

Budget & Finance Committee
Thursday, June 7, 2018– 5:30 p.m.
1st Fl. Council Committee 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; John Dunn; Interim Chief John McCarthy; Harbormaster T.J. Ciarametaro; Jamie Corliss; Larry Durkin

The meeting was called to order at 5:34 p.m. Matters were taken out of order.

1. *Special Budgetary Transfer Request 2018-SBT-15 from the Police Department*

Chief McCarthy advised that this transfer from Police-Criminal Investigations, Salaries is to fund necessary personnel consulting services, for outside internal investigation company. The request is for more than what is invoiced as there could be a charge that will come in. The remainder will fall to Free Cash, he noted. **Mr. Destino** pointed out that this is an outside consultant for internal affairs whom they hire and is a personnel issue. **Councilor Hecht** confirmed this is within the Police Department's total budget.

COMMITTEE RECOMMENDATION: On 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 Special Budgetary Transfer 2018-SBT-15 in the amount of \$12,000 from Account #0121251-511000, Police-Criminal Investigations, Salaries to Account #0121152-520000, Police-Uniform, Purchase of Services for the purpose of funding invoices for management consulting services through June 30, 2018.

2. *Memorandum, Grant Application and Checklist from the Cemetery Advisory Committee for the acceptance of the Mass. SHRAB Grant in the amount of \$6,326*

Mr. Destino noted that this grant for \$6,326 is to support the Cemeteries Advisory Committee's preservation of veterans' headstones in the city's First Parish Burial Ground and Clarks Cemetery and the second acceptance before the Committee is another related donation. **Councilor Cox** recounted the recent events that brought the city-owned cemeteries to the forefront, places which hold so much of the city's heritage in their boundaries.

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 grant from the Massachusetts State Historical Records Advisory Board (SHRAB) through the Massachusetts Secretary of State's Office in the amount of \$6,326 for the purpose of the City-Owned Cemeteries Advisory Committee Preservation of Veterans' headstones in First Parish Burial Ground and Clarks Cemetery at 122-R Centennial Avenue.

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 under MGL c. 44, §53A to accept a donation of up to \$674 from the Daughters of the American Revolution, The Gloucester Fund and Awesome Gloucester Foundation for the purpose of the City-Owned Cemeteries Advisory Committee Preservation of Veterans' headstones in First Parish Burial Ground and Clarks Cemetery at 122-R Centennial Avenue.

3. *Memorandum, Grant Application and Checklist from the Gloucester Cultural Council for the acceptance of the Mass. Cultural Council Grant in the amount of \$7,600*

Mr. Destino advised this is the annual acceptance of state funds to be distributed through the Gloucester Cultural Council.

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 Cultural Council in the amount of \$7,600 to the Gloucester Cultural Council for the purpose of supporting FY2018 local cultural projects in the City of Gloucester by the Gloucester Cultural Council.

4. *Supplemental Appropriation-Budgetary Request 2018-SA-32 from the Harbormaster*

Harbormaster T.J. Ciarametaro explained that the Waterways Board wishes to place the remainder of the Waterways Enterprise Fund retained earnings into the Waterways General Stabilization account for future needs of the Harbormaster's Department. This appropriation takes the remainder of Free Cash and moves it into an already established General Stabilization Fund, making funds available for emergencies and capital improvements. **Kenny Costa**, City Auditor briefly recounted the establishment of the fund. **Councilors Hecht** and **Memhard** touched on possible uses for the funds briefly with the Harbormaster. **John Dunn**, CFO, noted that putting this money into the Stabilization Fund is a way if an emergency arises they can transfer the funds through a Supplemental Appropriation. This action will make the funds available despite the turnover of the new fiscal year, with Council approval.

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 2018-SA-32 in the amount of \$30,848 (Thirty Thousand Eight Hundred Forty Eight Dollars) from Waterways Enterprise Fund, Undesignated Fund Balance-Retained Earnings ("Free Cash") Account #7000-359000, to Waterways Enterprise. Stabilization Fund, #7150-359000, for reserving said funds for future purposes of the Waterways Enterprise Fund.

