

**TOWN COUNCIL MINUTES
BUDGET/MANAGEMENT COMMITTEE
Town Hall Council Chambers
November 9, 2011 – Wednesday**

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

Also Present: Thomas Lacey, Councilor
Robert Conlon, Councilor
William McKinney, Chief Financial Officer
Richard Swanson, Town Auditor
James Clarke, Director of Planning & Development

Recording Secretary: Ann Flynn Dickinson

Chairman Kenneth DiFazio called the Budget/Management Committee Meeting to order at 6:30 PM.

Accounting for Southfield Mitigation Funds:

Chairman DiFazio invited Auditor Swanson to review the spreadsheet referred to as "**Host Community Agreement Mitigation**". After review of this first spreadsheet the format was agreed upon. Under RECAP the total of \$10,229,581 labeled as 'Total Remaining' to be paid will be coming in. Under the middle RECAP column are funds labeled 'Portion available' to appropriate in the amount of \$891,739 (2) and 'Portion not available' for appropriation in the amount of \$843,101 (3) which will not be available in fiscal 2012 free cash. Under the column of "Summary of General Fund"(B): labeled "Balance in general fund" in the amount of \$1,648,599 has been booked into the Mayors budget to appropriate in the future.

Vice Chairman O'Connor recapped the spreadsheet to confirm his understanding and reiterate to the Council of how the final numbers were attained.

Councilor Mathews likes CFO McKinney's spreadsheet as well and would like him to continue to issue on a monthly basis to the Town Council.

Councilor Molise referred to page two of the spreadsheet titled "**LNR Payments for Water & Sewer Fees, Other and Ban Interest**". He wants to be clear that Water is account 6201 and Sewer 6101—he questioned the name of the funds and if they are deemed mitigation funds.

Auditor Swanson performed an overview of the layout of this spreadsheet.

Vice Chairman O'Connor made the recommendation that the column labeled "OTHER" be changed to read "One Time Payment".

Councilor Lacey fully supports what Mr. Swanson has recommended.

Chairman DiFazio invited CFO McKinney to the table to discuss the origination of the numbers on the spreadsheet.

CFO McKinney said it has to do with the agreement that was sent out related to phase 1A. Like any business it has to pay a mitigation fee to connect and is then charged for usage. There is also an agreement for 1B when they get to that point. Once this is done they are also still paying the rate for usage.

Chairman DiFazio wants to make sure he understands there is a one time fee for connection and then \$10.00 per gallon on usage.

CFO McKinney confirmed that this is based on the number of bedrooms and bathrooms. Once they reach phase 1B the town can expect another payment.

Chairman DiFazio stated that Mr. Swanson believes this money should be segregated into its own retained earnings account.

Councilor Mathews recommends Mr. McKinney verify this with DOR to make sure we can set up a stabilization fund within a stabilization fund.

Councilor Mathews questioned if, on the sewerage side, if the infrastructure in place could not handle phase A& B on the capacity. He cites the District 3 Avalon Ledge project-noting that the town had an option to pay mitigation money or to fix the pipe. If we had paid the money and the town did not fix the pipe, the town would have had to pay for the pipe.

Chairman DiFazio agreed he is going to ask for a stabilization fund.

Councilor Lacey asked if the funding, indicated on page two could be placed into the proposed special stabilization fund.

Chairman DiFazio stated that he did not believe so as the two figures are different.

Councilor Lacey asked Mr. McKinney for the titles that we are using for mitigation monies.

CFO McKinney responded that it has to stay, like water and sewer rates, within the enterprise fund.

Councilor Lacey states it is the same as the utilization that we get from our residents.

Chairman DiFazio states he will entertain a motion to take the second sheet and leave it for further discussion at the next meeting and not issue it to the full Town Council.

Chairman DiFazio entertained a motion regarding page 1 on Auditor Swanson's spreadsheet final publication on a monthly basis to the full Town Council.

Vice Chairman O'Connor motioned for favorable action to move on page one of the Town Auditor's Host Community Spreadsheet and that this document is updated by Auditor Swanson. Additionally, moving forward that new information is recognized, when available, and updated on a monthly basis-to be distributed in conjunction with the reconciling Chief Financial Officer version as well.

