

GLOUCESTER CITY COUNCIL MEETING

Tuesday, February 24, 2015 – 7:00 p.m.

Kyrouz Auditorium – City Hall

-MINUTES-

Present: Chair, Councilor Paul McGeary; Councilor Joseph Ciolino; Councilor Melissa Cox; Councilor Steve LeBlanc, Jr.; Councilor Greg Verga; Councilor Robert Whycott; Councilor Paul Lundberg; Councilor William Fonvielle; Councilor Robert Stewart

Absent: None.

Also Present: Mayor Sefatia Theken; Linda T. Lowe; Kenny Costa; Jim Destino; John Dunn; Chip Payson; Fire Chief Eric Smith; Nancy Papows; Gary Johnstone; Beth Godhino; Tim Good; Tom Gillett

The meeting was called to order at 7:00 p.m. Agenda items were taken out of order. The Council recessed at 10:35 p.m. and reconvened at 10:44 p.m.

Flag Salute & Moment of Silence. Councilor Robert Whycott dedicated the Moment of Silence to the memory of Mary Gardiner, former Chief Administrative Officer and Chief Financial Officer of the City of Gloucester who recently passed away.

Oral Communications: None.

Presentations/Commendations: None.

Consent Agenda:

- **MAYOR'S REPORT**

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| 1. Memorandum from Harbormaster & Supplemental Appropriation-Budgetary Request 2015-SA-20 | | | (Refer B&F) |
| 2. Memorandum from Harbormaster & Supplemental Appropriation-Budgetary Request 2015-SA-21 | | | (Refer B&F) |
| 3. Memorandum from Harbormaster & Supplemental Appropriation-Budgetary Request 2015-SA-22 | | | (Refer B&F) |
| 4. Memorandum from Harbormaster & Supplemental Appropriation-Budgetary Request 2015-SA-23 | | | (Refer B&F) |
| 5. Memorandum from Harbormaster & Supplemental Appropriation-Budgetary Request 2015-SA-24 | | | (Refer B&F) |
| 6. Supplemental Appropriation-Budgetary Transfer Request 2015-SA-25 from Mayor's Office | | | (Refer B&F) |
| 7. Reappointments: | Committee for the Arts | TTE 02/14/19 | Catherine Ryan |
| | Planning Board | TTE 02/14/20 | Mary Rudolph Black |
| | Zoning Board of Appeals | TTE 02/14/18 | Michael Nimon (Refer O&A) |
| 8. New Appointments: | Capital Improvements Advisory Board | TTE 02/14/18 | Joel Favazza |
| | Committee for the Arts | TTE 02/14/19 | Rebecca Reynolds (Refer O&A) |
- **COMMUNICATIONS/INVITATIONS**
 - **APPLICATIONS/PETITIONS**
1. Special Events Application re: request from St. Peter's Fiesta Committee to hold St. Peter's Fiesta June 24 through June 28, 2015 (Refer P&D)
- **COUNCILORS ORDERS**
 - **APPROVAL OF MINUTES FROM PREVIOUS COUNCIL AND STANDING COMMITTEE MEETINGS**
1. City Council Meeting: (Approve/File)
2. Standing Committee Meetings: B&F 02/19/15 (under separate cover), O&A 02/16/15 (no meeting), P&D 02/18/15 (Approve/File)

Items to be added/deleted from the Consent Agenda:

By unanimous consent of the Council the Consent Agenda was accepted as presented.

Scheduled Public Hearings:

1. **PH2015-006: SCP2014-12: Thatcher Road #78, Map 179, Lot 44, GZO Sec. 2.3.1.7 conversion to or new multi-family or apartment dwelling, four to six dwelling units and Sec. 5.7.1 Major Projects**

This public hearing is opened at 7:02 p.m.

Council President McGeary announced this public hearing, per written communication from the applicant, will be continued to March 10.

This matter is continued to March 10, 2015.

2. **PH2015-011: Public opinion concerning the city Council vote of June 17, 2014 regarding water debt charge onto the real estate tax**

This public hearing is opened at 7:03 p.m.

Council President McGeary proposed a set of rules of procedure for adoption for the informational public hearing as follows:

- 1) Presentation by the Administration on the logic and impact by the water debt shift by the requesting party;
- 2) Presentation by Petitioners who requested a public hearing;
- 3) A response by the Administration;
- 4) A response by the Petitioners;
- 5) Questions by the City Council -- and only the City Council may ask questions;
- 6) A period of public input, 3 minutes per speaker which continues until no one else comes forward to speak. If the public comment period runs long, and the Council President finds the remarks to be repetitive, the Council President may ask that remarks be limited to 1 minute. If a petitioner speaks from written remarks they are asked to turn those remarks in to the Clerk of Committees in order that those remarks may be kept as part of the full Council record.
- 7) After the period of public input, the Council will be allowed a second round of questions for follow up so that if anything is adduced during the presentations by the public the Councilors may follow up.
- 8) After the second round of Councilor questions the public hearing will be closed.

MOTION: On a motion by Councilor Stewart, seconded by Councilor Cox, the City Council voted 9 in favor, 0 opposed, to adopt the rules of procedure for an informational public hearing.

Administration Statements:

Mayor Sefatia Theken noted she had been in Boston earlier in the day representing the city to receive a prestigious award from the Mass. Cultural Council as the only city in the state with two cultural districts – the Rocky Neck Cultural District and the Gloucester Harbortown Cultural District. She extended her thanks to **Council President McGeary** and **Councilor Cox**, in whose respective wards these districts are found, for their support for the two cultural districts. She said the award to the city is shared with Tom Daniel, Community Development Director as well.

Thanking the Council for the informational public hearing, she explained that facts will be given in order for the public to see how the tax levy works, the law that allows the city to shift water and sewer debt to the General Fund, how assessments on properties are calculated, examples of how the property taxes have affected certain types of homes and classes of properties in the city, decreases in the water rates and how they affect homes and businesses, as well as a brief discussion on exemptions and abatement opportunities available for seniors, veterans and the legally blind. She said that questions can be emailed to the Administration: STheken@gloucester-ma.gov. She noted that city staff can be reached by email using their first initial and entire last name followed by "@gloucester-ma.gov." She said her office is open to members of the public to receive their input.

Jim Destino, Chief Administrative Officer, said that the presentation would be on the facts of the water debt shift which took place last year. The discussion would be led by John Dunn, Chief Financial Officer, and Nancy Papows, Principal Assessor.

John Dunn provided the Council with a PowerPoint presentation (placed on file) and reviewed it as follows:

- MGL c. 59, Sec. 21C enacted in 1980 (known generally as Proposition 2 ½) limits growth of the local tax levy limit – the amount a city can raise from the property tax—to 2.5 percent above the previous year's levy limit plus the amount the can be raised against certified new growth, New growth is assessed by examining building permits executed in a year.
- The levy limit can be permanently increased or decreased by general override vote. It may be temporarily increased by a debt exclusion vote or a vote for a capital expenditure. Once the debt is paid off or the capital purchase is made, the addition to the levy limit is removed.
- Subsection (n) of the law allows a local legislative body to approve the addition of water and/or sewer debt service to the levy limit as long as rates are reduced by a commensurate amount.
- The law applies to the calculation of the levy limit as a total and doesn't restrict annual increases between and among the various classes of property; it doesn't restrict the annual increase of an individual property and it doesn't restrict the addition of amounts on individual property taxes due to liens or betterments.

Tax Billing:

- The city renders tax bills quarterly; payments are due on or about Aug. 1, Nov. 1, Feb. 1, and May 1 of each fiscal year. The first two bills are known as "preliminary bills" and are each 25 percent of the total tax

assessed in the previous year. The second two bills are known as “actual bills” and are each 50 percent of the total taxes assessed for the current year plus any increase not collected in the preliminary tax bills. A billing example was then reviewed.

Water/Sewer Debt Service:

- MGL c. 59, §21(n) says, in part that the City Council may “...provide that taxes may therefore be assessed in excess of the amount otherwise allowed by this section, solely for the payment, in whole or in part, of water or sewer debt service charge,” also known as a “debt shift.”
- Debt shifts occurred on May 25, 2010, for debt service on the CSO (Combined Sewer Overflow), and June 17, 2014, for debt service on the Water Enterprise Fund not to exceed \$2,850,000.
- Review of the Calculation of Fiscal 2014 Levy Limit was described. In addition to 2.5 percent increase and new growth to give the FY2014 Maximum Allowable Levy Limit shows the FY2014 Debt Exclusion for the purchase of Poles Hill Open Space; also the FY2014 Sewer Debt (2010 vote for CSO debt)
- Calculation of Fiscal 2015 Levy Limit was shown; in addition to the debt exclusions for Pole’s Hill and the CSO project, the debt exclusion for the water/sewer debt shift was added. In all, the total for the excluded debt is \$5,158,056 compared to \$1.9 million in FY14).

