

Budget & Finance Committee
 Thursday, December 6, 2018 – 5:30 p.m.
1st Fl. Council Conference Room – City Hall
-Minutes-

Present: Chair, Councilor Melissa Cox; Vice Chair, Scott Memhard (4:05 p.m.); Councilor Ken Hecht

Absent: None.

Also Present: Councilor O’Hara (entered the meeting at 5:31 p.m.); Kenny Costa; Jim Destino; Fire Chief Eric Smith; Assistant Chief Joseph Aiello; Harbormaster T. J. Ciarametaro; Mike Hale; Jill Cahill; Jaimie Corliss; Catherine Schlichte

The meeting was called to order at 4:00 p.m. Matters were taken out of order.

1. Memorandum from City Auditor re: notification of MA Dept. of Revenue Free Cash Approval

Kenny Costa, City Auditor, reviewed briefly the notification on Free Cash approval for the city of Gloucester (memo and graph of nine years of free cash history on file). A total of \$2,218,814 was certified in Free Cash as of July 1, 2018 for the city’s General Fund. This is the ninth year in a row that the city has had positive free cash in 40 years, he recounted, which is a record. He pointed out that fact is a credit to the city’s financial team. With the Free Cash distribution policy it is a very important positive for Gloucester.

Councilor Hecht touched on how the Free Cash impacted the Enterprise Funds with **Mr. Destino** briefly. **Mr. Destino** pointed out that the key is what they do with the money with a policy in place that allows for the funds to be put away to be used for important one-time expenditures. **Mr. Costa** advised had this policy been in place for FY11 the city would be in a much better position now. He touched on the timing issues that impacted free cash briefly with the Committee saying it will never be perfect, in response to a question from **Councilor Cox**.

2. Memorandum and Supplemental Appropriation Budgetary Requests: 2019-SA-12, -13, -14, -15 & -16 from the CFO

Mr. Destino reminded the Committee as noted in their last meeting that first thing to be undertaken in the appropriation of free cash was to be the reimbursement of \$376,441.69 to the General Stabilization Fund for a recent transfer out to cover FY18 Snow & Ice deficit. That leaves \$1,842,372.31 to be allocated according to the Capital Plan Funding and Free Cash distribution Policy and would mean a distribution to the Stabilization Funds as follows:

Capital Projects Stabilization Fund (40%)	\$736,948.92
Building Maintenance Stabilization Fund (20%)	\$368,474.46
General Stabilization Fund (10%)	\$184,237.23
Remaining as Unreserved Free Cash (30%)	\$552,711.70

Additionally it is recommended by the Administration to transfer \$50,000 of the remaining Unreserved Free Cash to the Other Post Employment Benefit (OPEB) trust fund. There was a brief conversation about the OPEB funding between **Councilor Hecht**, **Mr. Destino** and **Mr. Costa**.

Mr. Destino advised that since the start of the Theken administration Free Cash and Stabilization Fund balances have risen steadily to the level it is now. **Councilor Cox** touched briefly on the funding the DPW for water meters for that account that during the budget talks was to have been funded with free cash for that one-time expense.

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 Supplemental Appropriation 2019-SA-12 in the amount of \$50,000.00 (Fifty Thousand Dollars) from the General Fund, Undesignated Fund Balance (“Free Cash”), Account #0001-359000 to the Other Post-Employment Benefit (OPEB) Trust Fund, Transfer in from General Fund, Account #84004-497001 to partially fund the City’s OPEB unfunded liability.

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

Supplemental Appropriation 2019-SA-13 in the amount of \$184,237.23 (One Hundred Eighty Four Thousand Two Hundred Thirty Seven Dollars and Twenty Three Cents) from the General Fund, Undesignated Fund Balance (“Free Cash”), Account #0001-359000 to the General Stabilization Fund-Transfers In from General Fund, Account #75004-497001 per the Capital Plan Funding and Free Cash Distribution Policy.