MOTION was seconded by Councilor Smart. UNANIMOUSLY VOTED

MITIGATION LIST

Chairman DiFazio envisioned reviewing the mitigation item list and suggests that each item is reviewed.

Elder services van for \$35,000 was addressed and the question of need arose.

Councilor Molisse stated that Elder Services is in need of this van for transportation purposes.

Councilor Mathews recommends asking the administration to obtain a replacement cost to the van.

CFO McKinney was excused from the table.

Civil Defense vehicle for \$28,000 was addressed.

Councilor Smart is not concerned with the purchase date, but that does not take away from the need for replacement. He requested that this item remain on the list. Civil Defense is certainly going to be needed now and in the future.

DPW Catch Basin \$110,000
Street Sweeper \$185,000
Street Sweeper \$125,000
Utility Vans \$48,000
DPW Dump Trucks \$285,000
One Ton Dump Truck \$84,000
Columbian Square Restoration \$2m
Design of Middle/Washington Street Design \$15,000
Sidewalks \$400,000
Libby Park Road Repair \$400,000
Fogg Library Improvements \$430,000
McCulloch A/C \$125,000

Councilor Mathews asked for a determination from the Construction Steering Committee.

Teen Center Flooring \$25,000
Tufts Improvements \$60,000
School Carpeting \$150,000
Pingree Boiler \$120,000
General Paving \$500,000
Chapman Boiler \$1,150,000
Parks Five Year Plan \$3,500,000

Councilor Mathews states that this is where we get into a discussion in a future meeting with Auditor Swanson to see where the funding may come from, possibly the 5233 account.

Legion Field Restoration	\$2,000,000
Wessagussett Beach Rehab	\$110,000
Great Esker Improvements	\$30,000
Pond Meadow Park	\$30,000
Field Signage	\$10,000
Fulton School Playground	\$30,000
Town Cemeteries	\$20,000
Communications /Public Safety	\$300,000
Computers	\$75,000
Defibrillators	\$16,000
Infra-red Goggles	\$15,000
D2	\$50,000 (need further information)
Swamp River SNUP	\$60,000
Whitman's Harvester	\$120,000
Storm Water Management	\$110,000
Great Pond Treatment Plant Study	\$100,000

Councilor Mathews asked that the last item be removed as, it has already been built.

Band Uniforms \$75,000

Councilor Mathews believes the band has already received the uniforms. Further information is required.

Pond Plain Improvement \$75,000

Chairman DiFazio thanked everyone for their participation and will issue a summary of these items.

MOTION was made to recess the Budget/ Management Committee Meeting at 7:30 PM by Councilor Mathews and seconded by Councilor Smart at 7:30 PM - UNANIMOUSLY VOTED.

Councilor DiFazio resumes the meeting at 8:20 PM.

11 127 Appointment to the Conservation Commission, David Ericson, Jr.

Councilor DiFazio invites David Ericson to the table. Mr. Ericson's letter and resume have been submitted.

Councilor Mathews asked Mr. Ericson if his company has ever come before DEP.

Mr. Ericson states that it probably has.

Councilor Mathews recommends this measure be reviewed by the before the State Ethics Commission to insure no conflict of interest for any parties is involved, past or present.

Solicitor Lane states that he needs to meet and make sure there are no potential grounds for any conflict.

Councilor Mathews recommends looking for a disclosure for the file. He has no issue with Mr. Ericson's qualifications, his only concern is with his previous or current employers going before DEP.

Chairman DiFazio states he would entertain a motion by one of our committee members to postpone discussion on this until a future meeting.

MOTION was made by Councilor O'Connor, and seconded by Councilor Molisse, and UNANIMOUSLY VOTED.

A **MOTION** was made by Councilor O'Connor to take **11 128 Appointment to the Housing Authority, Helen Maloney** out of order. Seconded by Councilor Molisse and voted unanimously.

11-128 Appointment to the Housing Authority, Helen Maloney

Chairman DiFazio invited Ms. Maloney to the table.

Ms. Maloney previously worked for The Housing Authority for 15 years. She has an Associates Degree in Business Management and understands the working systems of the Housing Authority.

Councilor Molisse thanked Ms. Maloney for applying and all of her past service.

Councilor O'Connor agreed that this is a great appointment.

