

**City Council Standing Committee
Budget and Finance
Thursday, January 6, 2011 – 6:00 p.m.
First Floor Conference Room, City Hall**

PRESENT: Steven Curcuru, Chairman; Paul McGeary, Vice Chair; and Councilor Jacqueline Hardy

Absent: None. Councilor McGeary joined the meeting at 6:20 p.m.

Also Present: Councilor Greg Verga; Jeffrey Towne, CFO; Kenny Costa, City Auditor; Dr. Connelly, Superintendent of Schools; Mr. Markham, School CFO; Jim Caulkett, Harbormaster; Peter Bent, Tony Gross and Kate Banks, Waterways Board; Matt Lustig, CDD Project Manager; Steve Winslow, CDD; and members of the Community Preservation Committee: JJ Bell, Sandy Ronan, and Steve Dexter. Also in attendance were: Maggie Rosa, Chair, City Hall Restoration Committee, Steve Dexter, City Hall Restoration Committee; Jim Schoel, GHS; Joanne Souza, Schooner Adventure; David Houlden and Bill Dugan, Housing Authority; David Reinlander, Historical Commission; Jerry Ackerman, Unitarian –Universalist Church; Sarah Dunlop and Don Sande, Archives Commission.

The meeting was called to order at 6:00 p.m.

Councilor Verga served as alternate for Councilor McGeary until 6:20 p.m.

Items were taken out of order, and follow in the order in which they were discussed.

3. Memo from Harbormaster re \$26,000 appropriation from Waterways Enterprise Retained Earnings for purchase of new Harbormaster Vehicle

Mr. Caulkett addressed this appropriation, stating that the current vehicle is a 1996 model, has many miles, and would not pass inspection; therefore, the Waterways Board has recommended and is requesting this appropriation. The new vehicle will be a one-ton, four wheel drive, standard vehicle.

>MOTION: On motion of Councilor Hardy, seconded by Councilor Verga, the Budget and Finance Committee voted 3 in favor 0 opposed to recommend the full City Council approve the appropriation of up to \$26,000.00 from the Waterways Enterprise Retained Earnings (700000.10.000.35900.0000.00.000.00.000) to the Waterways Capital Outlay Enterprise Vehicles (700000.492.58750.0000.00.000.00.058) for the purpose of purchasing a new Harbormaster vehicle.

4. Memo from Harbormaster re \$20,000 appropriation from Waterways Enterprise Retained Earnings for repairs to the Magnolia Pier Public Landing.

Mr. Bent addressed this appropriation and stated that two other projects are anticipated. He asked the committee to consider adding additional funds to the current request for other projects, including the ramp to provide access to Wonson Cove.

Councilor Curcuru stated that the Magnolia Pier funding is the only item on the agenda for this evening; therefore, it is the only request to be discussed. He suggested the Waterways Board file a request for funding for the Wonson Cove access through the Mayor's Report.

Mr. Bent stated that the \$20,000 funding for the Magnolia Pier is a temporary fix, and the original estimate for \$20,000 may not cover the costs. He requested an additional \$6,000 be reserved for the project. He also noted that he would like to earmark this expenditure through Public Access funds. Further, that Reserve and Public Access funds are co-mingled, but accounted for separately. **Mr. Costa** stated that money received from the State goes into Retained Earnings and will come in as revenue at the end of the year. Further, the Magnolia Pier funding is part of Retained Earnings as certified by DOR. **Mr. Towne** reported that the Waterways Board has \$545,000 certified as free cash.

Mr. Bent stated that three additional pilings in the amount of \$6000 will be necessary to complete the Magnolia Pier project. Further, the appropriation would allow the Board to go out to bid as soon as possible with the work beginning as soon as the bids are in and complete.

Mr. Towne stated that if the project is estimated at \$26,000, the B and F Committee can vote, Contingent upon the Mayor's approval, for an additional \$6,000 at the City Council meeting.

Mr. Bent stated that the Waterways Board at their meeting on January 5, 2011, approved the additional \$6,000 in funding. The repairs, he stated, will get the Magnolia Pier through the next four to five years in that it is a repair only. Replacement will be necessary in the near future. He further noted that Manchester should be contacted for cooperation in this project in that they also have use of the pier.

