

## DRAFT Meeting Minutes

Committee on Community Services Committee - 01 April, 2024

Meeting Recording:

<https://us02web.zoom.us/rec/share/bmCHnZc177aqEtQDfZ9LPGa-PqFBjxNwwY7UBkvUXBpzovHWfJNh2vZyW3MUXEnR.4CiyvSvlYgCg1L-f>

### **Members Present:**

Cllr. Connie Preston (CP), Chair - present  
Cllr. Ben Harman (BH) - present  
Cllr. Jennie Donahue (JD) - Zoom

### **Other Participants Present:**

Cllr. McCauley (JM), Cllr. Zeid (SZ), Cllr. Granas (HG), Cllr. Khan (AK), Cllr. Cameron (EC), Cllr. Shand (HS, via Zoom), Cllr. Wright (MW, via Zoom), Cllr. Lane (BL, via Zoom), Dir. Manning (EM), SPM Turner (KT), Engineer Gagnon (DG), Dir Egmont (AE, via Zoom), EGA Architect Scott Hall (SH), Julia Godtfredsen (JG), PB Chair Rick Taintor (RT, via Zoom)

### **Agenda:**

- [ORDR00537](#) Youth and Recreation Center Design Approval (COTW)
  - CP began the meeting at 5pm explaining that the intention is to focus on the funding and specifically the ability to absorb the debt capacity for the project since this discussion was disrupted by technology challenges on March 18th. The intention is to also have SPM Turner present slides on design options if time allows as well as take public comment at the end of the meeting. There is a hard stop at 6:30 due to another committee meeting in Council Chambers.
  - EM presented slides on funding and debt capacity for this project. Those slides can be found here: [rec\\_center\\_funding\\_cs\\_cmte\\_4-1-2024.pdf \(cityofnewburyport.com\)](#)
  - CP asked EM about the Fire Headquarters projected in the CIP at \$15M in FY27 & FY28 and why it was not reflected in anticipated projects to be included in the debt capacity. EM explained that the administration anticipates utilizing a debt exclusion for that project.
  - CP asked a question about funding for the \$56.2M in water and sewer projects that are described in the FY24 Capital Improvement Plan (CIP). EM explained that the administration feels that they need to raise approximately \$40M total broken down as \$24M for water infrastructure and \$16M for sewer infrastructure. The administration forecasted that using retained earnings as well as rate increases of 6% per year on water rates and 2-3% per year on sewer rates. Total that would be rate increases of 3-5% over the next 4 years. EM directed us to the rate recommendations that were presented last year to see the impact on individual households. EM agreed to send those slides to all Councillors. He added that he will be working on these rates again starting in June.
  - AK stated that these projects have to be done irregardless of the RYS project. CP agreed but felt that this was relevant to the discussion as we try to figure out if we can afford the RYS project in addition to the other projects.
  - SZ asked how the opioid funds can account for \$1M of the project up front when in reality we will receive those funds over many years. EM clarified that we will still need to bond for that amount but could use the funds we receive annually toward the debt service.
  - SZ asked about the 2.5% debt capacity best practice and sought clarity that the administration is looking to go from \$25M to \$40M in debt adding 60% more debt to the city. What happens when

## DRAFT Meeting Minutes

### Committee on Community Services Committee - 01 April, 2024

we max out on our debt capacity in 5 years as described in the slides. How will we pay for other projects that the city may face? EM stated that it is a rolling process and as old debt rolls off, the city will have capacity for new debt. SZ pointed out that the roll off schedule in the slides presented does not show much debt rolling off for many years. SZ feels that 2.5% is potentially too high of a target and is concerned that we will not have debt capacity for future projects.

