City of Gloucester
City Council

CITY HALL • GLOUCESTER • MASSACHUSETTS • 01930
Telephone 508-281-9722 Fax 508-281-8472

CITY COUNCIL
AND
CITY COUNCIL STANDING COMMITTEE
Budget and Finance
Thursday, October 29, 2009 – 7:00 p.m.
Council Conference Room – 9 Dale Avenue, City Hall

A G E N D A

1. Memo from Fire Chief re: Request to pay an invoice from FY2009 with FY2010 funds
2. Memo from Community Development Director re: Acceptance of donation from Gloucester Rotary Club.
3. Memo from Assessor Nancy Papows re: Tax Classification
4. Review recommendation from the School Committee re: North Shore Regional Vocational School District (under separate cover)
5. COM2009-035: Letter from American Legion and Memo from Jim Duggan, Chief Administrative Officer re: Legion Memorial Building
6. Other Business

COMMITTEE
Councilor Jason Grow, Chair
Councilor Joe Ciolino, Vice Chair
Councilor Steve Curcuru
Committee members – Please bring relevant documentation

CC: Mayor, Jim Duggan,
Chief Philip Dench
Sarah Garcia
Nancy Papows
Marcia McInnis
Jeff Towne
Christopher Farmer
Greg Verga
Amy Beth Healey

Office of the Fire Chief
Philip S. Dench
8 School Street
Gloucester, MA 01930

TEL 978-281-9780
FAX 978-281-9822
pdench@gloucester-ma.gov

CITY OF GLOUCESTER
FIRE DEPARTMENT

MEMORANDUM

RECEIVED
OCT
Mayor's Office

Date: October 5, 2009

To: Mayor Carolyn Kirk
City of Gloucester Councilor's

From: Phillip S. Dench, Fire Chief

Subject: FY2009 Invoice

I am asking to pay a portion of an invoice from FY2009 with FY2010 funds. This invoice was misplaced back in April, 2009 and never paid. I need to increase the purchase order by $955.00 from FY2010 funds to pay this invoice in full.

Thank you.

ACS FIREHOUSE SOFTWARE
2900 100th Street, STE 309
Urbandale IA 50322

A C S®

INVOICE

Invoice 382408
Page Number: 1
Date: 4/2/2009
Customer: 332884
Please Remit Payments To:
Affiliated Computer Services
P.O. Box 201322
Dallas TX 75320-1322

SOLD TO: GLOUCESTER FIRE DEPARTMENT
PHIL DENCH
8 SCHOOL STREET
GLOUCESTER MA 01930

SHIP TO: GLOUCESTER FIRE DEPARTMENT
PHIL DENCH
8 SCHOOL STREET
GLOUCESTER MA 01930

CUSTOMER P.O.	ORDER #	TERMS	DUE DATE
07/01/2008 - 07/01/2009	461612	Net 15 Days	4/17/2009

ITEM NUMBER	DESCRIPTION	UM	QUANTITY	UNIT PRICE	AMOUNT
310011	Staff Schedule Module FH Standard	EA	1	885.0000	885.00
310012	Staff Schedule Module FH Standard - Additional User	EA	3	140.0000	420.00
371006	FH Support Contract Per Module	EA	1	110.0000	110.00
371007	FH Support Additional User per Module	EA	3	40.0000	120.00
360032	Custom Report Development	EA	1	1,000.0000	1,000.00

PO# 902935
Acct # 102000.10.220.58780.-058
OK to pay SJM

Subtotal:	$ 2,535.00
Tax:	
Total:	$ 2,535.00

Please contact us at:
FH Sales and Support: 1-800-921-5300
Billing Support: 1-800-800-8235
Form: 30400

City Hall Annex
Three Pond Road
Gloucester, MA
01930

TEL 978-281-9781
FAX 978-281-9779
sgarcia@gloucester-ma.gov

CITY OF GLOUCESTER

COMMUNITY DEVELOPMENT DEPARTMENT

RECEIVED
OCT 9 2009
Mayor's Office

MEMORANDUM

TO: Mayor Carolyn Kirk
FROM: Sarah Garcia, Community Development Director
CC: Ruth Pino, President, Gloucester Rotary
Steve Winslow, Senior Project Manager
RE: Bike Rack funding
DATE: October 9, 2009

We are so appreciative that the Gloucester Rotary has voted to support the shipping costs for the proposed bike racks for the city. As you may recall, the state had set aside $7,000 for the City of Gloucester to use for new bicycle racks, but the city must pay for the installation and the shipping. Our new Project Manager in Community Development, Steve Winslow, identified locations and a design for the racks, the DPW is able to do the installation, and now the rotary is offering to help us complete the project funding by paying for the shipping costs.

Please ask the City Council to accept this grant for the shipping costs for the 18 approved bike racks, in the approximate amount of $600. Thank you.

City of Gloucester

City of Gloucester
9 Dale Avenue
Gloucester, MA 01930

Phone: 978-281-9715
FAX:
email: npapows@ci.gloucester.ma.us

Memorandum

To: *Mayor Carolyn Kirk*
From: *Nancy A. Papows, Principal Assessor* NP
cc: *file*
Date: *Wednesday, October 14, 2009*
Subject: *Tax Classification*

The Fiscal Year 2010 assessed values and new growth were certified by the Department of Revenue on October 13, 2009. Please be advised that an addendum to the Mayor's Report should include a request that Tax Classification be included for consideration by the City Council on the Agenda of October 20, 2009. The City Council should refer this item to the B&F Committee for a recommendation to the City Council.

RECEIVED
OCT 1 2009
Mayor's Office

Tax Classification Information

for

Fiscal Year
2010

Presented by:
BOARD OF ASSESSORS
Nancy A. Papows, MAA
Gary I. Johnstone, MAA
Bethann B. Godinho, MAA
ASSISTANT ASSESSOR
Timothy W. Good, IV

All figures are based on Department of Revenue certified values. Tax rates as shown are estimated. The City Council is voting on a "residential factor." Once this factor is entered on the RECAP actual calculations of tax rates may differ slightly due to rounding.

CLASSIFICATION CONSIDERATIONS
SOME ECONOMIC & POLITICAL ISSUES
as outlined by the Department of Revenue

1. Consider percentage of commercial and industrial (CI) properties as compared to residential (R). Will an increased tax burden on commercial and industrial significantly lower the residential tax burden?