Councilor Verga stated that the project should be complete to enable use of the pier during the summer of 2011, and he fully supports this project.

>MOTION: On motion of Councilor Hardy, seconded by Councilor McGeary, the Budget and Finance Committee voted 3 in favor 0 opposed to recommend the full City Council approve the appropriation of up to \$26,000.00 from the Waterways Enterprise Retained Earnings (700000.10.000.35900.0000.00.000.00.000) to the Waterways Capital Outlay Enterprise Facilities Improvements (700000.10.492.584100.0000.00.000.00.058) for the purpose of repairs to the Magnolia Pier Public Landing, conditional on the Mayor's approval and submission of the Waterways Board Meeting Minutes of January 5, 2011 prior to the City Council Meeting on January 11, 2011.

6. CPA Applications. Discussion on Motions for City Council.

Application #1. Community Development Department – Dogtown/North Gloucester Woods Preservation Planning – Open Space - \$30,000.

Steve Winslow, CDD, reported that areas north of Dogtown were identified as a patchwork of private and public land. There were and are questions about access which is partially on private land. There is a need to understand existing conditions and land needs to be identified with regard to tax title, etc. The area, he stated, is at the quarry area, so preparation and understanding of the first step of the project is needed, this includes deed research. The CDD is working in close conjunction with the Open Space Committee and they want to understand who owns what and work with residents as to what is important in the area. This is a resident-driven project. Further, appraisals would have to be done to verify the value of the properties if the city should pursue purchasing any land in the area.

Some land owners have, in the past, been generous in donating property. Further, this is an important recreation area, and an addition to the quality of life being an asset for all residents of the city.

Council Hardy, referencing the map provided by **Mr. Winslow**, spoke to the access to the quarries, and noted that the problems of the neighborhoods which have been targeted should be addressed. She spoke specifically to the Hickory access noted nearby the Plum Cove School. **Mr. Winslow** stated that the access points may need to be redefined; that the GIS equipment was used as a tracker; and, the paths indicated in red on the map have more precise locations of where trails/roads are located. He stated that there was focus on the fire roads in that is where access is most important. Funding for land surveying is included in the proposal before the committee.

It was recommended that the School Department be contacted to make sure access through a school property is allowed. **Mr. Winslow** said he would involve the schools, with a meeting being held in the near future. **Councilor Hardy** requested the meeting not be held during a school vacation week, and that, further, she will support this proposal.

Councilor McGeary asked if this land is conservation land, and **Mr. Winslow** stated that it is a mix of private land with conservation restrictions; and, that it is restricted from further development. He noted that forestry land is allowed to be forested.

MOTION: On motion of Councilor Hardy, seconded by Councilor McGeary, the Budget and Finance Committee voted 3 In Favor 0 Opposed to recommend the City Council appropriate up to \$30,000 from Community Preservation Act funds, as recommended by the Community Preservation Committee for the purpose of creating an existing conditions inventory for the Gloucester Community Development Department located on Pond Road, Gloucester, Massachusetts to be used to develop a preservation plan for the Dogtown/North Gloucester Massachusetts Woods area. The appropriation will be allocated to the Open Space category and funded from Open Space Reserves in Fund #270100. The project will be tracked in the Community Preservation Fund – Open Space Project – Fund #271000.

Mr. Towne requested a history on savings accounts which are set up under Dogtown. This is to be a future Budget and Finance Committee agenda item.

Application #2 Gloucester High School – Jim Schoel – Worstrel Environmental Adventure Center – Open Space/Recreation - \$10,000.

Mr. Schoel reported that that challenge course is proceeding and is being used. Further, the project is class inclusive and students are working together building and utilizing the project. The results are stunning, he commented. This is only part of a larger picture at GHS in that the program is offering access to more students and the resource is incredible. The plan with the trees and flora is a part of teaching and preservation of the area. He also stated that two gardens have been planted, and funding is essential to move the project ahead. Twenty to thirty Norway maples will be removed and these will be replaced with sixty trees as approved by the Conservation Commission, He is not, at this time, sure of the replacement species.

Councilor McGeary stated this is an exciting project; and, **Councilor Hardy** said she did not attend the site visit; however, is interested in the project.