Nancy Papows, Principal Assessor, reviewed property valuations community-wide as follows:

- Properties are valued as of Jan. 1 each year under MGL. C. 59, §2A; assessed valuations are based on “fair cash value (MGL c. 59, §38). The Department of Revenue (DOR) approves a community’s valuation.
- Taxpayers aggrieved by the assessed value of their property have a window of opportunity to apply for an abatement annually under MGL c. 59 §59-69. The abatement application deadline is printed on the third quarter tax bill and coincides with its due date, typically Feb. 1 each year. Assessors are available at any time during the year to conduct inspections and address taxpayers concerns.
- Assessed values are derived via mass appraisal, which is the valuation of a group of properties using common data and standardized procedures. Sales analysis includes calendar 2012 and 2013 qualified sales.
- Changes in assessed values are not uniform for all types of properties; different classes and types of properties change at different rates based on analysis of the real estate market. Individual properties within classes may also vary based on a variety of factors such as location, style and building size.
- Unrelated to the real estate market changes to assessments due to building permit activity, and other physical changes. Inspections by the Assessors on properties across the city are conducted annually.
- A review of the FY2015 assessments of classes was then touched upon.

Mr. Dunn continued the presentation as follows:

Property Tax Rates in Selected Essex County Communities:

- Gloucester’s tax rate is in the middle of the selected communities in terms of property tax rates. The CIP (Commercial/Industrial/Personal property classes) tax shift was noted in that in cities of similarity and in large towns, Peabody, Beverly and Danvers have a higher CIP shift which holds down the residential tax rate, moderating it to an extent. Beverly, Danvers and Salem also have higher residential tax rates. It is allowed by Mass. General Law to shift part of the tax burden from the residential class parcels to the commercial, industrial and personal property classes.

Water Enterprise Debt Service \$2,848,197 of water debt service was shifted to the FY15 tax levy:

- Water rate usage is derived based on 1,000 gallons. The current rate is \$5.97 per 1,000 gallons with the debt shift. With no shift the water rate would be \$10.43 to support the Water Enterprise budget. The savings is \$4.49 per 1,000 gallons.

Sewer Enterprise Debt Service with the CSO projects:

- \$2,309,859 of Combined Sewer Outflow (CSO) sewer debt service was shifted to the FY15 tax levy, an increase of \$421,843 over the FY14 shift as new debt was issued. The impact of the shift is that the sewer rate was decreased per 1,000 gallons of usage. The FY15 rate equaled \$13.80 per 1,000 gallons, and without the shift the sewer rate would have been \$18.47. The savings was \$4.67 per 1,000 gallons.

Mr. Dunn pointed out that the water and sewer debt has to be paid for regardless, and that the shift reduced both the sewer and water rates.

- Examples of the net impact of the debt shift were reviewed for Single Family Homes, Two-Family and Three-Family Homes. The examples displayed assessed values for 2014 and 2015, assessed taxes, water savings and net impact across Wards 1, 2, 3 and 4. Examples provided were randomly drawn from actual city residences and the associated properties’ actual assessments.

These examples were likened by **Mr. Dunn** to those used in the spring when the presentation was made originally to the Council. He did note that with those properties not on city water would realize no savings from reduced rates for water usage.

Ms. Papows briefly reviewed exemptions available to the public for property taxes:

- An exemption is a partial or full reduction of local property tax. Exemptions are governed by the State of Massachusetts and are a privilege, not a right. Exemptions are available for veterans who have a service-connected disability, those who are legally blind, persons over 65 and persons over 70. In order to qualify the applicant must provide documentation concerning percentage of war service disability, certificate of blindness or income and assets. The qualification date for each exemption is July 1. If accepted the exemption will reduce the total tax dollars due. The exemption will not appear separately on the tax bill.
- In addition to exemptions, taxes may be deferred for persons 65 years and older (More information and/or assistance is available by contacting the Assessor's Office at City Hall). The deadline is typically March 31 which differs from the abatement application deadline.

Mr. Dunn mentioned that by moving the debt shift to the tax levy it allows for deducting the payment from income for those taxpayers who itemize their federal income taxes. It would not be deductible if the debt shift was built into the rate.

Petitioners:

Amanda Kesterson, 293 Washington Street, submitted her statement for the record. She conveyed she is the chairwoman of the Gloucester Republican City Committee and was before the Council as a resident and parent. She said that in early January of this year when residents opened their property tax bills they were shocked to find large increases. She said this was because of the vote by the Council to shift water debt onto property taxes in order to help water dependent businesses in Gloucester. She said it was her understanding that this initiative was started when the Mazzetta Lobster Company balked at locating its business and several hundred jobs in the city, due in large part to the high water rate. She indicated that as a result, former Mayor Kirk, and Acting Mayor Paul McGeary submitted to the Council this proposal to help water dependent businesses. She said not included in the plan was that the Assessor's Department would increase property assessments resulting in homeowners footing the bill. She also indicated in her opinion that there was a lack of transparency through that process, and suggested that city government needs to be operated in a much more open manner.

Ms. Kesterson then began to speak on the need to find ways to help the city's business community and expressing concern that the city is losing businesses because of high tax rates, that the tax classification in the city is flawed, that the sewer/water rate is driving up the costs of operating a business and then began to touch upon the city's permitting process and sparse downtown parking.

At this juncture **Council President McGeary** asked Ms. Kesterson to limit her remarks to the matters before the Council in the informational public hearing, the water debt shift, its methodology, how it was carried out and the impact on individuals and property assessments and should it have been done. He said he was inclined to allow her as the main petitioner some latitude. He reminded Ms. Kesterson this was not a discussion of matters involved in the city's Fiscal 2016 budget. **Ms. Kesterson** expressed her concern saying that in order to understand this issue there was a need to broaden the discussion to encompass budgetary issues. **Council President McGeary** reminded Ms. Kesterson there was an appropriate venue for that discussion, but that this informational public hearing was not that venue and that this was not a general discussion of the city's budget. **Ms. Kesterson** reiterated her stance and objected to the Chair's assertions.

Councilor Ciolino asked that the petitioners be allowed to give their full statements.

Council President McGeary said that he as the Chair had ruled on the scope of the informational public hearing and would stand by it.

Councilor Ciolino moved to appeal the ruling of the Chair that the Chair's decision be upheld to limit the discussion of the informational public hearing to the impact of the water debt shift, the methodology by which the water debt shift was carried out, and the impacts on individuals of the water debt shift. Councilor Verga seconded the motion.

It was noted that a "yes" vote would support the Chair's ruling, and a "no" vote will overrule the decision of the Chair. After a brief discussion, by Roberts Rules of Order it was determined this was a debatable motion.

DISCUSSION:

Councilor Ciolino said that people have come to get something to get off their chest, and he asked they listen to them. **Councilors Verga** and **LeBlanc** expressed their agreement with **Councilor Ciolino**.

Councilor Cox expressed that this is not a typical public hearing she would support the Chair but said that because this is a broader issue not just about the debt shift but about the overall process, the main petitioner should be allowed to paint a broader picture.

Councilor Lundberg said last year when the Council reviewed the FY15 budget, and held a Special City Council meeting to approve it, he pointed out that there was no one in the audience. He said he understood people's interest in it now because of the debt exclusion shift as well as the reassessment, and are the two items they should be discussing, not how the city spends its money, economic development or parking downtown. He suggested the discussion should be on the debt shift and the property assessment increases. He said the debt shift was actually minor in comparison to the property reassessments and that impact to the quarterly property taxes in the city.

Councilor Whynott said he would be inclined to give petitioners some leeway but asked they stay within the parameters of the public hearing.

Councilor Fonvielle is in agreement with Councilor Whynott and would want to hear the first speaker, but the parameter should be clear moving forward that speakers should stick to the debt shift and property assessments.

Council President McGeary said speaking as the Chair, he didn't want to squelch debate, but it was his duty to keep the parameters of this discussion within the scope of the public hearing. He suggested amending the ruling per Councilor Lundberg, Fonvielle and Whynott's suggestion to allow discussion of the assessment factor in addition to the narrow focus on the water rate debt shift, he said he believed Councilor Lundberg was correct that the property assessments had the greater impact in causing people to become upset and petition for this hearing. He said that a further rule is that any ad hominem discussions (personal attacks) about any employee of the city, city department or any city pensioner be not permitted at all.

