Budget & Finance Standing Committee
Thursday, July 23, 2026 – 5:30 p.m.
City Hall
1st Floor Council Conference Room
9 Dale Avenue
Gloucester, MA 01930
and via Zoom
-Minutes-

Present: Chair Councilor Scott Memhard; Vice Chair Councilor Tony Gross; Councilor Patti-Ann Page

Also Present: CAO, Kelly Dolan; CFO, Conor MacCorkle; Auditor, Kenny Costa; Economic Development Coordinator, Emily Sloane; Regional Prevention Director, Chelsea Goldstein-Walsh (remote); Welcoming Center Coordinator, Carol Mondello (remote); Assistant Conservation Agent, Katie Kneeland (remote); School CFO, Cody Marshall (remote)

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

This meeting was conducted in-person and remotely via ZOOM.

Councilor Memhard announced the names of the B&F Committee members in attendance and City staff who were in attendance in person and on Zoom.

1. **Memorandum from the Regional Prevention Director requesting acceptance of a $375,000 grant from the Peter and Elizabeth C. Tower Foundation**

<u>**Summary of Discussion:**</u> **Regional Prevention Director, Chelsea Goldstein-Walsh** stated that this grant would support youth mental health across six communities including the City. She stated that the Health Department was the lead fiscal agent for the grant. She stated that the grant had been received three years previous, and this round of the grant would build on the success of the previous one.

Councilor Memhard asked for clarification what the RYPN Communities were. **Chelsea Goldstein-Walsh** stated that they were the communities of Gloucester, Rockport, Manchester, Essex, Ipswich, Beverly, and Danvers.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Page, the Budget & Finance Committee voted, 3 in favor, 0 opposed, to recommend that the City Council accept a private grant under MGL c. 44, §53A, a Regional Grant to Support Youth Mental Health Across RYPN Communities from The Peter and Elizabeth C. Tower Foundation for $375,000 for the purpose of raising awareness and reducing stigma of mental health issues on the North Shore that includes a three-year grant with an annual award amount of $125,000 and a total grant award of $375,000. The grant period is from July 1, 2026 through June 30, 2029. There is no local match for this grant.

2. **Memorandum from the Assistant Fire Chief requesting acceptance of the 2025 MEMA EMPG grant award in the amount of $23,040**

<u>**Summary of Discussion:**</u> None.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Page, the Budget & Finance Committee voted, 3 in favor, 0 opposed, to recommend that the City Council accept a federal grant under MGL c. 44, §53A, a Federal Fiscal Year 2025 U.S. Department of Homeland Security (DHS), Emergency Management Performance Grant (EMPG) through the Federal Emergency Management Agency (FEMA) and passed through the Massachusetts Emergency Management Agency (MEMA) for $23,040 for the purpose of conducting a regional hazmat tabletop exercise. The grant period is from July 1, 2026 through June 30, 2027. There is an in-kind local match for this grant.

3. Memorandum from the Economic Development Coordinator requesting acceptance of the Essex National Heritage Commission Grant Award, 2026 in the amount of $2,500

<u>**Summary of Discussion:**</u> **Economic Development Coordinator, Emily Sloane** stated that the City had received the grant since 2019, and was intended to support the Visitor Center at Stage Fort Park. She stated that the Visitor Center had a very modest budget, and this allowed them to make larger purchases then they otherwise would be able to.

Welcoming Center Coordinator, Carol Mondello stated that this grant in the past had allowed the purchase of large items, such as maps for the walls of the Visitor Center and new signage.

Councilor Memhard asked how volunteer staffing was going for the season. **Carol Mondello** stated that the Visitor Center had 32 volunteers and she had had to turn down applicants this year.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Page, the Budget & Finance Committee voted, 3 in favor, 0 opposed, to recommend that the City Council accept, under MGL c.44, §53A, a federal grant from the National Park Service passed through the Essex National Heritage Commission, a 2026 Essex Heritage Visitor Center Grant for a total of $2,500 for the purpose of supporting activities of the City's Visitor Welcome Center at Stage Fort Park. The grant period is from July 1, 2026 through June 30, 2027. There is no local match for this grant.