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 Supplemental Appropriation 2019-SA-14 in the amount of \$368,474.46 (Three Hundred Sixty Eight Thousand Four Hundred Seventy Four Dollars and Forty Six Cents) from the General Fund, Undesignated Fund Balance (“Free Cash”), Account #0001-359000 to the Building Maintenance Stabilization Fund, Transfers in from the General Fund, Account #770001-497001 per the Capital Plan Funding and Free Cash Distribution Policy.

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 Supplemental Appropriation 2019-SA-15 in the amount of \$736,948.92 (Seven Hundred Thirty Six Thousand Nine Hundred Forty Eight Dollars and Ninety Two Cents) from the General Fund, Undesignated Fund Balance (“Free Cash”), Account #0001-359000, to Capital Projects Stabilization Fund, Transfers from the General Fund, Account #760001-497001 per the Capital Plan Funding and Free Cash Distribution Policy.

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 Supplemental Appropriation 2019-SA-16 in the amount of \$376,441.69 (Three Hundred Seventy Six Thousand Four Hundred Forty One Dollars and Sixty Nine Cents) from the General Fund, Undesignated Fund Balance (“Free Cash”), Account #0001-359000 to the General Stabilization Fund-Transfer in from General Fund, Account #75004-497001 per the Capital Plan Funding and Free Cash Distribution Policy.

Councilor Cox lauded the free cash policy.

3. *Memorandum, Grant Application & Checklist from Fire Chief re: Acceptance of FEMA EMPG Grant in the amount of \$6,100*

Assistant Fire Chief Joe Aiello conveyed that this grant requires a 100% in-match which will come from the Fire Department. This will provide helmets and vests to firefighters in the event of an active shooter situation. He conveyed this will allow them to form a rescue task force to be able to provide medical services to shooting victims as the situation plays out and is clear enough to do so. The match will come from the Fire Department’s EMS equipment Ordinary account line.

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 accept under MGL c. 44, 53A a federal grant from the U.S. Department of Homeland Security/Federal Emergency Management Agency passed through the Massachusetts Emergency Management Agency (MEMA) Emergency Management Performance Grant (EMPG) in the amount of \$6,100.00. Funds are to be used for the purchase of body armor and ballistic helmets for the city’s Emergency Management Department. The grant period for the FFY2018 grant portion is from November 14, 2018 through June 30, 2019 and there is a 100% in kind match for this grant.

4. *Memorandum, Grant Application & Checklist from Fire Chief re: Acceptance of FEMA Hazard Mitigation Plan Update in the amount of \$18,000*

Assistant Chief Aiello explained that the Pre-Disaster Hazard Mitigation Plan Update Grant from FEMA through MEMA is \$18,000 and will be utilized for a review of their current plan and will use a current consultant to the city. Fire Chief Eric Smith advised that the last time this plan was updated was in 2012. This will be a complete review, he added, for natural disasters and although they will attempt to add some man-made disasters into the scenarios, but this update is limited due to it being federally controlled. He added that this comes at a good time to provide the city’s Planning Division with a great deal of data as a result. There is a 25% in-kind match made up

through the Fire Department staff hours. **Mr. Destino** advised this meshes with the MVP Planning Grant administered through the Planning Division. **Councilor Cox** asked if CERT will be tied in. **Chief Smith** advised it didn't; but if the federal officials believe that CERT fits into the plan they will insert them into it.

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 accept under MGL c. 44, 53A a federal grant from the U.S. Department of Homeland Security/Federal Emergency Management Agency passed through the Massachusetts Emergency Management Agency (MEMA) a Pre-Disaster Mitigation Plan Update Project Grant in the amount of \$18,000. Funds are to be used for the purpose of updating the city of Gloucester's Local Multi-Hazard Mitigation Plan. The grant ending date is June 30, 2020 and there is a local match of up to 25% of total eligible and approved costs.

