

#1 - C0171-23

Ways and Means Committee
November 30, 2023

The Committee on Ways and Means met on Thursday, November 30, 2023 at 6:00pm in the City Council Chambers at City Hall.

The meeting was recorded by ECTV and can be viewed on the City of Everett website.

Members present were Councilor John Hanlon, presiding; Councilors Darren Costa, Vivian Nguyen and Stephanie Smith.

The Committee met on a Resolution offered by Councilors Stephanie Smith and Darren Costa: That the Assessor provides the last 5 years of abatements (residential, commercial and industrial) 2018-2022. In addition, a request that the assessor provides a list of all households that currently have a homeowners exemption and a list of all households that currently do not have a homeowners exemption but are likely eligible for one.

City Assessor BJ Devereux was also present.

Councilor Smith reviewed a host of questions she emailed Mr. Devereux on Abatements and Tax Recaps and his response to those questions which is attached.

Councilor Costa inquired if a different database was used to determine new homeowners in Everett and Mr. Devereux indicated that he had to obtain them through the Registry of Deeds in looking for Homestead exemptions for the year 2022. Councilor Costa asked if he could look further and go back to prior years and Mr. Devereux responded that it was very intensive work to research this information, but agreed that it could be done. Councilor Costa referenced Statutory exemptions and stated mandated exemptions and Mr. Devereux informed him that there were several pieces of State legislations that would allow municipalities to raise exemptions. Councilor Costa asked if the City scrapped the Host Agreement with Encore Boston Harbor and had them pay real estate taxes instead would it raise the levy and Mr. Devereux explained that it would have no impact on the levy. Councilor Nguyen asked how a resident would be able to determine if they qualify for an exemption and Mr. Devereux suggested that they call the Assessors office.

The Committee voted: to report back to the City Council with a recommendation to refer back to Sponsor.

Respectfully Submitted,

John W. Burley
Clerk of Committees

RECEIVED
CITY CLERKS OFFICE
EVERETT, MA
2023 DEC -14 A 8:34

ABATEMENTS:

How are funds raised for abatements? I believe it is the tax recap (amounts to be raised + allowances for abatements & exemption)

Correct, the funds added to the overlay account come from line IId on page two of the tax recap.

How much is allocated on average each year? It looks like ~\$2MM per the recap

The overlay has contribution has been approximately \$2mil/year, in FY 21 it was \$1.5mil.

Is the abatement/exemption account used for anything other than property taxes (i.e. water & sewer)?

Yes - if the W&S commissioners or ISD grant an abatement on a lien that has been placed on a tax bill it comes out of the overlay account. Excise tax abatements come out of overlay. Any residential exemptions or personal exemptions (veterans, elderly, etc.) that are granted after the tax rate setting process has begun come out of overlay.

Is there an account specifically for tax abatements? What is the balance? What account is it? What happens to the balance if it is not spent? How long does it have to stay in the account?

There is NOT an overlay account specifically for abatements. The overlay balance as of 9/13/23 was approximately \$1,960,800. The DOR requires communities to maintain an adequate balance in the overlay account to fund anticipated property tax abatements (real, personal & excise), exemptions and receivable exposure for all fiscal years per their guidelines. This is reviewed and approved by DOR and must be approved by them as part of the overall tax rate approval process. Overlay funds not expended remain in the overlay account and remain there until determined to be excess.

Are funds kept separate by fiscal year or co-mingled?

The funds are NOT separated by fiscal year per DOR requirements.

FY 2019: Wynn had an abatement \$21.6MM – Why? I thought that we did the host agreement payment in lieu of taxes starting in 2016(?). Why were they originally billed \$22.8MM and that original amount was included in the increased tax rate? Was it because of the other land they own was appraised at too high of a value?

Because the 121A payments are considered excise taxes under Mass law the city was not going to be able to realize the tax base growth from the construction of EBH after FY 2019. Assessing the property for FY 2019 allowed the city to capture over \$600 million in tax base value growth. The abatement was done to true up the FY 2019 taxes to conform with the community host agreement. In addition the city collected over \$500,000 under the 121A agreement for the first 8 days they were open which were the final 8 days of FY 2019.

How far back can a tax payer request an abatement? Do they usually request in the same year or is it usually a year or two after?

Real Estate Abatements - A taxpayer has one month from the issuance date of the actual tax bill (typically January 1st) to appeal their ASSESSMENT for THAT fiscal year only. They cannot appeal based on a tax dollar increase they can only contest the assessed value. They have until the end of business on February 1st to submit a completed abatement application to our office or to have it postmarked and in the mail.

