

NEW BEDFORD, MASSACHUSETTS

MEETING: COMMITTEE ON FINANCE
DATE: JULY 17, 2017
TIME: 7:04 P.M.
PLACE: CITY COUNCIL CHAMBER, ROOM 214, MUNICIPAL BUILDING

PRESENT: COUNCILLORS LINDA MORAD, CHAIRPERSON; JAMES OLIVEIRA, VICE CHAIRMAN; IAN ABREU; NAOMI CARNEY; HUGH DUNN; BRIAN GOMES (7:18); JOSEPH LOPES; STEVEN MARTINS (7:10); DANA REBEIRO; KERRY WINTERSON

ABSENT: COUNCILLOR DEBORA COELHO

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Councillor Morad called the Finance Committee Meeting to order and took attendance. There were no communications to be read into the record.

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Notice, City Clerk of reference of a **RECONSIDERATION**, Councillor Morad having voted with the prevailing side on the question of: REPORT, Committee on Finance, recommending to the City Council ADOPTION of the Communication of a Host Community Agreement with ARL Healthcare, Inc. of Newton, MA, to operate a Registered Marijuana Dispensary (“RMD”) cultivation and processing facility in New Bedford, to be located at 167 John Vertente Boulevard, New Bedford Industrial Park; ARL Healthcare, Inc. is currently seeking approval from the Massachusetts Department of Public Health to operate a medical marijuana cultivation/production facility at said location; at the regular City Council meeting held on April 12, 2017, hereby files a Motion to Reconsider said vote. (Filed on April 13, 2017, at 8:06 a.m., to the Assistant City Council Clerk.); were received and placed on file by Councillor Martins and seconded by Councillor Winterson. (1, 1a, 1b)

John Levine, CFO for ARL of 15 Sullivan Way, Canton, MA, was present to address the Committee, as well as Robert Fireman, Legal Counsel, and Jim Faughnan, President and CEO of Aerovox.

Councillor Morad explained the reasoning for her reconsideration, including what she felt was a lack of outreach to the business park members and a lack of follow up from their initial meeting with said members. She asked if there had been any further outreach to those members or any other actions taken since last meeting with the Committee. Mr. Levine answered that they had finished lease negotiations with Aerovox, and that they were in the process of completing the designs for layout and construction of the facility, which will need state approval. Councillor Morad asked again if there had been further outreach to the business park members since the last Committee meeting. Mr. Levine answered “no”.

Councillor Martins stated his support of the industry and shared that he felt it would have been beneficial to ARL had they made further outreach attempts to the business park members. Mr. Levine stated that the letter he received notifying him of the

reconsideration was dated July 11th, and that no further outreach had been done because they were unaware that the vote had been rescinded. He went on to explain that they began moving forward right after the last meeting with the Committee; they completed the lease with Aerovox, finished the Purchase & Sales agreement on the building, and were working with architects and engineers on a building design to meet state requirements. He also stated that they were months away from occupying the space, which is typically when they initiate outreach efforts. Councillor Martins stated he felt the outreach should come first.

Mr. Levine referenced a poll, in which only one business was opposed to their presence in the park. Councillor Martins said he felt that because the poll was done via email, many businesses did not respond. Mr. Levine said he felt the lack of response was due to the stigma regarding the industry. Councillor Martins disagreed with his theory, and went on to state that his issues from the last meeting in April were all still prevalent: insufficient communication, hosting only one meeting, a lack of transparency, and the process being rushed.

Jim Faughnan, President and CEO of Aerovox, approached the podium. Councillor Abreu asked what would happen to his company if this deal does not go through. Mr. Faughnan answered that they had spent the last five and a half years looking for a co-tenant and that they would not be able to continue running their company, and employing their staff of 100 people, without a co-tenant for much longer. They found an organization willing to purchase the building and write a lease that Aerovox finds satisfactory, and that he has found the ARL Company to be straightforward, upstanding people to do business with. Without this deal, the 100 employees, mainly New Bedford residents, would likely lose their jobs.

Councillor Lopes asked what happens at the end of the 5-year lease. Mr. Faughnan answered that it was a straight 5-year lease, but there have been discussions regarding an extension. He explained that Aerovox does specialty manufacturing that is either difficult to outsource or requires US manufacturing. At this point, he would likely be looking to renew at the end of the 5 years.