4. Memorandum from the Veterans Services Director requesting acceptance of donations in the amount of $275

<u>**Summary of Discussion:**</u> None.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Page, the Budget & Finance Committee voted, 3 in favor, 0 opposed, to recommend that the City Council accept various cash donations under MGL c. 44, §53A, to support Veteran Services in the amount of $275 from the following members and business partners in our community:

NAME	AMOUNT	DATE
Patricia Preseault	$ 50.00	5/26/26
Edward Comeau	$100.00	5/28/26
William J. Corley	$ 25.00	5/29/26
Edward Comeau	$100.00	6/26/26
Total	$275.00	

5. Memorandum from the Conservation Agent regarding a proposed amendment to the fee structure in the Gloucester Wetlands Ordinance

<u>Summary of Discussion:</u> Assistant Conservation Agent, Katie Kneeland stated that the proposed ordinance amendment was to update the fee structure of the Wetlands Ordinance. She stated that there were two different versions of the fee structure currently, one in MUNIS and the other in a PDF document on the website of the Conservation Commission. She stated that there were discrepancies between the two, and there had been ordinance amendments made under the previous City Clerk to correct these discrepancies, with the fee structure being the last one. She stated that the current fee schedule had not been updated since 2006, and that the updated fee schedule was based on other local municipalities with a similar number of filings. She stated that the fee increases would raise revenue by about 6%.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Page, the Budget & Finance Committee voted, 3 in favor, 0 opposed, to recommend that the City Council amend the Gloucester Code of Ordinances Chapter 12 "Marshlands" as follows:

Sec. 12-16. Requests for determination of applicability and submission of notices of intent.

(e) *Fees.* The amount of the fee shall be determined [DELETE] ~~by the number of interests presumed to be significant under the Act and potentially affected by the proposed action, as determined~~ by the commission or its agent. [DELETE] ~~The interests are described in section 12-10(3).~~ The current fee structure is as follows:

[DELETE]

~~Residential construction~~	~~Amount per interest~~
~~Number of lots and/or units~~	
~~One to five~~	~~$50.00~~
~~Six to nine~~	~~100.00~~
~~Ten to 19~~	~~150.00~~
~~20 to 49~~	~~200.00~~
~~50 or more~~	~~250.00~~
~~Commercial and industrial construction~~	
~~Construction cost*~~	
~~Less than $99,999.00~~	~~$50.00~~
~~$100,000.00 – 249,999.00~~	~~100.00~~
~~$250,00.00 – 499,999.00~~	~~150.00~~
~~$500,000.00 – 999,999.00~~	~~200.00~~
~~$1,000,000.00 or more~~	~~250.00~~

[DELETE] ~~*Fees are based on a $120.00 per square foot construction cost as determined by the building inspector's office.~~

[ADD]

Fee Structure

Legal Notice for Request for Determination of Applicability, Notice of Intent, Amendment Request to Order of Conditions	$125
Request for Determination of Applicability	$200
After the fact Request for Determination of Applicability (enforcement or post-work)	$400
GWO Delineations of all resource areas.	$1 per linear foot

	Not to exceed $200 for SFH/duplex and $2000 for other
Notice of Intent - Category 1 Work on an existing single family home lot such as an addition, porch, pool, etc.; site work without a house not related to work in a resource; invasive vegetation control; septic system repairs; monitoring wells; new agriculture or aquaculture projects; resource improvement or non-enforcement restoration or tree clearing exceeding 10 trees.	$250
Notice of Intent - Category 2 New single-family home or duplex construction; impervious parking lot; beach nourishment; public utility projects; inland limited projects; each crossing for driveway to a single-family home; each storm drain-project source discharge; water level variations; water supply exploration; tree clearing greater than ¼ acre or any project not listed in any other category.	$500
Notice of Intent - Category 3 Site preparation for development beyond structures (projects developed on land owned in common or with common interest is considered one project under conservation review); each structure other than a single-family home or duplex (beyond accessory uses to a single-family home, including directly related/immediate site work; road construction or common or shared driveway, hazardous material clean up, water supply development, tree clearing greater than ½ acre.	$750
Notice of Intent - Category 4 Each crossing for development (more than duplex) or commercial/industrial road; dam/sluiceway/tidegate work; landfill operation/closure; sand/gravel/excavation operation 9 outside of or in excess of other project filing; railroad line or utility road construction; bridge; dredging; treatment plant and discharge; tree clearing greater than 1 acre or any hazardous material release response.	$1000
Notice of Intent - Category 5 Docks, piers, dikes or new retaining walls located on the coast or river.	$4 per linear foot Not to exceed $200 for SFH/duplex and $2000 for other
Amendment to Order of Conditions	$100
Extension Permit Request	$100 (for each extension)

Request for Certificate of Compliance associated with Single Family Homes, Duplexes and Restoration projects	$100 Plus $100 if the OOC is expired
Request for Certificate of Compliance associated with other projects	$200 Plus $100 if the OOC is expired
After the fact Notice of Intent for enforcement or post work	2 times filing fee with a minimum of $600
Request for Return to Compliance for Enforcement Orders	$500

Additional Fees
Unless otherwise noted below, additional fees apply to Requests for Determination of Applicability, Abbreviated Notice of Resource Area Delineation, and Notices of Intent.