MOTION: On motion of Councilor Hardy, seconded by Councilor McGeary, the Budget and Finance Committee voted 3 In Favor 0 Opposed to recommend the City Council appropriate up to \$10,100 from the Community Preservation Act funds as recommended by the Community Preservation Committee for the purpose of removing invasive tree species and replanting native tree species at the Worstrel Environmental Adventure Center at Gloucester High School, located at 32 Leslie O. Johnson Road in Gloucester, Massachusetts. The appropriation will be allocated to the Open Space category and funded by up to \$9000.00 from Open Space Reserves in Fund #270100, and funded for up to \$1,100.00 from the Unrestricted Reserves in Fund #270000. The project will be tracked in the Community Preservation Fund – Capital Projects – Open Space Fund #340000.

Application #3. Gloucester Development Team – Central Grammar Apartments – Community Housing - \$50,000.

Mr. Bell, in the absence of members of the Gloucester Development Team, reviewed this project which is a model for adaptive reuse in an urban area. The \$50,000 is being used as a match for additional funds. It will preserve long-term affordability; historic components of the project; and, upgrades in the building with regard to safety, energy, and enhancement of handicapped accessibility.

MOTION: On motion of Councilor McGeary, seconded by Councilor Hardy, the Budget and Finance Committee voted 3 In Favor 0 Opposed to recommend the City Council appropriate up to \$50,000 from the Community Preservation Act funds as recommended by the Community Preservation Committee, for the purpose of restoring Gloucester Development's Team Central Grammar apartments located at 10 Dale Avenue, Gloucester, Massachusetts. The appropriation will be allocated to the Community Housing category and funded by up to \$39,000 from Community Housing Reserves in Fund #270200, and funded by up to \$11,000 from the Unrestricted Reserved in Fund #270000. The project will be tracked in the Community Preservation Fund – Community Housing Projects – Fund 272000.

Application #4 - The Gloucester Adventure – Schooner Adventure Restoration – Windlass and Anchor Chain – Historic Preservation - \$25,000.

Joanne Souza spoke to this project noting that the Adventure has gone as far as it can, as far as volunteer work is concerned, Patterns have to be made, researching as to where wood might be available, and steering gear put in place is now necessary. The windlass, she stated, is used to raise the anchor. The Adventure will be used in education programs and the work ahead will allow the boat to look more like a schooner. The Adventure will be open to the public this summer and will be more visible. The preservation is moving forward.

She noted that an engine is necessary in order to be certified to sail with passengers aboard and an additional \$450,000 will be necessary just to go sailing.

Councilor McGeary stated he visited the site and is impressed with the quality of workmanship.

Councilor Hardy stated her concerns with the Adventure remaining in Gloucester and asked for assurance that the schooner would continue to tie up in the City.

Ms. Souza reported that the Adventure was donated to the citizens of Gloucester and the City could not afford to maintain her; therefore, a non-profit was established. She also stated that the Adventure will travel to Newburyport and Salem for the purpose of education; however, will remain in Gloucester and fly the Gloucester flag.

It was questioned whether the Adventure as a non-profit pays rent at the Fitz Lane house, and **Ms. Souza** stated that the house is in-kind through the City at \$800.00 per month. She also stated that rent is paid to keep the Adventure at the Marine Railways. Also, the Adventure pays to maintain and clean the public rest rooms at the Fitz Henry Lane House, which are always open.

MOTION: On motion of Councilor McGeary, seconded by Councilor Hardy, the Budget and Finance Committee voted 3 In Favor 0 Opposed to recommend the City Council appropriate up to \$25,000 from the Community Preservation Act Funds, as recommended by the Community Preservation Committee for the purpose of allowing the Gloucester Schooner Adventure which is a Historical Schooner/vessel berthed in Gloucester, Massachusetts, to contribute toward the rebuilding of the windlass and attach the anchor change to the National Historic Landmark, Schooner Adventure. The appropriation will be allocated to the Historic Preservation category and funded from Historic Preservation Reserves in Fund #270300. The project will be tracked in the Community Preservation Fund Historic Preservation Projects – Fund #275000.