5. Memorandum and Supplemental Appropriation Budgetary Request 2018-SA-17 from Harbormaster & Fire Chief

Harbormaster T.J. Ciarametaro explained the request to use Free Cash to purchase a new outboard engine for the Joint Harbormaster/Fire rescue boat (the former CERT boat which was a donation to the city) as follows: The joint Harbormaster/Fire rescue boat is an important asset to the city in order to provide an important on-the-water critical service -- the more boaters that come to the city the more tourism the more publicity and special events the more assets the department needs to keep up with that increased volume of boats. It is time to replace the outboard engines which are about 15 years old in service life for a commercial use which is a long time. Since the memo on this matter was forwarded to the Mayor, the boat has become completely out of service. This asset is a year-round on-the-water boat which is the only asset that is heated and has a closed cabin. Proposed is the purchase of twin 150 Evinrude outboard engines and rigging with motor gauges with install for a total of \$34,359.00. It was pointed out that even if the order for the engines was placed today it would be a month and a half before the engines would be installed. He added that he has researched the best possible prices which is why they are using GSA pricing and will be able to make the purchase likely through a local yacht yard (GSA pricing allows the city to receive nearly a 40% discount on Evinrude Outboard motors saving the city over \$10,000). They will take the best fit for the boat. Responding to Councilor inquiries he advised he is leaning towards the Evinrude outboard motors. These engines will be two-stroke engines which require less regular maintenance than four-stroke engines as these boat is used on average at least 600 hours through the summer months -- for continuous duty use the Evinrude outboards are a better choice for commercial-level platforms.

Councilor Cox asked why this is coming out of the Capital Projects Stabilization Fund and not the Waterways Enterprise Fund budget. **Mr. Destino** advised this was an urgent need and determined this was a one-time capital expense. He added that he wasn't going to take it out of Free Cash as they want to wait to see what happens with the Snow and Ice accounts for 2018/2019.

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 Supplemental Appropriation 2019-SA-17 in the amount of \$35,000 (Thirty Five Thousand Dollars) from the Capital Projects Stabilization Fund – Transfers out to Trust Funds, Account #760001-596006, to Capital Projects Stabilization Fund-Boat Equipment, Account #760022-585022 for the purpose of purchasing a new outboard motor for the city of Gloucester's Fire Rescue Boat.

6. Memoranda from CFO & the DPW Director re: request for two loan authorizations: \$2,930,000 for water infrastructure work and \$3,150,000 for sewer infrastructure work

\$2,930,000 for Water infrastructure work includes:

- | | |
|--|-------------|
| • Babson Water Filtration Plant HVAC & plumbing/piping improvements | \$1,500,000 |
| • Water reservoir intake structures and valve replacements (\$1.25 million Year 2 future3 ask) | \$1,150,000 |
| • Klondike Reservoir water quality protection project | \$ 200,000 |
| • Sand filter media replacement (\$80,000 Year 2 future ask) | \$ 80,000 |

Mike Hale, Public Works Director, with Mr. Destino reviewed the water infrastructure loan order for \$2,930,000 as follows: This is a loan for nine water projects.

○ **Babson Water Filtration Plant HVAC & plumbing/piping improvements** **\$1,500,000**

The West Gloucester Water Filtration Plant (“Babson”) was updated in 2012 which was the end of the improvements made after the city’s “Boil Order.” Babson has the original mechanicals; the HVAC system has is circa 1964 and has outlived its life expectancy. The plant can’t be operated if there is no heating and ventilation. The chemical feeds help produce compliant water which requires a constant temperature -- the HVAC system is for the operation of the facility, not for comfort. This work exceeds the DPW’s staffing capacity and so it will be contracted out.

○ **Water reservoir intake structures and value replacements** **\$1,150,000**

Referencing on file documentation which included photographs and maps, there were examples of the Intake structures at the reservoirs were shown, with their poor condition noted at Goose Cove and Wallace (rehabbed in 1980 when the reservoir was expanded) whose intake structures which are the original building. These structures house the valves and controls by which water is taken into the West and East Gloucester filtration plants. Haskell and Babson reservoirs have had their intake structures have had their intake structures and buildings already rehabilitated. None of the valving in Goose Cove and Wallace functions and so water at different levels can be taken in at those two reservoirs depending on the temperature of the water to provide better quality water, less treatment and reliability. Without those structures functioning properly it is a struggle at times to make compliant water.