Work in Riverfront Area, ACEC, or Upland Edge or within 100 feet to fish runs, fisheries, shellfish, or eelgrass beds	+ 50% of filing fee

6. Memorandum from the Auditor regarding the City's FY2025 Annual Comprehensive Financial Report (ACFR)

<u>**Summary of Discussion:**</u> **Auditor, Kenny Costa** shared his screen

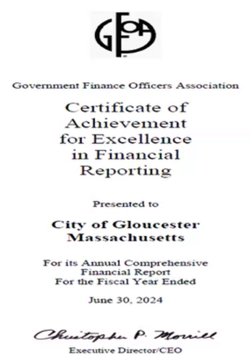
City of Gloucester

Certificate of Achievement for Excellence in Financial Reporting
FY2025 ACFR Report

KENNY COSTA, CITY AUDITOR

Certificate and Plaque Award

COA



Auditor, Kenny Costa stated the above was the award for FY2024.

Government Finance Officers Association (GFOA)

- GFOA is a nationally recognized Finance Association in US and Canada
- Website: www.gfoa.org

About GFOA

The Government Finance Officers Association (GFOA), founded in 1906, represents public finance officials throughout the United States and Canada. The association's more than 20,000 members are federal, state/provincial, and local finance officials deeply involved in planning, financing, and implementing thousands of governmental operations in each of their jurisdictions. **GFOA's mission is to advance excellence in state and local government financial management.** GFOA has accepted the leadership challenge of public finance. To meet the many needs of its members, the organization provides best practice guidance, consulting, networking opportunities, publications including books, e-books, and periodicals, recognition programs, research, and training opportunities for those in the profession.

Auditor, Kenny Costa stated the above.

Annual Comprehensive Financial Report (ACFR)

- The GFOA established the Certificate of Achievement for Excellence in Financial Reporting Program also known as the ACFR Program in 1945 to encourage and assist state and local governments to go beyond the minimum requirements of the presentation of the basic financial statement audit report. The ACFR report program goal is not intended to assess the financial health of the City.
- The City participated for the 9th time in the ACFR program for the Fiscal Year 2025 audit. The City was awarded the certificate of achievement for the FY24 ACFR in the spring of 2026.
- The City of Gloucester is 1 of about 50 municipalities that participate in the program annually. Other communities include but not limited to Boston, Cambridge, Worcester, Malden, Medford, Somerville, Chelsea, Everett, Wellesley, Sudbury, Falmouth, Andover, Arlington, Concord, Danvers, Beverly, Manchester-by-the-Sea, Marblehead, Salem and Revere.
- It is our goal to make this an annual endeavor.

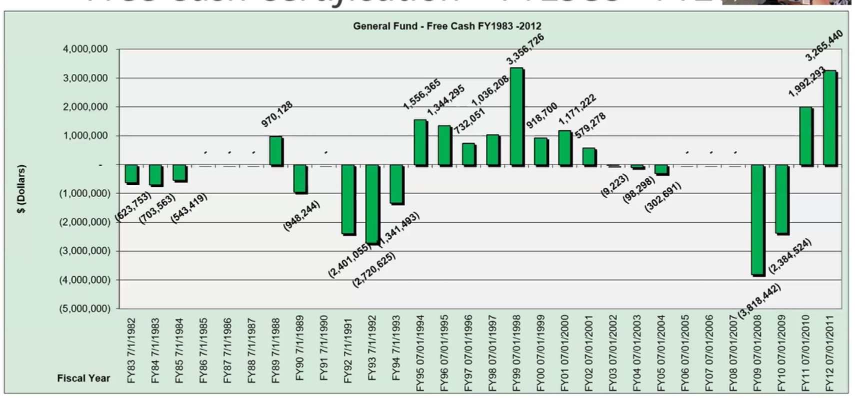
Auditor, Kenny Costa stated the above.

