

Budget & Finance Standing Committee
Thursday, August 20, 2020 – 5:30 p.m.
REMOTE MEETING
-Minutes-

Present: Chair, Councilor Melissa Cox; Vice Chair, Scott Memhard; Councilor John McCarthy

Also Present: Mayor, Sefatia Romeo Theken; Acting CAO, Vanessa Krawczyk; City Clerk, Joanne M. Senos, Economic Development Director, Sal DiStefano; CFO, John Dunn; City Auditor, Kenny Costa; Assessor, Gary Johnstone; Police Chief, Ed Conley; Director of Elder Services, Elise Sinagra

Absent: None.

This meeting was conducted remotely through ZOOM
All votes by ROLL CALL

Meeting called to order at 5:30 p.m.

Councilor Cox announced, “This meeting is recorded by video and audio in accordance with state open meeting law. Consistent with the Governor's orders, suspending certain provisions of the open meeting law and banning gatherings of more than 25 people, this meeting will be conducted by remote participation. The public may not physically attend this meeting, but every effort will be made to allow the public to view and listen to the meeting in real time. Persons who wish to do so are invited to view the meeting and you have the information that was on the posting. If you are calling in on a phone, you can press *9 to request to speak. If you are watching on a computer or a device, there is a raised hand button that you can tap or press to request to speak. Please use either these options to be recognized to speak.”

The following items were taken out of order:

3. Memorandum from Mayor re: request acceptance of \$10,000 donation from SeniorCare to be used for kitchen renovations at the Rose Baker Senior Center

Summary of Discussion: Acting CAO Vanessa Krawczyk introduced the new **Director of Elder Services, Elise Sinagra**. She explained that the Rose Baker Senior Center has a great collaboration with SeniorCare, who uses the center's facilities for their Meals on Wheels program. They have graciously donated ten thousand dollars to support kitchen renovation efforts, so the city kindly asks that the Budget & Finance Committee accepts it with gratitude. **Councilor Cox** commented on how nice the fresh coat of exterior paint looks that the building recently received.

The **Mayor** thanked the meeting attendees, and explained that this has been an ongoing partnership, and that years ago, SeniorCare paid the city an annual fee of ten thousand dollars to use the kitchen, however, she believes that stopped in 2015 to promote collaboration between the two organizations since the city appoints SeniorCare Board members. The Open Door also participates by serving the salad bar and soups and will eventually begin providing the food for Meals on Wheels, so the kitchen needs to be enlarged to accommodate use from all three contributors. She expressed the need for a generator in the building in case of emergency since the only one in the city is located at the O'Maley School, and recognized **Councilor Cox** for her assistance during previous power outages.

COMMITTEE RECOMMENDATION: On motion by Councilor Cox, seconded by Councilor Memhard, the Budget & Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to recommend that the

City Council accept under MGL c. 44, §53A, a cash donation in the amount of \$10,000 from SeniorCare, Inc. for the purpose of renovating the kitchen at the Rose Baker Senior Center to help feed seniors.

1. Memorandum from Police Chief re: request acceptance of a computer donation from Dell with an estimated value of \$1,308.99 for the Community Impact Unit

Summary of Discussion: Police Chief Ed Conley explained that this computer was donated by Dell Computers to be used at the Community Impact Unit's offsite office located in the Brown's Mall. They have been doing some great work and have received media recognition that has led to some corporate and personal donations.

COMMITTEE RECOMMENDATION: On a motion by Councilor Cox, seconded by Councilor Memhard, the Budget & Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to recommend that the City Council accept under MGL c. 44, §53A ½, a tangible property donation of a Dell Latitude Laptop 5510 from DELL with an estimated value of \$1,308.99 for the Police Department's Community Impact Unit.

2. Memorandum from Police Chief re: request acceptance of an additional \$3,500 for the FY20 Traffic Enforcement Grant

Summary of Discussion: Police Chief Ed Conley explained that the additional money the Police Department has received from the traffic enforcement grant is a budgeting adjustment based on their activity and timeline offset by the initial COVID shutdown. It is not a new grant, just an addition they had already applied for. Every quarter a theme is chosen, during this previous one close to 50 citations over a few weeks were issued focused on pedestrian safety.

COMMITTEE RECOMMENDATION: On a motion by Councilor Cox, seconded by Councilor Memhard, the Budget & Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to recommend that the City Council accept under MGL c. 44, §53A, an amendment to FY20 Traffic Enforcement Program Grant from the National Highway Traffic Safety Administration through the Mass. Executive Office of Public Safety & Security in the amount of \$3,500 for a revised grant total of \$14,000 for the purpose of traffic enforcement in the city of Gloucester. The grant period is from January 6, 2020 through September 15, 2020, and there is no local match for this grant.

