

**GLOUCESTER CITY COUNCIL CALENDER OF BUSINESS**

**SPECIAL CITY COUNCIL MEETING**

**TUESDAY, APRIL 28, 2009 - 7 P.M.**

**KYROUZ AUDITORIUM, CITY HALL**

**COUNCIL MEETING #2009-009**

**Attendance: Bruce Tobey, Council President; Sefatia Romeo-Theken, Councilors Joe Ciolino, Steve Curcuru, Phil Devlin, Sharon George, Jason Grow, Jacqueline Hardy**

**Also: Jeff Towne, Nancy Papows, Suzanne Egan, Louise Linquata, Patti Paige, Bill Kyrouz, John Mullen, Ron Fleet, Robert Parsons, James Grove, Roberta Crawford, Alfredia O'Hara, Brian Cutler, William Shield, Joe Grace, Louise and Joe Dello Russo, Gail Enos, Mary Ann Peterson, Suzanne Jacobs, Dorothy Martins, Christine Rasmussen, William Taylor, Frank Taormina, William Shields, Leslie Williams, Nick Taormina, Robert Jacobs, Joe Garrella, Steven,**

**Absent: Councilor John "Gus" Foote**

**The meeting is called to order at 7:00 p.m.**

**FLAG SALUTE & MOMENT OF SILENCE**

**ORAL COMMUNICATIONS**

**Louis Linquata, 8 Tidal Cove Way** has had water problems for the past 4 or 5 years since he built his house and this week he had to move out because of the water quality. This happens 3 or 4 times per year; this year it became undrinkable. He urged the City Council to allow Mike Hale to try to clear this up and provide the backing he needs to do this.

A written response will be issued from the Mayor to Mr. Linquatas and the City Council on the water issue within a two week period.

**Patti Paige, Tidal Cove Way** stated five or six families she has spoken to are all in the same condition.

**Council President Tobey** noted the Special City Council meeting scheduled for Thursday, 4/30 is postponed to Monday, 5/4 at 7 p.m. in the council conference room. A regular council meeting is to be held on Tuesday, 5/5<sup>th</sup>, Department of Health agent will present on the matter of swine flu for community awareness.

**CONSENT AGENDA**

- ***APPLICATIONS/PETITIONS***
  1. PP2009-006 –Street Crossing, Gloucester Crossing Road (**Refer P&D**) 5/13
- ***ORDERS***

1. CC2009-022(Tobey) Amend Sec. 2.3.1 and Sec. 3.2.6 of the GZO  
(Refer P&D&PB) 6/8 Plan Bd PH for CC second meeting in June.

2. CC2009-023(Tobey) Review Main Street Bus Parking Zone  
(Refer O&A) 5/11

**MOTION: The consent agenda is adopted by UNANIMOUS consent of the full City Council.**

**SCHEDULED PUBLIC  
HEARINGS**

**Public Hearing #1**

PH2009-011: Shifting CSO, waste water debt and water supply debt to FY2010 tax rate

**The public hearing is opened.**

**Speaking in favor. Jeff Towne, CFO** gave a power point presentation on how a debt shift may work for the city (copy in file). The CSO is a federal mandate to take storm water out of waste water. Other mandates include clean water for Gloucester Harbor and waste water treatment plant improvements. The CSO project to date is about \$30 million to date. Infrastructure improvements are paid for through capital improvement and we issue debt to pay for that. There has been a significant climb in water and sewer debt over the last four years. The FY09 water rate is \$7.83 per 1,000 gallons.