Financial Turnaround - Concerns

- From Fiscal Years 2002 through 2009, the City reported negative or no "Free Cash" for 8 consecutive years.
- For Fiscal Years 2005, 2006 and 2007, the City did not close its books in which resulted Finance and Accounting issues with the Department of Revenue and our outside auditors. No "Free Cash" was reported.
- The City was on the Department of Revenue's "watch list."
- The City reported negative "Free Cash" for Fiscal Years 2008 ($3,818,442) & 2009 ($2,384,524)
- The Fiscal Year 2009 Financial Statement Audit reported 15 findings that were ***Significant Deficiencies Considered to be Material Weakness***.
- The City reported General Fund Unassigned Fund Balance (Reserves) of $907,329 in Fiscal Year 2009, which represents 1.1% of Fiscal Year 2009 General Fund operating expenses of $86MIL. Source: Fiscal Year 2009 City Basic Financial Audit Report

Auditor, Kenny Costa stated the above.

Free Cash Certification – FY1983 - FY2

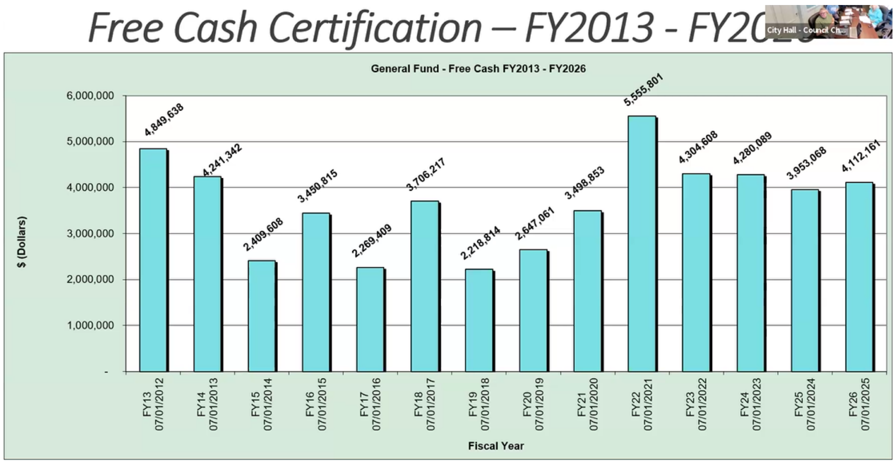


Auditor, Kenny Costa stated the above.

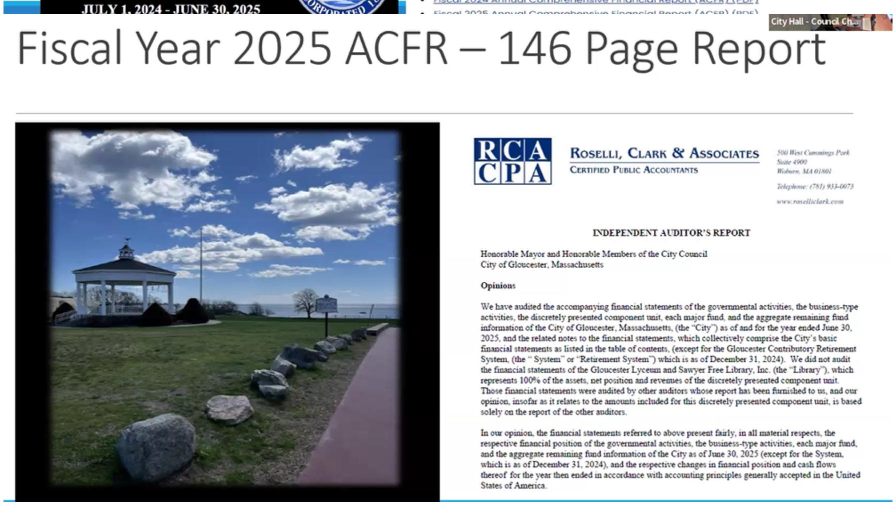
Financial Turnaround - Improvements

- From Fiscal Years ending 2010 through 2025, the City has reported **positive** "Free Cash" for 16 consecutive years and plans to report positive "Free Cash" going forward.
- From Fiscal Years ending 2010 through 2025, the City has successfully closed it books and "Free Cash" has been certified by the Department of Revenue.
- The City has been removed from the Department of Revenue's "watch list." (Since 2012 time frame)
- The Fiscal Year 2025 Financial Statement Audit reports no findings that were ***Significant Deficiencies Considered to be Material Weakness***.
- The City reported General Fund Unassigned Fund Balance (Reserves) of $11,399,404 in Fiscal Year 2025, which represents 7.84% of Fiscal Year 2025 General Fund operating expenses of $145MIL. Source: Fiscal Year 2025 City Annual Comprehensive Financial Report (ACFR)

Auditor, Kenny Costa stated the above.



