

Budget & Finance Standing Committee
Thursday, November 9, 2023 – 5:30 p.m.
Harbormaster's Conference Room, 19 Harbor Loop
and via Zoom
-Minutes-

Present (in person): Chair, Councilor Scott Memhard; Vice Chair, Councilor Tony Gross; Councilor Jeff Worthley (arrived at 5:41 p.m.)

Other Councilors Present: Councilor Tracy O'Neil (in person); Councilor Val Gilman (in person); Councilor Jason Grow (remote)

Also Present: Auditor, Kenny Costa (in person); CFO, John Dunn (in person); Assistant CFO, Conor MacCorkle (in person); Principal Assessor, Nancy Papows (in person); Assessor, Tim Good (in person); Assessor, Gary Johnstone (in person); CAO, Jill Cahill (in person); Assistant City Clerk, Grace Poirier (in person); City Engineer, Dana Martin (remote); Chair of the Community Preservation Commission, Matt Lundberg (in person); Zoe Venetsanakos (remote)

Applicants: Ms. Martha Oakes (in person); Ms. Chris Maney (remote); Katherine Pomplun (remote) and Christina Potwakta (in person); Ms. Judith Hoglander (remote) and Ms. Karen Ristuben (remote); Linda Harvey (in person);

Meeting called to order at 5:31 p.m.

Matters were taken out of order; minutes reflect the order in which matters were taken.

Councilor Memhard announced the names of the B&F Committee members in attendance (Councilors Gross and himself), and City staff who were attending in person and via Zoom.

1. Memorandum from Environmental Engineer requesting acceptance of a 2024 Lead Service Line Inventory & Replacement Plan grant

Summary of Discussion: The City Engineer, Dana Martin, stated that last year the EPA revised the lead and copper rule requiring a more robust inventory of lead service signs for public water systems and stated that the rule revision now includes inventorying data about water service on the customer side. She stated that with the assistance of the City's consulting environmental partners the City applied for the grant through the MassDEP and was awarded the grant in full which will cover the full inventory project. She stated that there is no City match required.

Councilor Gross asked if taps inside residents' homes will be tested. **Ms. Martin** explained that the most efficient method is data review including service records and that the DPW staff meter techs will be outfitted with XRF analyzers for testing and identification of the metal composition of the pipeline. **Ms. Martin** further explained that part of the grant includes a plan so the City will work with the environmental consultant to identify a replacement plan, which needs to be in effect by October 2024. She added that the replacement plan will be dependent on the data collected. **Councilor Gross** asked if the City would be responsible for paying for service line replacements if necessary. **Ms. Martin** stated that replacement is not included in the grant.

Councilor Gross also asked what happens if it is determined that a resident has a high lead content if the home is deemed uninhabitable. **Ms. Martin** stated that it would be a Health Department decision.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Gross, the Budget & Finance Committee voted 2 in favor, 0 opposed, 1 (Worthley absent), to recommend that the City Council accept under MGL c. 44, §53A, a 2024 Lead Service Line Inventory and Replacement Plan Grant, a federal grant from the US Environmental Protection Agency and passed through the Massachusetts Department of Environmental Protection for the Drinking Water State Revolving Fund (DWSRF), Lead Service Line Inventory (LSL) and Replacement Plan, in the amount of \$242,400 for the purpose that will consist of preliminary records screening, including review of record drawings and capital improvement/master plans. Coordination with the City's GIS provider and Asset Management provider to create and format a GIS map of service lines materials to be shared on the City's website. Public outreach will include education materials for the entire City as well as parties where service line are identified. A technical memorandum of findings from the records screening and mapping will be prepared. Finally, the lead service line replacement contract documents will be prepared, including specifications, standard details, a construction cost estimate, and a plan for permitting. The grant period is through August 2, 2025, and there is no local match for this grant.

Councilor Worthley arrived at 5:41 p.m.

Councilor Gilman convened the Committee of the Whole meeting at 7:41 p.m.