○ **Klondike Reservoir water quality protection project** **\$ 200,000**

A series of aerial photographs showed a salvage yard across from Klondike which had a fire two years ago and became a cause of concern for the operation of Klondike due to possible cross contamination from the salvage yard. They will install a berm and weir along the side of Quarry Street adjacent to the reservoir to protect it from sheet flows from the salvage yard which is Klondike hasn’t been operated since that time because of that specific concern.

○ **Sand filter media replacement** **\$ 80,000**

The sand filter media replacement at the West Gloucester facility was done in 2009 and is time to replace it -- the sand filtration system is on a five- to eight-year replacement cycle. The water is chemically treated and then runs through the sand filtration system to remove organics and pathogens. The sand media filters the water and without proper media there is no water treatment. For the other facility’s replacement it is anticipated that sand filtration system will be made through the DPW/Water Enterprise budgeted funds through appropriation.

Councilor Hecht expressed his concern for the \$200,000 expenditure to construct a berm at Klondike terming it as an “insurance policy.” **Mr. Hale** advised they won’t operate that reservoir unless they’re sure there is no risk.

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 loan order:

Ordered: That the City of Gloucester appropriates Two Million Nine Hundred Thirty Thousand Dollars (\$2,930,000) to pay costs of improvements to the Babson Water Filtration Plant, various Water Reservoir Intake Structures and Valves, the Klondike Reservoir and for sand filter media replacement, 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(1), 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.

\$3,150,000 Sewer Infrastructure Work:

- WPCF improvements to hypochlorite system and chemical feed \$1,350,000
- MCD projects including Hartz Force Main, CSO-009, I/I source removal \$ 750,000
- NPDES MS4 Permit: Year 1 compliance, Drain mapping, annual reporting \$ 150,000
- Interceptor Sewer Rehabilitation (and I/I source removal, general) \$ 600,000
((\$925,000 Year 2; \$925,000 Year 3 future ask)
- Main Street interceptor repair and removal of CSO-002 \$ 300,000

Mr. Hale reviewed the sewer infrastructure loan for \$3,150,000 as follows:

- **WPCF improvements to hypochlorite system and chemical feed** **\$1,350,000**

The first portion of the request is to replace the hypochlorite system and chemical feed systems at the waste water control facility. The city has a chemically enhanced primary sewer treatment facility where they screen/remove heavy floatables first, and then chlorinates the waste water, and then dechlorinating the waste water before it is released. The system is working with the original 1984 components. They are working with one-day tank as the second tank is showing signs of decay. The day tank in use is costly to “keep it fed” and not an optimal way to manage the system. There are other plumbing and chemical feeds in that facility that are leaking and need to be replaced which is necessary to keep the facility in compliance.

- **Interceptor Sewer Rehabilitation (and I/I source removal, general)** **\$ 600,000**

In the packet of information (on file) there were maps of the interceptor sewer line as it runs from Bass Ave. to The Tavern on Western Ave. That was inspected and cleaned this year. Another showed the remainder of the main interceptor which runs from The Tavern to the Wastewater Treatment Plant (Plant); and highlighted in red on the third map were shown the most affected parts of the interceptor sewer, considered a “Level 5,” or that portion with the most severe defects in the interceptor sewer. The interceptor sewer carries all but West Gloucester’s waste water at some point to the treatment plant -- all of East Gloucester and everything North Gloucester runs at least the piece on Western Ave. under the Annisquam River to the Plant -- 5 million gallons of waste water runs through this pipe on a *daily* basis. Without this functioning properly it will be catastrophic to the downtown area.

A recent example of a catastrophic situation was the Town of Plymouth had a catastrophic failure on one of their 24” force mains in 2017; the main in Gloucester is 30” to 50” gravity main of a similar structure. He described what Plymouth went through with a complete replacement at a cost of \$48 million causing polyethylene 24” pipes running through Plymouth for 18 months on the sides of their roadways.

Noting that the DPW priced out a section of the main from Rowe Square to the corner of Rogers and Manuel F. Lewis Street in 2002 to replace that was \$13 million. What is proposed is spot repairs, in essence a bypass between two manholes with a liner in the interceptor sewer which will give the city another 50 years on the spot repairs, possibly longer.