2. What is the mix of commercial and industrial properties?
   How much is big business?
   How much is small business (mom & pop)?

3. Will it adversely effect small business and drive them out of the community?

4. Will it slow big business development?

5. Does business significantly contribute in a nontax way to the community?

6. Are the businesses of the type that require extraordinary municipal services?

7. Is it a matter of principal or economics?

THE BACKGROUND OF TAX CLASSIFICATION

The November 1978 state ballot presented the opportunity for Massachusetts voters to amend the State Constitution with respect to the taxation of certain properties. In part, Question #1 allowed cities and towns of the Commonwealth to:

> "...classify real property according to its use in no more than four classes, and to assess, rate, and tax such property differently in the classes so established, but proportionately in the same, except that reasonable exemptions may be granted."

Thus, the referendum which was to become known simply as "classification" would allow the shifting of the ad valorem tax from one class of taxpayer to another. The four classes are:

Residential
Open Space
Commercial
Industrial

The reason most often cited for supporting classification was to maintain the de facto classification which had occurred in some cities and towns. In the 1974 Sudbury decision the Supreme Judicial Court of Massachusetts declared that all real property within the Commonwealth must be assessed at its full and fair market value. Prior to this decision it was claimed that most municipalities <u>under</u> assessed residential properties, and <u>over</u> assessed commercial/industrial properties. For these communities the 100% assessment would cause the tax burden to shift to the residential class. It was felt that many communities, especially the older cities, could not afford this shift. Thus, classification would soften the blow and allow a municipality's legislative body, with the approval of the executive, in our case the City Council and Mayor respectively, to allocate a community's tax burden disproportionately, within certain constraints, among the four general classes of Real Property as well as Personal Property.

The notion of classification as a political solution is supported by the fact that the bill was initially introduced by Boston Mayor Kevin White. Boston faced a dramatic shift in its tax burden to the residential class.

Once it had become law, the procedure for implementing classification fell to the governing body of the local taxing jurisdiction. According to the Amendment:

> "...the Selectmen in each town, and the City Council, with the approval of the Mayor, of each city, shall annually determine the percentage of the local tax levy to be borne by each class of property..."

The Board of Selectmen or City Council, with the Mayor's approval, must decide the percentages of the tax levy that each class of real property and personal property will bear. To do so, a residential factor is adopted. Municipalities may also consider whether to allow an open space discount, a residential exemption and a small commercial exemption.

1) Adopting a **Classification Factor** of 1 to 1.50. A factor of 1 would result in a single tax rate for all classes of property while any other selected factor would result in different tax rates for the different classes. It is this option which is the source of most of the debate.

2) A discount (25% maximum) for all property classified as **Open Space**. The effect of the discount must be borne by the residential class thus increasing the residential tax rate.

3) A **Residential Exemption** of up to 20% of the average assessed valuation of the residential class. The effect of the exemption must be borne by the residential class alone.

4) Adopting a **Small Commercial Exemption** (10% maximum), with specific limitations, and the effect of the exemption will be borne by the commercial and industrial classes. Thus, higher valued properties, in effect "subsidize" lower valued properties.

SUMMATION

Cities and towns that are certified by the Department of Revenue as assessing properties at full and fair cash value may elect to shift the tax burden among the major property classes within certain limits established by law. The adoption of different rates does NOT change the total property tax levy, rather it determines the share to be borne by each class.

The share of the levy raised by the commercial, industrial, and personal property classes may be increased by 50% as long as the residential and open space classes raise at least 65% of what they would have raised without the shift. The "Minimum Residential Factor" established by the Commissioner of Revenue is issued to make certain that the shift of the tax burden complies with the Classification Act. For Fiscal Year 2010 the maximum shift allowed would be 1.5.

A COMPARISON OF FISCAL 2010 VALUES BY CLASS

CLASS	PARCELS	VALUE OF CLASS	% OF TOTAL VALUE
RESIDENTIAL	12,428	$4,823,470,706	89.63%
COMMERCIAL	594	$ 300,127,372	
INDUSTRIAL	210	$ 167,286,322	10.37%
PERSONAL PROPERTY (accts.)	1,541	$ 90,546,600	
TOTALS	14,773	$5,381,431,000	100%

FISCAL YEAR PARCEL COUNTS, VALUES, AND % OF TOTAL TAXABLE CITY VALUE

YEAR	CLASS	PARCEL COUNT	VALUE	% OF VALUE	TOTALS
90	RESIDENTIAL	N/A	$2,251,329,796	84.95}	84.95%
	COMMERCIAL	N/A	$220,544,275	8.31	
	INDUSTRIAL	N/A	$143,703,000	5.41}	15.05%
	PERS PROP	N/A	$35,499,800	1.33	
91	RESIDENTIAL	N/A	$2,063,036,400	84.60}	84.60%
	COMMERCIAL	N/A	$207,258,371	8.48	
	INDUSTRIAL	N/A	$133,189,700	5.45}	15.40%
	PERS PROP	N/A	$36,113,064	1.47	
92	RESIDENTIAL	N/A	$1,924,605,400	85.00}	85.00%
	COMMERCIAL	N/A	$182,658,384	8.09	
	INDUSTRIAL	N/A	$117,358,100	5.22}	15.00%
	PERS PROP	N/A	$38,187,103	1.69	
93	RESIDENTIAL	11,827	$1,686,649,400	84.40}	84.40%
	COMMERCIAL	556	$163,331,964	8.16	
	INDUSTRIAL	131	$110,058,600	5.50}	15.60%
	PERS PROP	2,047	$38,866,300	1.94	
94	RESIDENTIAL	11,836	$1,616,250,410	84.50}	84.50%
	COMMERCIAL	549	$157,329,454	8.21	
	INDUSTRIAL	131	$99,337,200	5.19}	15.50%
	PERS PROP	2,067	$40,251,800	2.10	
95	RESIDENTIAL	11,810	$1,619,446,500	84.90}	84.90%
	COMMERCIAL	542	$148,798,000	7.82	
	INDUSTRIAL	142	$95,907,800	5.04}	15.10%
	PERS PROP	1,679	$42,805,480	2.24	
96	RESIDENTIAL	11,814	$1,627,568,700	85.58}	85.58%
	COMMERCIAL	531	$141,910,700	7.46	
	INDUSTRIAL	135	$90,015,700	4.73}	14.42%
	PERS PROP	1,620	$42,308,000	2.23	
97	RESIDENTIAL	11,814	$1,637,879,934	85.94}	85.94%
	COMMERCIAL	543	$144,245,766	7.57	
	INDUSTRIAL	137	$85,305,200	4.48}	14.06%
	PERS PROP	1,581	$38,345,500	2.01	
98	RESIDENTIAL	11,841	$1,650,706,133	86.10}	86.10%
	COMMERCIAL	538	$143,188,867	7.47	
	INDUSTRIAL	136	$84,879,100	4.43}	13.90%
	PERS PROP	1,538	$38,392,960	2.00	
99	RESIDENTIAL	11,870	$1,951,678,700	87.39}	87.39%
	COMMERCIAL	536	$150,142,600	6.72	
	INDUSTRIAL	130	$86,418,700	3.87}	12.61%
	PERS PROP	1,543	$45,058,740	2.02	
00	RESIDENTIAL	11,837	$2,087,429,200	87.57}	87.57%
	COMMERCIAL	533	$155,454,200	6.52	
	INDUSTRIAL	119	$95,844,000	4.02}	12.43%
	PERS PROP	1,455	$45,107,450	1.89	