2. Memorandum from Senior Project Manager/CPC Administrator re: recommendations for Community Preservation Committee Round 14, FY23 funds (Projects 1-6)

Summary of Discussion: Chair of the Community Preservation Committee, Mr. Matt Lundberg, provided a brief overview. He explained that the Community Preservation Act was passed in Massachusetts about 23 years ago to give municipalities a vehicle by which they could access funds from the State Trust Funds to augment funds that the municipalities raise themselves through a real estate tax surcharge locally. He explained that funds can only be used for projects for historic preservation, affordable housing, open space preservation and outdoor recreation and added that the statute defines a number of different requirements on how to manage the funds. Mr. Lundberg explained that the Community Preservation Committee is comprised of nine members, four at-large members and one member each from Open Space and Recreation, the Gloucester Housing Authority, the Planning Commission and the Historic Commission. Since inception, \$7.7 million has been raised locally through the 1% tax surcharge, plus a match of \$2.3 million from the State's CPA Trust Fund. He explained that the Trust Fund is funded primarily from a fee from every transaction that goes through the Registry of Deeds and is divided through all municipalities that have passed the CPA (now about 200 municipalities).

Mr. Lundberg also provided a brief explanation of the role of the CPC as well as the annual application process. He explained that this year the CPC is recommending twelve projects, nine for historic preservation and three for affordable housing. He stated that although no open space and recreation projects were recommended this year there is funding available for future use. There was a brief discussion regarding the percentage of funds awarded to each funding category, as well as the allocation to each of the 200 municipalities that participate.

Project No. 1 - 14 Elm Street Preservation – Amount: \$75,000
Applicant: Cape Ann Museum

Ms. Martha Oakes stated that the Cape Ann Museum has been fortunate to receive seven grants from the CPC for historic preservation projects, which have all been successfully completed. For the 14 Elm Street Preservation project, Ms. Oakes explained that the building was built in 1916 and the Museum acquired it

in 1993, which essentially doubled the size of the Museum. She stated that the plan is for masonry repair work to the exterior of the building, as well as repairs to the windows. There will also be work done to the HVAC and electrical systems, as well as to the grand staircase.

Councilor Gross asked if the art being moved to the Museum building at Grant Circle during this project will be displayed and open for the public to enjoy. **Ms. Oakes** stated that the Museum is going to try to open the building to the public and added that the Museum is also contemplating sending some of their collections “on the road” to other museums. **Ms. Oakes** added that approximately 30,000 visited the Museum to view the Hopper exhibit.

Councilor Gilman asked **Ms. Oakes** to give a brief summary of the free events offered by the Cape Ann Museum. **Ms. Oakes** stated that there are a number of programs throughout the year that are free and at least one day a month admission is waived.

Mr. Lundberg stated that the 14 Elm Street Preservation project is a multimillion dollar project and that the funding from the CPC can only be used for specific tasks within the overall project that are for historic preservation.

Councilor O’Neil asked **Mr. Lundberg** to explain why the graph in the packet shows \$0 in proposed funding under Historic Preservation Reserve. **Mr. Lundberg** explained that the General Reserve account will provide funding for the historic preservation projects. **Councilor O’Neil** expressed concerns that more money is being spent on historic preservation projects; **Mr. Lundberg** replied that the CPC can only respond to the applications that are received. He stated that the Cape Ann Museum could come back in the future to ask for additional funding for other projects. **Ms. Oakes** also gave a brief overview of what other work has been done to 14 Elm Street.

Councilor Memhard disclosed that he is related to **Ms. Oakes** and that he will not gain financially from the project and may vote.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Gross, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council appropriate up to \$75,000 (Seventy Five Thousand Dollars) from the Community Preservation Act Funds as recommended by the Community Preservation Committee, to provide funding to the Cape Ann Museum for the purpose of supporting the restoration and preservation of 14 Elm Street in order to restore a historic resource. The appropriation will be allocated to the Historic Preservation category and funded from Unrestricted Reserves in Fund #4500. The project will be tracked in the Community Preservation Fund – Historic Preservation Projects Fund #4760.

*Project No. 2 - Continued Stabilization Work for the Babson-Alling House– Amount: \$36,469
Applicant: Cape Ann Museum*

Ms. Oakes stated that the Museum acquired through a gift the Babson-Alling House at Grant Circle in 2019 and the funding will be used for continued stabilization work including roof stabilization, shingle work, as well as archaeological work around the privy (outhouse).

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Worthley, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council appropriate up to \$36,469 (Thirty Six Thousand Four Hundred Sixty Nine Dollars) from the Community Preservation Act Funds as recommended by the Community Preservation Committee, to provide funding to the Cape Ann Museum for the purpose of supporting the continued stabilization work for the Babson-Alling House in order to restore a historic resource. The appropriation will be allocated to the Historic Preservation category and funded from

Unrestricted Reserves in Fund #4500. The project will be tracked in the Community Preservation Fund – Historic Preservation Projects Fund #4761.