- **NPDES MS4 Permit: Year 1 compliance, Drain mapping, annual reporting** **\$ 150,000**

The city didn’t fund their NPDES (National Pollutant Discharge Elimination System) compliance in the last two years because of lack of capacity in the Sewer Enterprise Fund. This is a federal and state mandated permit which began in 2003. The last five-year permit expired July 1, 2018 with the city now in its second phase of that permitting relating the city’s stormwater obligation. This funding will put the city on track for year-one compliance of the new permit which is always the most critical and vigorous requirements, which will then drop down to about the \$50,000 to \$80,000 year range for compliance. It was noted that other communities pay up to seven figures for their permits annually, but because of the consistent work the city has invested in over the past 15 years the obligation is much lower.

Councilor Cox confirmed that the NPDES permit wasn’t funded in 2018 and 2019 and expressed concern that this wasn’t acceptable. **Mr. Hale** advised that it wasn’t funded through the (Sewer Enterprise) budget because they knew it may be taken care of through an anticipated loan. The timing for submission is acceptable as submission to the federal government for compliancy is due in May 2019 so there is time. He highlighted that there is still dry and wet weather testing that has to be done, mapping and outfall inspections, and those results will need to be included in the application in May. The DPW is supplementing a consultant on much of this work, and this isn’t just paying someone for what can be done in-house.

- **MCD projects including Hartz Force Main, CSO-009, I/I source removal** **\$ 750,000**

Highlighting documentation in the on file packet as well as a photograph, it was reviewed that the Hartz Street pump station’s 12” cast iron force main discharge pipe is of inadequate size and has narrowed due to build up in the interior of the pipe. In a very heavy rain event there is a tendency to have an overflow of sanitary sewer into Cripple Cove. It is known as Regulating Structure 009. This work will prevent that overflow. The force main will be

replaced from the Hartz Street pump station through Mondello Square and Amero Court which will solve the back-up problem out to Cripple Cove.

Responding to an inquiry by **Councilor Cox, Mr. Hale** assured this work will not be undertaken in the summer. He explained that with these projects when the city borrows the funds is important to construction schedules. If this work isn't completed in May 2019 it will be done this time next year.

o **Main Street interceptor repair and removal of CSO-002** **\$ 300,000**

The Main Street interceptor repair and removal of CSO-002 - a photo of a plan about 100 years old showing a line that went from 289 Main Street to 287 Main Street (Halibut Point Restaurant to the Liquor Locker) used to go out to the harbor at what used to be Vincent's Cove. It was filled during "Urban Renewal" which created Rogers Street which runs toward the downtown area. This used to allow for an outlet when sewer was too much for the sewer main to outflow into the harbor and was how the system was developed and what CSO was developed for. Now remaining of the original 11 outlets is outlet CSO-009, -004 by 25 Rogers Street (Latitude 43 Restaurant) and -002 at Stacy Boulevard and isn't needed. The structure at CSO-002 at this time has to be inspected monthly and still has a chance to overflow to the harbor and needs to be removed because it is unnecessary and will prevent sea water intrusion into the system and sewage into the harbor. They will do the disassembling in Main Street and the same thing at the Fisherman's Statute which is also no longer needed, and cutting and capping the outflow point which will satisfy the monitors. **Mr. Hale** highlighted that there hasn't been 20 gallons of outflow in the last five years, noting that this work has yet to be undertaken. He offered to speak with any other City Councilors about these two loans should they have further questions.

Responding to a question from **Councilor Memhard, Mr. Hale** pointed out the water and sewer work will never come to an end, referencing correspondence with members of the community who have asked when will this work end because the rate payers are "sick of it." He advised this work is necessary for the systems' perpetual maintenance describing that there are 29 wastewater pump stations -- 9 are either new or under construction now, and there are 20 more to improve. He highlighted that the value of those 20 stations anywhere from \$50 to \$70 million in replacement value. There is a treatment plant that will always need more work, and a collection system with the majority of it built before 1950, he added.