The FY09 sewer rate is \$12.09 per thousand. The town of Essex is also in our system and they don't feel they should pay for the CSO project and have filed a suit against the City of Gloucester. He explained how the debt shift actually works (see copy of power point). Adoption is by vote of the City Council and this does not require a public hearing. The city can exclude all or part of water, sewer debt or only the residential share of both. The recommendation is a specific dollar amount. Once adopted it remains in effect until the Council votes to change it. Based on a formula considering 100% of the sewer debt the rate reduction is \$3.71. We only had \$1 million in CSO debt that calculated up to the \$12.09 rate. Based on industry standards that is a savings for average user of 250 gallons per day. The estimated tax rate impact for the sewer debt shift is an annual increase in property tax of \$119 per year – a net savings of \$220 for a \$350,000 home which you can deduct from your real estate tax bill but not your sewer bill. If there is no shift, the CSO debt out of the sewer fund or wastewater treatment debt out of the sewer fund would increase the rate 8.64% for FY10. The estimated water debt rate reduction impact per \$1,000 gallons is \$2.98 for an average user; that is a \$272 savings. The estimated tax rate impact associated with the water debt shift is an increase of \$129 associated with the water debt shift – the average homeowner savings is \$143. There is an exemption for those over 65 but you have to own and occupy the property and the limit is \$200 for the exemption and will impact the overlay calculation. Summer residents will not save as much but high water users will benefit. The tax rate shift was also discussed and is presently at a factor 1.06. That rate could be shifted higher for commercial base, knowing they are saving more on their water and sewer bills. **Bill Kyrouz, Haskell Street** stated there are two principal reasons for moving this to the general fund; it belongs in the general fund and secondly, he is surprised that a large commercial user of water hasn't sued the city because this belongs in the general fund.

**Speaking in opposition. Louis Linquata, 8 Tidal Cove Way** feels the proposed debt shift is somewhat unbalanced and that he is being penalized.

**John Mullen, 13 Pine Road** has no water pressure, his taxes are outrageous and this looks like a backdoor way to get rid of proposition 2 ½. This proposal has no incentive for conserving water. He asked if this is going to save everyone money then who will pay for this. He doesn't understand why Essex would want to hook into our sewer treatment plant when it is at capacity.

**Ron Fleet, 37 Norseman Avenue** questioned the average water user and average property price. The mean average is over \$500,000. The savings presented are a little misleading and he thinks the proposal is unfair because the payments will be based on assessed property values which have nothing to do with usage. All taxpayers share in the benefit of a clean harbor and the CSO project and the burden should be shared by all. 94% of the city property owners are already paying for the debt, we are trying to pick up the remaining 6%. The only fair way to do this is to have everyone across the city paying the same amount. We all need to know this debt will be going up substantially over the years and we could end up being taxed out of our homes. He requested the Council and the Mayor increase their efforts to obtain federal help.

**Robert Parsons, 163 Essex Avenue, also owns property at 9 W. Parish Lane.** He never saw an advertisement in the paper for this public hearing. He served the city for 16 years and unless you can guarantee the \$360 savings, he doesn't think you are acting fair to the citizens of the city. He asked where the community is for West Gloucester. He had to put his house on West Parish Lane up for sale last fall – his assessment has increased 10 years in a row and in one year alone he saw an \$80,000 increase in his assessment. Massachusetts was the only state that saw a population decrease in the last census. You could have declared high water users essential to the city for producing jobs and given them a reduction in their water rates.

**James Grove, Revere Street** referenced an article last January in the Gloucester Daily Times stating the city is facing \$150 million in upgrades. We need a full review of what is currently on the table and what is the probable debt we are going to be liable for. When you start burying costs into the general tax rate the accountability and transparency disappears. We need accountability. There is a pending court case with Essex. We are running a mini-regional system serving Essex and Rockport and who will pick up the tab if they are successful in their litigation. We need alternate solutions to what we are currently facing.

**Roberta Crawford, 43 Revere Street** stated several of the homes were built before water or sewer lines. Expensive well systems and leaching fields had to be built and the cost and maintenance associated with the drinking water system. She provided a photo of the filtration equipment in her basement. Her home has an artesian well with a 1500' shaft and the pump 500' down. In the basement she has over \$7000 in water filtration equipment at a per annum cost over 10 years of \$550 per year. Regarding the proposal to shift water infrastructure costs to the tax bills, residences that don't have the option to tie into city water or sewer should really not have to incur this cost. She takes exception to having water and sewer infrastructure debt tagged to the property tax bills. She implores the Mayor and the Council to have a separate flat tax bill for water and sewer debt.

**Alfredia O'Hara, 55 Lexington Avenue, Magnolia** has a septic tank and has been mandated by Title V to upgrade. She just spent over \$30,000 upgrading her septic tank and her neighbor just spent \$60,000. She doesn't feel we should have to share in these costs.