01	RESIDENTIAL	11,863	$2,527,469,296	88.85}	88.85%
	COMMERCIAL	533	$168,096,504	5.91	
	INDUSTRIAL	117	$101,371,100	3.56}	11.15%
	PERS PROP	1,511	$47,849,850	1.68	
02	RESIDENTIAL	11,897	$3,132,421,435	89.72}	89.72%
	COMMERCIAL	530	$189,723,765	5.43	
	INDUSTRIAL	122	$118,621,700	3.40}	10.28%
	PERS PROP	1,492	$50,477,790	1.45	
03	RESIDENTIAL	11,929	$3,420,253,244	90.00}	90.00%
	COMMERCIAL	492	$195,970,190	5.00	
	INDUSTRIAL	153	$129,035,400	3.00}	10.00%
	PERS PROP	1,440	$52,818,700	2.00	
04	RESIDENTIAL	11,963	$4,097,688,565	90.84}	90.84%
	COMMERCIAL	513	$219,532,010	4.87	
	INDUSTRIAL	158	$138,916,700	3.08}	9.16%
	PERS PROP	1,397	$54,911,494	1.21	
05	RESIDENTIAL	11,975	$4,653,335,965	90.93}	90.93%
	COMMERCIAL	558	$242,127,035	4.73	
	INDUSTRIAL	177	$157,304,700	3.07}	9.07%
	PERS PROP	1,603	$64,973,380	1.27	
06	RESIDENTIAL	12,041	$5,083,284,811	91.30}	91.30%
	COMMERCIAL	560	$253,395,349	4.55	
	INDUSTRIAL	178	$159,360,940	2.86}	8.70%
	PERS PROP	1,541	$71,434,230	1.29	
07	RESIDENTIAL	12,275	$5,360,688,724	91.41}	91.41%
	COMMERCIAL	569	$269,207,212	4.59	
	INDUSTRIAL	186	$161,639,368	2.76}	8.59%
	PERS PROP	1,567	$72,983,480	1.24	
08	RESIDENTIAL	12,358	$5,242,429,165	90.91}	90.91%
	COMMERCIAL	593	$280,893,305	4.87	
	INDUSTRIAL	210	$168,669,130	2.92}	9.09%
	PERS PROP	1,514	$74,752,690	1.30	
09	RESIDENTIAL	12,398	$5,131,715,937	90.43}	90.43%
	COMMERCIAL	597	$291,565,933	5.14	
	INDUSTRIAL	210	$167,680,030	2.95}	9.57%
	PERS PROP	1,521	$83,931,100	1.48	
10	RESIDENTIAL	12,428	$4,823,470,706	89.63}	89.63%
	COMMERCIAL	594	$300,127,372	5.58	
	INDUSTRIAL	210	$167,286,322	3.11}	10.37%
	PERS PROP	1,541	$90,546,600	1.68	

PREVIOUS CLASSIFICATION FACTORS AND RESULTING TAX RATE

FISCAL YEAR	TAX RATE @ FACTOR 1.0	SHIFT OF BURDEN FACTOR	TAX RATES AFTER SHIFT		% OF TOTAL VALUE BY CLASS	% OF TOTAL LEVY BY CLASS AFTER SHIFT
FY82	24.86	1.16	R	23.94	76.39	73.70
			O	20.22	3.25	2.63
			CIP	28.84	20.36	23.65
FY83	25.00	1.09	RO	24.43	79.87	78.06
			CIP	27.25	20.13	21.94
FY84	22.72	1.09	RO	22.25	80.96	79.24
			CIP	24.77	19.04	20.76
FY85	23.33	1.00	RO	23.33	81.12	81.12
			CIP	23.33	18.88	18.88
FY86	23.88	1.12	RO	23.20	80.97	78.68
			CIP	26.74	19.03	21.32
FY87	12.66	1.19	RO	12.13	82.15	78.76
			CIP	15.06	17.85	21.24
FY88	13.07	1.19	RO	12.56	83.02	79.80
			CIP	15.55	16.98	20.20
FY89	13.46	1.39	RO	12.39	83.11	76.53
			CIP	18.71	16.89	23.47
FY90	9.52	1.39	RO	8.86	84.95	79.08
			CIP	13.23	15.05	20.92
FY91	10.74	1.25	RO	10.25	84.60	80.71
			CIP	13.43	15.40	19.29
FY92	12.00	1.25	RO	11.47	85.00	81.32
			CIP	15.00	15.00	18.68
FY93	14.17	1.19	RO	13.67	84.40	81.41
			CIP	16.87	15.60	18.59
FY94	15.36	1.20	RO	14.79	84.50	81.38
			CIP	18.44	15.50	18.62
FY95	15.97	1.15	RO	15.54	84.90	82.65
			CIP	18.37	15.10	17.35
FY96	16.65	1.13	RO	16.28	85.58	83.70
			CIP	18.82	14.42	16.30
FY97	17.26	1.13	RO	16.90	85.94	84.11
			CIP	19.51	14.06	15.89
FY98	17.85	1.37	RO	16.78	86.10	80.96
			CIP	24.45	13.90	19.04
FY99	15.99	1.35	RO	15.18	87.39	82.97
			CIP	21.60	12.61	17.03