Councilor Ciolino accepted Council President McGeary's amendments to the main motion regarding the Chair's ruling that the discussion will encompass the water debt shift, generally about city budget, the assessment impact, but stay within those parameters and disallow ad hominem discussions.

On a vote of 9 in favor, 0 opposed, the Chair's amended ruling stood.

Ms. Kesterson rejoined that the reason people became upset with their tax bills wasn't because their property assessments went up but it was that their tax bill was for more money as it always is each year. She said the Council was right to look at ways to help businesses in Gloucester as jobs here. She contended that the action of the Council didn't help businesses and in the process hurt the residents who patronize those businesses. She said there needs to be a way to help businesses without hurting the residents. She indicated that the property taxes have become problematic for senior citizens on fixed income. People who own businesses will have fewer patrons if those patrons can't continue to afford to live in the city, she pointed out. She cited that in 2008 the city's budget was approximately \$94 million, and in 2015 it was \$115 million, an increase of \$21 million that have to be paid by the taxpayers of the city. With a median income in the city of \$58,568 rising taxes each year make it more difficult for homeowners to afford to stay in their homes. She suggested that raising property taxes are targeting the working class who are struggling to pay their tax bills. She urged that the Mayor and the Council say that it's time to live within their means, and that residents and businesses in the city have had enough. She encouraged a cut in city spending and for tax relief to be found for residential property owners.

Kathryn Goodick, 10 Dogtown Road, said she was hopeful that this additional dialog will remedy some of the budget issues for the coming year. Her statement was submitted for the record. She said she was inspired to get involved in the city business because of the financial issues that are being faced by the city which has led to the creation of the Gloucester Citizens for Fair Taxes. This is not about shifting the burden to the businesses, but that this group is against big city budgets and want to work to resolve a bigger issue. She said she does not know of the Cape Pond Ice Company or the Mazzetta Company personally, but suggested they were enticed to the city or stay in the city with the idea of lower water rates. She said she was taught not to spend money she didn't have, not borrow funds unless she had the means to pay then back and expressed other basic financial homilies.

She said that after 20 years of living in her home she had saved and was ready to redo her kitchen and to pay cash for it. Upon opening her tax bill and realizing the uncertainty of the future tax bills, she said that redo of the kitchen would now be unaffordable. When and if she pulls a permit for the kitchen renovation, she pointed out it would trigger an assessment of her property and see her property taxes rise further. She indicated because of this situation, the electrician and plumber she would have contracted with will now not have that job, nor would the lumber yard, and other businesses that would have been contracted in the kitchen renovation which she said was a ripple effect of the property tax increase. She said she understood the Council chose to shift all the water debt not just some of it. She said her water and sewer rates went down but it didn't balance out with her increase in property

taxes. A document of Ms. Goodick's personal property taxes were included in the documentation of her statement and she briefly reviewed that the numbers being put forward by the Administration don't equate to a personal family size. She asked how it was possible the city complies with provisions of the exclusion clause to residential owners and asked why the Administration and Council didn't foresee the results of their actions. She urged that in planning the upcoming budgets the Council keep in mind the financial homilies she espoused earlier.

Sam Frontiero, 11 Stuart Road, a member of a family with 100 years of residency in the city, raised his objection to the water debt shift and the property assessments. His statement was submitted for the record. He said that this is not a tax increase voted on by the taxpayers of the city and therefore that can't be justified. He said that as someone on a fixed income four of his 12 monthly checks annually will now go to pay taxes whereas previously it was three checks. This jump in property taxes, he said, was a burden to everyone and reiterated it was unjustified. He touched upon the burden STEP sewer system betterments that were incurred in Lanesville and the Essex sewer pipeline and betterments that were involved which he said both done without consideration of the burden to the taxpayers. There is an option that if you can't fight City Hall, the voters will vote for a new set of City Councilors who are not looking for loopholes, he said.

Marianne Peterson, 3 Brier Neck Avenue, described a statistical analysis she undertook of 40 residential properties in her area of Long Beach. Her written statement was submitted for the record. She noted that she is the youngest homeowner in that area, with many of her neighbors, she suggested, were on fixed incomes. She also pointed out that homeowners were recently hit by substantial electric rate increases adding to their financial burden. She said in her immediate neighborhood the taxes for homes went up between \$400 and \$600 for the year. She further described some of the difficulties she had in obtaining information for her analysis from information on the city's website. She said for what taxpayers pay in taxes the city schools aren't highly rated, the infrastructure is in poor condition and expressed concern regarding the city's trash disposal system. She also said that when inquiring about a roadway issue at the entrance to Long Beach she was frustrated by what she termed as a run-around with nothing ever getting done and asked how she should be expected to take a huge tax increase without a better and clearer method for handling citizen requests.

Joseph Orlando, Jr., 141 Wheeler Street, who submitted his statement for the record, said there should be a broader view of how the Council solves the city's financial issues. He said there is a group of people who are being lost to the city because what is involved in working elsewhere because of lack of jobs in the city but live and pay taxes in Gloucester. He pointed out as a young married father and homeowner; his family's taxes went up significantly recently. He said that Ward 4 was hit hardest by the property tax increases, and single family homeownership is a great way to raise tax revenue. He added that everything should be done to entice people to come to live, raise their families and work in Gloucester but to also stay here after they've raised their family. He expressed his appreciation for the Council's attempt to assist water-dependent businesses and their trying to work out a method for dealing with the water debt, as well as lower the water rate. He said the answer to assist water-dependent businesses is not to shift a \$5 million tax burden onto the residential tax class. He asserted that the reason the city's budget went from \$98 million to \$115 million in a short period of time is because the answer is always to raise taxes. He reiterated the lowering of water rates to water-dependent businesses was a pro-business action to encourage investment in the city. He proposed several ideas to raise revenue without increasing taxes:

1. Tax deductions, incentives, refunds, or cuts for those individuals who own residential and commercial property in Gloucester;
2. Tax deductions, incentives, refunds or cuts for those individuals who own a home and a business in Gloucester;
3. Tax deductions, incentives, refunds or cuts for those individuals/entities who employ 5 or more Gloucester residents; bigger tax deductions, incentives, refunds or cuts for those individuals who employ 10, 20 or 50 or more Gloucester residents;
4. And, tax incentives for those individuals/entities who live in Gloucester and spend \$10,000 in the Gloucester retail and service economy; bigger tax deductions, incentives, refunds or cuts for those individuals who spend \$20,000 in the Gloucester retail and service economy.

Mr. Orlando said these tax remedies would ease the tax burden on businesses and residents and raise tax revenues. He cited the examples of "Start-up New York" and "Opportunity Louisiana" as examples from which his suggestions were derived, and espoused creative solutions to solving the tax burden in the city.

Ronn Garry, 209 Atlantic Road, whose statement was submitted for the record, said the main issue is the burden placed on the city by the public employee unions and described how this has burdened the city financially, and stifled growth. He cited the city department expenses of salaries, pensions and health care which comprised 35 percent of the city's annual budget in 2014 except for the School Department. He put forward that Public Unions

depend on government growth unlike private sector unions which depend on economic growth. He questioned how the city will survive in the financial future they are now creating.

Administration Commentary on Petitioners' Statements:

Ms. Papows said the debt shift didn't just affect residential rate payers but also affected the commercial, industrial and personal (CIP) property taxes. She described what happened this year with regard to property values compared to other years by looking at classes of properties with percentages as follows:

For the single family class from last year to this year, there was an average 3.22 percent increase. In 2014 it was a 0.29 increase when the real estate market started to turn, and what the Assessors do is to measure that market. From 2008 to 2013 single-family home values were decreasing each year. In 2008 there was a 2.99 percent decrease; in 2009 a 2.26 percent decrease, and in 2010 there was a 5.54 percent decrease. In speaking of Proposition 2 ½ and the city as a whole, it illustrates that 2 ½ percent does not pertain to the increases and decreases in property values.

She also pointed out that if values were completely stable, the city would always bring in more taxes because of the provisions of Proposition 2 ½. There will always be an additional 2 ½ percent brought in by the previous year's tax levy limit every year and bring in any debt exclusions or overrides that are voted which has a significant impact on what people are paying. That debt, she noted, was going to be paid somewhere else but now it is paid on the property tax.