Derek Santos, Executive Director of the New Bedford Economic Development Council (NBEDC), approached the podium. Councillor Lopes mentioned the amount of media coverage on this topic and asked Mr. Santos if he had heard from any park businesses that were in opposition to the Aerovox/ARL agreement since the last meeting. Mr. Santos replied that there had been a lack of response, either in support or opposition. He went on to share that when the Executive Committee of the Industrial Foundation heard that the Mayor was looking for feedback from the park, they called ARL and asked that they hold a public meeting. They also surveyed the park companies themselves. They forwarded the results to the Mayor along with a letter stating that that particular parcel does not have a deed, therefore the Foundation's park regulations do not apply.

Councillor Lopes asked for clarification regarding the lack of a deed and regulations. Mr. Santos stated that he was not entirely sure, but that there was a taking that occurred, and that regulations vary depending upon the parcel. Attorney Gerwatowski was called up to the podium and Councillor Lopes requested that he research the deed connected to that parcel.

Councillor Rebeiro thanked Mr. Levine for working to save those 100 jobs and asked if he had a Community Liaison. He answered yes, but that they are currently working in other areas. Councillor Rebeiro replied that when the time comes, it would be beneficial to ARL if that person was a New Bedford resident. Mr. Levine responded that they were planning on hiring many New Bedford residents. He also stated that this is a production and cultivation facility only, not a retail site.

Councillor Morad asked Mr. Faughnan when he found out that the Council reconsidered their April vote. He answered just before the fourth of July. She asked if there had been any communication from Derek Santos of the NBEDC or Elizabeth Isherwood of the Industrial Foundation. He said no, that the first he heard of it was from John. Councillor Morad explained that the reconsideration took place the day after the last meeting, and apologized for the lack of communication. She referenced the poll, and asked if any of the seven companies that were not in favor were contacted; he said yes, that two were, but that there had been no change in their philosophy. She asked if there was outreach to the companies that did not respond; he said there was, but only to one, and that that company did not reply due to sensitivities surrounding the industry.

Councillor Morad addressed the Committee members regarding a listing of the companies polled. This list was received and placed on file by Councillor Carney and seconded by Councillor Winterson.

Councillor Morad apologized to Mr. Levine regarding the late notice, and asked what type of outreach was done in the other communities where they have facilities like the one they are planning here in New Bedford. Mr. Levine shared that they have two facilities in Delaware, two in Illinois, one in Nevada, one in Rhode Island, a Maryland branch currently under construction and a retail site in Middleborough, MA. He explained that their outreach efforts consist of contacting neighbors, meeting with local officials, holding job fairs, and hosting community forums. Councillor Morad asked in the communities where they are already established, if there is an ongoing dialogue, community contributions or corporate sponsorships. Mr. Levine answered that each facility does give back to the community in many ways.

Councillor Oliveira asked Mr. Faughnan what percentage of Aerovox employees were New Bedford residents. Mr. Faughnan estimated 90%. He asked what the total payroll was for the company and was answered between 6 ½ -7 million. He asked what the skill requirements were and Mr. Faughnan replied that it varies, but encompasses the whole gamut from clerical to production. He asked how many people were in production and was told about 60. Councillor Oliveira concluded that if those jobs were lost, they would be very difficult to replace for those employees.

Councillor Morad questioned Attorney Gerwatowski on what the proper voting procedure would be in this case. She was told to vote on the original communication, not the reconsideration or the report from committee.

A motion to refer the communication to the full City Council was made by Councillor Oliveira and seconded by Councillor Gomes.

Addressing the ARL representatives, Councillor Martins emphasized the importance of contributing to the New Bedford community, he expressed his disagreement with the Industrial Foundation sending a letter of support to the Mayor's

office considering the results of the survey, and he reiterated his wish for increased communication, his support for the industry as a whole, and his support for ARL.

On motion by Councillor Oliveira and seconded by Councillor Gomes, the Committee VOTED: To recommend to the City Council APPROVAL of the COMMUNICATION, Mayor Mitchell, to City Council, submitting a copy of a Host Community Agreement with ARL Healthcare, Inc. of Newton, MA, to operate a Registered Marijuana Dispensary (“RMD”) cultivation and processing facility in New Bedford, to be located at 167 John Vertente Boulevard, New Bedford Industrial Park; ARL Healthcare, Inc., is currently seeking approval from the Massachusetts Department of Public Health to operate a medical marijuana cultivation/production facility at said location. This motion PASSED on a Roll Call Vote of Yeas 10, Nays 0.