Application #5 – City Hall Restoration Committee – City Hall Restoration – Completion of the Exterior Restoration – Historic Preservation - \$185,000 (\$2.6 million)

Maggie Rose spoke to this proposal, stating that this project would be an ongoing exterior restoration of City Hall and funding will be used to fund architectural and engineering plans in order to restore and rehabilitate the deteriorating elements of the building's exterior. This includes the remaining two lower tiers of the tower, ventilators, decorative cornice, windows, and entrance portions. She further stated that the CHR Committee reviewed the live experiments as to how vital City Hall is to businesses downtown.

Ms. Rosa pointed out that the first portion of the exterior renovation was funded by an emergency grant, insurance funds, and funds allocated by the City Council. She said there was money left over to allow the beginning of the next project which was flashing and gutters on the main building. During this project, the lean of the tower became unquestionable and after measurements of the misalignment of the tower, it was determined it was in danger of collapse. The City Council authorized a loan Order of \$1.3 million which enabled the hiring of an architectural firm which did an extensive analysis of City hall and what it would take to repair. The tower was straightened and strengthened and the two upper sections are complete. This finished work can be seen from inside the tower.

Ms. Rosa further noted that no work is planned for the interior of the building; however restoration is needed and necessary on the envelope of the building – the windows, wood trim and exterior.

Councilor McGeary stated, that after seeing the deterioration of the building, it is important to preserve the envelope and he will support this proposal.

Councilor Hardy stated she would like to see the CPA funds be used to rehab the building, but is not in favor of a long-term bond at the current time given the city's infrastructure problems. She would like to have seen a request come to the Council with items such as boilers and the inside of the building. She understands the concerns with the appearance of the exterior, but will not support a long-term loan. She said this important building needs repair inside and outside.

Ms. Rosa commented that people, through the CPA, were voting for City Hall Restoration; and, further the restoration of the exterior is in the interest of safety. The building will deteriorate further if the envelope is not addressed. If one gets into the issue of the heating system, then one is getting into the area of the future use of the building. She also noted that window repairs are being investigated and addressed.

Mr. Bell commented that making the envelope tight is a good and logical way to do the project. He also noted that many communities are using bonding for public buildings which does not compete with the general fund.

Mr. Towne stated that this does not come from the general fund, but affects the levy limit. Further, if the CPA had been voted specifically for this purpose, funding could be over a shorter period of time.

Mr. Bell stated that open space and community housing are also important and the Committee wanted to maintain a balance with the CPA funding. The CPAC debated and concluded that funding is an issue of balance.

Ms. Rosa stated that the longer the wait, the less work can be done and the deterioration continues with construction costs going up. If this opportunity is lost, it will cost more over time.

Councilor Curcuro stated that, in speaking with the contractor of the first phase, he was assured there are serious issues that have to be addressed. He has concern with the bonding aspect; however those concerns have been addressed and he will support this proposal.

Councilor Verga stated the building needs to be preserved and the exterior needs to be shored up. He questioned what happens if the CPA is no longer in effect.

Mr. Towne stated that if in five years, the CPA were no longer in effect, funding would be raised through the surcharge to pay the debt and would be reduced for the life of the loan. He also noted that the City Council does not vote the length of the time of the loan, only the amount. He also commented on all the work it took to get the CPA established and would prefer it not go out at twenty years, but to shorten the term. **Mr. Towne** also noted that at 1¼ %, it would be \$25,000 per year for \$2.6 million for two years. And, there is a lot to do to be able save interest costs.

Mr. Towne suggested that the debt schedule be shortened, putting in \$185,000 and paying down less. Voters for the CPA, he stated, want to preserve City Hall. He spoke also of the heat issues.

Mr. Bell reported that other sources such as grants, etc., are continually being investigated to fund the City Hall renovations.

Councilor McGeary commented that this is a balancing act and the amount that can be spent per year is still negotiable.

Councilor Hardy questioned how much will come out of the undesignated amount and **Mr. Towne** stated that this is not his decision. **Mr. Costa** stated it will go on the FY 12 Budget.

Mr. Dexter noted that other improvements have been made to the building at no cost to the city, such as shades in the auditorium, a working clock, etc.