Excise Tax Abatements – Three years from the due date of the bill or one year after the bill is paid

Why the large increase in volume of abatements from 2017 to 2018?

Two things are reflected in the increased number. First is in FY 2018 the staff classified 18 residential exemptions as abatements in Softright (both exemptions & abatements are taken from the overlay account) and there were also 18 I&E penalties issued erroneously that were abated. There were less than 30 abatements issued for overvaluation, some of which were in 2021 and 2022 to settle appeals with the Appellate Tax Board. Secondly the report was run based on calendar year but is grouped by fiscal year so when you see three abatements for 2015 and none for 2014 that is the number of abatements processed for these fiscal years from 2018 through 2022.

Tax Recap

Is there a calculation used for the tax levy? I think it is Expenditures – Revenue = Levy . Levy = the amount needing to be raised for taxes. If we want to keep our tax rate consistent, we need to keep the Levy consistent. Revenues + Expenses grow at the same rate

Yes, you are correct

Does the City Council approve all items on the tax recap? (I believe this answer is No, we approve appropriations only but do not approve the overlay, other amounts to be raised/lawsuits, etc.)

No, most are statutory, city council approves budget, tax shift and the residential exemption

Can we include the Tax Recap that was submitted to the State as part of the Q2 financial review process so we can an overview of it? Right now the only way we see it is if we go and look on the State website

Yes

Is the 5 year forecast always presented to the Council as part of the budget process? We had it in FY24 budget book but I didn't see it in all years past. Can we also include going forward

it is discussed as part of the Mayor's budget presentation, will be sure hard copies are included

Is there a retroactive process to review our forecasting versus actuals, specifically for Tax Levy

Yes, this is done as part of the tax recap process

Why was the recap estimate so off in 2019? The budget book said abatements estimate \$2.1MM (May 2018) but the tax recap (Nov 2018) has \$23.7MM? Huge impact on the tax rate. Was this ever discussed with the City Council? I can see in the abatements that it is from mostly from Wynn.

Combination of this and updating the commercial and industrial land value tables to reflect the rising market values

Commercial Tax Levy – why the increase in 2019? And then the immediate decrease in 2020? See graph below. Did we miss revenues/overspend expenses in 2019 which caused a huge miss? How did we recover in 2020?

FY 2020 was the first year realizing the full income from Encore, commercial and industrial were impacted more as residential values were increasing at a much higher percentage.

#2 - C0297-23

Ways and Means Committee
November 30, 2023

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Members present were Councilor John Hanlon, presiding; Councilors Darren Costa, Vivian Nguyen and Stephanie Smith.

The Committee met on a Resolution offered by Councilor Darren Costa: That the City Assessor create a program to market residential exemption benefits and audit the current list of homes with exemptions.

City Assessor BJ Devereux was also present.

Councilor Costa noted that this was part of the discussion on item #1 on tonight's Ways and Means agenda and that he was glad to hear that Mr. Devereux would be looking into to inform new residents about the exemption benefits.

The Committee voted: to report back to the City Council with a recommendation to refer back to Sponsor.

Respectfully Submitted,

John W. Burley
Clerk of Committees

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The Committee met on an Order offered by Councilor Michael Marchese, as President: an Order requesting approval to appropriate \$150,000 from the Capital Improvement Stabilization Account for the Webster School roof improvement project, which was requested by the School Department.

Senior Project Manager Larry Berger was also present.

Councilor Smith expressed her dismay that there was no one present from the School Department on the subject matter. Mr. Berger was present and explained the need for a clerk of the works, delays due to weather and change orders some of which was required by the Inspectional Services Department as it related to \$46,801 of the overall costs. Councilor Smith asked if the costs would be reimbursed and Mr. Berger responded that they would. Councilor Smith noted that she had sent Rob Moreschi, Procurement Officer for the Schools a list of questions by email and Mr. Berger remarked that he would happy to respond and did so. Councilors Costa and Smith wanted to know what the remaining balance of approximately \$103,000 was for and Mr. Berger indicated that the Committee would need a School official to respond to that question.

The Committee voted: to report back to the City Council with no recommendation with a request to invite Mr. Moreschi to explain what the \$103,000 balance was for.

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The Committee met on an Order offered by Councilor Michael Marchese, as President: an Order requesting approval to appropriate the remaining uncommitted ARPA funds of \$22,946,357 from the spending plan as presented to the City Council on October 10, 2023.