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Notice, City Clerk of reference of a WRITTEN MOTION, Councillor Morad, requesting, that the rental contract currently being negotiated with representatives of the Fort Taber Military Museum Association be presented to the Committee on Finance for review prior to being executed by the Administration; and further, that the Executive Board of the Fort Taber Military Museum Association, along with their legal representative be invited to the Committee on Finance to discuss the terms of the contract and the financial effect said contract will have on the future operation of the Military Museum (Ref’d 6/8/17) was received and placed on file by Councillor Martins and seconded by Councillor Carney. (2)

Joseph Langlois, President of the Fort Taber Historical Association, 10 Alexander Lane, Fairhaven, MA, was present to address the Committee. Mr. Langlois explained that the Fort Taber Military Museum is an all-volunteer group. They do not charge for admission because the vast majority of the items on display were donated by private citizens, so they feel it would be inappropriate. They want their museum to be an educational facility, open to all. He went on to share that there is a Medal of Honor on display at the museum, awarded to New Bedford resident William Downey during the Civil War era. He explained that the federal government has many regulations related to showcasing a Medal of Honor, including prohibiting agencies from charging to view it.

Councillor Lopes asked that considering they are unable to legally charge an admission fee, would any cost the City inflicted upon the organization be a burden. Mr. Langlois said yes, it would.

Mary Rapoza, Director of Parks, Recreation and Beaches, was present and shared that after the museum’s original contract expired in December of 2013, she met with Mr. Langlois to negotiate a new contract, which they did so successfully on March 25, 2016, after several drafts. She was later asked to renegotiate.

She stated her support of the mission of the Military Museum, and that they receive approximately 12,000 visitors a year. She shared that Ken Blanchard, Director of Facilities and Fleet Management, was concerned about the deferred maintenance costs associated with the City’s buildings. After extensive research, he came up with a cost of \$4 per square foot to address this issue. She stated that all other organizations and non-profit agencies who occupy city space are paying rent. Even if it’s not the \$4/square foot, they are contributing something.

Ms. Rapoza went on to say that Fort Tabor now has a revolving fund and that any revenue collected is used for improvements to that area. When they first began renegotiations, the Association offered to pay their own electric bill, which is about \$500 a month. She asked instead that they pay \$250 rent, which could be deposited into the revolving fund and be used for improvements. She felt at that point that everyone was pleased with the agreement.

She stated that other agencies do not charge fees; they write grants and collect donations. Councillor Lopes replied that there is a big difference between those agencies and the museum: other agencies charge members, have paid directors and staff, and paid programming. He said that it is not a level playing field if the museum cannot legally charge an admission fee and that you cannot count on patrons making a donation to meet that commitment, regardless of the number of visitors per year.

Councillor Oliveira shared that he is the Chairman of the Administration's Fee Task Force, and their goal is to review and understand fees, make recommendations to the Administration, and stay in communication with the Council. He stated his opposition to charging any fees to the museum, and made a motion to table the matter for 30 days.

Councillor Carney stated that the other organizations that are paying rent would not exist if it wasn't for our veterans, and we should not be charging them anything at all considering their sacrifice.

Councillor Gomes stated he also felt that there should be no charges whatsoever to this museum. He went on to say that they are unique to the City of New Bedford considering their educational and historical components, and that they should be exempt.

Councillor Rebeiro asked Ms. Rapoza what the monthly rent was. Ms. Rapoza answered that the last recommendation was \$250 per month. She asked if the money raised from special events goes into the pool, and was told yes. Councillor Rebeiro stated that having more events may create a window for them not to have to pay.

Mr. Langlois shared that member dues are \$10 per year, but that you can still become a member even if you cannot pay your dues. He said that even when they were under a signed contract, the fees were always waived. The current contract had not been signed because they are requesting that changes be made.