Project No. 3 - Bay View Cemetery Restoration Phase 2 – Amount: \$40,000

Applicant: City of Gloucester Cemeteries Advisory Committee

Ms. Chris Maney stated that she is a member of the Cemeteries Advisory Committees, which is under the jurisdiction of the DPW, and that she is here on behalf of the continued restoration and preservation work of Bayview Cemetery, which was established in 1728. She explained that the \$40,000 will be used to pay Graveside Preservation to restore and preserve approximately 140 to 150 known burial gravestones, as well as excavate and reset that many, or more, granite fieldstone burial markers. The total project is estimated to cost \$72,552. **Ms. Maney** explained that currently the project is in phase 1, which is one-third of Bay View being restored and preserved and that two-thirds of phase I has been completed. This funding will be used for phase 2, which is to target the second one-third of Bay View Cemetery.

Ms. Maney provided a brief overview of the Cemeteries Advisory Committee. **Ms. Maney** also provided information about volunteering and what volunteer activities are needed. She also thanked the DPW for their support of the Cemeteries Advisory Committee.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Gross, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council appropriate up to \$40,000 (Forty Thousand Dollars) from the Community Preservation Act Funds as recommended by the Community Preservation Committee, to provide funding to the City of Gloucester Cemeteries Advisory Committee for the purpose of supporting the preservation and restoration of the Bay View Cemetery Restoration Phase 2 in order to restore a historic resource. The appropriation will be allocated to the Historic Preservation category and funded from Unrestricted Reserves in Fund #4500. The project will be tracked in the Community Preservation Fund – Historic Preservation Capital Projects Fund #5812.

Project No. 4 - Beauport Chimney Preservation – Amount: \$20,000

Applicant: Historic New England

Ms. Katie Pomplun and **Ms. Christina Potwatka** were present on behalf of this project. **Ms. Potwatka** explained that the funding will be used to preserve six chimneys at the Beauport, Sleeper-McCann House. She stated that despite their best efforts there is still water infiltration into the chimneys so the funding will be used to have a consultant help monitor six chimneys for a full calendar year and based on that the consultant will come up with some design recommendations about how to eliminate the water infiltration.

On a side note, **Councilor Worthley** asked if applicants need to provide some of their own funding to each project. **Mr. Lundberg** stated it is not required but always appreciated. **Ms. Potwatka** stated that they do not offer free programs but do offer free admission.

Councilor Gross asked if ther Sleeper-McCann House has a caretaker. **Ms. Potwatka** stated that there has been the same caretaker for about a decade now.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Gross, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council appropriate up to \$20,000 (Twenty Thousand Dollars) from the Community Preservation Act Funds as recommended by the Community Preservation Committee, to provide funding to Historic New England for the purpose of supporting the Beauport Chimney Preservation Project in order to restore a historic resource. The appropriation will be allocated to the Historic

Preservation category and funded from Unrestricted Reserves in Fund #4500. The project will be tracked in the Community Preservation Fund – Historic Preservation Projects Fund #4762.

Project No. 5 - City-owned Artworks Preservation – Amount: \$125,000

Applicant: City of Gloucester Committee for the Arts

Ms. Judith Hoglander and **Ms. Karen Ristuben** were present on behalf of this project. **Ms. Ristuben** stated that the City has acquired artworks from murals to statues to plaques and there has not been a specific process by which the City-owned artworks were either acquired or stewarded, or maintained. She stated that the City of Gloucester Committee for the Arts is in the process of developing a series of policies and procedures to oversee that work and is also investing in an inventory of all City-owned artworks in all categories.

Ms. Ristuben explained that the CPA funds will provide professional assessment of work needed for maintaining and the upkeep and restoration and conservation of the historic bronzers and plaques, of which there are several dozen, and with the City-owned sculptures, including the man at the wheel and other notable sculptures that need to be preserved, restored and conserved. She stated that in 2018 there was a professional assessment of the City-owned murals by the Williamstown Art Conservation Group and that assessment will be updated with this funding. By the assessments, the artworks would then be prioritized and then restoration work will start on the plaques, statues and sculptures and other artworks as deemed necessary. She explained that there are very few organizations that do this kind of artwork assessment and that the assessments will take place over a two-year period starting with RFPs out to qualified firms.

