

**TOWN COUNCIL MINUTES
BUDGET/MANAGEMENT COMMITTEE
Town Hall Council Chambers
October 27, 2011 - Monday**

Present: Kenneth DiFazio, Chairman
Patrick O'Connor, Vice Chairman
Arthur Mathews, Councilor
Michael Molisse, Councilor
Michael Smart, Councilor

Also Present: Thomas J.Lacey, Councilor
Robert Conlon, Councilor
Brian McDonald, Councilor
Victor Pap III, Councilor
William McKinney, Chief Financial Officer
Richard Swanson, Town Auditor
George Lane, Town Solicitor

Recording Secretary: Mary Barker

Chairman DiFazio called the meeting to order at 6:30 PM.

Accounting for Southfield Mitigation Funds

This matter has been ongoing; the committee last met on October 11, 2011. The committee will review a spreadsheet designed by the Auditor for the purpose of tracking mitigation receipts and expenditures.

Auditor Swanson reviewed the sheet titled Host Community Agreement Mitigation provided to the committee. The spreadsheet reflects all revenues and expenditures of host community mitigation funds. He then reviewed the six entries booked in as revenue from June 2006 through October 2011. Funds in 2006 were booked into a 5233 Fund set up by the administration (\$1.3 million). Expenditures of these were for general park improvements and Legion Field (\$1,213,759). There is a balance in fund 5233 of \$86,241. The Mayor is submitting a measure to transfer this sum to a special stabilization fund. There was a brief discussion regarding the backup detail for the expenditures. The chairman asked that the spreadsheet be modified to show revision dates and it should note the total mitigation funds expected to be received, the unexpended total, the amount available to expend and to publish revisions/updates monthly. The committee will request that CFO McKinney provide a monthly statement from the administration for comparison purposes.

Auditor Swanson then reviewed the revenues booked in the General Fund since 2006. The total is \$1,730,419 and to date, only one measure has been presented against that money- Measure 11 118 – Legion Field for \$81,820, which passed, and leaves a balance in the fund of \$1,648,599. Most of this is booked in the general fund in the Mayor's

department.

There was an additional payment from LNR in 2006, outside of the mitigation agreement, which was booked into fund 5233 of \$1,380,000, which was then transferred to the general fund to balance the operating budget. It has been expended.

Auditor Swanson then reviewed the ban interest paid on the school boilers; three annual payments of \$52,000 have been made.

Chairman DiFazio asked that the spreadsheet be modified to show the \$1.38 million received and where it was expended (on non-capital projects, operating expenses).

Councilor Mathews noted that the \$1.38 million was in the amended DDA and was not earmarked for capital improvement. The sum intended for capital improvement is the \$13 million, of which \$1.3 million has already been received.

There was a discussion of what fund balances are now accessible and eligible to be transferred into a stabilization account and a recap of the spreadsheet design changes that the committee requested to simplify in order to make it user friendly.

Auditor Swanson then reviewed the second spreadsheet, which outlines the revenues and expenditures received in the Enterprise funds. \$1,235,000 was received in water and \$970,000 in sewer funds in 2011. There are no expenditures from these funds to date. The chairman asked for confirmation from the CFO that these funds are not technically mitigation, but received in a separate agreement made by the Mayor. The committee asked that the term “mitigation” and “Host Community Agreement” be taken out of the title of the spreadsheet and title it Southfield Water and Sewer Fees. Councilor Mathews recommended that it be named the same as what the Mayor is calling it in her budget. Auditor Swanson reported that they are referred to as Sewer Mitigation and water Connection Fees in the MUNIS system. This does not include usage charges to Southfield. There was a discussion of the agreements executed with Southfield for providing water/sewer services.

Chairman DiFazio asked that the Auditor collect information for the committee on the fee structure for water/sewer services, the fee structure for usages and the administrative costs/salaries provided to Southfield. Councilor Lacey asked for a breakdown of water/sewer fees/usage/services to support the town’s providing these services to Southfield. Councilor Mathews stated that the CFO has noted that unspent monies in the enterprise funds will fall to Retained Earnings (Enterprise equivalent of free cash), and also is dependent on the certification of free cash to expend. Auditor Swanson noted that funds coming in from Southfield are comingled with other receipts and sources will need to be identified separately in order to track them in MUNIS. There was a discussion as to whether a separate stabilization fund should be set up to track these also; Councilor Smart responded that if they should if they are booked as “mitigation”. Councilor Mathews asked the CFO to provide a copy of the Mayor’s agreement to the committee and that this part of the discussion be deferred until they have all had a chance to review it. Water and

sewer mitigation funds can only be used for water/sewer, but can be used for operating expenses. Auditor Swanson also recommended that any measures submitted going forward should be identified as mitigation source funding to track.

Chairman DiFazio also recommended that the next meeting include a discussion of the chart of mitigation items to determine status at present against the 2005 list. Auditor Swanson reported that he reviewed the 2005 list, ran it against the CIP plan and matched up projects, it is not easy to match up against the CIP. Chairman DiFazio noted that it is helpful to have the information to work with. He asked that if money was spent on any of the items on the CIP, it should be noted. Councilor Mathews stated that not everything on the CIP can be done at this time, as mitigation funds will not all come in at once, the list should be prioritized. Chairman DiFazio responded that he is merely noting that an analysis must include gathering the information on what has already been completed on the CIP. There was a discussion of the how the committee should review the list and prioritize. Auditor Swanson recommended that the committee draw a new list that incorporates current thinking but omits items that have already been completed.