Acknowledging people's frustration, **Ms. Papows** said in speaking about individual tax bills, it is more difficult to explain because the Assessors are doing a mass property appraisal which is a statistical analysis because some properties are adjusted for more than one factor. A location adjustment would not be uniform citywide; some properties are adjusted for more factors than others which makes it hard to measure how each assessment has changed over 14,000 properties in the city.

Ms. Papows said that when the water debt shift is considered, the consumption is different for each household. She said her office does its best to educate the public and does it on a face-to-face basis in her office. The property value increase was not something out of the ordinary, she said, pointing out that the real estate market is cyclical and that there was a long period of decreasing property values. The increase in individual assessments doesn't bring in more taxes, and that the increase seen last year was not out of the ordinary when compared to the last two years, she added.

Petitioners' Additional Comments:

Mr. Orlando pointed out in his remarks he said that the residential tax burden has increased and helps the businesses as the water dependent commercial businesses have been helped. The increase was felt by the residential tax payers. The water dependent businesses have lower rates and lower business expenses but everyone didn't get the same benefit.

COUNCIL QUESTIONS:

Councilor Ciolino said this tax bill went out was the perfect storm with three items, the full assessment doesn't hit until January. He said he heard that there is no rhyme or reason as to how assessments are made in the city. He described a complaint--why is one assessment on one property so high and their neighbor's abutting property didn't have a similar rise in their property assessment. **Ms. Papows** related the following information: There are legal standards Assessors must abide by when assessing properties. Assessments are formulated based on a statistical analysis by looking at a body of real estate sales, and running ratio studies as well as other factors which she described briefly. She said Assessors are tasked to get ratios as close to the real estate medians and do a coefficient dispersion analysis for outlier properties. She pointed out multiple reports are examined; style, neighborhood, building size and more are taken into consideration. In looking at property groups there is consistency and she gave several examples of changes of the many factors they must examine as Assessors. The city's land chart was mentioned. The Assessors are trying to find what is deviating from the norm. There is also depreciation, a condition which is the same for all properties, but depends on age of each home. Once they know what changes need to be made within the valuation software it then gives them the valuation of the properties.

Ms. Papows said the Assessors are constantly doing the data quality inspections. Full assessments are on a nine-year cycle. She urged that property owners come to her office to review on their property cards on file with the city to ensure accuracy. The Assessors track when they visit the properties, and notify the property owner. If they are unable to gain access to the property, they do the best they can from the street. The state Department of Revenue (DOR) mandates that program be carried out. Every three years during what is known as the triennial recertification, property values are examined by the DOR carefully. All the reports produced by the Assessors are reviewed before the city's property values are certified by the DOR and meet legal standards. In order to meet within the nine-year cycle they must examine 1,300 properties annually. The Assessors are in the field frequently, she said.

Councilor Lundberg said the tax bills resulted from a complicated situation, and people who don't understand what happened to their bill he suggested that Ms. Papows' staff could help them to better understand their property tax bill.

Councilor Cox noted earlier Ms. Papows didn't include the factoring in of short sales and foreclosures in determining assessments. **Ms. Papows** said there are enough "arms-length" transactions on which to base the analysis.

Council President McGeary asked whether the process outlined by the assessor is legal and to industry standard, which **Ms. Papows** confirmed.

Councilor Stewart asked how the Assessor deals with Realty Trusts which **Ms. Papows** briefly addressed.

Councilor Ciolino said he received calls that many people think the increase in their tax bill is for water usage. He asked if the tax bill included any charges for water usage, to which **Mr. Dunn** said, "No." He said the debt service was shifted, and the money was used only for borrowing for water infrastructure projects. If the city didn't move the debt to the tax levy it would have been left in the Water Enterprise Fund and resulted in a higher water rate. Responding to follow-up questions by **Councilor Ciolino**, **Mr. Dunn** explained that the city can't shift the costs of salaries or operating costs onto the General Fund. He said there are 30 to 40 individual bond issues related to water debt. He said essentially most communities have Enterprise Funds for their utilities, but some still have water and sewer departments within their General Fund, but those communities are in the minority in Massachusetts. In Gloucester, everyone is sharing the burden of the capital improvements of the water system of the city, he said.

Councilor LeBlanc asked for an explanation on the capital improvements, and **Mr. Dunn** said it is below-the-street water and sewer lines replacement, plus fixing the water treatment plants, the sewer treatment plant and the Annisquam River crossing, all of which are expensive. **Councilor LeBlanc** noted improvements to Bond Hill reservoir and the Plum Cove water tower that had been done recently. **Mr. Dunn** said those projects were extremely expensive to undertake. Gloucester is not much different than so many other communities that didn't make improvements to their infrastructure when they should have and are now 10, 20 years later paying the price at double the cost, he said. **Councilor LeBlanc** noted **Mr. Dunn** had sat with him to explain about the tax bill, and he had **Mr. Dunn** review that there is a big increase between the second and third quarter tax bills. The 10 percent increase between two bills equates to a five percent increase over the entire year, he noted.

Councilor Cox asked if there were any examples of the water rate without the shift. **Mr. Dunn** indicated he hadn't and offered to do so. She noted she did the calculations for the single family in Ward 2 and confirmed that the average water/sewer use on a single family Ward 2 home was 65,500 gallons. **Mr. Dunn** confirmed the actual rate is \$5.97 per 1,000 gallons and described the math as \$5.97 times 65.5. **Councilor Cox** said it would be \$10.43 per 1,000 gallons water and \$18.47 per 1,000 gallons sewer. She asked if they hadn't done the debt shift the water bill for this particular property she referred to would have been \$683 and the sewer would have been \$1,209 for a total of \$1,892 versus what is shown in the presentation of the cost savings at the lower rate, a difference of \$1,600. She pointed out that debt has to go somewhere whether it is on the water rate, sewer rate or on real estate property taxes. The trade-off is the cost savings versus having the water bill at the higher rate because the city spent the money on infrastructure improvements, some of which are required by unfunded federal mandates. With the debt shift the water bill actually saved the homeowner in the cited example \$1,600, she pointed out. **Mr. Dunn** said he hadn't spoken to the sewer aspect, although he did include in the presentation a slide that showed what the sewer rate is and what it would have been without the CSO debt shift. **Councilor Cox** asserted that the shift is actually saving people money if they use the same amount of water. **Mr. Dunn** said the CSO debt shift would have the same impact as the water debt shift, benefitting people who own homes that are less valuable and use quite a bit of the service, and so would work under the sewer shift scenario.

Councilor Verga said there is \$2.85 million in water debt shifted and 14,000 properties paying their share of it. He put forward that it wasn't as if they took this year's payment of that \$2.85 million and divided it equally but was a percentage of how it was put onto people's tax bills and was dependent on where they lived and what their overall property value was, or rather it wasn't a flat dollar amount. **Mr. Dunn** confirmed it was a percentage. The total valuation of the city is \$5.3 billion and if the house is valued at \$500,000, the percentage is 5.3 billionths of that--the water debt shift is spread equally across based on percentage of values.

Councilor Fonvielle asked about the two-tier billing system of preliminary bills and actual bills are not truly actual in a sense, he pointed out. He asked what can be done to even the bills out to give more predictability to taxpayers. **Mr. Dunn** said if the city had software capable of it the system could be adjusted but that capability is in the new software but won't come on line for several years. He also spoke to those taxpayers who pay their taxes through mortgage escrow accounts, saying that while the taxpayers who are under this scenario see the bills as they come, people pay on a monthly basis which smooths their payments out. He assured that as soon as the software is available the city will be able to utilize it. Responding to follow up questions by **Councilor Fonvielle**, **Mr. Dunn**

said it is not an option to change 14,000 bills, that the city doesn't have the capability to do it any other way at this time.

Councilor Fonvielle citing Gloucester's Green Community status, pointed to his personal home water usage, saying that if he has found a way to reduce his water usage by 20 percent, that he would see a commensurate reduction in his water bill, which **Mr. Dunn** confirmed. If the entire community did the same he asked if it would be positive. **Mr. Dunn** said it would have somewhat of a positive effect but not a large one. Using less water means treating less water but there would not be a direct correlation of a 20 percent reduction in the water rate. With the shift the more water a homeowner uses, the greater the savings, he said with **Councilor Fonvielle** adding that the offset becomes greater. The more he conserves water the less of a break he gets on his taxes. There are people who see water conservation as a civic good, and yet if he wanted to conserve water he would wind up taking a hit on his taxes because he wouldn't get the same savings as his neighbor which **Mr. Dunn** confirmed. This gives a disincentive to conserve (water), **Councilor Fonvielle** suggested.