5. *Memorandum from Community Development Director re: Community Preservation Committee Off-Cycle Recommendation for Ten Gates Development Project at Pearl Street #15*

Christian Fisher, representing Ten Gates as Principal/Manager, developer, conveyed the following information: Ten Gates has experience with development and renovations projects. The property was purchased in January 2017. The Gloucester Housing Production Plan (HPP) was issued shortly afterward which recognized the need for more affordable housing in the city. The HPP pointed out that 40% of people looking for affordable housing were non-family -- single adults or single adults living together. Pearl Street #15 was built in 1850, originally believed to be a rooming house with likely four units on each floor (16 units). Since then it became a warehouse in the 1960's. The proposed plan is to return it to residential units with two units on the upper floors and one unit on the lower floor for a total of seven units. The Committee was shown an enlarged view of one of the floor's layout (on file). These units are "generous" studios, or could be small one-bedroom apartments. Of the seven units, rather than create the minimum requirement of two dedicated affordable housing units, the decision was made to earmark four units as affordable housing. There are two driveways, one on either side of the building, which will allow for four vehicles, two each side parking in tandem. The rents are expected to be \$950/month plus utilities; within the Gloucester market; the maximum allowable rent with utilities is \$1,415. **Mr. Fisher** suggested that the rents may need to be lower than \$950/month as it is the upper limits of what a studio would command in rent in the city. The affordable units in this building will be allocated by a qualified lottery agent; they've applied to the Mass. DHCD (Dept. of Housing & Community Development) for veteran preference and filed for a Gloucester resident preference for 75% of the affordable units. The net development cost is about \$875,000. The bank is willing to finance \$500,000 with a cap rate of about 7% which is the reason why they are seeking CPA funds for this project.

Councilor Hecht noted this is a \$120,000 request for funding which equates to four affordable units or \$30,000 per unit. He suggested this project could work for the neighborhood. He asked if **Mr. Fisher** has had a lot of neighborhood contact about this project. **Mr. Fisher** advised he and his wife have talked to "quite a few" neighbors. He noted they went before the ZBA three weeks ago and two people showed up to make comments about the parking at the first public hearing, one of whom was the former property owner.

Councilor Cox expressed concern for the parking. **Councilor Memhard** noted the proposed parking would be a net gain impact for the neighborhood with this property development. **Mr. Fisher** pointed out that this address is very near to the train station, two bus routes, and a taxi stand, as well as being within easy walking distance to a variety of local amenities such as a grocery store, restaurants and other conveniences. **Councilor Memhard** pointed out that this is a mixed use neighborhood with **Mr. Fisher** adding that 15 Pearl Street is zoned as residential although surrounded by small businesses on either end of the street.

Councilor Cox suggested that Mr. Fisher make flyers and drop them off in the neighborhood about the site visit so that there is a good level of transparency. He was encouraged to organize an informal neighborhood meeting to convey details of the project to the development's neighbors.

Jamie Corliss, Grant Manager, noted that the ZBA public hearing is on June 28 for which abutters are noticed based on ZBA guidelines.

SITE VISIT: Saturday, June 16, 2018 at 9:00 a.m.

This matter was continued to June 21, 2018.

6. Memorandum and Special Budgetary Transfer Request 2018-SBT-16 from the CFO

Mr. Dunn advised that for several years the city has had to appropriate further funding for Veterans' Benefits which points to the success of the city's Veterans' Services programs. The projection for the total required to balance spending for the year is \$32,000. That amount is available in the Management Information Systems Salary line due to lag in filling budgeted positions. There are general veteran's benefits, medical and fuel, he noted for the Committee. **Councilor Hecht** discussed the 75% reimbursement that comes from the state which lags behind by one fiscal year with **Mr. Dunn**. **Mr. Costa** reminded the Committee that this reimbursement comes through the state Cherry Sheet.

COMMITTEE RECOMMENDATION: On 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 Special Budgetary Transfer 2018-SBT-16 in the amount of \$32,000 from Account #0115551-511000, Management Information Systems, Salaries to Account #0154352-577000, Veteran's Benefits, Ordinary Benefits for the purpose of funding Veterans' Benefits through June 30, 2018.