REVIEW OF CITY DEBT SUMMARY:

Mr. Destino reviewed a Debt Summary Schedule as of February 8, 2018 (placed on file). He pointed out debt will fall off and new debt that's issued will come on and replace debt that's fallen off. He highlighted the first line of the chart showing FY19 Debt Service for -- the General Fund debt including School (most of which is West Parish; Title V) Betterment debt which subtotals on the General Fund at \$6,671,871.56. The Water Shift and CSO Debt were noted and the Total General Fund debt is \$11,705,570.50. He briefly described the issues surrounding the CSO debt. Remaining are the Enterprise Funds: Sewer at \$1,663,912.86; Water \$1,574,844.38; Talbot Rink \$39,462.50 and CPA Fund (the City Hall work loan) \$202,400 for a total debt service for FY19 was of \$15,186,190.24. He reported that the CFO has been given a directive to keep these numbers as level as possible -- 2.5% cap at a minimum, but that always the debt service level has to be kept at a certain level that the city can maintain, hence the creation of the Stabilization Funds and annually funding through the certification of Free Cash. The city, he pointed out, has paid off quite a bit of debt since the Theken administration took office, and not much loan debt has been issued during that timeframe. This debt to be issued through these two loans probably won't hit the water and sewer rates for two to three years. Water debt over several years will drop a bit, and it will be easier to absorb the added debt service. He highlighted that the city is always looking to State Revolving Fund Loan Programs and grant funding to reduce or supplement the city's loan authorizations.

Councilor Cox pointed out water debt fluctuates and then moves higher. **Mr. Destino** advised the CFO is putting on more of the debt by layers reiterating the goal is to keep the debt service totals level and keep up with the capital plans to match up how much they can borrow; the debt service they can afford and what capital work has to be done. They don't want to enter into a federal consent decree. He conveyed that this infrastructure work to be undertaken is preventive and saves money over the long run. He added that if they look at the General Fund Betterment debt that goes down has funds are received in. This (chart) is what they use to determine how to fund capital expenditures. He reported the water and sewer loans would mean about a 55 cent increase in the sewer rate and about 20 cents in the water rate when the debt comes on.

Mr. Costa made brief note of a chart (on file) entitled "Actual Debt Service Expenses FY2009-FY2018" he compiled as requested by Councilor Hecht.

Councilor Hecht noted the debt will be layered in and confirmed with **Mr. Destino** that the borrowing is short term initially and not on the General Fund but on the Water and Sewer Enterprise Funds, and that the term for the loan for sewer infrastructure sewer is usually for 25 years. **Mr. Costa** advised they don't take on the entire loan up

front because it causes issues with the IRS because of arbitrage -- you can't have the money in the bank gaining interest without spending it. It has to be spent as the work is done. **Mr. Destino** added that the Council puts the appropriation in place and the CFO draws from that appropriation and borrows what he needs when he needs it.

Mr. Destino and **Mr. Costa** spoke briefly with **Councilor Hecht** about rolling over the BAN (Bond Anticipation Notes). They advised that the CFO goes out several times a year to sell the city's bonds which are very competitive.

Councilor Cox expressed her confidence in Mr. Hale's assessment and judgement, and that he is doing everything systematically and appropriately.

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 loan order:

Ordered: That the City of Gloucester appropriates Two Million Nine Hundred Thirty Thousand Dollars (\$2,930,000) to pay costs of improvements to the Babson Water Filtration Plant, various Water Reservoir Intake Structures and Valves, the Klondike Reservoir and for sand filter media replacement, 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(1), 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.

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 loan order:

Ordered: That the City of Gloucester appropriates Three Million One Hundred Fifty Thousand Dollars (\$3,150,000) to pay costs of various sewer projects including, but not limited to, improvements to hypochlorite systems and chemical feeds, the Hartz Force Main, NPDES permitting, Interceptor sewer rehabilitation and the Main Street Interceptor repair, 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(1), 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.

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

There were no matters under this heading for the Committee's consideration.

8. Letter from Executive Director of PERAC re: Appropriation for FY2020 (For Information Only)

Letter placed on file.