Council President McGeary said with a \$1 million house to break even that homeowner would have to consume a great deal of water. He also asked if the CFO could accept that the levy limit, the amount that could be raised out of the real estate taxes in the years 2007 and 2008 or FY2007 was \$52,683,000 and that for FY15 it was \$67,991,000 and is an increase of 29 percent. The General Fund budget for FY2008 was \$79,662,000 and for FY2015 was \$100,703,000, an increase of 26 percent. **Mr. Dunn** said he would accept those figures the Councilor put forward. **Council President McGeary** said according to the Bureau of Labor Statistics said that home rentals have gone up 49.4 percent in that time, purchase prices of homes have gone up 75 percent in that time, a pound of potatoes has gone up 53 percent as well as had a pound of bacon by 85 percent and a 12 pack of bottled water by 73 percent in that same time. Compared to the economy at large, he pointed out, the city had a pretty good track record.

GENERAL PUBLIC TESTIMONY:

Cecilia Coraza, 6 Naomi Drive, said income has nothing to do with the economy. People's income in Gloucester are down, as well as nationwide, with many people working several jobs to make ends meet. She said taxpayers can no longer afford what the city's government is doing. She pointed out that except for one year under Mayor Bell the city's budget has risen every single year, and household budgets are reduced and all costs are going up. She said last year when the water debt shift was under consideration she spoke with several of the Councilors about cutting dollar for dollar off the fiscal budget when they voted to shift the debt but didn't receive any positive responses. She said the 2 ½ percent is a cap and is not the right of every Mayor and Council to keep increasing the budget 2 ½ percent, rather it should start decreasing it by 5 percent over the next three years, pointing to the escalating costs of the city. She asserted as the gross city budget has gone up 10 percent, incomes have gone down 4 percent. She expressed her opinion that the citizens of Gloucester can no longer support the size of the city government which she said should be cut.

Ken Riehl, CEO of the Cape Ann Chamber of Commerce, said this hearing and public comment is more about the total city budget than the water rate and debt shift. The Chamber is in full support of the debt shift to the personal property tax. He said the increase in the recent tax increase is complicated and not just attributable to the water debt shift. The tax bills were higher this quarter and next quarter and to make up for the past two quarters tax payers bills will go down in the second half of this year. The Chamber supports the debt shift because the water rate was so high in 2015 it would have been over \$10 per 1,000 gallons. Water-dependent businesses and supporting businesses aren't just the big water users, he said. He noted that Addison Gilbert Hospital, Seacoast Nursing Home, Market Basket and with Varian, the largest water user in the city, all benefited. The commercial/industrial sector of the city has decreased by 30 percent and high water rates are one of the main reasons for the decline in that sector, he said. He suggested that the water debt shift is necessary to keep the businesses here and to attract new businesses to Gloucester. This current situation, he pointed out, was a confluence of matters driven by higher property assessments and commended the Council for voting for the debt shift saying that it is a long term benefit to the businesses of the community and the community overall.

Charles Crowley, 19 Biskie Head Point and owner of a business on Kettle Cove Lane, said he wants to pay his taxes and that he wants to have good schools, good roads and for the city to grow which won't happen unless they pay taxes. He said he had a fire hydrant near his home out of service and that he wanted it fixed but it won't be because the city won't make the capital investment. He said he didn't object to paying for some of the water infrastructure work, but that he wanted services for his taxes. He said that West Gloucester has problems with water and fire suppression and that Rust Island hasn't any fire hydrants. There is no city pumping facility for salt water so essentially Rust Island has no fire protection, he said. As to his commercial property on Kettle Cove Lane, he pointed out that there are no services from the city on Kettle Cove Lane -- no water service and all the users are on tight tanks. Small business is covering the load of high water-dependent businesses such as Cape Pond Ice. He said

it is unfair to his fellow small businesses in the city that don't use high volumes of water. He put forward that he is against the lack of fairness with this water debt shift. He found the data frustrating as it assumes everyone gets water. The bottom line should have been the net tax increase with an optional statement of "if you had a deduction." He said Ward 5 needs better water service.

Jay Albert, 4 Davis Street Extension, spoke to water quality and property values that went down, but that his home's property tax went up. He said this presentation would have been helpful in June. If they realized how much of a shock they would get when opening their tax bill there may have been more public outcry to find another way.

Peter Cooney, 26 Warner Street, said he doesn't use anywhere near the average homeowner water quoted in Mr. Dunn's examples. His assessment went up 14 percent, he noted, and said he didn't understand why. It seemed that people conservative with their water usage are being punished, noting that he lives alone in a small single family home.

This public hearing is closed at 9:53 p.m.

COUNCILOR QUESTION -- SECOND ROUND:

Councilor Whynott mentioned the Lanesville sewers saying that in 1976 that work could have been done for 10 percent of its eventual cost. People there didn't want it because they were afraid it would bring business into their neighborhood, he said. He emphasized that as part of the city's budget process, there are meetings almost nightly during the budget season, and there is an advertised public hearing on the budget annually. The budget is posted on line in May, he said, which **Mr. Dunn** confirmed. **Councilor Whynott** said since 1976 very little had been done to the water and sewer infrastructure. He made note of the fact that the recent work was critical and necessary. The city had an unfunded mandate to do the CSO work, he said. He expressed that the actions by the Council do not constitute an abuse of power, but a use of power. He said he heard that people don't want to see the city's budget to be raised annually, but potholes have to be filled with asphalt. If electric rates and telephone rates go up for them, it is the same for the city, as well as the cost of salt to keep roads open during snow events. The city maintains enough equipment to do average plowing but when there are extraordinary storms the city does it as best it can. The city requires a certain amount of money to make it run. He said he understood the frustration of those who spoke, but the water debt shift was the best the Council could do.

Councilor LeBlanc mentioned that the Council should have a public hearing before debt shifts were done referring to a matter up for Council vote later in the agenda. He noted that he spoke with the Administration on why the city needed the water debt shift and perhaps knowing more at the time of the vote, he suggested that the Council may have voted differently. He said public input was important, and would support Councilor Verga's order.

Councilor Cox said that if they had this debt hearing before they got the bills, there would be fewer people in the room. She pointed out that there was a hearing on the debt shift not well attended, and it was talked about during the budget meetings that no members of the public attended. The meetings run from May until mid-June where the Budget and Finance Committee is considering all city department budgets. She pointed out that the budget meetings are public meetings, and said she was willing to talk with citizens outside of those meetings. She pointed out that it was the former Mayor's staff that called the Councilors to ask if they were interested in doing the water debt shift, and indicated that the former Mayor had a role to play in this situation. She asked that citizens attend more public hearings and Standing Committee meetings.

Councilor Verga said he agreed the water debt shift as it was proposed by the past Administration but that they pushed for this shift to be perpetual. He pointed out it was he who led the push back with the Council's assent to make any water debt shift an annual vote by the Council.

Councilor Lundberg echoed the sentiment of the Council that citizens should attend the budget meetings learning about the expense side of the equation of the city budget. The Council goes through each department and talks about line items in order that city departments give the Council justification for their expenses.

Councilor Fonvielle said that as a member of Budget & Finance almost without exception the only people who attend their Committee meetings are city staff. He said it would be good to have a broader segment of the population learn and better understand what kinds of tradeoffs are involved in the city's budget. He encouraged citizens to attend public meetings and public hearings. He reminded the Council that he was the only dissenting vote when they voted the water debt shift. The vote was 7 to 1, he pointed out (Councilor McGeary as Council President was Acting Interim Mayor at that time). His objection, he said, was because of those who were on fixed income and had homes that were high value but had no city water and sewer and still had to maintain their own systems. He noted he received notes from older folks saying they can't afford to stay in their homes in his ward. He said there has to be a way found to lower water rates but soften the burden to tax payers. He commented that he was shocked the Council was shocked. This was predictable, he said, in part because no one showed up for the public hearing and there was no coverage in the local papers. He spoke to how the concept of water and sewer bills with

real estate taxes were expected to even out. It was common knowledge that real estate assessments have gone up as well, he said, and agreed it is a perfect storm of events that caused people to be really shocked, but he was not.