A member of the public was allowed to ask questions. **Ms. Jane Fox Dobson** asked why the assessments of ten artworks cost \$2,000 each and expressed concern about the proposed work. **Ms. Ristuben** told **Ms. Fox Dobson** that she is welcome to attend the monthly meetings of the Committee for the Arts.

Councilor O’Neil asked for the names of the companies that are used for the restoration work. **Ms. Ristuben** stated that they are Daedalous Art Restoration and Skylight Studios. There was a brief discussion about the restoration of Talbot Rock. **Ms. Ristuben** stated that the plaque on Talbot Rock was restored to how it was when it was first installed.

Councilor Worthley inquired about the inventory project. **Ms. Ristuben** stated that City-owned artworks are listed on paper and not a searchable archive, and that none are complete or up to date. She added that this project will begin this year and into next year and that it will be an online searchable database.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Worthley, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council appropriate up to \$125,000 (One Hundred Twenty Five Thousand Dollars) from the Community Preservation Act Funds as recommended by the Community Preservation Committee, to provide funding to City of Gloucester Committee for the Arts for the purpose of restoration and preservation of City-owned artwork(s) in order to restore a historic resource. The appropriation will be allocated to the Historic Preservation category and funded from Unrestricted Reserves in Fund #4500. The project will be tracked in the Community Preservation Fund – Historic Preservation Capital Projects Fund #5813.

Project No. 6 - Hammond Castle Oceanside Exterior Restoration – Amount: \$87,000

Applicant: Hammond Castle Museum

Ms. Linda Harvey stated that the grant will help with the stabilization and repair of the oceanside towers. She stated that the repairs are essential due to water egress and damaged caused to the interior of the building, such as the organ and the organ chambers. She stated that the restoration will strengthen the

structure of the building and ensure the safety of visitors and to help preserve the interior housing of the Museum's collections.

Councilor Worthley asked **Ms. Harvey** to speak to handicap accessibility. **Ms. Harvey** explained that as it is a historical building the property is "grandfathered in" and does not have to abide by the rules and an elevator cannot be added. She explained that in the lobby a handicapped person can watch a film about Hammond himself and the building.

Councilor Gilman asked **Ms. Harvey** to provide a brief overview of the free events offered by the Castle.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Worthley, the Budget & Finance Committee voted 3 in favor, 0 opposed, to recommend that the City Council appropriate up to \$87,000 (Eighty Seven Thousand Dollars) from the Community Preservation Act Funds as recommended by the Community Preservation Committee, to provide funding to the Hammond Castle Museum for the purpose of supporting the Hammond Castle Oceanside Exterior Restoration in order to restore a historic resource. The appropriation will be allocated to the Historic Preservation category and funded from Unrestricted Reserves in Fund #4500. The project will be tracked in the Community Preservation Fund – Historic Preservation Projects Fund #4763.

By Unanimous Consent, the Committee of the Whole meeting adjourned at 7:01 p.m.

3. Memorandum from Principal Assessor regarding Tax Classification (Cont. from 10/19/2023)

Summary of Discussion: **Principal Assessor, Nancy Papows** stated that the assessed values for FY24 and new growth were approved by the Department of Revenue on October 23, 2023. She stated this enables the City to move forward with the tax classification process. She stated there are four options to consider, but none of the options will change the total tax levy. As there were no parcels classified as open space and **Mayor Verga** has chosen not to adopt either the residential or small commercial exemption, she stated the focus is on determining whether or not to shift a portion of the tax levy from one class of property to another and to do so a residential factor must be adopted and that this factor would determine the share of the levy that each class of property will bear.

Ms. Papows noted that Page 4 of the Tax Classification Packet shows the total value and percentage of each class of property. She stated the residential class makes up 91.74% and the commercial, industrial and personal property accounts totaled 8.26%. She added that the taxable value of the City increased close to 13% from FY23. Based on the sales analysis, she stated that increases to the residential class as a whole increased to approximately 12.5%. Within the residential class, she stated the single family class saw increases close to 14%, condominium class increased to approximately 13%, two- and three-family and apartments increased just over 5% as whole for the class. She added that the commercial class as a whole saw an increase of 5% and market adjustments to the industrial class was close to 7%. She stated that overall there are more significant increases in terms of market adjustments on the residential side based on the sales analysis.

Ms. Papows stated that Page 5 shows the parcel counts and assessed values of each class from 2011 until present.