FISCAL YEAR	TAX RATE @ FACTOR 1.0	SHIFT OF BURDEN FACTOR	TAX RATES AFTER SHIFT		% OF TOTAL VALUE BY CLASS	% OF TOTAL LEVY BY CLASS AFTER SHIFT
FY00	15.49	1.30	RO	14.83	87.57	83.84
			CIP	20.14	12.43	16.16
FY01	13.79	1.30	RO	13.27	88.85	85.50
			CIP	17.93	11.15	14.50
FY02	11.76	1.30	RO	11.36	89.72	86.64
			CIP	15.29	10.28	13.36
FY03	11.26	1.25	RO	10.95	90.00	87.56
			CIP	14.09	10.00	12.44
FY04	9.86	1.25	RO	9.61	90.84	88.55
			CIP	12.32	9.16	11.45
FY05	9.11	1.12	RO	8.99	90.93	89.84
			CIP	10.19	9.07	10.16
FY06	8.73	1.06	RO	8.68	91.30	90.78
			CIP	9.25	8.70	9.22
FY07	8.66	1.06	RO	8.61	91.41	90.89
			CIP	9.18	8.59	9.11
FY08	9.16	1.06	RO	9.10	90.91	90.36
			CIP	9.70	9.09	9.64
FY09	9.66	1.06	RO	9.60	90.43	89.85
			CIP	10.24	9.57	10.15

CALCULATING THE MAXIMUM ALLOWABLE LEVY

FY2009 Levy Limit	$54,710,266
Additional Amended FY2009 Growth	$ 2,156
Prop 2 ½ Increase	$ 1,367,811
Residential New Growth	$ 366,855
CIP New Growth	$ 296,615
FY2010 Levy Limit	$56,743,703
Pole's Hill Debt Exclusion	$ 144,735
FY2010 Maximum Allowable Levy	**$56,888,438**

Maximum allowable levy	**$56,888,438**	**= .01057**
Total value of all parcels	**$5,381,431,000**	

FY10 tax rate at a factor of 1: $10.57 (rounded not to exceed the maximum allowable levy)

FY10 TAX RATE AT A FACTOR OF ONE = $10.57

FY10 MAXIMUM ALLOWABLE LEVY = $56,888,438

RESIDENTIAL CLASS REPRESENTS 89.63% OF LEVY, CIP 10.37%

	SHIFT IN TAX RATE		SHIFT IN LEVY %		SHIFT IN LEVY DOLLARS		
SHIFT	R RATE	CIP RATE	RO%	CIP%	RO%	CIP%	TOTAL LEVY
101%	10.56	10.68	89.53%	10.47%	$50,930,114	$5,958,324	$56,888,438
102%	10.55	10.78	89.42%	10.58%	$50,871,120	$6,017,318	$56,888,438
103%	10.53	10.89	89.32%	10.68%	$50,812,127	$6,076,311	$56,888,438
104%	10.52	11.00	89.22%	10.78%	$50,753,134	$6,135,304	$56,888,438
105%	10.51	11.10	89.11%	10.89%	$50,694,140	$6,194,298	$56,888,438
106%	10.50	11.21	89.01%	10.99%	$50,635,147	$6,253,291	$56,888,438
107%	10.49	11.31	88.90%	11.10%	$50,576,154	$6,312,284	$56,888,438
108%	10.47	11.42	88.80%	11.20%	$50,517,160	$6,371,278	$56,888,438
109%	10.46	11.52	88.70%	11.30%	$50,458,167	$6,430,271	$56,888,438
110%	10.45	11.63	88.59%	11.41%	$50,399,174	$6,489,264	$56,888,438
111%	10.44	11.74	88.49%	11.51%	$50,340,181	$6,548,257	$56,888,438
112%	10.42	11.84	88.39%	11.61%	$50,281,187	$6,607,251	$56,888,438
113%	10.41	11.95	88.28%	11.72%	$50,222,194	$6,666,244	$56,888,438
114%	10.40	12.05	88.18%	11.82%	$50,163,201	$6,725,237	$56,888,438
115%	10.39	12.16	88.07%	11.93%	$50,104,207	$6,784,231	$56,888,438
116%	10.38	12.26	87.97%	12.03%	$50,045,214	$6,843,224	$56,888,438
117%	10.36	12.37	87.87%	12.13%	$49,986,221	$6,902,217	$56,888,438
118%	10.35	12.48	87.76%	12.24%	$49,927,227	$6,961,211	$56,888,438
119%	10.34	12.58	87.66%	12.34%	$49,868,234	$7,020,204	$56,888,438
120%	10.33	12.69	87.56%	12.44%	$49,809,241	$7,079,197	$56,888,438
121%	10.31	12.79	87.45%	12.55%	$49,750,247	$7,138,191	$56,888,438
122%	10.30	12.90	87.35%	12.65%	$49,691,254	$7,197,184	$56,888,438
123%	10.29	13.00	87.24%	12.76%	$49,632,261	$7,256,177	$56,888,438
124%	10.28	13.11	87.14%	12.86%	$49,573,268	$7,315,170	$56,888,438
125%	10.27	13.22	87.04%	12.96%	$49,514,274	$7,374,164	$56,888,438
126%	10.25	13.32	86.93%	13.07%	$49,455,281	$7,433,157	$56,888,438
127%	10.24	13.43	86.83%	13.17%	$49,396,288	$7,492,150	$56,888,438
128%	10.23	13.53	86.73%	13.27%	$49,337,294	$7,551,144	$56,888,438
129%	10.22	13.64	86.62%	13.38%	$49,278,301	$7,610,137	$56,888,438
130%	10.20	13.74	86.52%	13.48%	$49,219,308	$7,669,130	$56,888,438
131%	10.19	13.85	86.42%	13.58%	$49,160,314	$7,728,124	$56,888,438
132%	10.18	13.96	86.31%	13.69%	$49,101,321	$7,787,117	$56,888,438
133%	10.17	14.06	86.21%	13.79%	$49,042,328	$7,846,110	$56,888,438
134%	10.16	14.17	86.10%	13.90%	$48,983,334	$7,905,104	$56,888,438
135%	10.14	14.27	86.00%	14.00%	$48,924,341	$7,964,097	$56,888,438
136%	10.13	14.38	85.90%	14.10%	$48,865,348	$8,023,090	$56,888,438
137%	10.12	14.49	85.79%	14.21%	$48,806,355	$8,082,083	$56,888,438
138%	10.11	14.59	85.69%	14.31%	$48,747,361	$8,141,077	$56,888,438
139%	10.09	14.70	85.59%	14.41%	$48,688,368	$8,200,070	$56,888,438
140%	10.08	14.80	85.48%	14.52%	$48,629,375	$8,259,063	$56,888,438
141%	10.07	14.91	85.38%	14.62%	$48,570,381	$8,318,057	$56,888,438
142%	10.06	15.01	85.27%	14.73%	$48,511,388	$8,377,050	$56,888,438
143%	10.05	15.12	85.17%	14.83%	$48,452,395	$8,436,043	$56,888,438
144%	10.03	15.23	85.07%	14.93%	$48,393,401	$8,495,037	$56,888,438
145%	10.02	15.33	84.96%	15.04%	$48,334,408	$8,554,030	$56,888,438
146%	10.01	15.44	84.86%	15.14%	$48,275,415	$8,613,023	$56,888,438
147%	10.00	15.54	84.76%	15.24%	$48,216,421	$8,672,017	$56,888,438
148%	9.98	15.65	84.65%	15.35%	$48,157,428	$8,731,010	$56,888,438
149%	9.97	15.75	84.55%	15.45%	$48,098,435	$8,790,003	$56,888,438
150%	9.96	15.86	84.45%	15.56%	$48,039,441	$8,848,997	$56,888,438