- SZ would also like to see the math on the water and sewer rate increases.
- SZ asked about the annual debt service of approximately \$250K. How will we get that \$250K in the budget each year? Will it come from department cuts? EM said that the funds will come from department cuts as well as from revenue and that the administration will need to be judicious on how they allocate funds making sure the debt service is at the top of the priority list. SZ asked if there are any specific cuts that they are targeting. EM said he did not have any specific cuts at this time but that there are cost savings measures to discuss as they structure departments as well as costs such as the cost shift on health insurance.
- BL doesn't understand the purpose of having the conversation before we see the budget for next year. He asked if taxes are going to go up again and if we are going to continue to spend adding even more debt. He doesn't see how it is prudent to continue to spend and not maintain capacity for emergencies such as replacing the boardwalk or infrastructure. He feels we are one event away from being in a really bad situation. He feels the projects in the CIP may be underestimated due to the inflation we are seeing. He feels that there are too many unknowns and it is irresponsible to consider bonding to the limit of our debt capacity. This isn't helping him to be willing to say yes to this project at \$8-\$10M. He will not jam this through to put his residents in the position of having to sell their homes because they can't afford the tax increases. He asked EM how the city will respond if we have an emergency and we are at our debt capacity limit. EM responded that the 2.5% target is something that we work to get to over a number of years and that he feels that we may not be able to spend aggressively enough to get there in 5 years. He also said that he feels 2.5% is only a target and that we could increase our debt capacity. He agrees that we need to be cognizant of the need to pivot and address other needs and that is what we are doing with the CIP every year. Some projects may be deprioritized in light of other priorities.
- BL asked about our revenue and if we are counting on increased revenue based on increased assessed property value. Are there other sources of revenue that will be impactful other than residential taxes? EM replied that taxes are 87% of our budget and we rely heavily on residential taxes. He is hopeful that state aid will continue at the same rate that we have seen over the last few years. He is also hopeful for some state and federal funding for some of the large projects that are included in the CIP.
- BL recognizes that we need this rec center badly and asked that people don't take his questions as being unsupportive of RYS. He feels that he has to ask these questions about city finances.
- BH asked about the concept of the 2.5% and that it feels like it's more of a Budget and Finance (B&F) discussion rather than a Community Services conversation but he understands why we are having it in the context of this large expenditure. He asked for confirmation that our debt service is currently at 1.5% of annual revenue, which EM confirmed. BH added that if we fund this at the cost estimated today (\$5.8M) it would add 0.3% of debt service leaving 1.7% or \$11M in debt capacity.

## DRAFT Meeting Minutes

### Committee on Community Services Committee - 01 April, 2024

Therefore, if we do the rec center we still have \$11M to spend before we get to 2.5% capacity. BH feels that the discussion of funding for the water and sewer projects is not relevant in the context of the design of the rec center.

- CP agreed that this debate could be had in B&F but explained that the financials are important to discuss at this time because design drives cost and this is our opportunity to discuss the design before moving to construction documents. Therefore, it is important to understand how much debt the city can manage to get to a design that the city can afford. The hope is that this discussion will help with the eventual discussion of the bond at B&F.
- BH agreed that design dictates cost but it does not dictate whether or not we decide to spend the money. He added that if we further delay the project, the costs will continue to increase. He would like us to agree on a design, rezone for the project and then decide if we can afford the cost. He agrees that design can dictate cost but he does not feel that cost should dictate design. He doesn't want to see us continue to cut meat off the bone and end up with a project that doesn't serve the needs of the department.
- EC asked about the reliability of the opioid funds. EM feels that funds are reliable from the discussions that he has had with the state agencies.
- JD would like to concur with BH that we are here to decide on furthering the design project. She feels that we have a clear idea of what we are looking at. She feels delaying the project will increase the costs. She wants to stress the value of the prevention piece and how vital it is to this community. She feels that the community is at risk without RYS in place. She feels that RYS is as important as all of our emergency and safety personnel in the city. She feels this is an investment in the future of our youth and this isn't a lot of money to invest for our youth. We cannot allow the department to continue to be homeless. She feels that concerns about increasing taxes are disingenuous because of the importance of this department. She strongly begs that we move this forward and collectively agree that it's worth investing our youth.
- JM stated that he appreciates the discussion and presentation. He asked about cost overruns and/or other priorities. He feels that if we stick with the \$5.8M cost, there is very little room for error. What would we do in the event of overruns? Would we change the design to keep the project on budget? We also don't have a full understanding of all the costs. He asked if we should consider moving the project outside the levy with a debt exclusion. He pointed out that we are actually at 6% of revenue when adding in the excluded debt which puts us at a high level of debt. The numbers may seem small but our tax bills are high.
- AK appreciates the debate. She feels that we asked for this when we appropriated the money to purchase the building. In terms of the appropriation for the \$200K for the design of this project. She feels that we are doing this right to make sure that the project is right for the department. She feels that we need to move to the next stage to get real numbers on the cost of the project. She feels that moving to construction documents does not commit us to doing the project. Once we have the CIP, we will be in a better position to prioritize the various projects. The administration has made it clear that this project is a priority and the Council needs to decide if it's a priority and we need to move to construction documents to make that decision.