7. Memorandum from CFO re: loan authorization request to increase funding for approved Loan Order 2017-002 Phase One-Haskell Dam Upgrade

Larry Durkin, Environmental Engineer advised that the city has been fortunate in its receipt of state grants from the Mass. Executive Office of the Dept. of Environmental Affairs (EEA) having received a full design grant for \$175,000 for the Haskell Dam project for a total received to date of \$1.925 million in grants and \$100,000 in loans. In order to receive a \$750,000 grant the city needs an additional appropriation in the budget so that a change order can be signed. The city is in receipt of contracts from the state for the \$750,000. **Mr. Dunn** added that there are timing issues involved; documentation has to go back to the EEA by June 30 Phase One of the upgrades to the Haskell Dam is now estimated to cost \$2.3 million after the incorporation of an almost \$500,000 change order from the contractor. The Council had originally approved a loan order (2017-002) in the amount of \$1.8 million to cover both the engineering and construction of the project. The project was approved for a \$500,000 grant and a \$500,000 low interest loan through the Mass. Executive Office of Energy & Environmental Affairs (EEA) to support the costs of the project. **Mr. Durkin** reported that it is highly likely the city will receive another EEA grant in the amount of \$500,000 to support the additional expense, and that there is a possibility of an additional \$250,000 grant from available program funds. The request before the Committee is to increase the project appropriation to \$2.3 million. The appropriation will allow the city to receive \$750,000 in additional grants. **Mr. Dunn** touched on the a tight timeline on the grant portion of the project for \$1,250 which was sent overnight to the state after being signed by the Mayor (final deadline for all documentation including the Council's vote). This is taking a previously approved loan order approved by the Council for \$1.8 million to \$2.3 million, he pointed out. He advised a large portion will be covered by the grant, as well as a \$500,000 low interest loan from the state. The rest, about \$500,000 will be issued by the city as general obligation debt.

Councilor Cox suggested that given the tight timeline, a motion for reconsideration would be appropriate on the night the vote is taken to which **Mr. Dunn** confirmed (public hearing advertised for June 26).

Councilor Hecht reviewed with **Mr. Dunn** the financial history of the project briefly with **Mr. Dunn** pointing out this grant funding combined with the low-interest loans are a very good deal for the city.

Councilor Memhard asked if this funding would address the total scope of the project, noting that Haskell Dam is recognized by the state as a distressed dam. **Mr. Durkin** advised that the dam is considered a "high hazard dam" by the state. He explained that Phase 1 rebuilt the dam's spillway; replaced the valves in the intake house, installed a new roof on it; cleared the dam embankment and improved the piping for better hydraulic control.

They've done everything except for the second phase of work with the same contractor. The remaining work is expensive, he advised, which is why they are seeking as many grants as possible. **Councilor Memhard** noted that Haskell Reservoir has the best quality water in the city, accounting for 30% of the city's raw water supply. **Mr. Durkin** reported that they have done a great deal of work, and there is great improvement.

Councilor Hecht touched on what it would cost to finalize all repairs with **Mr. Durkin** who suggested it would cost in total for the entire finished project at about \$5 million to \$6 million. **Mr. Destino** advised they'll continue to seek low interest loans and grant funding; the rest of the capital expenses have to fit into the city's capital plan for this next phase of the project. They feel like they're on the right track with Mr. Durkin steering this project forward, 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 authorize the following loan order:

Ordered: That Loan Order 2017-002, Certificate of Vote 2017-056 of this Council approved March 20, 2017 authorizing the borrowing of \$1,800,000 to pay the costs of Phase 1 of the Haskell Dam upgrade project is amended in its entirety to provide as follows:

That the City of Gloucester appropriates Two Million Three Hundred Thousand Dollars (\$2,300,000) to pay costs of Phase 1 of the Haskell Dam upgrade project, 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.

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

Kenny Costa, City Auditor, reviewed his reports (on file) with the Committee.

A motion was made, seconded and voted unanimously to adjourn the meeting at 6:47 p.m.

Respectfully submitted,
Dana C. Jorgenson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.