COMPARISON OF LEVY BY CLASS AT VARIOUS SHIFT FACTORS

FY2010 MAXIMUM ALLOWABLE LEVY : $56,888,438

CLASS DESCRIPTION	UNIT COUNT	FY10 VALUE BY CLASS	FACTOR 1 TAX RATE	FY 10 FACTOR 1 LEVY	APPROXIMATE EXCESS LEVY CAPACITY
RESIDENTIAL	12,428	$4,823,470,706	$10.57	$50,984,085.36	
CIP	2,345	$557,960,294	$10.57	$5,897,640.31	
TOTALS	14,773	$5,381,431,000		$56,881,725.67	$6,712.33

OTHER TAX RATES AND LEVIES FOR VARIOUS SHIFT FACTORS

Tax rates adjusted when necessary based on the maximum allowable levy *

		TAX RATE	LEVY BY CLASS	LEVY SHIFT FROM FACTOR 1	
FACTOR 105	RESIDENTIAL	$10.51	$50,694,677.12	($289,408.24)	
	CIP	$11.10	$6,193,359.26	$295,718.96	
			56,888,036.38		$401.62
FACTOR 110	* RESIDENTIAL	$10.44	$50,357,034.17	($627,051.19)	
	CIP	$11.63	6,489,078.22	$591,437.91	
			56,846,112.39		$42,325.61
FACTOR 115	* RESIDENTIAL	$10.38	$50,067,625.93	($916,459.43)	
	CIP	$12.16	$6,784,797.18	$887,156.87	
			$56,852,423.10		$36,014.90
FACTOR 120	* RESIDENTIAL	$10.32	$49,778,217.69	($1,205,867.68)	
	CIP	$12.69	$7,080,516.13	$1,182,875.82	
			$56,858,733.82		$29,704.18
FACTOR 125	* RESIDENTIAL	$10.26	$49,488,809.44	($1,495,275.92)	
	CIP	$13.21	$7,370,655.48	$1,473,015.18	
			$56,859,464.93		$28,973.07
FACTOR 130	RESIDENTIAL	$10.20	$49,199,401.20	($1,784,684.16)	
	CIP	$13.74	$7,666,374.44	$1,768,734.13	
			$56,865,775.64		$22,662.36
FACTOR 135	RESIDENTIAL	$10.14	$48,909,992.96	($2,074,092.40)	
	CIP	$14.27	$7,962,093.40	$2,064,453.09	
			$56,872,086.35		$16,351.65
FACTOR 140	RESIDENTIAL	$10.08	$48,620,584.72	($2,363,500.65)	
	CIP	$14.80	$8,257,812.35	$2,360,172.04	
			$56,878,397.07		$10,040.93
FACTOR 145	RESIDENTIAL	$10.02	$48,331,176.47	($2,652,908.89)	
	CIP	$15.33	$8,553,531.31	$2,655,891.00	
			$56,884,707.78		$3,730.22
FACTOR 150	RESIDENTIAL	$9.96	$48,041,768.23	($2,942,317.13)	
	* CIP	$15.85	$8,843,670.66	$2,946,030.35	
			$56,885,438.89		$2,999.11

COMPARISON OF LEVY BY CLASS AT VARIOUS SHIFT FACTORS

FY2010 MAXIMUM ALLOWABLE LEVY : $56,888,438

CLASS DESCRIPTION	UNIT COUNT	FY09 VALUE BY CLASS	FACTOR 1 TAX RATE	FY 09 FACTOR 1 LEVY		APPROXIMATE EXCESS LEVY CAPACITY
RESIDENTIAL	12,428	$4,823,470,706	$10.57	$50,984,085.36		
CIP	2,345	$557,960,294	$10.57	$5,897,640.31		
TOTALS	14,773	$5,381,431,000		$56,881,725.67		$6,712.33