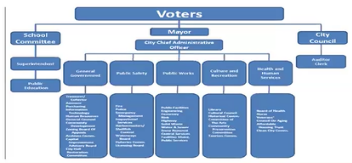
Auditor, Kenny Costa stated the above.



Fiscal Year 2025 ACFR – 146 Page Report

Profile of the City

The City of Gloucester is located 31 miles northeast of Boston on Cape Ann in Essex County. The City is bordered by the towns of Manchester-by-the-Sea and Essex on the west, the Atlantic Ocean on the north and south, and the Town of Rockport on the northeast. Occupying a land area of 26.2 square miles, the City of Gloucester has a population of approximately 30,000 (2020 Federal Census).



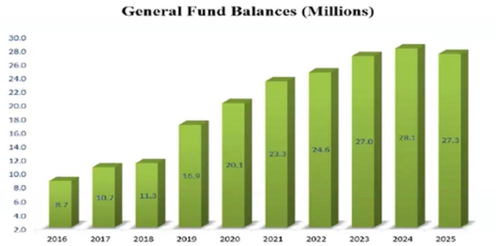
Originally settled in 1623, Gloucester was chartered as a town in 1642 and incorporated as a city in 1873. The City operates under a form of government adopted by a home rule charter with an elected mayor and nine- member city council

Drawing over a quarter of a million visitors annually, Gloucester's appeal lies in its lively downtown, five public beaches, breathtaking open space, and numerous playgrounds, attracting crowds from Memorial Day to Labor Day. Renowned as a whale watching capital, the City hosts four whale watch companies, bringing countless visitors to witness the majestic creatures of Stellwagen Bank.

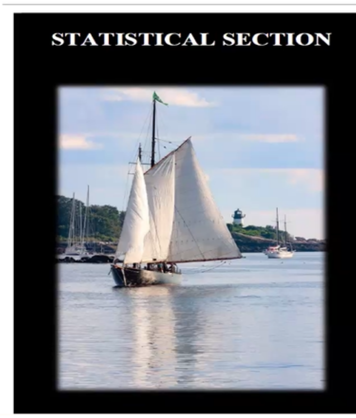
Fiscal Year 2025 ACFR – 146 Page Report

General Fund Balances

One of the methods the City uses to maintain reserves from year to year is to conservatively forecast revenues. This generally results in positive operations for the fiscal year and allows the City to certify the surplus as free cash in the ensuing fiscal year. The certified free cash is used for reserves, capital projects or other non-operating one-time expenses. In addition, spending controls such as monthly budget monitoring results in departmental turn- backs of unexpended funds which also adds to free cash. As a result, the City has been able to responsibly maintain and/or increase reserves from year to year. The City's general fund balance trend over the current and prior several years is illustrated to the left.



Fiscal Year 2025 ACFR – 148 Page Report



Other Economic Activity

In 2013, Ocean Alliance, a global leader in whale research and conservation, moved its headquarters to Gloucester. In doing so, the organization rehabilitated the historic waterfront Tarr and Wonson Paint Manufactory building that had been vacant.

Another key waterfront property was sold in 2011 for triple the previous price paid two years earlier. To facilitate new investment, the City Council approved a zoning change and subsequently approved the special permits needed for the new owner to build a five-star, $20 million hotel on the site. The project brought construction jobs as well as a variety of new permanent jobs. The City initiated a $7.0 million project to upgrade water, sewer and street improvements to benefit the new hotel and the existing commercial and residential properties located in the area. The infrastructure project was funded with grants from the Commonwealth ($3.0 million), City funds ($2.6 million) and donations ($1.4 million) from the hotel developer. The approximate 100-unit hotel opened in June 2016 to very positive reviews. The year-round business class hotel filled a void in the market and has been cited as a critical need by area life science and high-tech entrepreneurs.

In 2013, the City Council also approved a zoning change to allow the creation of an Innovation House, a space for high tech startups to work and collaborate. Established by a relatively new Gloucester resident who created the leading web browser in Scandinavia, the Gloucester Innovation House joins similar facilities he has established in Iceland and Norway which have a total of more than 50 businesses. One Gloucester start-up is already using the Innovation House. Other local firms are expected to join as well as entrepreneurs from the Icelandic and Norwegian Innovation Houses.