MOTION: On motion of Councilor Hardy, seconded by Councilor McGeary, the Budget and Finance Committee voted 3 In Favor 0 Opposed to recommend to the City Council that up to \$2,600,000 is appropriated to pay costs of remodeling and making extraordinary repairs to Gloucester City Hall and for the payment of all other costs incidental and related thereto; that to meet this appropriation, the Treasurer, with the approval of the Mayor, is authorized to borrow up to \$2,600,000 under G.L.c 44B (the Community Preservation Act) or pursuant to any other enabling legislation; that the Mayor is authorized to contract for and expend any federal or state aid available for the project; and, that the Mayor, with the approval of the City Council, is authorized to take any other action necessary to carry out this project; 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.

Application #6 - Gloucester Unitarian Universalist Church – Meetinghouse Restoration, Phase II – Historic Preservation - \$30,000.

Mr., Ackerman spoke to this project stating that the church is heavily used for public events, and is a public access building, a historic building, and is a National Landmark. There are plans underway for future programs. He stated that the platform will give access to two public levels of the church as well as to the handicapped accessible bathrooms. Work is proceeding with existing volunteer labor, and it is hoped there will be funds to complete the project.

Councilor McGeary stated he attended the site visit, and noted the church is a jewel and should be made accessible as a public access building. **Councilor Hardy** spoke to the necessity of the handicapped access.

MOTION: On motion of Councilor McGeary, seconded by Councilor Hardy, the Budget and Finance Committee voted 3 In Favor 0 Opposed to recommend the City Council appropriate up to \$30,000 from the Community Preservation Act funds, as recommended by the Community Preservation Committee for the purpose of allowing the Gloucester Unitarian-Universalist Church, located at 10 Church Street, Gloucester, Massachusetts to fund improvements for accessibility for persons with disabilities including a platform lift as well as to construct ADA compliant lavatories. The appropriation will be allocated to the Historic Preservation category and funded by up to \$14,000 from the Historic Preservation Reserves in Fund #270300, and funded by up to \$16,000 from the Unrestricted Reserves in Fund #270000. The project will be tracked in the Community Preservation Fund – Historic Preservation Projects Fund #275001, on the condition of approval of the project by the Historical Commission. Further, without approval of the Historical Commission, funding will return to the CPA funds for review at a later date.

Note: The Gloucester Historical Commission provided the Committee with a letter dated January 5, 2011, this evening, stating that the Historical Commission is on record in support of the Gloucester Universalist Church's request for making its 1805 Meetinghouse more accessible for persons with disabilities. Copy on file in the Office of the City Clerk.

Application #7 - Gloucester Historical Commission – Gloucester Street Survey update – Historic Preservation - \$7,500.

David Rhineland, spoke to this application, stating that the precise record of the housing in the city needs to be updated in that it is a piece of information that the city should have. On question of **Councilor McGeary**, **Mr. Rhineland** said the survey is available in the City Hall archives and the Library for review. This, he said, is an important resource done through volunteer efforts. Further, there are no restrictions on using the information.

MOTION: On motion of Councilor McGeary, seconded by Councilor Hardy, the Budget and Finance Committee voted 3 In Favor 0 Opposed to recommend the City Council appropriate up to \$7,500 from the Community Preservation Act funds, as recommended by the Community Preservation Committee for the purpose of _updating the Gloucester Historical Commission Street Survey Index of historic properties. The appropriation will be allocated to the Historic Preservation category and funded from Unrestricted Reserved in Fund #270000. The project will be tracked in the Community Preservation Fund – Historic Preservation Projects Fund #275002.

Councilor Hardy thanked the Archives Committee for their efforts, noting that the storage needs to be protected.

Application #8 - Historical New England – Beauport Window Conservation – Historic Preservation - \$25,000.

Mr. Bell, in the absence of a member of Historical New England, spoke to this proposal. He stated that Beauport is the most visited house in New England; and, that Historical New England is known for their high quality preservation and conservation efforts.

MOTION: On motion of Councilor McGeary, seconded by Councilor Hardy, the Budget and Finance Committee voted 3 In Favor 0 Opposed to recommend the City Council appropriate up to \$25,000 from the Community Preservation Act funds, as recommended by the Community Preservation Committee for the purpose of allowing Historical New England to provide professional conservation care for approximately 30 historic wood windows at Beauport, Sleeper-McCann House, a National Landmark located at 75 Eastern Point Boulevard, Gloucester, Massachusetts. The appropriation will be allocated to the Historic Preservation category and funded from Unrestricted Reserves in Fund #270000. The project will be tracked in the Community Preservation Fund – Historic Preservation Projects Fund #275003.