Councilor Conlon is very impressed by Helen's past involvement in the community, particularly her role in the Weymouth Housing Authority. He is concerned about having a safe and secure environment especially for the elderly. The Patriot Ledger did a series on situations in housing in Quincy and Weymouth. There was mention of criminal involvement in Quincy and not in Weymouth. The paper confirmed to Councilor Conlon that there were no criminal problems to report in Weymouth.

Councilor Mathews also stated what a great asset Ms. Maloney will be and thanked her for volunteering.

MOTION was made by Councilor O'Connor, seconded by Councilor Smart and voted unanimously.

Councilor Mathews asked Ms. Maloney which would be a better date to appear before Council- the 14th or 21st.

Ms. Maloney replied that the 14th would be better.

A **MOTION** was made by Councilor O'Connor to take **11 125 Tax Classification Fiscal Year 2012** out of order, seconded by Councilor Smart and UNANIMOUSLY VOTED.

Chairman DiFazio invited the Board of Assessors, Paul Haley and Pam Pantermoller to the table.

Mr. Haley reviewed the spreadsheet for tax classifications for FY2012. He explained that we had our full re-evaluation last year, this year is an interim evaluation.

The property values in the town have stagnated in their decline. We have seen quite a bit of a decline over the last few years. The condominiums have continued to decline about 1% last year commercial industrial about ½ % in overall value. The town has had some new growth and we are seeing around \$644,000 in tax revenue from the new growth.

Page two of the packet indicates in the overall tax burden from among classes, residential homeowners in the town would endure 84% of the overall tax burden--with Commercial 9%, Industrial 5%, and personal property 2%. The burden has shifted in the last couple of years from resident to commercial and industrial to a 50% percentile. The Board of Assessors are recommending that once again for FY2012. Residential would increase by .40 cents but they believe this shift is very manageable.

The 50% shift is reasonable. The maximum under law for this year would be 52%.

Councilor Mathews questioned if we went to a 50% shift in residential what the cost per 1,000 would be.

Chairman DiFazio commented that values stagnated, decreased, then stagnated. It looks as though the tax rate has increased by .45 cents per 1,000. Comparing that to the tax data over the last 5 years he questioned if this amount is significant.

Mr. Haley refers to the third page of the data, Weymouth is overall one of the most affordable communities in the area.

Vice Chairman O'Connor states that compared to other communities our tax rate for commercial and industrial per 1,000 is quite equitable.

Councilor Pap thanked Mr. Haley and Ms. Pantermoller for their patience. He has a question regarding condominium evaluations --are we getting ready to look at the formulas that occurred from DOR about 3 -4 years ago. He understood that was cyclical, and is wondering if that is going to take place again in order for us to catch up.

Mr. Haley stated that the only reason we experienced that before was because of the property on the waterfront. They were seeing a major appreciation in that class of properties. He believes the values have been reviewed by DOR preliminary and there should be no dramatic increase.

Councilor Pap states his concern is for the condominium values which have not dropped 1% but 50%. So we continue to pay a higher tax rate on lower valued properties at a time when we cannot afford it. Councilor Pap asked if there is a re-evaluation on the horizon from DOR or if the Town Council is able to initiate one.

Mr. Haley states there will be a full re-evaluation in 2015.

Councilor Pap thanked them for their time and was very interested in this because he is a condo owner.

Councilor McDonald inquired as to the largest tax payer in town—Sithe Energy Plant on the Fore River and why are they the largest tax payer in the town. This is an incredibly valuable facility.

Ms. Pantermoller states they are under a 20 year agreement- of which there are 8 years left.

Councilor Lane stated it takes both sides to reopen agreement.

Councilor Smart questioned comparatively how our declines compare to our neighbors declines.

Ms. Pantermoller stated that the surrounding neighborhoods like Quincy are not at the point where we are. There is not enough data to support a finding at this time.

Ms. Pantermoller will find out information and forward it before the next meeting

Councilor Mathews states with respect to the figures showing Weymouth being one of the lowest tax brackets we should be promoting that we have one of the lowest tax rates in the area.

CFO McKinney commented that this information is on the web site.