OTHER TAX RATES AND LEVIES FOR VARIOUS SHIFT FACTORS

Tax rates adjusted when necessary based on the maximum allowable levy*

		TAX RATE	LEVY BY CLASS	LEVY SHIFT FROM FACTOR 1	
FACTOR 103	RESIDENTIAL	$10.53	$50,791,146.53	($192,938.83)	
	CIP	$10.89	$6,076,187.60	$178,547.29	
			56,867,334.14		$21,103.86
FACTOR 104	RESIDENTIAL	$10.52	$50,742,911.83	($241,173.54)	
	CIP	$10.99	6,131,983.63	$234,343.32	
			56,874,895.46		$13,542.54
FACTOR 106	* RESIDENTIAL	$10.49	$50,598,207.71	($385,877.66)	
	CIP	$11.21	$6,254,734.90	$357,094.59	
			$56,852,942.60		$35,495.40
FACTOR 108	RESIDENTIAL	$10.47	$50,501,738.29	($482,347.07)	
	CIP	$11.42	$6,371,906.56	$474,266.25	
			$56,873,644.85		$14,793.15
FACTOR 109	RESIDENTIAL	$10.46	$50,453,503.58	($530,581.78)	
	CIP	$11.52	$6,427,702.59	$530,062.28	
			$56,881,206.17		$7,231.83
FACTOR 112	RESIDENTIAL	$10.42	$50,260,564.76	($723,520.61)	
	CIP	$11.84	$6,606,249.88	$708,609.57	
			$56,866,814.64		$21,623.36
FACTOR 118	RESIDENTIAL	$10.35	$49,922,921.81	($1,061,163.56)	
	CIP	$12.47	$6,957,764.87	$1,060,124.56	
			$56,880,686.67		$7,751.33
FACTOR 122	RESIDENTIAL	$10.30	$49,681,748.27	($1,302,337.09)	
	CIP	$12.90	$7,197,687.79	$1,300,047.49	
			$56,879,436.06		$9,001.94
FACTOR 132	RESIDENTIAL	$10.18	$49,102,931.79	($1,881,153.58)	
	CIP	$13.95	$7,783,546.10	$1,885,905.79	
			$56,886,477.89		$1,960.11
FACTOR 136	RESIDENTIAL	$10.13	$48,861,758.25	($2,122,327.11)	
	CIP	$14.38	$8,023,469.03	$2,125,828.72	
			$56,885,227.28		$3,210.72

CHANGE IN TAX DOLLARS AT VARIOUS SHIFTS

FY 2010	Tax Rate per $1,000	PROPERTY VALUE $250,000	$ Change with shift	$500,000	$ Change with shift	$750,000	$ Change with shift	$1,000,000	$ Change with shift
Shift to 1.03									
Factor of 1	$10.57	$2,642.50		$5,285.00		$7,927.50		$10,570.00	
Residential	$10.53	$2,632.50	-$10.00	$5,265.00	-$20.00	$7,897.50	-$30.00	$10,530.00	-$40.00
CIP	$10.89	$2,722.50	$80.00	$5,445.00	$160.00	$8,167.50	$240.00	$10,890.00	$320.00
Shift to 1.06									
Factor of 1	$10.57	$2,642.50		$5,285.00		$7,927.50		$10,570.00	
Residential	$10.49	$2,622.50	-$20.00	$5,245.00	-$40.00	$7,867.50	-$60.00	$10,490.00	-$80.00
CIP	$11.21	$2,802.50	$160.00	$5,605.00	$320.00	$8,407.50	$480.00	$11,210.00	$640.00
Shift to 1.1									
Factor of 1	$10.57	$2,642.50		$5,285.00		$7,927.50		$10,570.00	
Residential	$10.44	$2,610.00	-$32.50	$5,220.00	-$65.00	$7,830.00	-$97.50	$10,440.00	-$130.00
CIP	$11.63	$2,907.50	$265.00	$5,815.00	$530.00	$8,722.50	$795.00	$11,630.00	$1,060.00
Shift to 1.2									
Factor of 1	$10.57	$2,642.50		$5,285.00		$7,927.50		$10,570.00	
Residential	$10.32	$2,580.00	-$62.50	$5,160.00	-$125.00	$7,740.00	-$187.50	$10,320.00	-$250.00
CIP	$12.69	$3,172.50	$530.00	$6,345.00	$1,060.00	$9,517.50	$1,590.00	$12,690.00	$2,120.00
Shift to 1.3									
Factor of 1	$10.57	$2,642.50		$5,285.00		$7,927.50		$10,570.00	
Residential	$10.20	$2,550.00	-$92.50	$5,100.00	-$185.00	$7,650.00	-$277.50	$10,200.00	-$370.00
CIP	$13.74	$3,435.00	$792.50	$6,870.00	$1,585.00	$10,305.00	$2,377.50	$13,740.00	$3,170.00
Shift to 1.4									
Factor of 1	$10.57	$2,642.50		$5,285.00		$7,927.50		$10,570.00	
Residential	$10.08	$2,520.00	-$122.50	$5,040.00	-$245.00	$7,560.00	-$367.50	$10,080.00	-$490.00
CIP	$14.80	$3,700.00	$1,057.50	$7,400.00	$2,115.00	$11,100.00	$3,172.50	$14,800.00	$4,230.00
Shift to 1.5									
Factor of 1	$10.57	$2,642.50		$5,285.00		$7,927.50		$10,570.00	
Residential	$9.96	$2,490.00	-$152.50	$4,980.00	-$305.00	$7,470.00	-$457.50	$9,960.00	-$610.00
CIP	$15.85	$3,962.50	$1,320.00	$7,925.00	$2,640.00	$11,887.50	$3,960.00	$15,850.00	$5,280.00

OPEN SPACE DISCOUNT

Currently, there are no parcels qualifying for the Open Space classification in the City of Gloucester.

Land maintained in open and natural condition which contributes to the benefit and enjoyment of the general public, can be discounted in a range from 1% to 25%.

By definition, the qualifying land cannot include:

a) forest land (Ch 61)
b) farm land (Ch 61A)
c) recreation land (Ch 61B)
d) conservation restricted land
e) land held for production of income

The Assessors of each community will determine the criteria for Open Space. If a discount is allowed, the Residential Class will absorb the discount given to Open Space.

Further details and specific examples are available at the Assessors Office.

Bedford is the only community that opted for the Open Space Discount in Fiscal Year 2009.

RESIDENTIAL EXEMPTION

1. At the option of the Mayor, with City Council approval, an exemption of not more than 20 percent of the average assessed value of all Residential parcels may be applied to residential parcels that are the principal residence of the property taxpayer as used by the taxpayer for state income tax purposes as of January 1, 2009. MGL Ch. 59 Section 5C.