Application #9 - Gloucester Housing Authority – Cape Ann Homeownership Center – Community Housing - \$20,000.

Mr. Houlden spoke to this project giving background and information on the proposal. He provided a letter to the Committee, dated January 4, 2010, copy on file in the Office of the City Clerk. He clarified the value of the GHS's CPA grant request for the Homeowner Development and Preservation Programs. This, he said, is a vital tool to ensure the development and preservation of affordable homeownership in the city. Currently, he stated that the city has 917 units on the State Affordable Housing Inventory, which puts the affordability rate at 7.1%, or 383 units below the 10% goals.

The project will assist in the following ways: to ensure that there is a pool of local qualified first-time homebuyers to purchase newly developed affordable units; preserves existing affordable homeownership units at resale by also insuring that there is a local pool of qualified applicants to purchase units that turnover; and, preserves affordable homeownership units where owners are facing foreclosure.

Councilor Curcuru stated that he does not see this proposal as qualifying under the CPA and questioned how it is funded. **Mr. Houlden** stated that, in previous years, interest from the homeownership fund was used. He also said that Section 8 funds were used in the past; however, can no longer use these funds. Also, CDBG Funds are no longer available.

Mr. Houlden, on questions of the Committee, stated that anyone in the Cape Ann region can come in for assistance. These funds, however, can only be used for Gloucester clients, and are not available to clients from other areas. There are, he said few foreclosures coming from local banks. Most are from the larger, out of area banks. He also said that the GHA has received \$8,000 in CPA funds from the Town of Rockport.

Mr. Bell, responding to **Councilor Curcuru's** question, stated that the CPC researched the proposal and it would come under the category of support of Community Housing as qualified under the permanency aspect of purchasing and staying in local homes.

Mr. Houlden stated that the funds will be used to fund the salary of the Homeownership Coordinator who works with residents.

MOTION: On motion of Councilor McGeary, seconded by Councilor Hardy, the Budget and Finance Committee voted 2 In Favor 1 Opposed (Curcuru) to recommend the City Council appropriate up to \$20,000 from the Community Preservation Act funds as recommended by the Community Preservation Committee for the purpose of allowing the Gloucester Housing Authority to expand their pre-purchase, post-purchase, and foreclosure prevention counseling programs through the Cape Ann Homeownership Center. The appropriation will be allocated to the Community Housing category and funded from unrestricted reserved in Fund #270000. The project will be tracked in the Community Preservation Fund – Community Housing Projects – Fund #272001 with the condition that any and all homeowners in the City of Gloucester shall be able to avail themselves of this service.

Application #10 - Gardner Company – 10 Taylor Street Condominiums – Community Housing - \$110,000

Mr. Houlden addressed this proposal in the absence of Mr. Gardner, who forwarded a letter to the Committee, this date, copy on file in the Office of the City Clerk.

He stated that this proposal is a request for funding to help to build three affordable condominiums which are to be sold to those with varying incomes. He stated the original building was demolished with HUD approval and the GHA concluded that homeownership was the best use. **Mr. Houlden** further reported that the Federal Home Loan application for this project was not funded.

With regard to the question whether the fully \$110,000 would be needed for the project, the original construction estimates were done in 2009 and there has been a 3% increase since application. Further, the units need to be more affordable to enable a larger amount of people to qualify. The purchase prices have been lowered to \$90,000 for the one bedroom and \$125,000 each for the two bedrooms. The purchase prices will have to be increased if CPA funding is not approved. Construction costs are estimated at \$540,000.

Mr. Houlden provided a copy of the National Homeowners Association application with relative figures. Copy on file in the Office of the City Clerk.

Councilor Verga questioned what will happen if the units do not sell for the asking prices. He is concerned that the goals will not be met in that the list prices are over what they should be. He further said he does not see the units appraising out at the asking prices.

Mr. Houlden stated he does not feel as this is an issue. The units are larger than most with green space. He is of the opinion they units will sell at their current asking prices. He also noted that it is difficult to find a developer who would become involved in this small of a project.