## DRAFT Meeting Minutes

### Committee on Community Services Committee - 01 April, 2024

- SZ wants to clarify his thoughts on the process. He pointed out that the Council has been trying to have the debate about the ability to afford the project since 2019. He feels that we should not rush to the end of design. He pointed out that in previous discussions, the gym was not a part of the initial project but intended to be a 2nd phase. Now he feels that the gym is inextricably a part of the project which is disappointing. He sees the project as a \$10M minimum because all of the last 10(ish) projects have been underestimated (Phillips Drive, Garage, Bartlett Mall and Cutter Fire station given as examples). He is open to conversation about what is a tolerable cost but he feels that \$8M or \$10M is too much. He sees the CIP as a planning document but there are missing pieces (downtown utilities cited example).
- SZ feels that the project will be made or broken on this vote. He stated that he will vote no on the zoning and the bond if it is presented at this time. He feels that people need to be honest about what they are willing to spend on this project. He concurs with JM that a debt exclusion may be the only way to move this forward but taxpayers need to understand that there are a lot of projects behind this which will have an impact on taxes.
- SZ feels that this is a pro-forma vote because the administration has the ability to spend the money.
- CP asked EM how the decision was made to consider the fire headquarters for a debt exclusion but not RYS. EM stated that it was based on the scope of the project and because Fire HQ was a large project at ~\$15M it would need to be a debt exclusion because it would not fit in the debt capacity. It is in-line with other projects such as the Nock/Molin and Bresnehan/Senior Center.
- AK feels that she has been hearing no on this project for too long. She wants to work with people but she is frustrated that others do not seem open to moving this forward. She feels that we should have prioritized the discussion on the site and is disappointed that we have wasted time talking about finances that should be discussed in B&F. She feels it has been a waste of time for the Council and people watching. She pointed out that if we can't move the zoning forward, the planning board will not be able to do site review.
- JM pointed out that there was a \$10M proposal in 2019. At the time, the administration felt that it was too much money and they pulled back that proposal because they felt it was too much money. There are 2 more options which unfortunately we weren't able to get to tonight. What exactly are we trying to move along? He understands the frustration and suggests the Council President create a Tiger Team to look at this project over the next 30 days and make a recommendation to the Council regarding which option is the best. He pointed out that the report from the Energy Advisory Committee and the proposed traffic study will have an impact on design. Therefore, there are still a lot of unknowns at this time.
- EC feels that the time has been useful but that we can handle the issues through the committee even though this has been frustrating to some Councillors. He feels strongly that there is a need for RYS that we aren't meeting. Learning loss is a major problem for many children and we need RYS to help children. The design conversation definitely leads to money. We need to hear the alternative design options that have been offered by the administration and then hopefully move this forward. We will be getting closer to budget time when we talk about bonding so hopefully we will have more information. We need one more meeting and then let's try to move this forward. There is a

## DRAFT Meeting Minutes

### Committee on Community Services Committee - 01 April, 2024

need there and the design fits the need. He feels we can do this while not being too onerous on ourselves as taxpayers.

- SZ we are talking about this as if it's a binary choice. He had hoped that this discussion would have been about compromise positions that aren't binary.
- AK stated that the construction documents will give us real numbers that will help us to make informed decisions. We need to move to the next phase to get real numbers.
- CP apologies to all the staff that came to the meeting unnecessarily since we didn't get to the discussion on site and design options. She hopes that the fellow committee members agree to keep this in committee since we didn't get to that discussion.
- CP made a motion to adjourn and BH seconded the motion. The committee voted 3-0 to adjourn.

Meeting was adjourned at 6:34pm.