9. Memorandum from Community Development Director re: recommendations from the Community Preservation Committee for Round 9, FY18 funds -- Scheduled Applicants and vote by Committee to recommend to the Council

<u>Applicant</u>	<u>Project Name</u>	<u>Recommended Amount</u>
Gloucester Meetinghouse Foundation	Meetinghouse "Green Envelope" Project	\$131,000

Charles Nazarian, representing the Gloucester Meetinghouse Foundation ("Foundation") explained briefly the creation of the Meetinghouse Foundation saying that the Foundation seeks to create a "Green Envelope" for Gloucester's historic 1806 Meetinghouse. The Unitarian Universalist Church still owns the building but the Foundation, a 5013(C) entity, will allow the use of federal and state funds in order to preserve the building. Last year there was a fire sprinkler project for about \$400,000 which was why the Foundation was started, as fire was their biggest concern for the historic wooden structure. The Church seats 600 people and has concert-like acoustics. He gave a brief overview of the Meetinghouse's history for the Committee. As a result of finishing the fire sprinkler project, they filled the walls with fire-preventative filler and achieved an R48 level. This project will protect the building from water infiltration and thermal loss in a manner that is consistent with high standards of historically-informed building preservation and energy sustainability practices. This includes: insulation for all vulnerable areas; windows; carpentry, and sealing in the cupola as its northeast roof and wall carpentry. The deck of the belfry's joints is giving out which houses a Paul Revere bell. A whole-building emergency generator is included in this project for extended utility emergencies. He reported more work was done in the tower and more rot was discovered which will raise the cost of the project about another \$70,000 more than was anticipated. The total estimated cost of the project as submitted was \$261,821.

In a discussion with the Committee, **Mr. Nazarian** advised that the Foundation will take on more interior work after the building is "buttoned up." **Councilor Cox** asked for a walk-through in the spring when the work is undertaken, as site visit at this point was unnecessary, especially in this weather. She asked Mr. Nazarian to reach out to the Chair to schedule the walk through when the work commences, anticipated to start this spring.

Magnolia Library Center, Inc.	Handicap Access	\$ 90,000
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Bobbi Lemay, Treasurer of the Magnolia Library Center, Inc. ("Library") Board, reviewed that this project is to make the Magnolia Library Center handicap accessible. The library itself is only a small part of what "Library" does -- there is a large function hall with three meeting rooms and two upstairs rooms used for meeting rooms. Many Gloucester meetings are held at the Library such as city-wide debates, ward meetings; it is an official Red Cross staging area; blood drives are held there every 56 days; the building is an official city polling place; and further described were some of the offerings. Ms. Lemay advised the building functions more as a community center which is run entirely by volunteers. Some events are for the community and generate no income, but many are run to generate income to support the building. The Library's financial contribution to the project is made up from a series of fundraising events held this year supplemented with a successful sponsorship drive. Improvements to be made are: remodeling the existing bathrooms by moving existing walls, widening doorways, installing accessible toilets, sinks and grab bars; remodel the front entrance on Norman Avenue by widening doorway and installing a ramp all for ADA accessibility. It is estimated there are many people who need this work to be done so in order to more easily access the facility which will enable the Library to continue to serve the entire community's population, many of whom are considered low to moderate income. The total estimated cost for the project is \$120,000. Two newer estimates came in at \$130,000 and the other at \$150,000 since the submission of the application for CPA funds.

Councilor Memhard asked if the Library is looking at other types of materials. **Ms. Lemay** advised the concrete ramp is more expensive but will last longer versus a wooden ramp which saves money but a wooden ramp requires more maintenance and will eventually fail and need to be replaced. They will install automatic doors with a pressure button for people in wheelchairs. The current doors were noted as quite heavy and open outward which requires people entering the building to back down one step.

Councilor Memhard expressed concern with the amount of CPA funding and the contribution of the Library and suggested there is a need for some leveraging of the CPA grants to seek other grant opportunities.