**Brian Cutler, 89 Dennison Street** has a well and his own sewer. His system is costly to maintain and is approaching the life span for his well pump. Clean water benefits everyone. The same argument was made 15 years ago when the North Gloucester project was being proposed.

**William Shield, 5 Butler Avenue** lives on a fixed income. He put in a new septic system for \$49,000 and every three months he pays \$115 to have someone come check the water in his well. It seems he shouldn't have to pay when he is already paying. He also feels this is a way to get around Proposition 2 ½.

**Joe Grace, 75 Holly Street** talked about storm drains which are also in front of homes with Title V systems. They are the responsibility of the city using our general fund, not sewer and water dedicated funds. It is and always has been illegal to add storm drains and outfalls to the sewer and water funds, but it was done. It is required to return this storm water debt to the general fund where it belonged all the time. He feels this is fraudulently circumventing Proposition 2 ½.

**Louise Dello Russo, 189 Atlantic Road** agrees with all the arguments. Her husband and she are on well and have a septic system. She asked the City Council to come up with something a little more creative.

**Council President Tobey** stated the council and the administration are trying to see if there is a better way to pay for something that we are obligated to pay. We are going to work through this. Other communities have storm water management fees and given the way the federal regulations are going we are going to have to pay for that and it is largely what CSOs are about.

**Joe Dello Russo, 189 Atlantic Road** feels this proposal is grossly unfair and the increase in real estate circumvented for the water and sewer will increase the value of water and sewer in two years. If it betters everyone then everyone should pay equally.

**Gail Enos, Cedarwood Road** has a septic tank and doesn't feel she should have to pay for other administrations past mistakes. She feels if all people on the council are on city sewer and water, then that is a conflict of interest. She wants to pay her fair share, not everyone else's.

**Mary Ann Peterson, 3 Briarneck Avenue** is on city water and sewer and does reap the benefits. She feels people on septic systems will be penalized by this proposal. Nobody has thought about the conservation that has gone on because of the unbelievably high costs of water. If you do this, you are taking away the incentive to conserve. How are the people on Long Beach who use the city system billed and people that use the system outside of Gloucester – how will they be billed. Accountability, she wants to know where her money is being spent. Right now real estate taxes are deductible but who knows going forward. What is outstanding of the water and sewer bills in the city currently and what are the plans to collect that money.

**Suzanne Jacobs, 54 Fernald Street** has a well and septic and doesn't understand how she can be charged for water and sewer she doesn't use.

**Dorothy Martins, 23 Concord Street** lives on a fixed income. Sewer is not on Concord Street and her water and tax bills are astronomical and she feels penalized paying for a service she does not have. Our children are leaving Gloucester because they can't afford the taxes. Please don't make a rush decision on this.

**Christine Rasmussen, 82 Woodward Avenue** feels it was very important when last week this Council voted to become an inclusive city which carries important choices – we need to be a city that understands the financial difficulty that all the residents are facing. This is not a new issue; we still have not found the proper way to apportion these costs. When on the Council she helped create a home rule petition to pick up part of the cost for those on septic systems. We need to go back and examine some of those options and make a determination on how this city can move forward to really be an inclusive community.

**William Taylor, 225 Concord Street (on Walker Creek)** referred to the Daylor study – the highest priority for that study being sewer, all along Walker Creek.

We are all getting letters from the city requiring us to upgrade our septic systems and he will be looking at least \$60,000 to upgrade his system. He feels we should be treated as fairly as possible.

**Frank Taormina, 6 Sunset Hill Road** is on water and sewer and his main concern is this provides no incentive to conserve water.

**William Shields, 36 Lyndale Avenue** has a lot of brown water as well. He is on septic and doesn't feel should be paying for a service he isn't getting.

**Leslie Williams, 25 Fernald Street** hopes the City Council doesn't vote for this. He pays for his septic and water. Last year he paid \$2,500 to put a new pump in his well. He doesn't feel he should pay for someone else's water and sewer.