4. Tax Increment Financing (TIF) Agreement between City of Gloucester and Hefring Engineering

Summary of Discussion: Economic Development Director Sal DiStefano reminded attendees that at the August 6, 2020 Budget and Finance meeting, the TIF Committee and one of the company partners presented the opportunity for Gloucester to potentially enter into a Tax Increment Financing Agreement with Hefring Engineering (Hefring LLC), a manufacturer of an underwater glider presently located in Boston. The Budget and Finance Committee authorized the TIF Committee to move forward with negotiations. The **Mayor** and **Acting CAO Vanessa Krawczyk** support this proposal since they believe it is really important to have jobs in the city, not just for people with advanced degrees, but for people who enjoy working with their hands to build something that can provide the city with new technology on the working waterfront to help with everything from mapping the ocean floor to fish counting and work with the U.S. Navy. **Ms. Krawczyk** thanked **Mr. DiStefano** for his economic development efforts since the city is always looking for ways to bring to bring new companies, employees, and employers to the city.

CFO John Dunn mentioned that although the city will never abandon the fishing industry, the city's harbor-front activity is evolving to attract infrastructure and technology, and he believes Hefring

Engineering would be an interesting addition to the GMGI building. **Councilor Cox** asked what the likelihood is that a deal will be reached now that the terms have been negotiated, and after speaking to a representative of the ownership group Meek recently, **Mr. DiStefano** believes they are close to reaching an agreement, especially since the CEO lives in Boston. Gloucester is also working with the state to consider potential grant avenues to offer the company since they will not be eligible for EDIP tax credits.

The **Mayor** thanked **Mr. DiStefano** for attending the meeting during his vacation, and Commonwealth of MA Office of Business Development Northeast Regional Director Maria Nigro DiStefano as well for her work on this project. She explained that the economy is currently doing ok in terms of bringing in new businesses, and cited Happy Valley, Cometeer Coffee, the new YMCA under construction, and the busy hotels. She also stressed the importance of TIFs.

Assessor Gary Johnstone explained the terms of the TIF, and that the committee felt that a shorter term would be good in this situation. Hefring Engineering would receive the biggest break in the beginning of the five year agreement starting in FY22 because they would begin work this fall to construct their section of the GMGI building, so they won't receive any benefit from it until then. That would amount to approximately a \$250,000 increase on the building from their build out, which is what the estimates are based on. It would result in a 90% break on the incremental increase (not all the taxes on the property) for the first year, and then decrease to 80% for year two, 70% for year three, 60% for year four, 50% for the final year, and then return back to full tax rate. In this case, it is not a lot of money, but it does increase each year. Over the five-year period, they would save roughly \$11,147.50, and the city would still earn an additional \$4,700-4,800 in taxes. **Councilor Cox** commented that the benefit clearly outweighs the cost, the city needs to view the long-term success.

COMMITTEE RECOMMENDATION: On a motion by Councilor Cox, seconded by Councilor Memhard, the Budget & Finance Standing Committee voted by ROLL CALL 3 in favor, 0 opposed, to approve a Tax Increment Financing exemption between the City of Gloucester and Hefring Engineering, in accordance with the Massachusetts Economic Development Incentive Program (EDIP) and Chapters 23A, 40 and 59 of the Massachusetts General Laws to be located at 417 Main Street, for a term of five (5) years ending in Fiscal Year 2026.

COMMITTEE RECOMMENDATION: On a motion by Councilor Cox, seconded by Councilor Memhard, the Budget & Finance Committee voted by ROLL CALL 3 in favor, 0 opposed, to recommend that the City Council accept the following:

- 1) Adopt the Tax Increment Financing (TIF) Agreement between the City of Gloucester and Hefring Engineering, for property located at 417 Main Street;
- 2) Approve the project application and find that it meets the requirements of MGL c. 23A, §3F in that it provides a reasonable opportunity to create jobs within the City of Gloucester as indicated in the TIF Agreement.
- 3) Authorize the mayor to execute the TIF agreement and submit the TIF agreement and the certified project application and all other necessary documents to the Economic Assistance Coordinating Council of the Commonwealth of Massachusetts, and take any other action as necessary and appropriate to implement the provisions of those documents.

Summary of Discussion: **Mr. DiStefano** thanked everyone for their support. **CFO John Dunn** expressed his enthusiasm for this TIF agreement being a good fit for harbor diversification, and the fact that if this is successful, it will provide a large number of good-paying jobs ranging from unskilled labor up to engineering and management. **Councilor McCarthy** reiterated that it was mentioned during

Hefring Engineering's initial presentation at the last Budget and Finance meeting that the company would be looking to utilize the city's fishermen to deploy the testing and development of some of the products. **Councilor Cox** agreed that was also a huge selling point for her.

The **City Clerk** recommended that **Councilor Cox** mention that the Public Hearing regarding this matter will be held at the City Council meeting on September 8, 2020.

5. Memo from City Auditor regarding accounts having expenditures which exceed their authorization & Auditor's Report and other related business

Summary of Discussion: **City Auditor Kenny Costa** stated he had nothing to report this evening.

MOTION: on a motion by **Councilor Memhard**, seconded by **Councilor McCarthy**, the **Budget and Finance Committee** voted by **ROLL CALL 3** in favor, **0** opposed to adjourn the meeting at **6:01 p.m.**

Respectfully submitted,
Brianna Komi
Administrative Support
City Clerk's Office