Councilor Stewart said that presentations this evening were very balanced and perceptive. He expressed his appreciation that some of the speakers spent a great deal of time with the materials they submitted. He said he heard that the debt shift is not the major concern of the taxpaying public, rather concerns were broader concerning increased city budgets and increased budgets and increased property taxes. He commented that one of the reasons that people were upset with the tax bill, is that you can't really calculate what the effect of the water debt shift is on the tax bill, and to do so is an eight step process. He said it took him two hours to find out in the end that his taxes went up \$30 in total. He said if taxes increase, people should be able to easily analyze the benefit or detriment. Commenting on Councilor Cox's pointing out few of the public if ever attend her Budget & Finance Committee meetings especially during the budget meetings, he said that the biggest crowds he's seen at the O&A Committee meetings were when the Committee was considering amendments to the leash law. Now there are rarely more than two members of the public at O&A meetings, he noted. He, too, urged public participation in the Council's Standing Committee meetings.

Councilor Ciolino requested the Administration provide taxpayers the explanation in their tax bills such as what was provided this evening. Shifting the burden of paying the debt for the CSO work onto the General Fund would be a way to solve the situation so everyone pays for capital improvements evenly, he said. He said that the system of Enterprise Funds is run as a business, but he claimed it was never designed for the massive amounts of infrastructure work that the city has had to do in recent years. He pointed out there are two more loan orders to fund the CSO work which the city is mandated to do that are on this evening's agenda. He said how to make the capital improvements fair, is to put it on all city tax bills. If they didn't, he said, the city would have the highest water and sewer rates in the country. Addressing the privilege of being at the dais as a Councilor, he said he and his colleagues have tax bills, own homes and feel the financial pain also.

Mayor Theken said she had no problem sending anything they want in a tax bill to show a comparison of what they paid last year and this year, but cautioned it needs to be in several languages and needs to describe why an estimate is done. They can continue workshops, she suggested, and could do another presentation in front of the Council. She said it would be difficult thing to summarize the tax issues into the quarterly tax bills. She said she, Councilor Verga, don't have city sewer and live in Ward 5, and that Ward 5 Councilor Fonvielle voted no for the water debt shift. She said they were told that Wards 2 and Ward 3 would have the burden placed on seniors. There are meetings she recalled in 2009 that asked the Council to approve issuing a utility bill for the stormwater work. But they were told by the Administration it was a wash. So it was a shock, she said, that they all assumed the water debt shift it would be divided up, but they forgot that some of the homes were being revalued at the same time.

Councilor Cox said it was her understanding they couldn't put a mailing in the tax bill but only in the water/sewer bills. **Mr. Dunn** said they are limited as to what can go in the tax bill and would have to receive a ruling from the DOR on any such mailing.

Council President McGeary noted that the Gloucester Daily Times did cover the water debt shift, with several stories, three of which were the lead stories on page one, one of which was the lead editorial. He said it was true they had rights as Americans, but as Americans they have responsibilities to be informed.

The past Administration did put out a spread sheet with three different scenarios, for a \$1 million debt exclusion, a \$2 million debt exclusion and a \$2.85 million debt exclusion. It was the Council's B&F Committee that reported out the \$2.85 million figure with the understanding that the matter would go forward to be debated at Council which in the end adopted the higher figure.

He said he and Mr. Orlando agree the only way to reduce residential property taxes is to grow the commercial and industrial tax base. **Council President McGeary** pointed out that was the logic behind the water debt shift because the city's high water rate was an impediment to at least one significant new development coming into the city. He pointed out that the city's biggest water user is Varian. Those, he said, are the kinds of jobs they need to bring into the city. Lowering the water rate is an important step the Council took and a step he said the Council should do in the FY16 budget as well.

Council President McGeary said it then becomes the issue of can the Council cut somewhere else. He said the Council could have transferred the \$2.85 million water debt to the General Fund and make cuts elsewhere in the \$100 million city budget. But, he cautioned, but most of that budget is people, the very people who deliver public services -- public schools, public works, public safety. He said \$2.85 million equates to 30 teachers, or 24 firefighters, or about 28 policemen. He pointed out there are only 58 policemen in the city, but there should be 72. There are four cruisers at any given time in the entire city of Gloucester, and he asked which two neighborhoods don't get a cruiser? Should they lay off 10 firefighters and then choose which of the four fire stations to close or

should they lay off 30 teachers at that price -- then which elementary school do you close, he asked, because 30 teachers equates to a school and a half.

To the petitioner who spoke of the unions and how the unions are breaking the city, the administration signed those contracts, he pointed out. He said the solution is to take the public employee benefits and spread them to the private sector. He suggested that the reason that wages and salaries are falling behind is the weakness of the union movement.

Council President McGeary urged the public to come to the budget meetings and hear where the money goes and find him the \$2.85 million.

To those people who say they can't afford it anymore, he pointed out that for most people the impact of the water debt shift is the cost of a premium cable service for one year. He cited that the car that he bought in 2007 cost him \$20,000 and now today lists for \$30,000 which is okay, but because government is paid for out of taxes it is somehow immune to the laws of economics which he termed "magical thinking." He asked why is it that the cost of potatoes goes up 70 percent, the cost of a loaf of bread triples, but the cost of the DPW should be expected to stay where it was in 2007. He said he is willing, and that Councilor Cox, as Chair of the B&F Committee and Councilor Fonvielle with whom he serves, to listen to any and all suggestions, but cautioned to be careful what they wish for. He said the public is represented here -- taxes aren't a tyranny, that the Mayor is not King George and the Council is not the London Parliament. Taxes are a bill for services rendered, he said. He cited Justice Oliver Wendell Homes who said, "taxes are the price we pay for civilization."

When companies look to locate in Gloucester, they will look at the quality of the city's public schools, the nature of its public works, is the water supply reliable, whether there is appropriate fire protection. Taxes are on a prospective business' list but its sixth or seventh on that list unless the taxes are way out of whack. He noted that in the CFO's presentation that Gloucester was the middle of the pack of county communities. The city wants to broaden the commercial and industrial bases and the jobs that it brings with it. That was the logic behind the water debt shift and why it should be supported in the FY16 budget until the debt is retired. He then extended his thanks for those who participated.

3. **PH2014-012: Loan Order #2015-001: Loan Authorization in the amount of \$3,300,000 re: Upper CSO-006 Area**
4. **PH2014-013: Loan Order #2015-002: Loan Authorization in the amount of \$700,000 re: City's Public Water System**

These public hearings are opened at 11:02 p.m. and continued to March 10, 2015.

Committee Reports:

Budget & Finance: February 19, 2015

1. *Fire Department:*

A) *Special Budgetary Transfer Request 2015-SBT-31 from Fire Department*

COMMITTEE RECOMMENDATION: On motion by Councilor Fonvielle, seconded by Councilor Lundberg, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve Special Budgetary Transfer 2015-SBT-31 in the amount of \$5,000 from Account #101000.10.220.52470.0000.00.000.00.052, Fire Department, Vehicle Maintenance to Account #101000.10.220.58720.0000.00.000.00.058 Fire Department, Replace Automobiles, for the purpose of funding the purchase of a used Fire Pumper vehicle.

DISCUSSION:

Councilor Cox said that the transfer for \$5,000 is coming out of the department's maintenance account into the capital account so that the Fire Department can take advantage of an opportunity to purchase a used pumper vehicle. This vehicle will give the city six pumpers -- four front-line units and two reserve units. She explained that reserve units are used when front line units are out of service. This will also help the department so they won't have to continually reach out to other communities to borrow vehicles when a front-line unit goes down, she said.

MOTION: On motion by Councilor Cox, seconded by Councilor Whynott, the City Council voted 9 in favor, 0 opposed, to approve Special Budgetary Transfer 2015-SBT-31 in the amount of \$5,000 from Account #101000.10.220.52470.0000.00.000.00.052, Fire Department, Vehicle Maintenance to Account #101000.10.220.58720.0000.00.000.00.058 Fire Department, Replace Automobiles, for the purpose of funding the purchase of a used Fire Pumper vehicle.

B) Memorandum from CFO & Special Budgetary Transfer Request (2015-SBT-34) for Fire Department

COMMITTEE RECOMMENDATION: On motion by Councilor Lundberg, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve Special Budgetary Transfer 2015-SBT-34 in the amount of \$86,338.76 from Account #101000.10.911.51860.0000.00.000.00.051, Pensions, Regular Pensions, to Account #101000.10.220.51300.0000.00.000.00.051 Fire Department, Salary/Wage, Overtime, for the purpose of funding the Fire Department Overtime account to cover fire station openings due to injured on-duty firefighters.