**Nick Taorimina, 30 Bray Street** bought a house 10 years ago and had to drill a well at a cost of \$10,000 and his septic system cost \$20,000. He asked where is the fairness? When they did the sewer in North Gloucester the city gave a \$6,000 to \$7,000 supplement to the residents. Now when they need sewer in West Gloucester there is no money available. We paid for the North Gloucester sewer project. Taxes cannot keep increasing at this rate. What about the seniors in West Gloucester. Why don't you look at alternatives for the high end water users.

**Robert Jacobs, 41 Fernald Street** spoke in opposition and asked what most of the money is going to?

**Joe Garrella, 14 Fleetwood Drive** stated when he does the numbers he breaks even and he is someone who would supposedly benefit. What he likes about this is the tax break. People who don't have the service shouldn't have to pay. When thinking of solutions, how can we as a city present a tax bill to users of water and sewer in a way it can be written off.

**Steven, 25 Overlook Avenue** and is a local business user and owns a family property on Coffins Beach and finished building a house that is now assessed at three times what it cost him build. He installed a \$50,000 septic system and lives at the headwaters of Walker Creek. He also has a deep well and believes in the CSO but doesn't believe in sharing costs of a service he cannot and will not ever use. He feels the Beacon is not a paper of general circulation.

**Communications.** (to be entered into the continued hearing on 5/19<sup>th</sup>).

**Questions. Councilor George** stated many people are willing to pay their fair share. She asked why we can't have a capital CSO tax that everyone pays equally.

**Mr. Towne** stated there is no statutory provision to do that.

**Councilor George** stated the council does plenty of home rule petitions and asked why we can't do a home rule petition for this that would allow fairness throughout the whole city.

**Suzanne Egan, General Counsel** feels it would behoove us to look into special legislation to deal with some of the legal issues raised tonight.

**Councilor Grow** stated there are a number of issues raised that need clarification. There are misconceptions about what is and what isn't being charged. We are not talking about sewer infrastructure costs in term of delivery of service; we are talking about CSO related debt. People will still be charged a sewer and water rate.

**Mr. Towne** replied that is correct.

**Councilor Grow** stated there is still a fairly high rate and that will be borne by the users.

**Mr. Towne** replied it would be a 28% reduction water rate reduce and a 34% reduction in the sewer rate.

**Councilor Grow** asked can you envision a mechanism that would be per parcel tax or a ratio.

**Mr. Towne** would have to look into that. The key is how to deal with commercial properties.

**Councilor Grow** asked if there are zero percent loan programs to install septic system.

**Mr. Towne** replied yes.

**Councilor Curcuru** asked if the rate spike in 2007 is due to the installation of the Magnolia water line.

**Mr. Towne** replied yes, that would have been the same time the Magnolia water line came on.

**Councilor Curcuru** asked what the reason is for the spike in sewer.

**Mr. Towne** replied short term borrowing and preparation (engineering) for CSO.

**Councilor Curcuru** stated most of the increase has been related to CSO related debt and the Magnolia water line.

**Councilor Romeo Theken** stated the concern is the CSO project increase and she wants to know where this ends. We haven't received our waiver for our sewer treatment plant.

**Council President Tobey** asked what the status is.

**Mr. Hale** replied the waiver is pending; prior to that we have \$20 million in upgrades but \$13 million of that hasn't been borrowed yet.

**Council President Tobey** referred to the sewer plant upgrades and asked if the city is trying to get some of the stimulus money.

**Mr. Hale** replied yes, we have put in over \$100 million in applications and are still waiting to hear on that and have made a short list for that money.

**Councilor Romeo Theken** asked if we get that will our sewer rate go down. She would like to see a complete package of how much this is going to cost for the entire project.

**Councilor Ciolino** asked Bill Kyrouz who serves on the Capital Improvement Advisory Board for his take on this proposal.

**Bill Kyrouz** replied he cannot speak for the committee but spoke for himself – improvements to the storm water and potential expenditures to the sewer treatment plant are mandated so we don't give them much thought. These things need to be done. The question is can we afford anything after these mandated projects and based on the current situation we can't afford much. If we don't get a waiver it will be big bucks and will service the water and sewer users where it belongs. Storm drains should be the responsibility of the general fund.

**Councilor Ciolino** stated we have the highest water and sewer rate and asked how other communities handle the debt for their water and sewer and why are we the highest in the country and still climbing.