2. Principal residence is ordinarily the residence in which a property taxpayer lives. It is the taxpayer's domicile: Fixed place of habitation, permanent home or legal residence. Therefore residential parcels not eligible for the residential exemption would include accessory land, summer homes and apartment buildings.

3. The application of the residential exemption, in addition to any other exemptions allowable under GL Ch. 59 Section 5, may not reduce the taxable value of the property to less than 10 percent of its full and fair cash value.

4. There were 14 communities that adopted the residential exemption in Fiscal Year 2009: Barnstable, Boston, Brookline, Cambridge, Chelsea, Everett, Malden, Marlborough, Nantucket, Somerset, Somerville, Tisbury, Waltham and Watertown.

RESIDENTIAL EXEMPTION (cont.)

EXAMPLE

Total value of residential class = $4,823,470,706 and an estimated 65% of all residential parcels are qualified.

Rate = $10.57 at a factor of 1
12,428 parcels are in Class 1

$388,113 = average assessment of all Class 1 (residential) parcels
8,078 parcels are estimated to qualify

The following illustrates what would happen to taxes and the tax rate if the **maximum** residential exemption was given:

$388,113 X .20 = $77,622 exemption (77,600 rounded)

$77,600 X 8,078 eligible parcels = $626,852,800 exempted from Residential Class

The new Residential Class Total Value is: $4,823,470,706- $626,852,800= $4,196,617,906

The new Residential Tax Rate at a factor of one is: $\frac{(\$56,888,438 \text{ X } .8963)}{\$4,196,617,906}$ X 1000 = $12.15

Exemption Amount	**$77,600**	**New Rate:**	**$12.15**		**Tax $ Change**
Factor of 1	$250,000	@	$10.57	$2,642.50	
		with exemption:			
Qualified	$172,400	@	$12.15	$2,094.66	-$547.84
Not Qualified	$250,000	@	$12.15	$3,037.50	$395.00
Factor of 1	$350,000	@	$10.57	$3,699.50	
		with exemption:			
Qualified	$272,400	@	$12.15	$3,309.66	-$389.84
Not Qualified	$350,000	@	$12.15	$4,252.50	$553.00
Factor of 1	$450,000	@	$10.57	$4,756.50	
		with exemption:			
Qualified	$372,400	@	$12.15	$4,524.66	-$231.84
Not Qualified	$450,000	@	$12.15	$5,467.50	$711.00
Factor of 1	**$475,858**	**@**	$10.57	**$5,029.82**	
Gloucester's Average Single Family		**with exemption:**			
Qualified	**$398,258**	**@**	$12.15	**$4,838.83**	**-$190.99**
Not Qualified	**$475,858**	**@**	$12.15	**$5,781.67**	**$751.85**

Break-even value is approximately $596,500

Factor of 1	$650,000	@	$10.57	$6,870.50	
		with exemption:			
Qualified	$572,400	@	$12.15	$6,954.66	$84.16
Not Qualified	$650,000	@	$12.15	$7,897.50	$1,027.00
Factor of 1	$750,000	@	$10.57	$7,927.50	
		with exemption:			
Qualified	$672,400	@	$12.15	$8,169.66	$242.16
Not Qualified	$750,000	@	$12.15	$9,112.50	$1,185.00
Factor of 1	$1,000,000	@	$10.57	$10,570.00	
		with exemption:			
Qualified	$922,400	@	$12.15	$11,207.16	$637.16
Not Qualified	$1,000,000	@	$12.15	$12,150.00	$1,580.00

RESIDENTIAL EXEMPTION (cont.)

EXAMPLE

Total value of residential class = $4,823,470,706 and an estimated 65% of all residential parcels are qualified.

Rate = $10.57 at a factor of 1
12,428 parcels are in Class 1

$388,113 = average assessment of all Class 1 (residential) parcels
8,078 parcels are estimated to qualify

The following illustrates what would happen to taxes and the tax rate if the **10%** residential exemption was given:

$388,113 X .10 = $38,811 exemption (38,800 rounded)

$38,800 X 8,078 eligible parcels = $313,426,400 exempted from Residential Class

The new Residential Class Total Value is: $4,823,470,706 - $313,426,400= $4,510,044,306
The new Residential Tax Rate at a factor of one is: ($56,888,438 X .8963) / $4,510,044,306 X 1000 = $11.31

Exemption Amount	**$38,800**	**New Rate:**	**$11.31**	**Tax $ Change**
Factor of 1	$250,000	@ $10.57	$2,642.50	
		with exemption:		
Qualified	$211,200	@ $11.31	$2,388.67	-$253.83
Not Qualified	$250,000	@ $11.31	$2,827.50	$185.00
Factor of 1	$350,000	@ $10.57	$3,699.50	
		with exemption:		
Qualified	$311,200	@ $11.31	$3,519.67	-$179.83
Not Qualified	$350,000	@ $11.31	$3,958.50	$259.00
Factor of 1	$450,000	@ $10.57	$4,756.50	
		with exemption:		
Qualified	$411,200	@ $11.31	$4,650.67	-$105.83
Not Qualified	$450,000	@ $11.31	$5,089.50	$333.00
Factor of 1	**$475,858**	**@ $10.57**	**$5,029.82**	
Gloucester's Average Single Family		**with exemption:**		
Qualified	**$437,058**	**@ $11.31**	**$4,943.13**	**-$86.69**
Not Qualified	**$475,858**	**@ $11.31**	**$5,381.95**	**$352.13**

Break-even value is approximately $596,000

Factor of 1	$650,000	@ $10.57	$6,870.50	
		with exemption:		
Qualified	$611,200	@ $11.31	$6,912.67	$42.17
Not Qualified	$650,000	@ $11.31	$7,351.50	$481.00
Factor of 1	$750,000	@ $10.57	$7,927.50	
		with exemption:		
Qualified	$711,200	@ $11.31	$8,043.67	$116.17
Not Qualified	$750,000	@ $11.31	$8,482.50	$555.00
Factor of 1	$1,000,000	@ $10.57	$10,570.00	
		with exemption:		
Qualified	$961,200	@ $11.31	$10,871.17	$301.17
Not Qualified	$1,000,000	@ $11.31	$11,310.00	$740.00

SMALL COMMERCIAL EXEMPTION

1. At the option of the Mayor, with City Council approval, an exemption of any percentage up to 10 may be applied to (class three) commercial, parcels that are (1) occupied as of January 1, 2009 by a business with an average annual employment of no more than ten during calendar year 2008, as certified by the Director of the Department of Labor and Workforce Development, and (2) have a valuation of less than one million dollars. MGL Ch. 29 Section 5I.