DISCUSSION:

Councilor Cox explained that this transfer came forward at the behest of the Chief Financial Officer, and as previously discussed with the Council that the Fire Department's overtime account has been depleted due to the need for unanticipated shift coverage for absences resulting from injuries on duty to eight fire personnel, retirements and the recent death. In order to replenish the overtime account, the Fire Chief proposed to transfer the \$86,338.76 because of an available balance in the Regular Pension account to Fire Overtime. The balance is available due to the department prepaying the entire Pension Assessment in August 2014 and realizing an interest savings. As to reaching the end of the fiscal year with this funding, much will depend on when the firefighters out on leave return to full-time status. If leaves are extended the department risks reverting to the same situation of being short staffed, she pointed out.

MOTION: On motion by Councilor Cox, seconded by Councilor Fonvielle, the City Council voted 9 in favor, 0 opposed, to approve Special Budgetary Transfer 2015-SBT-34 in the amount of \$86,338.76 from Account #101000.10.911.51860.0000.00.000.00.051, Pensions, Regular Pensions, to Account #101000.10.220.51300.0000.00.000.00.051 Fire Department, Salary/Wage, Overtime, for the purpose of funding the Fire Department Overtime account to cover fire station openings due to injured on-duty firefighters.

C) Memorandum and relevant information from Fire Chief re: acceptance of a FY15 Student Awareness of Fire Education (S.A.F.E.) for \$5,023 and Senior SAFE Grant in the amount of \$2,995

COMMITTEE RECOMMENDATION: On motion by Councilor Fonvielle, seconded by Councilor Lundberg, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council accept under MGL c. 44, §53A, a FY2015 School-based Student Awareness of Fire Education (S.A.F.E.) grant from the Mass. Department of Fire Services in the amount of \$5,023 for the purpose of providing fire and life safety education to school-aged children.

DISCUSSION:

Councilor Cox reviewed the following: that the successful fire training program in its second year from the Department of Fire Service the Gloucester Fire Department has run the SAFE grant program which educates students on fire safety, and that more of the same is planned for the coming year, along with a new program aimed at educating the city's senior population for fire prevention, general home safety and to be better prepared in the event of a fire. This covers traditional fire safety, **Council President McGeary** said, and commended Firefighter Barbagallo for starting and expanding these worthwhile programs.

MOTION: On motion by Councilor Cox, seconded by Councilor Fonvielle, the City Council voted 9 in favor, 0 opposed, to accept under MGL c. 44, §53A, a FY2015 School-based Student Awareness of Fire Education (S.A.F.E.) grant from the Mass. Department of Fire Services in the amount of \$5,023 for the purpose of providing fire and life safety education to school-aged children.

COMMITTEE RECOMMENDATION: On motion by Councilor Lundberg, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council accept under MGL c. 44, §53A, a FY2015 Senior Awareness of Fire Education (S.A.F.E.) grant from the Mass. Department of Fire Services in the amount of \$2,995 for the purpose of providing fire and life safety education to seniors.

DISCUSSION: None.

MOTION: On motion by Councilor Cox, seconded by Councilor Fonvielle, the City Council voted 9 in favor, 0 opposed, to accept under MGL c. 44, §53A, a FY2015 Senior Awareness of Fire Education (S.A.F.E.) grant from the Mass. Department of Fire Services in the amount of \$2,995 for the purpose of providing fire and life safety education to seniors.

2. Police Department:

A) Special Budgetary Transfer Request 2015-SBT-32 from Police Department

COMMITTEE RECOMMENDATION: On motion by Councilor Fonvielle, seconded by Councilor Lundberg, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve Special Budgetary Transfer 2015-SBT-32 in the amount of \$3,500 from Account #101000.10.211.51490.0000.00.000.00.051, Police-Uniform, Specialty Positions Stipend, to Account #101000.10.211.55010.0000.00.000.00.052, Police-Uniform, Safety Supplies/Equipment for the purpose of purchasing portable radios for the Police Department.

DISCUSSION:

Councilor Cox explained that funds are available for this transfer from Police Uniform, Specialty Positions, Stipend because two officers elected to take compensatory time rather than the stipend. These funds will be used to purchase four portable Kenwood radios for the department's five new recruits with the fifth radio previously funded. These new recruits are filling positions through retirements. Three recruits are starting the Police Academy shortly, she noted, and said that when policemen retire, they keep their radios as they become reserve officers and work road details.

MOTION: On motion by Councilor Cox, seconded by Councilor Fonvielle, the City Council voted 9 in favor, 0 opposed, to recommend that the City Council approve Special Budgetary Transfer 2015-SBT-32 in the amount of \$3,500 from Account #101000.10.211.51490.0000.00.000.00.051, Police-Uniform, Specialty Positions Stipend, to Account #101000.10.211.55010.0000.00.000.00.052, Police-Uniform, Safety Supplies/Equipment for the purpose of purchasing portable radios for the Police Department.

B) Special Budgetary Transfer Request 2015-SBT-33 from Police Department

COMMITTEE RECOMMENDATION: On motion by Councilor Lundberg, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve Special Budgetary Transfer 2015-SBT-33 in the amount of \$1,658.40 from Account #101000.10.211.51400.0000.00.000.00.051, Police-Uniform, Salary-Wage-Longevity, to Account #101000.10.211.55010.0000.00.000.00.052, Police-Uniform, Safety Supplies/Equipment for the purpose of purchasing portable radios for the Police Department.

Councilor Cox conveyed that funds are available for this transfer from Salary/Wage-Longevity because a police officer passed away in October 2014, and so the longevity account has a pro-rated surplus remaining. These funds will complete the funding in order to purchase four portable Kenwood radios for the department's new recruits.

MOTION: On motion by Councilor Cox, seconded by Councilor Fonvielle, the City Council voted 9 in favor, 0 opposed, to approve Special Budgetary Transfer 2015-SBT-33 in the amount of \$1,658.40 from Account #101000.10.211.51400.0000.00.000.00.051, Police-Uniform, Salary-Wage-Longevity, to Account #101000.10.211.55010.0000.00.000.00.052, Police-Uniform, Safety Supplies/Equipment for the purpose of purchasing portable radios for the Police Department.

3. Legal Department:**A) Memorandum from CFO & Special Budgetary Transfer Request (2015-SBT-35) for Legal Department**

COMMITTEE RECOMMENDATION: On motion by Councilor Fonvielle, seconded by Councilor Lundberg, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve Special Budgetary Transfer 2015-SBT-35 in the amount of \$7,000.00 from Account #101000.10.151.53140.0000.00.000.00.052, City Legal Department, Legal Consultations to Account #101000.10.151.51100.0000.00.000.00.051, City Legal Department, Salary/Wages-Permanent Position for the purpose of providing a sufficient budgetary balance for the City Solicitor position for the remainder of Fiscal Year 2015.

DISCUSSION:

Councilor Cox explained to the Committee that the Legal Department's Salary/Wage line for permanent positions has been depleted due to the payment of accrued time due to the departure of Suzanne Egan, former General Counsel. In order to replenish this account, it is proposed to transfer \$7,000 of the available balance in the Legal Consultations account to the Salary/Wage account. This transfer, she said, would provide sufficient coverage for the salary to be paid to the new General Counsel, Chip Payson, for the balance of the fiscal year.

MOTION: On motion by Councilor Cox, seconded by Councilor Fonvielle, the City Council voted 9 in favor, 0 opposed, to approve Special Budgetary Transfer 2015-SBT-35 in the amount of \$7,000.00 from Account #101000.10.151.53140.0000.00.000.00.052, City Legal Department, Legal Consultations to Account #101000.10.151.51100.0000.00.000.00.051, City Legal Department, Salary/Wages-Permanent Position for the purpose of providing a sufficient budgetary balance for the City Solicitor position for the remainder of Fiscal Year 2015.

4. Harbormaster:**A) Memorandum from Harbormaster and Supplemental Appropriation Request 2015-SA-19**

COMMITTEE RECOMMENDATION: On a motion by Councilor Lundberg, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council approve Supplemental Appropriation 2015-SA-19 in the amount of \$35,000 (Thirty Five Thousand Dollars) from the Waterways Enterprise, Retained Earnings ("Free Cash"), Account #700000.10.000.35900.0000.00.000.00.000 to Waterways Enterprise, Contractual Services, Account # 700000.10.492.52000.0000.00.000.00.052 for the purpose of completing a Harbormaster's Department Management Review.

DISCUSSION:

Councilor Cox conveyed that the Waterways Board has voted and supports, as does the Harbormaster, to make funds available in order to have a Harbormaster Department Management Review be undertaken as provided for in the Board's Policies, Rules and Regulations and called for in the City Charter. The main reasons are:

- To identify any areas which hinder or prevent the department from performing its assigned responsibilities, goals or objectives and offer suggestions for the removal of such obstacles and to suggest ways in which responsibilities, goals or objectives might be better met;
- Evaluate the adequacy of management practices being utilized in the Department with respect of fiscal controls and use of available personnel and equipment, and;
- Suggest specific ways and means by which the functions and services of the department might be improved.

