

SPECIAL GLOUCESTER CITY COUNCIL MEETING

Tuesday, November 30, 2017 – 6:00 p.m.

Kyrouz Auditorium – City Hall

-MINUTES-

Present: President, Councilor Joseph Ciolino; Vice President, Steven LeBlanc, Jr.; Councilor Melissa Cox; Councilor Valerie Gilman; Councilor Scott Memhard; Councilor Sean Nolan; Councilor James O’Hara; Councilor Joseph Orlando, Jr.

Absent: None.

REMOTELY PARTICIPATING: Councilor Paul Lundberg

Also Present: Mayor Theken; Joanne Senos; Kenny Costa; Jim Destino; John Dunn; Nancy Papows; Tim Good; Bethann Brousseau; Gary Johnstone; James Pope; Chris Sicuranza

The meeting was called to order at 6:04 p.m. The Council President announced that this meeting is recorded by audio in accordance with state Open Meeting Law. He advised that Councilor Paul Lundberg was present and fully participating in this Special Council meeting by remote telephone participation.

Flag Salute & Moment of Silence.

For Council Vote:

**1. Discussion and Council Vote to override Mayor’s Veto of City Council Vote of November 28, 2017
Re: FY18 Tax Classification Factor**

Council President Ciolino recounted for the Council: On November 28 regularly scheduled City Council meeting under the heading of “For Council Vote” on the adoption of the Tax Classification Factor for FY2018, the Council voted 4 in favor, 4 opposed to override the Mayor’s veto on the adoption of a Residential Tax Classification Factor of 1.00 from the Council’s vote on November 14. The Council then voted 6 in favor, 3 opposed, to adopt a Residential Tax Classification Factor of 1.015. On Wednesday, Nov. 29 the Mayor Theken vetoed the Council’s vote on the Residential Tax Classification Factor of 1.015 Tax. He announced that it was now up to the Council to once again override the Mayor’s veto in order for the Residential Tax Classification Factor of 1.015 to be adopted by the Council, and thereby set that as the rate for FY2018. This motion is exactly as the Council voted on November 28, 2017-- the matter is voted only once, and is either passed as an override, or the Mayor’s veto stands. The motion passed by the City Council on November 28, 2017 was:

“MOTION: On a motion by Councilor Ciolino, seconded by Councilor Orlando the City Council voted by ROLL CALL 6 in favor, 3 (Lundberg, Nolan, O’Hara) opposed, to adopt a RESIDENTIAL TAX CLASSIFICATION FACTOR OF .998309 that equates to a CIP Shift of 1.015 for Fiscal Year 2018.”

Council President Ciolino then moved to override the Mayor’s veto by the adoption of a RESIDENTIAL TAX CLASSIFICATION FACTOR OF .998309 that equates to a CIP Shift of 1.015 for Fiscal Year 2018. **Councilor LeBlanc** seconded.

DISCUSSION:

Points of clarification on the motion before the Council were offered by **Councilors LeBlanc** and **Cox** that if the Council overrides the Mayor’s veto that the Residential Tax Classification Factor of 1.015 stands and becomes the factor for Fiscal Year 2018 which Council President Ciolino confirmed along with a yes vote by a Councilor would be in support of overriding the Mayor’s veto. If the Council fails to override the veto, then the Council must move and vote to adopt a Residential Tax Classification Factor, **Councilor Memhard** confirmed.

Councilor Gilman said she would vote no on the override of the Mayor’s veto. She explained that her initial vote was in favor of a Residential Tax Classification Factor of 1.03 on Nov. 14. She recounted she’s spent a great deal of time speaking with her Ward 4 constituency and with the Assessor’s Office data. She said based on assessed values of single-family homes going up 5.3% and condominium assessments are going up 8%, many of her constituents will be experiencing a substantial rise in their property taxes for FY18. Pointing out that while this is a very small (increase), in light of the assessed value increases, adopting a factor of 1.03 is appropriate, she said.