Councillor Abreu asked if they had paid any rent thus far. Mr. Langlois replied that they had made the first \$250 installment for the month of July. Councillor Abreu asked if the decision is not reversed, how long the organization can sustain paying that amount without an additional strain. Mr. Langlois replied that their annual bills are already about \$17,000 and the rent adds another \$3,000 to that. There would be no room for projects or improvements. Councillor Abreu stated his opposition to any fees being charged to the museum.

Councillor Dunn asked if there were any examples of museums in other municipalities that fall under other city departments, such as Parks. Mr. Langlois answered that there are many other great museums, but that New Bedford is unique. Councillor Dunn asked if volunteer hours were factored into the contract. Mr. Langlois replied that the contract was fine in that respect.

Councillor Winterson shared that New Bedford has the most veterans of all the cities and towns in the state of Massachusetts. He also stated his strong opposition to the Museum being charged any fees. Mr. Langlois explained that the Kalisz Administration had requested they reform the Fort Tabor Historical Association, and the museum resulted.

Ari Sky, Chief Financial Officer, was present to address the Committee. Councillor Morad asked him if the Zeiterion Theatre pays rent. He said no, in fact, we pay them to operate their facility. Councillor Morad asked if their staff is paid. He said he believed so. Councillor Morad stated that she recognizes the contribution that the Zeiterion Theatre makes to the City and that they are a fine entity, but that we should not be charging volunteer veterans who also greatly contribute to the City.

Robert Bromley, Vice-President of the Fort Tabor Historical Association and Curator of the Military Museum, was present to address the Committee. He stated his address for the record: 33 Upton Street, New Bedford. Mr. Bromley shared that over 2,000 volunteer hours per year are put into the museum and that they receive donations on a daily basis.

Ray L'Heureux, Treasurer of the Fort Tabor Historical Association and Military Museum volunteer, was present to address the Committee. He stated his address for the record: 138 Liberty Street, New Bedford. Mr. L'Heureux talked about the emotional connection and therapeutic value the museum has for war veterans.

Councillor Morad referenced a letter written by former Mayor Scott Lang that was submitted to her by Mr. Langlois. This communication was received and placed on file by Councillor Oliveira and seconded by Councillor Lopes. Councillor Oliveira also requested that the letter be forwarded to the Administration's Fee Structure Committee.

Councillor Oliveira asked Mr. Bromley if the Association was in possession of any documentation from when the Fort Tabor revitalization efforts began. Mr. Bromley answered that the initiative began in 1999, and that they have a few pages of one of the original documents, but not the full record.

Councillor Carney made a suggestion that they request to lease the land for 100 years for one dollar, which has been done by other organizations with parcels of land in states all over the country.

Councillor Oliveira withdrew his motion to table.

On a related motion by Councillor Gomes and seconded by Councillor Lopes, the Committee VOTED: To recommend to the City Council that it send a communication to the Administration's Fee Structure Committee, expressing its strong opposition to any charges and/or fees being levied upon the Military Museum for any reason. This Motion PASSED on a Roll Call Vote of Yeas 10, Nays 0.

On motion by Councillor Gomes and seconded by Councillor Lopes, the Committee VOTED: To table the matter for 45 days. This motion passed on a voice vote.

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Notice, City Clerk of reference of a COMMUNICATION, Mayor Mitchell, to City Council, submitting a SIX-MONTH WAIVER OF RESIDENCY for Ryan DeCoste, Raynham, as DIRECTOR OF EMERGENCY MANAGEMENT and place Mr. DeCoste at Grade 10, Step 6 with a salary of \$68,650.00. (Ref'd 5/11/17) (3)

On motion by Councillor Gomes and seconded by Councillor Abreu, the Committee VOTED: To recommend to the City Council to follow the Chair's recommendation to take "NO FURTHER ACTION" on the COMMUNICATION, Mayor Mitchell, to City Council, submitting a SIX-MONTH WAIVER OF RESIDENCY for Ryan DeCoste, Raynham, as DIRECTOR OF EMERGENCY MANAGEMENT and place Mr. DeCoste at Grade 10, Step 6 with a salary of \$68,650.00. This motion passed on a voice vote.

Councillor Oliveira made a motion to adjourn which was seconded by Councillor Winterson.

This meeting adjourned @ 8:45 p.m.

ATTEST:

Denis Lawrence, Jr.,
Clerk of Committees