2. An eligible business is one that is certified by the Director of Labor and Workforce Development as having had an average annual employment at all locations of ten or fewer people during calendar year 2008. The Director provides the assessors with a list of eligible business by July 1, 2009. MGL Ch. 151A Section 64A. The assessors are to rely exclusively on the Director's certification in determining whether a business qualifies.

3. The commercial parcel does not have to be owned by the occupying business or any other eligible business. If a parcel has multiple commercial occupants or tenants, all occupants must be eligible. If a parcel is multiple use, such as a residential and commercial property, all occupants of the commercial portion must be eligible.

4. The parcel must have a valuation of less than one million dollars before the application of any small commercial exemption. The exemption applies to a specific parcel occupied by an eligible business, not to the eligible business itself. Therefore, if any particular eligible business occupies more than one parcel, each under one million dollars in value, each parcel would qualify for the exemption.

There were 8 communities that adopted the small commercial exemption in Fiscal Year 2009:

Auburn, with a CIP share of 27.87%
Avon, with CIP share of 47.55%
Bellingham, with CIP share of 27.44%
Braintree, with CIP share of 22.01%
Dartmouth, with CIP share of 15.86%
Somerset, with a CIP share of 29.79%
Westford, with a CIP share of 13.79%
Wrentham, with CIP share of 18.34%

For God and Country

CAPT. LESTER S. WASS POST NO. 3

of

THE AMERICAN LEGION

Department of Massachusetts Inc.

Post Office Box 122

Gloucester, Mass. 01930

CITY CLERK
GLOUCESTER, MA
09 OCT -7 PM 1:17

October 5, 2009

Gloucester City Council
C/O Mr. James Duggan
9 Dale Ave.
Gloucester MA, 01930

Dear City Councilors,

Currently, The Capt. Lester S. Wass Post 3 American Legion resides in The Legion Memorial building that is owned by the City of Gloucester and was dedicated to the American Legion by the City of Gloucester in 1921. In the past, we have shared a 88-year relationship with the city and we would like to keep this situation intact. The Legion would like to take this opportunity to give you some background on our current status and our plans for the future of the American Legion organization in Gloucester.

Our American Legion Family has created a committee to plan activities for continued operations of our organization, for example pancake breakfasts and dinner dances. We are committed to maintaining the building as a post home. First, we would like to state that we are debt-free, have a good relationship with prior vendors and have no liens on our liquor license. Our plan includes re-opening the lounge. We plan to actively pursue community relationships to increase the number of fundraisers for ourselves and other non-profit organizations. We have already started fundraising for our annual Thanksgiving, Christmas, and Easter dinners, which each feed 200-300 elderly and shut-in individuals on each holiday.

Financially, American Legion, Post 3, is a non-profit organization. We also provide a meeting place for veterans to get together and a support organization for our members. As an organization, we are veterans that are still serving America and our community through all of our different programs.

American Legion, Post 3, understands that these are tough times for the City of Gloucester just as they are for us. With this being said, it seems that it may still be in the best interest of both parties to renew our lease agreement. We request that we rent the building for $1 per year, and

have all the utilities put in our name so we can assume full responsibility for them.

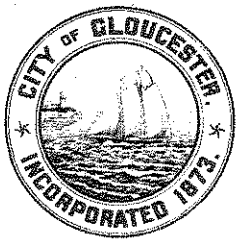
In closing, our goal is to stay in the building that has been our home for almost 90 years. We want to continue the work and services that we provide to this community and we need the support of the Gloucester City Council to do so. We look forward to working with you to keep a 90-year old tradition alive.

Albert L. West, Jr., Commander

Judith M. Garland, Adjutant

CC: Mayor Kirk
City Clerk

City Hall
Nine Dale Ave
Gloucester, MA 01930



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ckirk@ci.gloucester.ma.us

CITY OF GLOUCESTER
OFFICE OF THE MAYOR

Memorandum

To: City Council President Tobey and Members of the Gloucester City Council

From: Jim Duggan, Chief Administrative Officer

Date: October 9, 2009

Re: Legion Memorial Building

Over the course of the year I have had conversations with the Commander and members of the Captain Lester S. Wass Post 3 American Legion. The crux of the conversations centered on the outstanding issues and their intentions of a lease agreement that the Administration, City Council and Legion can be comfortable with.

As you may recall, the dominant issue as to why the lease was not renewed was because the level of rent did not adequately cover the annual utility expenses. When faced with the issue, the Legion's ability to generate sufficient revenue through functions and bar proceeds to cover the expenses was stymied by the requirement that a sprinkler system had to be installed. This requirement was based on the Legions utilization of both the first and second floors for club activities. The second floor was being used for meetings, darts, cribbage, etc., as well as a function hall, thus becoming an extension of the club.

According to Deputy Fire Chief Steve Aiello, since the decision of the City Council in early 2007, changes through the State Fire Marshall's Office have cast new light that could potentially permit the Legion to generate the necessary revenue. Clubs such as the Legion were ordered to install a sprinkler system, but on appeal to the Marshall's Office it was determined that function halls are not required to have sprinkler systems installed unless the adjoining occupancy (the Legion bar area) had an occupancy of 100 or more. Consequently, if the Legion occupies just the first floor, keeps the occupancy under 100 and rents out the second floor only for functions, no sprinkler is required.

Safety requirements would still be prevalent. The Legion would be allowed to have baby showers, bridal showers, etc. by right. However, in the event they were renting the function hall for a wedding reception, halloween party, casino night and other events where loud music, dim lighting, etc., is normally found in a "nightclub type atmosphere", a permit from the Fire Department would be required. The atmosphere of the event

would trigger whether an inspection of the premises to assess the building for compliance with the life safety code is required.

Therefore, I respectfully request that the matter be referred to the Budget and Finance Committee for their review and recommendation to the City Council. Attached for your information is the proposal I recently received from the Commander outlining their method and commitment of maintaining the building as a Post.