Councilor Orlando said that as the Council as the city’s legislative body makes this determination, which they’ve done twice before, noting the Council had compromised the last time. A vote by the Council to override the

Mayor's veto is not to disrespect the Mayor, but that a vote by the Council to override is to remind the citizens that it is under the purview of the legislative body to set the Tax Classification Factor. He expressed his respect for the Mayor's position as those of his fellow Councilors. The vote to override says that the legislative body makes this call under its purview and the administration makes the administrative calls which are under their purview, he said. If the Council did nothing every year the Residential Tax Classification Factor is 1:1, he explained and pointed out that the Council has decided every year to shift. He noted just because they've made that decision in the past they don't have to do it now. He urged the Council override the veto because it is the legislative body that makes this decision which they've made twice.

MOTION: On a motion by Councilor Ciolino, seconded by Councilor LeBlanc, the City Council voted by ROLL CALL 3 in favor, 6 (Cox, Gilman, LeBlanc, Lundberg, Nolan, O'Hara) opposed, to adopt a RESIDENTIAL TAX CLASSIFICATION FACTOR OF .998309 that equates to a CIP Shift of 1.015 for Fiscal Year 2018.

THE MAYOR'S VETO IS UPHELD.

Councilor LeBlanc moved to adopt a Residential Tax Classification Factor of .996592 equating to a CIP Shift of 1.03 and **Councilor Cox** seconded.

DISCUSSION:

Councilor Memhard said that he reiterated that the Budget & Finance Committee voted unanimously last year the adoption of a Residential Tax Classification Factor of 1.00 and the same again this year based "in equity and fairness." He said he respected the Mayor's presentation and advocacy for the city's constituency, but a level tax rate creates a formative environment for growing the city's commercial/industrial tax base which benefits everybody. He urged that they hold the Council and Mayor's Office accountable as the Mayor promised last year and for next year that they move in the correct direction; and if approving a rate of 1.03 that they work together to get the rate to 1.00 for FY19. He said it was his understanding that's what was supposed to happen last year and has been pushed back another year which is, "unfortunate."

Councilor LeBlanc said although he agrees with Councilors Orlando and Memhard, the tax rate was set at 1.06 for 11 years and things were stable during that period. He pointed out last year the Council compromised to adopt a Residential Tax Classification Factor with a CIP Shift of 1.03 for one year. Things are unsettled, he pointed out with the pending Presidential tax plan, and saying that the city needs stability he would support a Residential Tax Classification Factor with a CIP Shift of 1.03. The businesses need investment but there are residents on fixed incomes, residents are "scraping every penny they can get." He noted residents are charged high water rates, are charged for their trash and many other city fees. He pointed out that to increase the tax rate even by a small amount is a burden for so many and therefore he would vote in favor of a 1.03 tax rate.

Councilor Orlando agreed there were many things that impact a city tax bill, none that the Council is voting on this evening. He recounted that the Council isn't voting on assessments; water and sewer rates aren't controlled by this vote. He cited that the Council is voting on a "tax ratio." He said he's heard comments that businesses aren't concerned about the tax ratio but are concerned about other factors when they look to locate in the city. He said there are plenty of small businesses "scraping and clawing" to make it because many are seasonal and won't be in favor of a higher tax rate. There is an 11% minority, the commercial/industrial tax base, and the majority at 89% is residential properties, and he pointed out that there is a basic inequity to shift the burden onto the minority in favor of the majority. Of all the factors that affect the bottom line in a tax bill, the Residential Tax Classification Factor is just a "sliver" but a big deal for businesses – especially for the small businesses on Main Street many of whom are dependent on the seasonal tourist trade. He urged the Council not to forget them and that he wouldn't support a Residential Tax Classification Factor of 1.03.

Councilor Nolan noted he'd spoken to a lot of people in his ward saying that about 95% of his ward is residential; and while there's not a lot of difference between 1.00 and 1.03 -- every little bit helps and people want the 1.03 which he said he'd support.

Councilor Lundberg said he'd been in favor of 1.03 since the beginning and still is because they need to take care of the residential taxpayer, and this is a small nod in their direction.