Mayors Chief of Staff Erin Deveney, Desi Navarro, of Anser Advisory and Thalia Patino, EYIC representative were also present.

Chairman Hanlon provided Mr. Navarro with a list of 27 questions he had and asked Mr. Navarro to take with him and respond back to him once he was able to answer all the questions on the list. Councilor Smith reviewed the spreadsheet that showed all the ongoing ARPA projects as well as the new projects that was part of this appropriation Order. Mr. Navarro also provided a document related to the new projects with a breakdown on the priorities for Public Health Initiatives - \$4,312,000, Housing Assistance - \$3,700,000, Education and Childcare Assistance - \$1,380,000, Food Assistance - \$1,080,000, Youth Focused Initiatives - \$1,000,000, Parks and Recreation - \$883,000 and Economic Recovery - \$745,000. Councilor Smith asked how would the City know if the money was spent appropriately or that Everett residents were hired for any of the potential jobs? Mr. Navarro explained the risk assessment process and the reimbursement financial documents that were part of the verification process. He also noted that there would be a 10% cap for Admin. Councilor Nguyen referenced that the monies needed to be spend by a certain date and wanted to know if there was any room for additional funding to be added to some of the new projects. Mr. Navarro explained that there was a contract date of December 31, 2024 in which everything needed to be obligated by then. Councilor Costa inquired if Scholarships for high school seniors to attend college was part of the Youth Initiative plan and Mr. Navarro referenced a process that would need to be completed for that to occur. Councilor Costa remarked that he would like to know where the \$4.4 million for the Senior Meals was being spent. Councilor Costa asked if the Organizations application scoring would be made public and Mr. Navarro responded that it would. Ms Patino appeared to answer if other communities offered scholarships through ARPA to high school seniors and Ms. Patino referenced where the City of Malden provided the high school seniors with a \$1,000 scholarship. She noted that there were many other communities throughout the country that did the same. She explained that she was working on this third initiative with an HRA group and informed the Committee that she would provide Legislative Aide Mike Mangan with the information. The Committee noted that there appeared to be a discrepancy in the Order amount versus the new project costs however Ms. Deveney reminded the Committee that the City Council had already appropriated \$1,000,000 to the Youth Focused Initiatives. Councilor Smith moved to cut \$10,000,000 associated with the Modular Buildings line item but it failed on a 2-2 vote with Councilors Costa and Smith in favor and Councilors Hanlon and Nguyen in opposition.

The Committee voted: to report back to the City Council with no recommendation.

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The Committee met on a Resolution offered by Chairman John Hanlon: That the Administration provides the FY24 Q1 Financials for review.

Budget Director Vladimir Kan was also present.

Councilor Smith reviewed a host of questions she emailed Mr. Demas and Mr. Kan on the Q1 Financials and Mr. Kan responded to those questions which are attached. Councilor Smith informed the Committee that the FY24 Free cash of \$25,105,861 was derived from FY23 Revenues in excess of estimates at \$10,001,501, FY23 unspent appropriations at \$9,175,227 and other listed at \$5,929,133. She mentioned that \$10,000,000 of that Free cash was recently approved by the City Council to put towards the tax levy leaving the remaining balance of \$15 million into the general stabilization account. She noted that there were 34 job openings with 5 offers being extended. She expressed her dismay to learn that expenses were not being assigned to the right line items. Councilor Costa welcomed Mr. Kan to the City and reiterated Councilor Smith's concerns. Councilor Costa asked Mr. Kan if the documents could be put into different formats and Mr. Kan agreed to look into.

The Committee voted: to report back to the City Council with a recommendation to place on file.

Respectfully Submitted,

John W. Burley
Clerk of Committees

- Can you get from all departments the number of open positions and which positions those are and how long they have been open for (i.e. have been open since beginning of fiscal year) including police & fire