MOTION was made by Vice Chairman O'Connor to refer **11-125 Tax Classification Fiscal Year 2012** to Town Council for favorable action and seconded by Councilor Pap and voted unanimously.

11 124 General Government Supplemented Supplemental FY12 Appropriation

Mr. McKinney presented. We are looking for \$1,331,541 additional dollars as part of the supplemental budget that the governor signed at the end of Oct. It restored local aid cuts to all cities and towns in MA for a total of about \$65,000,00 our share was \$533,265. That money just came into the bank on October 31st. As far as the expenses, all are the same as earlier except for \$843,101 that's also in the bank we can raise and appropriate that into this year's budget.

Chairman DiFazio commented on the revenue side the \$843,101 looking at spreadsheet those were deposited in 2011.

CFO McKinney stated those were this fiscal year after July 1.

Chairman DiFazio questioned the total \$843,101. He believed that money could not be deposited until next fiscal year. Mr. McKinney stated that unless we appropriated it.

Chairman DiFazio questioned the remaining \$1,000,000 in the General Fund-- \$1,648,599 minus the \$843,000. Mr. McKinney stated that these are free cash, which was certified today.

Chairman DiFazio questioned if there will be a measure coming forth with a motion to place that portion in a stabilization fund.

Councilor Mathews said he is assuming it is falling to free cash.

Chairman DiFazio stated that he and Mr. Swanson were under the impression that 2011 monies could not be touched until next year and the monies that should have been deposited first are the first items \$829,676 and \$57,642.

Mr. McKinney explained that is because this money just fell to free cash. This would fall to free cash if it is not raised and appropriated at this point. He wanted to capture everything as quickly as possible so it could be used as quickly as possible.

Chairman DiFazio asked that when the supplemental budget was first brought forth, the argument that we would not be able to use funds until next year was discussed, he is wondering if that is now a non issue.

Mr. McKinney confirmed that this problem has gone away because we ended up getting additional state aid which basically satisfies everybody.

Chairman DiFazio stated the argument that was made was that we needed to have that first supplemental budget and it was a method of being able to take the 2011 deposits and use them now.

Councilor Mathews stated it is all a chain of events. We have to have backup, once the accounts are established then we can deposit the funding. However we got there, we are there now and he is satisfied that it is going this way moving forward. The account is created and we have another measure to deposit an additional \$843,000 and then when we can move forward again as it was just confirmed that free cash was certified today.

Auditor Swanson mentioned all mitigation monies that we receive will be transferred accordingly.

A MOTION was made by Vice Chairman O'Connor and seconded by Councilor Molisee for referral to the full Town Council with favorable action on **11 124 General Government Supplemented Supplemental FY12 Appropriation**. UNANIMOUSLY VOTED.

11 126 Establishment of an OPEB Liability Trust Fund

CFO McKinney stated he has attached MGL Section 20 of Chapter 32B as far as what needs to be done to establish an OPEB liability Fund. As was mentioned during the audit last year from FY10, our OPEB Liability as of January 1, 2007 is: the actuarial accrued liabilities \$195M, zero money to offset that liability. It is currently mandated that we currently fund our pension over the next 25-30 years, but unfortunately health insurance costs are going to cost more than our pension because the current split it is unsustainable. We need to begin to set some money aside because eventually the governmental Accounting Standards Board is going to require us to fund that.

CFO McKinney confirmed that he is performing an actuarial study to update the one done from January of 2007, which should be completed by month's end. The next step is to submit to PERAC for their approval, at this point we can begin to fund that Trust.

Councilor Matthews asked to look long term at future new hires so we can formulate that new employees would not be on the same system that we have now. He suggests establishing a different mechanism to sustain the future with respect to healthcare costs.

CFO McKinney suggests that employees could be not entitled to health insurance until the age of 65 and eligible for Medicare, or if one retires at 55-the Town would only have to contribute for example 20%.

MOTION was made by Council O'Connor and seconded by Councilor Smart to refer measure **11-126 Establishment of an OPEB Liability Trust Fund** to the full Town Council with favorable action.

UNANIMOUSLY VOTED

MOTION was made by Vice Chairman O'Connor and seconded by Councilor Smart to adjourn at 9:25 PM

Respectfully submitted by Ann Flynn Dickinson

Approved by Chairman Kenneth DiFazio