

Budget & Finance Committee
Thursday, August 3, 2017– 5:30 p.m.
1st Fl. Council Committee Room – City Hall
-Minutes-

Present: Vice Chair, Councilor Joseph Orlando; Councilor Paul Lundberg (Alternate); Councilor Steven LeBlanc (Alternate)

Absent: Councilor Ciolino; Councilor Memhard

Also Present: Amit Chhayani; John Dunn; Debbie Laurie

The meeting convened at 5:30 p.m.

1. Memorandum from Acting Community Development Director re: Council Acceptance of Community Development Block Grants (CDBG) & HOME funds allocations

Debbie Laurie, Senior Project Manager, Community Development Department asked that the city accept the CDBG Entitlement Allocation in the amount of \$600,968 from HUD, reprogramming \$113,449 of program income and unprogrammed CDBG funds from prior years and utilize \$10,000 of anticipated program income for PY17 for a total of \$724,417 of CDBG funds, and approximately \$59,520 of HOME funds (for creating affordable housing but the project yet to be identified) for PY17/FY18 beginning July 1, 2017 and ending June 30, 2018. A table of activities as to the proposed project to use these funds was noted as being provided (on file) to the Council and briefly reviewed along with the plans for repurposing funds from the previous grant(s). Highlighted was the Grace Center funding with which it is hoped the program to expand their programming to five days a week at the Unitarian Universalist Church and noted previous funding was used to remodel that kitchen used for the Grace Center. Of several public facilities projects were noted, of which the Stage Fort Park project headed by Stephen Winslow was highlighted. She pointed out that funding will be used for ADA access at the park only. The Housing Rehabilitation Program for low/moderate income families was also highlighted briefly.

In response to a brief series of questions by **Councilor LeBlanc** regarding the Open Door Cape Ann Food Pantry paving project funding which will improve their parking including ADA parking (at the front of the building), **Ms. Laurie** explained that the paving is the small roadway between the Open Door facility and Lincoln Park. She said it is her understanding that the city owns that piece, saying that the Public Works Director has been involved working with Julie LaFontaine, the Open Door Executive Director. She conveyed that there was extensive research as to who owns that small roadway and who has easements. **Councilor Lundberg** advised there is a lot of access from Lincoln Park on that small street.

Councilor Orlando said he was pleased to see funding for the Gloucester Boxing noting it was a worthwhile program.

COMMITTEE RECOMMENDATION: On a motion by Councilor Lundberg, seconded by Councilor LeBlanc, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council under MGL c. 44, §53A accept federal grants in the amount of \$600,968 for the Community Development Block Grant from the U.S. Department of Housing and Urban Development for Program Year 2017/Fiscal Year 2018 and the HOME Grant from the North Shore HOME Consortium for Program Year 2017/Fiscal Year 2018 in the amount of \$59,520.

2. Memorandum from General Counsel re: request to pay FY17 invoices with FY18 funds

John Dunn, CFO, explained that there were two invoices that came in after the close of the fiscal year. While the invoices may show an end-June date, they may not come in until late July. He said there are two invoices, one for an invoice for a supplement to the Handbook of Mass. Land Use & Planning Law and another invoice for legal services rendered in FY17 by a Boston law firm. Both invoices are to be paid through the Law Department's FY18 budget. He noted that these are not high dollar amounts, and that it's hard to control when these invoices arrive. He advised that the Committee will likely see some similar invoice situations coming forward from the School Dept.

COMMITTEE RECOMMENDATION: On a motion by Councilor LeBlanc, seconded by Councilor Lundberg, 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 the Handbook of

Massachusetts Land Use & Planning Law 2017 Supplement through Wolters Kluwer Legal & Regulatory U.S., Chicago, IL, in FY17, Invoice No. 08090068, dated 06-22-17, to be paid with FY2018 funds from the current FY2018 General Fund, Law Department Account #0115152-573000 for \$260.98.

COMMITTEE RECOMMENDATION: On a motion by Councilor LeBlanc, seconded by Councilor Lundberg, 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 legal services rendered in FY2017 by Brody, Hardoon, Perkins & Kestin, Boston, MA, Invoice No. 57830 dated 06/29/2017 to be paid with FY2018 funds from current FY2018 General Fund, Law Department Account #0115152-530010 for \$132.96.