She said that the Harbormaster has indicated that he welcomes the review in that it would provide a way to see if they are using best management practices and where the department can make improvements on a variety of fronts, including all financial practices of the department.

MOTION: On a motion by Councilor Cox, seconded by Councilor Fonvielle, the City Council voted 9 in favor, 0 opposed, to approve Supplemental Appropriation 2015-SA-19 in the amount of \$35,000 (Thirty Five Thousand Dollars) from the Waterways Enterprise, Retained Earnings ("Free Cash"), Account

#700000.10.000.35900.0000.00.000.00.000 to Waterways Enterprise, Contractual Services, Account # 700000.10.492.52000.0000.00.000.00.052 for the purpose of completing a Harbormaster's Department Management Review.

- B) Memorandum, relevant information, two grant applications and checklists from Harbormaster re: Boating Infrastructure Grant (BIG) Program for \$263,930 and the Mass. Clean Vessel Act Pumpout program for \$90,000**

COMMITTEE RECOMMENDATION: On a motion by Councilor Fonvielle, seconded by Councilor Lundberg, the Budget & Finance Committee voted 3 in favor, opposed, to recommend that the City Council permit the Harbormaster's Department to apply for a Boating Infrastructure Grant (BIG) Program through the Mass. Division of Marine Fisheries for a new float system at Solomon Jacobs Park to be installed upon the completion of the National Grid Remediation project. The approximate federal grant amount anticipated is \$263,930.

DISCUSSION:

Councilor Cox explained the following: That this grant through the Mass. Division of Marine Fisheries is the Boating Infrastructure Grant (BIG) Program for the purpose of funding a new float system at Solomon Jacobs Park to be installed upon the completion of the National Grid Remediation project, anticipated to take three years. The city and National Grid will provide an in-kind match, in that the funds the Waterways Board has already spent on engineering design plans that National Grid is paying for the new pilings to hold this float in place which is considered a match. If the grant is awarded, it would provide a facility for transient boaters coming to the city, **Councilor Fonvielle** pointed out.

MOTION: On a motion by Councilor Cox, seconded by Councilor Fonvielle, the City Council voted 9 in favor, 0 opposed, to permit the Harbormaster's Department to apply for a Boating Infrastructure Grant (BIG) Program through the Mass. Division of Marine Fisheries for a new float system at Solomon Jacobs Park to be installed upon the completion of the National Grid Remediation project. The approximate federal grant amount anticipated is \$263,930.

COMMITTEE RECOMMENDATION: On a motion by Councilor Lundberg, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council permit the Harbormaster's Department to apply for a federal grant of \$90,000 Massachusetts Clean Vessel Act Pumpout Grant through the Mass. Division of Marine Fisheries in order to construct a 8 foot by 40 foot float with shore side pumpout station for boaters to pull alongside to use at Solomon Jacobs Park to be installed upon the completion of the National Grid Remediation project.

DISCUSSION:

Councilor Cox said this item didn't have to come before the Council because it did not require a match, but this second grant being applied for is related to the previous grant application in that it is grant funds being sought for a total of \$90,000 (based on an engineering estimate) for the purpose of having an 8 foot by 40 foot float with fitted with a shore side pumpout station for boaters to use.

MOTION: On a motion by Councilor Cox, seconded by Councilor Fonvielle, the City Council voted 9 in favor, 0 opposed, to permit the Harbormaster's Department to apply for a federal grant of \$90,000 Massachusetts Clean Vessel Act Pumpout Grant through the Mass. Division of Marine Fisheries in order to construct a 8 foot by 40 foot float with shore side pumpout station for boaters to pull alongside to use at Solomon Jacobs Park to be installed upon the completion of the National Grid Remediation project.

The Council voted unanimously to extend the meeting by 15 minutes at 11 p.m.

5. Department of Public Works:

- A) Memorandum from Assistant Director of Public Works requesting permission to pay expenses incurred without a Purchase Order in place**

COMMITTEE RECOMMENDATION: On motion by Councilor Lundberg, seconded by Councilor Fonvielle, the Budget & Finance Committee voted 3 in favor, opposed to recommend to the City Council to reimburse Lawrence Durkin, DPW for travel and hotel expenses related to the New England Water Works Association Annual Conference from 9/21/14 through 9/23/14, for \$912.96 to be paid from the FY15 Water Enterprise Department budget without a Purchase Order in place.

DISCUSSION:

Councilor Cox explained that these expenses incurred without a Purchase Order in place because of a miscommunication between Larry Durkin, the DPW's Environmental Engineer, and the DPW bookkeeper. The paperwork was submitted, and the fee was paid on time by Mr. Durkin, but he didn't realize he needed to open a separate Purchase Order for his expenses in order to attend a conference. She noted that the DPW has not been before the Council in some time for a problem of such a nature.

MOTION: On motion by Councilor Cox, seconded by Councilor Fonvielle, the City Council voted 9 in favor, 0 opposed, to reimburse Lawrence Durkin, DPW for travel and hotel expenses related to the New England Water Works Association Annual Conference from 9/21/14 through 9/23/14, for \$912.96 to be paid from the FY15 Water Enterprise Department budget without a Purchase Order in place.

Ordinances & Administration: No Meeting

Planning & Development: February 18, 2015

Councilor Verga reported there were no matters for Council action from the Feb. 18 P&D meeting. He noted that the Committee did continue their conversation on streamlining the city's permitting process and said that the Community Development Department should report back to the Committee in March in response to questions raised at that meeting.

For Council Vote:

1. **CC2015-003 (Verga) That any request for any proposed debt "shift" from any enterprise account to the tax levy would require that the City Council schedule a one-item agenda for a Special City Council Meeting, and duly advertised specifically for said proposal**

Councilor Verga said by having a Special City Council meeting with a one-item agenda for the water debt shift or any debt shift that is proposed to be voted on by the Council, this will serve to slow down and avoid staying late and giving the subject the careful consideration it deserves..

Councilor Lundberg asked if there were any other enterprise funds that might issue debt. **Kenny Costa** said there are the water and sewer and the Talbot Rink.

Councilor Verga said there is a gray area with Proposition 2 ½, and this will create better process.

Council President McGeary said he was going to support the matter, and a debt shift is sufficiently different so that shining a light upon it would be good. He cautioned the Council that this not be the norm for any matter to come before the Council.

MOTION: On a motion by Councilor Verga, seconded by Councilor Cox, the City Council voted by ROLL CALL 9 in favor, 0 opposed that any request for any proposed debt shift from any enterprise account to the tax levy would requires the City Council President to schedule a one-item agenda for a Special City Council Meeting, and said meeting be duly advertised for public meeting.

Council President McGeary suggested a workshop be set for the Council to review the Council's Rules of Procedure as this was a new procedure affecting the Council's procedures and that it was time to look at the overall document with an eye to updating it.

Unfinished Business: None.

Individual Councilor's Discussion including Reports by Appointed Councilors to Committees: None.

Councilors' Requests to the Mayor:

Councilor Cox drew attention to the buoys hanging from the auditorium balcony made by children through ArtHaven. To purchase them, she said that the public can go to ArtHaven and make the request for a particular buoy for the price of a donation.

Councilor Ciolino said goodnight to former Councilor Gus Foote who was under the weather.

Councilor Fonvielle thanked city staff for putting together a fine presentation on the water debt shift and property assessments, and for the public who attended the hearing.

Councilor Whynott mentioned that he has seen more dog waste on Good Harbor Beach and on the Boulevard now more than ever and asked for stepped up enforcement by the city's Dog Officers.

Council President McGeary called attention to the decommissioning of the Grand Isle, a U.S. Coast Guard 110-foot island class patrol boat at Station Gloucester taking place the following day at 2:00 p.m.

A motion was made, seconded and voted unanimously to adjourn the meeting at 11:15 p.m.

Respectfully submitted,

Dana C. Jorgensson
Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING:

- Presentation by the Administration entitled: "City of Gloucester, FY2015 Property Tax Changes, February 24, 2015"
- Petitioners' statements from:
 1. Amanda Kesterson, 293 Washington Street;
 2. Kathryn Goodick, 10 Dogtown Road
 3. Sam Frontiero, 11 Stuart Road
 4. Ronn Garry, 209 Atlantic Road
 5. John Orlando, Jr., 141 Wheeler Street