Councilor Hardy stated she will not support this proposal in that she is concerned with the fluxuating figures presented.

Councilor McGeary stated he will support in that there is a need to have more affordable housing units built in the community. Further, this will help build the housing stock for those who are unable to break into the housing market otherwise.

MAIN MOTION

MOTION: To recommend the City Council appropriate up to \$110,000 from the Community Preservation Act Funds, as recommended by the Community Preservation Committee, for the purpose of allowing the Gardner Company to help fund the construction of three (3) affordable condominium units at 10 Taylor Street, Gloucester, Massachusetts. The appropriation will be allocated to the Community Housing category and funded from Unrestricted Reserves in Fund #270000. The project will be tracked in the Community Preservation Fund – Community Housing Projects – Fund #272002.

AMENDMENT to the MAIN MOTION:

It was **MOVED** by Councilor Curcuru, seconded by Councilor Hardy to **AMEND** the **MAIN MOTION** as follows:

MOTION: To recommend City Council appropriate up to \$60,000 from the Community Preservation Act Funds, as recommended by the Community Preservation Committee, for the purpose of allowing the Gardner Company to help fund the construction of three (3) affordable condominium units at 10 Taylor Street, Gloucester, Massachusetts. The appropriation will be allocated to the Community Housing category and funded from Unrestricted Reserves in Fund #270000. The project will be tracked in the Community Preservation Fund – Community Housing Projects – Fund #272002.

WITHDRAWAL of AMENDMENT.

Councilor Curcuru withdrew his Amendment to the Main Motion.

VOTE ON THE MAIN MOTION

MOTION: On motion of Councilor McGeary, seconded by Councilor Hardy, the Budget and Finance Committee voted **1 In Favor 2 Opposed** (Curcuru and Hardy) to recommend the City Council appropriate up to \$110,000 from the Community Preservation Act Funds, as recommended by the Community Preservation Committee, for the purpose of allowing the Gardner Company to help fund the construction of three (3) affordable condominium units at 10 Taylor Street, Gloucester, Massachusetts. The appropriation will be allocated to the Community Housing category and funded from Unrestricted Reserves in Fund #270000. The project will be tracked in the Community Preservation Fund – Community Housing Projects – Fund #272002.

Continued Business

A. FY 2011 School Lunch Budget

Distributed this evening: Gloucester Public Schools Food Service Business Plan Goals 2010/2011 with spreadsheet. Copy on file in the Office of the City Clerk.

Mr. Markham spoke to the plan which began last spring. It became clear there were problems and because of this, a business plan with goals was developed. The mission is to provide all Gloucester Public School students with nutritious, high quality food choices to enhance their ability to learn.

He reported that a number of the goals have been addressed and met and are as follows:

- Join the Metro North Bidding collaborative;
- Implement Production Records/Plans;
- Implement and Inventory System;
- Implement Cash-out procedures;
- Increase the nutritional value of meals;
- Replace Tickets with Roster System;
- Implementation of POS, scheduled for February 2011;

ServSafe Classes;
Price increases;
Increased communications with parents and customers;
Increase catering revenue; and,
Evaluation and Progress Report.

Superintendent Connelly stated that the department wanted to develop the 12-month approach in order to get the full picture, trends, etc. One can look each month to make sure food service is staying on track. If there are deviations or modifications, changes can be instituted. He is pleased to now have this month-by-month reporting. He also commended **Ms. Fleming**, Food Service Director, who brings a great deal of experience to the program and feels she is providing good leadership.

He commented that this is a program with a major turn-about with regard to fiscal review. The budget, he stated, will not stop a deficit, but rather, identify a deficit. It was noted that food service is now, completely, in-house; and that cafeteria workers and kitchen staff are to be further trained with the roster system. It was noted there will be problems with the roster system, but the approach has been a soft-launch. It is anticipated the full program will be running by April and through the end of the school year.

Councilor Curcuru questioned whether any savings have been realized; and, **Mr. Markham** stated this is more about efficiency than money. And, once it is fully implemented, it will reduce the volume of cash. Further, at the end of the FY, there should not be a deficit and the bottom line, after five months, is a carryover profit. Also, the percent of participation is noted on the monthly report and one must have a significant number of customers to make a profit.