Councilor Cox advised that this group consistently fundraises to support the building; it is a polling location and had no issue with funding this application. She added that the ADA compliance will allow the building to be rented out to a wider audience, and commended the way in which the Library makes itself available for community events. Saying this building is important to that neighborhood, she offered her support for the application. She noted she's not seen such a well-organized and well-rounded group who are all volunteers. **Councilor Memhard** expressed that this is an exciting step forward for Magnolia.

MOTIONS FOR COMMITTEE RECOMMENDATIONS ON ROUND 9, FY18 FUNDING:

Project #1 - Cape Ann Museum -White-Ellery House stabilization & preservation - \$50,000

COMMITTEE RECOMMENDATION: On a motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to appropriate up to \$50,000 (Fifty Thousand Dollars) from the Community Preservation Act Funds as recommended by the Community Preservation Committee, to the Cape Ann Museum, for the purpose to preserve and rehabilitate the Cape Ann Museum's White-Ellery House in order to restore an historic resource. The appropriation will be allocated to the Historic Preservation category and funded from Unrestricted Reserves in Fund # 4500. The project will be tracked in the Community Preservation Fund – Historic Preservation Projects Fund #4736.

Project #3 - Annisquam Village Church - Rehabilitation & preservation of church - \$30,000

COMMITTEE RECOMMENDATION: On a motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to appropriate up to \$30,000 (Thirty Thousand Dollars) from the Community Preservation Act Funds as recommended by the Community Preservation Committee, to the Annisquam Village Church, for the purpose to preserve and rehabilitate the Annisquam Village Church in order to restore an historic resource. The appropriation will be allocated to the Historic Preservation category and funded from Unrestricted Reserves in Fund #4500. The project will be tracked in the Community Preservation Fund – Historic Preservation Projects Fund #4737.

Project #4 - Sargent Murray Gilman Hough House Association - Sargent House Middle Street façade preservation - \$800

COMMITTEE RECOMMENDATION: On a motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to appropriate up to \$800 (Eight Hundred Dollars) from the Community Preservation Act Funds as recommended by the Community Preservation Committee, to the Sargent Murray Gilman Hough House Association, for the purpose to preserve and rehabilitate the Sargent House Museum in order to restore an historic resource. The appropriation will be allocated to the Historic Preservation category and funded from Unrestricted Reserves in Fund #4500. The project will be tracked in the Community Preservation Fund – Historic Preservation Projects Fund #4738.

Project #6 - Gloucester Meetinghouse Foundation – Gloucester Meetinghouse “Green Envelope” Project - \$131,000

COMMITTEE RECOMMENDATION: On a motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to appropriate up to \$131,000 (One Hundred Thirty One Thousand Dollars) from the Community Preservation Act Funds as recommended by the Community Preservation Committee, to the Gloucester Meetinghouse Foundation, for the purpose to preserve and rehabilitate the Gloucester Meetinghouse in order to restore an historic resource. The appropriation will be allocated to the Historic Preservation category and funded from Unrestricted Reserves in Fund #4500. The project will be tracked in the Community Preservation Fund – Historic Preservation Projects Fund #4739.

Project #7 - Magnolia Library Center, Inc. - Handicap Access - \$90,000

COMMITTEE RECOMMENDATION: On a motion by Councilor Hecht, seconded by Councilor Memhard, the Budget & Finance Committee voted 3 in favor, 0 opposed, to appropriate up to \$90,000 (Ninety Thousand Dollars) from the Community Preservation Act Funds as recommended by the Community Preservation Committee, to the Magnolia Library Center, Inc., for the purpose to preserve and rehabilitate the Magnolia Library for handicap access in order to restore an historic resource. The appropriation will be allocated to the Historic Preservation category and funded from Unrestricted Reserves in Fund #4500. The project will be tracked in the Community Preservation Fund – Historic Preservation Projects Fund #4740.

A motion was made, seconded and voted unanimously to adjourn the meeting at 5:49 p.m.

Respectfully submitted,

Dana C. Jorgensson

Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING:

- Agenda Item #6: From Jim Destino, CAO, a chart entitled, “Debt Summary Schedule As of 2.8.18”