Ms. Papows stated Page 6 shows the historic shift factors that have been adopted over the years, and explained that it was the underlying residential factor associated with the shift is what is being voted on.

Ms. Papows stated Page 7 shows the maximum allowable levy calculation that starts with the FY23 levy limit, which is reduced by amended growth and then added to that is the Proposition 2-½% increase and

growth for FY24, which results in the FY24 levy limit. Added to that, she explained, are the debt exclusions, which results in the maximum allowable levy. She explained that number divided by the value of all parcels in the City results in a tax rate at a factor of 1:\$9.76. She added that a factor of 1 would result in the same tax rate for all classes of property, and any factor other than 1 would shift a portion of the tax levy to another class.

Ms. Papows stated Page 8 shows the approximate tax rates that results from the various shifts to the CIP class. She added that the maximum shift allowed by the State is 1.5.

Ms. Papows stated Page 9 shows a comparison of levies by class at various shift factors. She explained that the tax rates depicted on that page are approximate and rounded so as not to exceed the maximum allowable levy. She explained the far right column shows the difference in the levy that each class of property would bring in after the shift.

Ms. Papows explained Page 10 shows changes in tax dollar for properties valued at different levels at various shifts. She stated that it shows the savings to the residential parcels and the increase in tax dollars for commercial, industrial and personal property (CIP) taxpayers. She explained that for FY24 the average single family home is valued at \$918,140 and the median single family home is \$660,500. She explained that with a property value of \$750,000 at a factor of 1.03, the residential taxpayers would see a savings of \$22.50 on an annual basis, while the commercial, industrial, and personal property taxpayer would pay an additional \$217.50. She added that if the maximum shift allowed of 1.5 was adopted [shown at bottom of that column] then the residential taxpayer would save \$330, while the commercial, industrial, and personal property taxpayer would pay an additional \$3,660. **Ms. Papows** explained that the remainder of the packet explains the open space discount, the residential exemption, and the small commercial exemptions, which are not viable options this year.

On **Councilor Worthley's** question, **Ms. Papows** explained the tax savings to residents for every 0.01 shift. She stated that residential does make up a bigger portion of new growth. **Councilor Worthley** asked the **CAO, Jill Cahill** what the Mayor's recommendation is. **Ms. Cahill** stated that the Mayor is recommending staying at 1.03.

Councilor Gross asked if the CPC money is not accounted for. **Ms. Papows** stated that it is a whole separate fund.

Councilor Memhard offered a motion, seconded by **Councilor Worthley**, to recommend that the City Council adopt a residential tax classification factor of .997300 that equates to a CIP Shift of 1.03 for Fiscal Year 2024.

Councilor Worthley asked if the City adopted a tax factor of 1.03 would that mean that 3% of residential tax levy is being shift to commercial property owners. **Ms. Papows** explained that the 1.03 shift for the commercial, industrial and personal property class will bring in 3% more than it would have as a class than a factor of 1 and the net savings is spread over the residential, which is why there is not a lot of savings.

Councilor Memhard stated that the City is looking for an infrastructure investment for water. He asked how that factors in with the tax burden. The **CFO, John Dunn**, directed the B&F Committee to page 7 which shows the FY2024 levy limit so the debt service will be added to the Prop 2-1/2 formula for the levy limit each year. **Mr. Dunn** explained that a debt shift for utility debt can be done by a vote of the Council; either shift it to the tax levy or keep it as part of the utility rate calculation but it cannot be done both ways.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Worthley, the B&F Committee voted 3 in favor, 0 opposed, to recommend that the City

Council adopt a RESIDENTIAL TAX CLASSIFICATION FACTOR OF .997300 that equates to a CIP Shift of 1.03 for Fiscal Year 2024.

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

Summary of Discussion: The Auditor, **Kenny Costa**, referenced the FY24 Year-to-date Budget Report for the City's General Fund and four enterprise funds that was sent to the Committee; he reminded the Committee to not view the 19-page report as one would view a report by a private corporation, as there is over \$26 million in encumbrances and contractual obligations.

MOTION: On a motion by Councilor Memhard, seconded by Councilor Gross, the Budget & Finance Committee voted 3 in favor, 0 opposed, to adjourn the meeting at 7:42 p.m.

Submitted by: Sherry L. White, Clerk of Committees

Documents submitted at the meeting: None.

Meeting Recording: <https://www.gloucester-ma.gov/1097/Past-Remote-Public-Meetings>