**Mr. Kyrouz** can't answer this - we are receiving several mandated initiatives from the state. He doesn't know if any other cities are under these mandates. Our city is very old and may not share the same problems as other cities and towns.

**Councilor Devlin** asked for a breakout of people who actually use water and sewer as opposed to people on septic and wells.

**Mr. Towne** agreed to provide that and stated MGL says you can do this for just residents, just commercial and residents or for all properties. He didn't see anything that was just for water and sewer users.

**Councilor Devlin** asked if the CSO project is for the entire city.

**Mr. Hale** replied the legal documents relevant to CSO are related to the drainage areas from the East down to Gloucester Harbor; West Gloucester isn't part of that.

**Councilor Devlin** stated Magnolia and West Gloucester are not part of the CSO project.

**Mr. Hale** agreed that areas of Magnolia and W. Gloucester are not part of the CSO project.

**Councilor Devlin** asked how they calculate the difference in savings in the tax bills.

**Mr. Towne** replied it would go across all property owners.

**Councilor Hardy** stated Ward IV and V have most of the wells and septic in the city. There are some where the water doesn't even run by and some don't have sufficient water pressure. She is looking for some relief for these people who have no choice. Also, how do we bill Rockport and Essex and what will change if this goes through?

**Mr. Towne** replied they are billed on their consumption at the same rate as Gloucester residents; the change will be that they will save on their sewer bill and that savings will get distributed by everyone.

**Councilor Hardy** asked about the status of the litigation.

**Suzanne Egan, General Counsel** replied the status of the litigation for Essex and Rockport is awaiting the outcome of the council decision.

**Councilor Hardy** asked why we decided to put this on the water rate in the beginning, don't we have to adopt MGL 59, Sec. 21.

**Attorney Egan** replied yes, unless you adopt that provision, the council doesn't have the authority.

**Councilor Hardy** stated people are contemplating putting in systems and asked will this affect them in any way.

**Attorney Egan** replied they are separate issues.

**Council President Tobey to Mr. Towne** stated there is a matter of average savings questioned by a number of speakers and asked how the distinction impacts the analysis.

**Mr. Towne** replied the calculations are based on an average house assessment of \$350,000.

**Council President Tobey** asked for the status of collection efforts.

**Mr. Towne** collections are going pretty well. The estimated portion of collections is based on current year receivables and the collection on current water and sewer rates are right on track to meet our budget.

**Council President Tobey** asked how they arrived at an average of 250 gallons.

**Mr. Towne** replied we used industry standards.

**Council President Tobey** asked about the increase in the rates.

**Mr. Towne** replied there is only a slight increase in the debt service for the water fund.

**Council President Tobey** in being transferred to the general fund does the capacity for transparency become an issue.

**Mr. Towne** replied DOR has to approve this and it will sit on a separate line for the DOR.

**Council President Tobey to Mr. Hale** asked about standards for environmental engineering – three pipes; one for water, one for sewer and one for drainage.

**Mr. Hale** concurred.

**Council President Tobey** asked for confirmation that large parts of Gloucester do have three pipes, some have two, some have one and some have none; there are a variety of different schemes throughout the city.

**Mr. Hale** agreed and stated the CSO is separating storm water out of the sewer and directing it into the harbor.

**Council President Tobey** asked if it isn't just the harbor that is affected by storm water runoff.

**Mr. Hale** replied yes.

**Council President Tobey** asked if you had to could you pool all expenses in the DPW that relate to storm water management.

**Mr. Hale** replied yes, storm water utilities and management are fairly new but it could be done. We have a storm water permit from EPA that we have budgeted for.

**Council President Tobey** asked has the administration looked at communities around the nation. Have we looked at an approach based on impermeable surfaces.

**Mr. Hale** replied that is a fairly complicated but advanced way to look at the impervious area and charging a tax based on that but it doesn't help going forward.

**Council President Tobey** asked is there a way to set a new fee for storm water and is there a legal justification where we could do that and are there models out there we can employ. We have to get the money somewhere because we have already incurred the costs.

**Councilor Curcuru** asked about the increase for next year, consent orders and if there is a time frame for that.

**Mr. Hale** stated under the federal or stated consent degree that is based on engineering, not necessarily dollars and the water filtration plants are right around the corner.