| Department | Number of Openings | Schedule | Date Posted | Candidate Hired/Start Date |
|-----------------------------------|--------------------|------------------|-------------|----------------------------|
| DPW | | | | |
| Nightwatchman | 1 | varies | 9/1/2023 | offer / start pending |
| Police | | | | |
| Chief's Office Principal Clerk C6 | 1 | 8-4 M-F | 6/15/2022 | offer / start pending |
| Police Matron (on-call) | 1 | varies | 11/15/2022 | |
| PT Crossing Guard | 7 | varies | ongoing | |
| Finance | | | | |
| Principal Clerk | 1 | M-Th 35 hours | 9/25/2023 | |
| Public Health | | | | |
| Registered School Nurse | 11 | M-F | ongoing | offer / start pending (1) |
| Registered School Nurse Per Diem | 2 | M-F | ongoing | |
| Libraries | | | | |
| Children's Librarian | 2 | varies | 8/1/2023 | |
| Librarian Assistant PT 19.5 hours | 1 | evening, weekend | 8/29/2023 | |
| Communication | | | | |
| Director of Communications | 1 | M-Th 35 hours | 8/15/2023 | |
| Parking | | | | |
| Parking Enforcement (night) | 1 | M - F 30 hours | 11/7/2023 | |
| Planning Department | | | | |
| Affordable Housing Coordinator | 1 | M-Th 35 hours | 8/10/2023 | |
| Grant Writer | 1 | M-Th 35 hours | 8/10/2023 | |
| Community Planning Specialist | 1 | M-F 35 hours | 9/26/2023 | offer / start pending |
| City Arborist | 1 | M-F 35 hours | 11/10/2023 | |
| Total Openings | 33 | | | |
| | | | | |
| | | | | |
| | | | | |

- **CITY COUNCIL EQUIPMENT 01-111-2-5280: What was spent out of this account?**
 Already spent 100% of budget: [Charges by # of pages printed in black/color and toner cartridge purchases.](#)
 Vendor: New England Copy
- **CITY COUNCIL FORMAL EVENTS 1-111-2-5792: What was spent out of this account?**

Supplies for public events and commemorative plaques used for when the City dedicates and park, street, bench etc.

Riches Retail Slush (sweets and ice-cream delivered to the stadium), F J Albano Sign Co (Brass Plaque, magnetic signs, layout plaque), New England Pretzel, Costco Wholesale, Alberto J Costa

- **MAYOR'S ADVERTISING 01-121-2-5346:** We have spent 87% of budget already and we are on track to overspend by \$300K. How will you mitigate this going forward? This account has \$72,264.75 encumbered however this is not expended and these are blanket POs for the two vendors that the offices use and should last throughout the year. If this line is overspent, we move funding from a different line under the operating budget.

- **MAYOR'S OFFICIAL CELEBRATIONS (FOOD) 01-121-2-5796/DEI EVENT (EVENT SUPPLIES) 01-122-2-5792:** How do you determine what events get paid out of where? On track to overspend each account by \$100K. Is there any way for 2025 budget we can somehow figure out where events come out of? Many come out of ECTV Operating Production account (which is not even part of the G/L), Mayors Office, DEI but it is not very evident to see how much we spend in totality. Events are funded through multiple sources including private gifts and grants. If the general fund appropriation is depleted, the City will use this funding.

- **DEI DATA MANAGEMENT SYSTEM 01-122-2-5318:** Is this a contracted amount? One contract or multiple?

These are multiple contracts – the detail of these is provided below.

42.15% exp/original 65,000/spent 27,402.45/Navex Global Inc (hotline per employee subscription, compliance awareness, incident management, standard global telephony subscription, report from subscription) EthicsPoint yearly subscription fee; Policy Management System; Civic Engagement platform.

- **DEI PROFESSIONAL DEVELOPMENT 01-122-2-5716:** What professional development is out of here? On track to overspend by \$100K if keep same run-rate

-

One contracted license for Bias Learning from BiasSync for \$38,800 used much of the budget.
Will not overspend

- **AUDITOR'S, FIN SOFTWARE AND EQUIPMENT 01-135-2-5785:** Is this a contracted amount? One contract or multiple?

This is the contract for multiple SpringBrook financial modules

PROCUREMENT SOFTWARE/OTHER 01-138-2-5248: Is this a contracted amount? One contract or multiple? This is one contract related to DocuSign

- **COLLECTOR HEARING OFFICER STIPEND 01-145-1-5191:** Did we increase this? Already overspent!

160% overspent/original 5,000/spent 8,000

This is a payroll misallocation that was subsequently fixed in the payroll system as well as the GL. Stipends for the hearing officer and RAO officer in the legal department were misallocated.

OFFICE OF THE CITY SOLICITOR LITIGATION PROFESSIONAL SERVICES 01-151-2-5302: Is everything from DOJ paid/encumbered as of 9/30? If no, what is still open? If DOJ means the Title VII inquiry, then - all invoices for the Title VII inquiry are paid to date.