Mr. Markham stated it is a goal to take a deficit operation to a break-even operation, and being able to invest back into kitchen equipment is also a major goal. This is a self-supporting program with the exception of health insurance, which is paid by the city.

Councilor Curcuru and Superintendent Connelly discussed out-sourcing programs, and the Superintendent stated that there are a number of models including total takeover; however, it all comes down to the Food Service Director. He feels Gloucester has a strong director and there is management control that cannot be surpassed. Further, a good, well run, positive program should be left as is. It was also noted that the last increase in school lunch prices was in FY07.

Mr. Costa questioned whether the budget plan is approved by the School Committee. He stated he would like to have it approved by the City Council and would like to set up as a 53E Revolving Fund. **Mr. Markham** stated that the plan is approved by the School Committee; however, adjustments could be made. Further, the goals are procedural and functional; and, the School Department's Business Office has direct oversight of the operation.

There was further discussion and clarification on a number of items appearing on the spread sheet provided. To be noted - the orange-colored top section reflects the "actuals".

Superintendent Connelly stated there have been good results with the North Shore bidding group, and **Ms. Fleming** is a member of that group.

Mr. Costa stated he would like to get the Food Service budget on the General Ledger as it needs to be brought into city accounts. Approval of the City Council will be necessary to create the accounts to get it into the city-workings.

Mr. Markham stated the FY11 Budget, as approved by the School Committee, would be provided to the Council through the Office of the Mayor within the week. This, however, would have to be adjusted in order to deliver a zero balance.

B. Memorandum of Understanding – City /School Department regarding Transfer of Funds.

Mr. Costa provided **Mr. Markham** with information which will be coming forward. There are two items on the table – telephones and health insurance for a former school facilities employee. **Mr. Costa** has provided the School Department the areas and accounts from which to make the transfers.

Superintendent Connolly spoke to this .5 position which was budgeted; however, the funding was not transferred. He feels that \$15,000 is able to be transferred without a deficit and there are enough unspent funds to transfer and resolve the budget.

Mr. Towne reported that when the custodians came over to the city, all went into the same collective bargaining agreement.

Transfers will be forwarded to the Office of the Mayor for the Mayor's Report. .

C. End of Year Financial Report – Prepared by the School Department

Superintendent Connolly commended and thanked the city staff for their assistance. He stated he realized there were problems, and the report being submitted late; however, the important thing is that it never happens again. People have been recommended and contacted who will come in, provide training, and work with those involved in the EOY Financial Report. It is anticipated that professional development training would establish a date-certain for report filings. The final report is to be submitted to the City Auditor the third week of September with a September 30th submittal date. He anticipates there should be no problem in the future with the submittal dates being met.

Councilor Curcuru questioned how the break-down happened, and **Mr. Markham** stated that he accepts the responsibility for the delay, for varying reasons; however, he stated he had a lack of understanding on the reporting procedures. **Superintendent Connolly** commented that with training, skill levels will be improved.

Councilor Hardy thanked **Mr. Markham** and **Superintendent Connolly** for their sincerity and is satisfied with the promises made. She commented that her frustration came with the delays and schedule rearrangements. It is now time to move forward.

Mr. Costa requested **Mr. Markham** to provide prior End-of-Year reports.

ITEMS CONTINUED TO THE NEXT REGULARLY SCHEDULED B and F COMMITTEE MEETING:

- >Talbot Rink Sustainability from Revenues.
- >Grant Application Process
- >Memo from City Auditor re accounts having expenditures which exceed their authorization.

ADJOURNMENT: It was moved, seconded and voted unanimously to adjourn the meeting at 10:05 p.m.

Respectfully submitted,
Anne Marchand, Substitute Recorder

Documentation provided at this evening's meeting:

- >City Auditor: Actual Amount of Overdrawn Report – 12/30/10 (2)
- >City Auditor: CPA Spreadsheet
- >Letter from Gloucester Historical Commission dated 1/5/11
- >Letter from Gloucester Housing Authority dated 1/4/10
With Affordable Housing Finance Application (10 Taylor Street)
- >GIS Mapping of North Gloucester Woods Study Area (CDD)
- >Gloucester Public Schools Food Service Business Plan Goals 2010/2011
w/Spreadsheet