Councilor Gilman noted that the average residential property in the city is \$477,000 or around \$500,000; these residential properties are increasing in value, about 4.8% which means with a 1.03 Residential Tax Classification Factor, residential property owners with this home value will save \$20 a year. However, that particular property is

will be going up in tax rate, up to \$173 more a year than what they're currently paying, she explained. If the Council went with the 1.00 Tax Classification Factor, that residential home owner would see an increase of \$193 because they'd be putting some of the burden over to the businesses. She said even though it is a small amount that is controlled by this vote, because assessments are going up about 5%, the 1.03 rate is the right way to go and supports it.

Councilor O'Hara said he supports the businesses in Gloucester and its residents. He cited that this is really impacting the city's seniors who don't have the ability to get a second job let alone a first. He said in speaking with the city's seniors, he's willing to let this go to 1.03 in support of Gloucester's seniors. He noted they'd work on the city's water and sewer rates. Businesses are what drive the city's economy -- he pointed out the city spends \$1.24 per dollar collected on a residential property, and 84 cents on a dollar they collect from a business -- they make money from businesses and residents cost the city money. With a new Community Development Director, he said he was confident in her abilities and expressed confidence in what the Mayor has told him and the Council but that in another year he wanted to see a level Tax Classification Factor of 1.00.

Councilor Cox expressed her support for a Residential Tax Classification Factor of 1.03. She said this creates some stability and some time to give the Community Development Director a chance to try to bring in more businesses. She expressed agreement that city business has declined over the last couple of years. She said that if they're going to continue to shift the burden onto businesses, then they need more businesses to come to the city to help alleviate the burden on the residential class. The Administration has a year to work on this, she pointed out, and that in the coming year she would challenge the Mayor to work together.

Councilor Orlando added that the overall tax rate for every property in the city has gone down "significantly" as property assessments have raised. They are down to \$12.97 per \$1,000 per property on a 1:1 ratio which is down from \$13.24 per thousand per property which means property values are going up and that is what drives up the tax bill. The Council, he pointed out, isn't voting on assessments. He urged the Council to remember that they are shifting from one property class to another by not keeping it the same which continues a cycle of placing a burden onto a small group of property owners.

Council President Ciolino reviewed that this was the same process as was done last year and the Council split the difference in negotiation with the Administration. He reminded the Council that they were promised by the Administration that this would be the year the Residential Tax Classification Factor would be 1.00 -- but the Administration "changed their mind." The Council, he cited, once again compromised and split the difference; and again the Mayor vetoed the Council's vote which he said is the Mayor's prerogative. He said that the Council and the Administration are supposed to work together not have a continual tug of war. The next time the Administration comes forward with a Tax Increment Financing (TIF) for a business, he cautioned those gathered to remember the Administration's words during the debate on the Tax Classification Factor that no business will come to Gloucester just because of taxes, they come because of other factors. When they want to draw a business to the city, or expand a business already here, a TIF is offered by the Administration, he said. He highlighted that they can't have it both ways, proffering what is worse than giving a business a 15 to seven year tax "ride" in order to draw them to the city.

MOTION: On a motion by Councilor LeBlanc, seconded by Councilor Cox, the City Council voted by ROLL CALL 6 in favor, 3 (Memhard, Orlando, Ciolino) opposed, to adopt a Residential Tax Classification of .996618 that equates to a CIP Shift of 1.03 for Fiscal Year 2018.

MOTION PASSES.

MOTION TO RECONSIDER:

MOTION: On a motion by Councilor Gilman, seconded by Councilor LeBlanc, the City Council voted by ROLL CALL 0 in favor, 9 opposed, to reconsider its vote to adopt a Residential Tax Classification Factor of .996618 that equates to a CIP Shift of 1.03 for Fiscal Year 2018.

MOTION FAILS.

A motion was made, seconded and voted unanimously to adjourn the meeting at 6:33 p.m.

Respectfully submitted,

Dana C. Jorgenson

Clerk of Committees

DOCUMENTS/ITEMS SUBMITTED AT MEETING: None.