- **HR EMPLOYEE BUYBACK 01-152-1-5151: Did Dawn Colameta retire? What did we pay Priya out for? Vacation Days?**
Dawn Colameta retired. Priya is still an active employee no payouts, except for health insurance opt-out last July which is the transaction you see here.
- **HR PROFESSIONAL SERVICES 01-152-2-5301: Already spent 85% of budget? Please explain**
Vendors: state, KGA, DROPOUT, Citizens (online payment)
Terri wrote that the Professional Services line is also drug testing. I suspect that some things are being booked to that line item that should be in another bucket in the budget. Will discuss with the department head and work on an operating budget transfer if necessary.
- **CITY CLERK OVERTIME 01-161-1-5130: Already overspent OT and still have another 2 elections (Nov and Mar)** The City Clerk overtime budget is not overspent, Sergio Cornelio has used less than \$500 of overtime, the reasons it looks overspent is because overtime was accidentally taken from the City Clerk's account instead of elections and has been subsequently corrected.
- **ELECTIONS ADVERTISING 01-162-2-5346: Will we overspend? 2 more elections?**
61.21% exp/original 15,000/spent 8,377.58/enc 1,704.88
Elections Advertising should not be overspent as the next election is a Federal Election and we advertise less for that than a municipal election. Also, Danielle Pietrantonio added that our advertising account is lower than expected because the City Council asked us to send out another round of postcards informing voters of their ward and precinct which we hadn't planned on doing because we sent postcards twice the year before. That round of cards came at a significant cost that we hadn't initially planned on spending.
- **POLICE DATA HANDLING 01-210-2-5318: Is this a contracted amount? One contract or multiple?** EPD has multiple contracts for data handling Vendors: Apex, SystemWorks, CDW, Delphi Technology, Dictations Sales, Advanced Electronic, MIPSS. Regarding the police item most of those are one time payments for the year for various systems that Police utilize handling data.
- **FIRE EQUIPMENT MAINTERNANCE 01-220-2-5240: Is this a contracted amount? One contract or multiple?** Multiple contracts, including state ones. Some of the vendors have

contracts, and some of the vendors do not depending on the state procurement requirements. Vehicle parts are the biggest expense.

- **ISD SOFTWARE 01-242-2-5580: Is this a contracted amount? One contract or multiple?** Vendors: OpenGov, General. This is 1 contract for OpenGov. OpenGov is shared by multiple departments, not only ISD. What you see listed as General is a separate bill for ClearGov the Reporting piece of the software.
- **DPW ENGINEERING STORMWATER EXPENDITURES 01-492-2-5230: 70% this year vs 26% last year in 1Q? To date, 71% of the FY '24 allocation for this account has been encumbered/expended**

In reviewing the FY '23 report for this account, 74% was encumbered/expended before unspent, but encumbered monies were zeroed out at the end of the year (please see attached PDF)

- **DPW PARKS AND CEMETERY LANDSCAPING 01-493-2-5255: Already spent 80% of budget?**
We have spent the contracted amount with this particular vendor. Our budget for the fiscal year was approximately \$600,000 for landscaping and materials and we will spend \$200,000 or so that vendor . So we are at 1/3 or so.
- **DPW HIGHWAY CONTRACTED SERVICES 01-495-2-5268: Already spent budget. Is this a contracted amount with one vendor?** We used this for rental of backhoe prior to using the funds toward the purchase of our new one.
- **PLANNING AND DEVELOPMENT PROFESSIONAL SERVICES 01-521-2-5300: What is this for? we already spent 85% of budget**

As shown on the Expenditure Report, \$250,000 out of the \$300,000 annual budget dedicated toward Professional Services was allocated to Stantec Consulting. Stantec was retained by the City of Everett to assist us in the zoning re-codification effort, an undertaking both discussed with and advocated for by the City Council during the FY2024 budget hearing for the Planning Department. The commencement date of this contract with Stantec was August 1, 2023, with an estimated completion date set for December 31, 2024. So, this funding allocation will cover the entirety of Stantec's involvement in this year+ project.

If Councilor Smith has any follow-up questions regarding this matter, please let her know that she can contact me directly. I will note, too, that both Stantec and Jonathan Silverstein (outside counsel retained by the City for numerous projects, including the Zoning re-codification work) will be making a presentation to the City Council regarding the efforts performed thus far for this project in mid-to-late January to showcase the progress made.

LIBRARIES EQUIPMENT REPAIRS AND MAINTENANXCE 01-611-2-5240: Is this a contracted amount? One contract or multiple? This is a Comcast utility bill for TV, Internet and telephone.