Chairman DiFazio responded that whether funds have been spent on any item factors into the discussion; a new list isn't necessarily needed and then let the full committee come to a decision. Councilor Molisse and Smart agreed that a new list should not be done; many hours of deliberation went into the original.

At 7:35 PM, a MOTION was made by Councilor Mathews to RECESS the meeting and RECONVENE at the close of the Town Council meeting, and was seconded by Councilor Molisse. UNANIMOUSLY VOTED.

At 7:45 PM, Chairman DiFazio reconvened the meeting with Vice Chairman O'Connor now in attendance.

11 122-General Government Supplemental FY12 Appropriation - Reaffirmation

CFO McKinney reported that the action taken on measure 11-112 by Town Council to split the vote created an unbalanced budget and did not include the correct language. This measure is to correct that. The intent of the Council is to re-appropriate only \$518,000. The balance, \$800,000 is extra revenue and sits in the account. Without further action prior to setting the tax rate, it will fall to free cash next year.

Councilor Mathews noted the intent is to reaffirm the vote to appropriate only the Chapter 70 funds to the schools and to correct the language. He noted availability of the balance of the funds will depend on action taken on measure 11 123. Once a stabilization account is set up, if that is the action of the Council, a further supplemental budget can be presented.

A MOTION was made by Vice Chairman O'Connor to forward item 11 122 to the full Town Council with a recommendation for favorable action and was seconded by Councilor Molisse. UNANIMOUSLY VOTED.

A MOTION was made by Vice Chairman O'Connor to CONSIDER item 11 123- Creation of Special Purpose Stabilization Fund, as a late agenda item and was seconded by Councilor Molisse. UNANIMOUSLY VOTED.

11 123-Creation of Special Purpose Stabilization Fund

CFO McKinney reported that this measure is to set up a stabilization fund for the purpose of funding capital improvement projects. The account will be seeded with the \$86,240.84, which is the unexpended balance in Fund 5223. This measure requires a two-thirds vote of Council to put funds in and to expend them.

Chairman DiFazio noted the selection of the type of account has been an ongoing discussion at committee. The committee had not taken a vote as to the type of account, however; most members were in favor of establishment of a stabilization fund. The \$86,240.84 is the total amount available to put into the account at this time and was confirmed by the CFO. The committee is near completion of a spreadsheet to track these funds, and which will be circulated to the full Town Council.

Vice President O'Connor complimented the Mayor for presenting this measure. He appreciates the security of the two-thirds vote required which should ensure that the funds are used to meet the critical capital needs of the town. He also praised Councilor Lacey for his role.

Councilor Mathews noted that the funds going into the account are the balance of the \$1.3 million received in two payments from LNR in 2006, which originally were provided for capital and recreational projects. It currently sits in a 5200 account that does not require a vote of Council to expend. This measure does not require a public hearing since it is merely a transfer of funds from one account to another; however, the use of future revenue, whether from free cash or any additional supplemental budget, will require a public hearing. Chairman DiFazio noted that although the funds expended from the 2006 payments were spent by the previous administration without the vote of Council, they were in fact applied towards items on the mitigation list- Legion Field and general parks improvements.

Councilor Mathews noted that the use of the balance of \$800,000 in a supplemental budget this year is predicated on the occurrence of the following events:

1. The vote on measure 11 122 must be reaffirmed
2. Measure 11 123 must pass at the next Town Council meeting

CFO McKinney reported that the funds received in December 2010 (\$821,000 and \$21,000) are not available until free cash is certified. Monies from the reserve fund have already been spent on Legion Field in measure 11 118.

Councilor Conlon thanked Councilor Mathews for bringing clarity to the discussion. Councilor Molisse thanked Councilor Lacey for the work he put in to getting this measure forward. He appreciates that now there will be a vehicle to track the funds. Councilor McDonald applauded the committee and the Mayor for working

collaboratively on this matter. Councilor Smart asked the CFO if deposits to the account also requires a two-thirds vote. He asked if future payments from LNR will automatically be put before the Council in measures by the Mayor. CFO McKinney responded that he couldn't speak for the Mayor. Councilor Smart asked if the committee could get something in writing from the administration to that effect. CFO McKinney noted he intends to continue to provide information to the committee as payments come in. Councilor Mathews asked that the Auditor continue to track everything for the Council as well. Chairman DiFazio thanked Auditor Swanson for the work accumulating the information the committee requested.

Solicitor Lane reported that he reviewed MGL Ch.40, §b, and the operative language is consistent with what the CFO reported; that any funds transferred in or out of a stabilization fund must be appropriated in or out. The committee should anticipate a measure from the Administration.

Councilor Pap echoed the comments of the other Councilors in regard to accountability and transparency and noted the late councilor Paul Leary would be pleased with what has transpired.

A MOTION was made by Councilor O'Connor to forward item 11 123 to the full Town Council with a recommendation for favorable action;

"That the Town of Weymouth transfers the sum of \$86,240.84 from Fund 5233-LNR Settlement into a newly created Special Purpose Stabilization Fund in accord with MGL Ch.40, §b for the purpose of funding capital projects."

This was seconded by Councilor Mathews. UNANIMOUSLY VOTED.

OTHER BUSINESS

CFO McKinney provided the committee with an update. Over the last few months the Council has approved several bond issues for various projects. The town has gone out to borrow \$10,993,000 and with an improved credit rating received a favorable 2.23% interest rate. Additionally, refunded bonds resulted in a savings to the town of \$250,000-300,000.

ADJOURNMENT

At 8:15PM, there being no further business, Councilor Molisse made a MOTION to ADJOURN the meeting and was seconded by Councilor Smart. UNANIMOUSLY VOTED.

Respectfully submitted by Mary Barker as Recording Secretary