Team effort – Thank you!

- City Council, Budget & Finance Committee and City Clerk's Office
- Mayor Paul Lundberg, Kelly Dolan, CAO and Mayor's Office
- City and School Finance Team Managers including Conor MacCorkle, City CFO, Cody Marshall, School CFO, Nancy Papows, City Assessor, Stacey Capone, Purchasing Agent
- All City and School Departments including but not limited to the Auditor's Office, Treasurer's Office, Assessors Office, Purchasing Department, Superintendent's Office, School Business Office, DPW, Community Development, Building Department, Police and Fire Department.
- Tony Roselli and Chad Clark from Roselli, Clark and Associates, the outside audit firm.

Auditor, Kenny Costa stated the above was the current year's report and it was available on the City website.

No motion offered.

7. Memorandum from the Auditor regarding the Gloucester Public Schools End-of-Year Financial Report – Independent Accountant's Report

<u>**Summary of Discussion:**</u> **Auditor, Kenny Costa** stated that the report had been created by former School CFO, Gary Frisch. He stated that there had been two findings in the report. He stated that the findings were that some required reports had not been included, which was most likely caused by the transition between the former CFO and new **School CFO, Cody Marshall.**

No motion offered.

8. Memorandum from the Chief Financial Officer re: Loan Order for Municipal Equipment, School Bus & Fleet Acquisition in the amount of $2,500,000

<u>**Summary of Discussion:**</u> **CFO, Conor MacCorkle** stated that the former School CFO had submitted a request for proposals for new school buses, and **School CFO, Cody Marshall** pursued a lease purchase agreement to fund the acquisition of them. He stated that the lease agreements had a 5% to 6.5% interest rate, while the City could take out a bond with only 3.5% interest. He stated that the DPW also had a backhoe fail, as well as other equipment that needed replacing, and these could also fall under the loan order.

Cody Marshall stated that the number of buses that were originally proposed for purchase had been lowered, as the City does not need as many school buses.

Councilor Page asked where the funds would be kept once the loan order was executed. **Conor MacCorkle** stated that the funds would go into the Capital Improvement Stabilization account.

COMMITTEE RECOMMENDATION: On a motion by Councilor Memhard, seconded by Councilor Page, the Budget & Finance Committee voted, 3 in favor, 0 opposed, recommend that the City Council approve the loan order as follows:

Ordered: That the City of Gloucester appropriates Two Million Five Hundred Thousand Dollars ($2,500,000) to pay costs of acquiring municipal vehicles and equipment, including but not limited to Department of Public Works equipment, refuse and trash collection vehicles, school buses, and general City fleet vehicles, together with all costs incidental or related thereto.

To meet this appropriation, the Treasurer, with the approval of the Mayor, is authorized to borrow said amount under and pursuant to M.G.L. Chapter 44, Section 7, or pursuant to any other enabling authority.

The Mayor and any other appropriate official of the City are authorized to apply for, accept and expend any grants, gifts, reimbursements, trade-in proceeds, insurance proceeds, or other funds that may be available to the City to pay costs of the acquisitions authorized by this order. The amount authorized to be borrowed by this order shall be reduced by the amount of any such funds received prior to the issuance of bonds or notes.

Further Ordered: That the Treasurer is authorized to file an application with the Municipal Finance

Oversight Board to qualify under Chapter 44A of the General Laws any or all of the bonds authorized by this order and to provide such information and execute such documents as the Municipal Finance Oversight Board may require for these purposes.

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

Summary of Discussion: **Auditor, Kenny Costa** stated that that the largest item on the report was the Council on Aging, which was in deficit because they were waiting on grant funding. He stated that the Community Development Department was in deficit for the same reason, as they were waiting for the CDBG grant.

Kenny Costa stated that he had drafted a preliminary plan for the amortization of the snow and ice deficit, which was $6.3 million in total. He stated that the State would be providing $233,000, but the City may receive additional funds from the State, but that had yet to be determined. He stated that a final plan would need to be submitted before the tax rate for FY28 was set later in the year. He stated that the final amount of relief from the State may not be approved until October.

No motion offered.

MOTION: On a motion by Councilor Gross, seconded by Councilor Page, the Budget & Finance Committee voted, 3 in favor, 0 opposed, to adjourn at 6:29 p.m.

Submitted by: Lynds Jones, Legislative Aide.

Documents submitted at the meeting: Presentation by Auditor, Kenny Costa.

Matters appearing on the agenda that are to be continued: None.

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