3. Memorandum from CFO re: request to repurpose balance of funds in Loan Authorization #2013-003 (amended 3/28/17) for the repair/renovation of municipal buildings

Mr. Dunn recounted the following: that in September 2013 the Council approved Loan Order 2013-003 in the amount of \$2.475 million for six capital projects. Included in this authorization was \$1.0 million for a building addition at the DPW. Approximately \$93,000 on engineering and architectural costs was expended, and revealed that the project would cost much more than the preliminary cost estimates which exceeded the appropriated amount, and so that project is on indefinite hold, he explained. He added that some of that money was borrowed long-term but the rest was borrowed on a short-term BAN (Bond Anticipation Note) basis. Loan Order 2013-003 was amended in March 2017 to repurpose \$200,000 of the \$1 million earmarked for the DPW building project for additional work to the Central Fire Station to fund renovations to the watch/dispatch function. That project encompasses equipment but also requires a great deal of carpentry and electrical work as well, he noted.

He explained that with funds still left over from the DPW Building Project, a request was made by DPW Director Mike Hale who identified two building repair projects that he'd like to complete this summer -- the first is the completion of the heating project at the Police Station for an estimated \$80,000 and the second is lavatory renovations at the O'Maley Innovation Middle School estimated at \$65,000.

Mr. Dunn explained that initially it was thought to repurpose the needed funds from the balance of the DPW building addition appropriation as had been done previously with the Fire Watch/Dispatch project. He said that in a discussion with Bond Counsel, noting that funds had already been borrowed, and that the DPW building project is on indefinite hold, Bond Counsel recommended that the city repurpose the \$700,000 balance of the funds not used for the DPW Building Project. He recounted that \$200,000 of that \$1 million was already repurposed which leaves \$700,000 to be repurposed to fund the repair/renovation needs of any municipal building including the two projects as mentioned.. He explained the city has to spend the borrowed funds within a certain period of time under IRS regulations and briefly discussed that administrative process associated. He conveyed that in speaking with Mr. Hale, and Assistant DPW Director Mark Cole as to what other projects that could come forward and the timing (summer and moving into the early fall) they wanted to earmark the funds for building improvements as the funds were initially purposed for. Additionally, they were looking for improvements that would carry a 20 year life expectancy or more. He briefly discussed a list of potential projects for municipal building use including schools. He reiterated that the funds were already borrowed and that the DPW Building Project will not go forward.

Councilor Orlando said that elementary schools have to be maintained until it is determined how to replace them. **Mr. Dunn** said that these projects are for maintenance of the facilities. He said that even if they were to figure a way to afford the next elementary school in the nearby, there's the MSBA process, the planning process, the swing space process which is a five-year minimum to moving into a new school building and isn't happening at this time. **Mr. Dunn** and **Councilor Orlando** the schools do need to be kept up. **Mr. Dunn** suggested that even if they were to declare one of the school buildings surplus, it's still in the city's best interest to have the building in the best condition possible so that the buildings are safe for students and staff alike.

Councilor Orlando asked on behalf of Councilor Gilman why they are looking to repeat loans for the same items they borrowed for in 2013. **Mr. Dunn** reiterated that this is amending the original loan order. The Council is rescinding what was proposed for the use of the funds and repurposing the funding for other similar capital projects.

COMMITTEE RECOMMENDATION: On a motion by Councilor Lundberg, seconded by Councilor LeBlanc, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council (i) RESCIND the order amending Loan Order 2013-003 voted by the City Council on March 28, 2017 and (ii) AMEND Loan Order 2013-003 voted by the City Council on September 24, 2013 so that it reads as follows:

Ordered: That up to \$2,475,000 is appropriated for the following purposes in the following amounts:

<u>Amount</u>	<u>Purpose</u>
\$ 100,000	DPW Building Addition
\$ 500,000	Financial Software Purchase/Installation
\$ 350,000	Salt Shed
\$ 250,000	City Hall Boiler Replacement
\$ 240,000	Street Sweeper
\$ 335,000	Repairs to Fire Stations
\$ 700,000	Various Municipal Building Improvements

including the payment of all costs incidental or related thereto; that to meet this appropriation, the Treasurer, with the approval of the Mayor is authorized to borrow \$2,475,000 under Chapter 44 of the Massachusetts General Laws or any other enabling legislation; that the Mayor and any other appropriate City official is authorized to contract for and expend any federal, state or private aid available for the project; any premium received 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; and 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. *Memo from City Auditor regarding accounts having expenditures which exceed their authorization & Auditor's Report and other related business*

Amit Chhayani, Assistant City Auditor, briefly reviewed the City Auditor's report with the Committee (on file).

A motion was made, seconded and voted unanimously to adjourn the meeting at 5:52 p.m.

Respectfully submitted,
Dana C. Jorgenson
 Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.