMITTEE RECOMMENDATION: On a motion by Councilor Lundberg, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council authorize the following loan order:

ORDERED: That the City of Gloucester appropriates One Million Three Hundred Fifty Thousand Dollars (\$1,350,000) to pay costs of computer hardware and software and switch equipment purchase and installation, building remodeling, and phone systems purchase and installation, 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, Section 7, or pursuant to any other enabling authority.

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.

4. Memorandum from Chief Financial Officer requesting City Council approval of a Loan Order in the amount of \$1,500,000 for Water Main Rehabilitation Work

Mike Hale, DPW Director explained that he is requesting a loan order for \$1,500,000 for the purpose of water main rehabilitation along Hesperus Avenue from Western Avenue the intersection of Norman Avenue which is where there is a new water main placed during the Magnolia water project in 2004. The area, he noted, has a long history of chronic discolored water from heavy tuberculation from deposits of iron and manganese from natural water sources in the existing water main. This work will be a fix to that problem, he said. The project will include: temporary water bypass, cleaning and lining (similar to what was done recently on Rocky Neck successfully as in other city areas) approximately 8,750 linear feet of 12-inch water main, installing 25 new in-line valves and five new fire hydrants. He noted by comparison, to replace all the water mains it would cost \$2.5 to \$3.5 million versus cleaning and lining it for \$1.5 million. It is expected to get 60 to 70 years from this work; were it to be replaced it would be 75 to 100 years, and while a bit less in life expectancy it is much less expensive and less disruptive. Pits are dug every few hundred feet to install temporary bypass water lines to the homes that are on the Avenue, then the pipes are cleaned and lined and that section of pipe is brought back on line. He said this project will improve water quality, fire protection and increase the life expectancy of the water main.

Councilor Cox asked if this work will hit the city's water rate in the next fiscal year. **Mr. Hale** said he did believe it would. **Mr. Dunn** said that it is relatively modest with a 20 year amortization. It is anticipated that in order to service this debt it will be approximately \$100,000 annually and won't hit until 2017 and will be seen fully in 2018.

Mr. Hale confirmed for Councilor Cox that this is solely a water project. He said that there are users on Hesperus Avenue that have never seen clear water. It isn't that the water is dirty, he said, it is an aesthetic issue. **Councilor Fonvielle** pointed out it isn't just the aesthetics but also about water pressure for fighting fires. **Mr. Hale** added that they will be replacing any old hydrants, and install new ones where necessary. He pointed out that it is a sparsely populated stretch of roadway which is one of the reasons the pipes have tuberculated, there just isn't the demand on it, but it does feed Magnolia as well as feed into Magnolia Avenue making it an important piece of pipe to take care of.

Councilor Lundberg lauded **Mr. Hale's** planning and water work on Rocky Neck and how little disruption to the residents there was. **Mr. Hale** commented this work would be even less disruptive because of the nature of this particular area.

Councilor Fonvielle asked when the work will be started. **Mr. Hale** said they would like to get a portion of the work done this construction season. They will move forward fairly quickly. They want to wrap up mid-November and start back up in April. The end of the project depends on the weather. They could be done by next May, he noted.

MOTION: On a motion by Councilor Fonvielle, seconded by Councilor Lundberg, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council authorize the following loan order:

ORDERED: That the City of Gloucester appropriates One Million Five Hundred Thousand Dollars (\$1,500,000) to pay costs of installing a temporary water bypass, cleaning and lining of water mains and replacing and installing valves and fire hydrants, 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 8(4), 8(5) and 8(c), 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 and gifts that may be available to the City to pay costs of the project.

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.

5. *Proposed TIF for VJ&E Realty LLC (Mortillaro Lobster) at 58-60 Commercial Street (Cont'd to 08/06/15)*

This matter was continued to August 6 prior to the meeting start.

6. *Memo from City Auditor regarding accounts having expenditures which exceed their authorization & Auditor's Report*

Kenny Costa, City Auditor, reviewed his reports with the Committee.

A motion was made, seconded and voted unanimously to adjourn the meeting at 4:50 p.m.

Respectfully submitted,

Dana C. Jorgensson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING:

- Actual Amount Overdrawn Report FY2016 & Projected Amount Overdrawn Report FY2016 by City Auditor, Kenny Costa