**Councilor Curcuru** asked if we have applied for stimulus money.

**Mr. Hale** replied we are in the design of Phase I of the sewer plant.

**Councilor Curcuru** asked about a ball park figure.

**Mr. Hale** replied an easy \$100 million to make us close to new.

**Councilor Grow** asked if there are any provisions in state law to charge betterments to CSO related work for the residents that benefit.

**Attorney Egan** doesn't have the answer to that.

**Councilor Grow** feels it probably doesn't exist because it doesn't benefit the entire community.

**Attorney Egan** suggested a storm water utility rate is something that should be looked at.

**Councilor Grow** asked about the time frame for establishing something like a storm water management fee and the implementation and would that be done by July 1<sup>st</sup>.

**Attorney Egan** replied no, not realistically.

**Councilor Romeo Theken** asked for a tax figure spread over 20 years to cover the \$100 million dream figure to fix the entire city.

**Mr. Towne** stated \$140 million right now is outstanding.

**Councilor Devlin** asked what that would include.

**Mr. Hale** replied we are talking about fixing the aged infrastructure and upgrading the treatment plants.

**Mr. Towne** added the bond rating agencies will not allow us to borrow that, they are looking at us not to borrow any more money right now.

**Councilor Romeo Theken** stated if we don't get the waiver then we are looking at over \$100 million to fix our plants.

**Councilor Hardy** asked when the last time was you looked at the most recent CIAB list.

**Mr. Towne** replied November.

**Councilor Hardy** asked is there some redundancy on that list.

**Mr. Towne** doesn't feel we have a comprehensive CIAB plan and recommends the city look at that as a priority.

**Councilor Hardy** would like those figures to be brought up to date.

**Council President Tobey** asked for an updated CIAB plan.

**Mr. Towne** will get a debt service schedule and can answer questions on a home rule and time frame.



**Council President Tobey** feels CSOs are the focus and alternative ways to capture those either by allowable laws or home rule petitions.

**Councilor Grow** stated B&F was adamant about including water and sewer in this discussion.

**Councilor Ciolino** thought we would look at the CSO and water and sewer, not single out the CSO. We are looking at reducing the water and sewer rates and charging off the debt. That is what B&F brought forward and he feels we should continue with that.

**Councilor Curcuru** doesn't think there is an issue with excluding the water debt.

**Councilor Ciolino** referred to the council rules of procedure and asked if the communications received will be read into the record.

**The public hearing is continued to 5/19/09 and all communications will be read into the record at that time.**

### **COMMITTEE REPORTS**

1. B&F 04/16/09: Two Special Budgetary Transfers from Police Department (**cont from 04/21/09**)

MOTION: The Budget and Finance Committee voted 2 in favor, 0 opposed to recommend to the full City Council Transfer 09-22 in the amount of \$2,000 from Police Uniform, Career Incentive Pay to Police Administration, Natural Gas Heating. POLICE

**MOTION: On motion of Councilor Grow, seconded by Councilor Romeo Theken the City Council voted 8 in favor, 0 opposed Transfer 09-22 in the amount of \$2,000 from Police Uniform, Career Incentive Pay to Police Administration, Natural Gas Heating. POLICE**

MOTION: The Budget and Finance Committee voted 2 in favor, 0 opposed to recommend to the full City Council Transfer 09-23 in the amount of \$4,600 from Police Uniform, Career Incentive Pay to Police Administration, Electric Power-Non Street Light. POLICE

**MOTION: On motion of Councilor Grow, seconded by Councilor Ciolino the City Council voted 8 in favor, 0 opposed Transfer 09-23 in the amount of \$4,600 from Police Uniform, Career Incentive Pay to Police Administration, Electric Power-Non Street Light. POLICE**

### **COUNCILLOR'S REQUESTS OTHER THAN TO THE MAYOR**

There was Unanimous consensus of the City Council to request the Administration appear before the council on 5/5/09, with an update on the two NEMLIC reports and an action plan going forward.

**It was moved and seconded to adjourn the meeting at 10:00 p.m.**

Respectively submitted,

June Budrow  
Clerk of Committees