

**MINUTES OF THE TOWN COUNCIL  
ECONOMIC DEVELOPMENT COMMITTEE  
Town Hall Council Chambers  
September 3, 2013 - Tuesday**

Present: Francis Burke, Chairman  
Thomas J. Lacey, Vice Chairman  
Jane Hackett, Councilor  
Patrick O'Connor, Councilor

Not Present: Brian McDonald, Councilor

Also Present: Susan M. Kay, Mayor  
George Lane, Town Solicitor  
James Clarke, Director, Planning & Community Development  
David Tower, Water Superintendent

Recording Secretary: Mary Barker

**Discuss actions and Next Steps Specific to Official State Audit Report of South Shore Tri-Town Development Corporation-Mayor Susan M. Kay will be attending**

Chairman Burke called the meeting to order at 6:15 PM. The Mayor and CFO were invited to the table to continue a discussion which began on August 5, 2013. Chairman Burke noted the audit was a scathing report of operations at Southfield, which is a critical development to Weymouth, Abington and Rockland. There are two members representing Weymouth on the Board of Directors, and the findings are disturbing.

The purpose of the meeting is to include administration and Council and determine what steps to take going forward as a united front. He reported that the item was referred to the committee by Councilor Lacey and turned the discussion over to him. Vice Chairman Lacey summarized that the Council is concerned with several specific issues in the state audit report and the performance of Tri-Town: no water or sewer plans to date, a lack of follow through on requests to appear before the board, and issues raises around spending and overall leadership, which the audit compounded. The committee agreed it could play a driving role and take the necessary steps. This meeting is to determine whether there is alignment between administration and the Council. Chairman Burke asked what the Mayor's take is on the audit and what Weymouth should be doing; whether a partnership between Administration and the Council exists or not.

Mayor Kay responded that she was not surprised by many of the issues that came out in the audit. In a positive light, it did bring things forward. Concern as to the outlook went as far back as prior representation on the board at Tri-Town with part-time involvement and no revenue stream. It was supposed to have been a two-part partnership, Tri-Town and the developer. Representative Mariano has met with them and the MWRA. The Mayor has met with them many times to provide what she believes is a comfortable position for Weymouth to be in. She does not believe they can support the full build-out. The town of Weymouth can supply a certain number of gallons however and she expected there would have been some partnership, which didn't come to be. Beyond that, she is questioning where the revenue is. She referred back to the 1998 Reuse Plan, which was a land reuse plan with a strong commitment to economic development and job creation. It was the only reason, in her opinion, that the Navy turned it over, FOST 1 and 2 at a no-cost EDC.

In 2005 the plan was still a reuse plan, acknowledging some changes in the conditions, which would have been: increased traffic, smaller growth principles in the development site, mixed use directives, and preservation of open space. The purpose of the legislation in 2008 was "to establish a public corporation with full powers and full authority to carry out goals such as fully develop the site in

accord with the reuse plan, benefit the three towns, create incentives to attract businesses, promote expeditious and conversion of the site for non-military purposes, and that included commercial, industrial and housing”.

Mayor Kay additionally noted it also included the transfer of all of the property on site. She said it is reasonable to conclude that when it commenced in August of 2008, it did not accommodate the setback from the recession of 2008. For a time it was not forefront on the minds of the town since there was no money going in and they had a developer on hand and kept waiting for the developer to begin. Neither entity did, and that being said, she addressed what revenues can come in and can it be successful. It wasn't until August 2010 that DOR certified a tax rate; at which time they were able to issue tax bills. There was not significant revenue prior to then. That revenue was about \$800,000. FOST 3-6 transfer was completed on December 11, 2011.

South Shore Tri-Town agreed for a period of seven years following the conveyance that “proceeds must be used for long-term economic development” and that went down the road of offset costs investment, road construction, transportation, storm water, police and fire, utilities etc... LNR agreed to assume certain of the corporation's responsibilities under the purchase agreement and that included developing the base.

She reminded the committee that the audit represents the activity for the period from 2008-2011. Since then, 600 residents are on the base; there is an East/West Parkway, although incomplete, and there are certain services going forward. She does not believe that this is enough and stated that the project should have moved quicker. The economy was a factor, but only a small one. She does not believe it was the communities' responsibility. There was a plan in place and two entities negotiating. She was never privy to the DDA, where all the legal money was expended. That's where the agreement came between the two entities, but the audit did not discuss the developer at all- a clear admission.

She is glad the audit brought out many areas that require attention and it would appear from the response comments by Tri-Town that they are attending to the issues. They have reduced the amount spent on consultants. She noted the host community payments: Weymouth has received \$4,967,188; Rockland \$2,464,789 and Abington \$737,691. The communities have received some revenue, although not likely what they should be receiving and she would have preferred to have seen it on a faster track. The development was supposed to have been fully built out by 2014 and she is disappointed.

Mayor Kay further stated that going forward; there is a new developer who does not like the plan and doesn't think it will succeed and wants to put forth new ideas, to which she is willing to listen. She is a little hesitant as to why a developer would come in, commit money knowing what they are buying into, and want to change the entire plan. She is cautious of that, but is willing to wait until that happens in October. She asked if she ever thought a part time Board, consisting of five members, could have been successful developing side by side with full time people who had an advantage over them on the long term-- she did not. The Mayor confirmed that this was in the enabling legislation and in the documents. She does not believe they should go forward differently just because of the audit, or because they are all tired of it. She suggested they go forward with a good plan in place.

Vice Chairman Lacey appreciated the insight from the Mayor's perspective. He was a strong supporter of the plan in 2005 and has patiently waited for the build out, but is troubled that Tri-Town is not abiding by the mandate to manage the build out with the number one priority to return revenue to the three towns. There is a former Selectman on the Board of Directors who has been invited to appear to no avail, and his personal opinion is that it shows a lack of respect to the town of Weymouth. Councilor Lacey noted that there is no water or sewer plan in place still eight years later, and attributes the lack of commercial development to this. LNR asked for relief in the form of less commercial and more residential units. There were mandated triggers in place; specific items needed to be completed before the next phase begun. He is worried that there are no parks or fields for any

of the towns and noted the need of a show of good faith to the towns. He is worried with what the project will look like in ten years and does not want to see a residential project with no commercial development. Directionally, and with the amount of money spent on consultants, with no plan, concerns him. Based on what has been expended on consultants, he believes they are focused on the wrong priorities and hindering what should have been a wonderful opportunity. Councilor Lacey has no faith in the leadership.

Mayor Kay reviewed the water and sewer allotments which were phased. She has kept a keen eye on it and she reviewed what was allowed in phase 1 A&B. She then reviewed the historical metered usage when the Navy was there. The annual water sewer billings were reviewed. The plan anticipated the need for 1.3 million gallons per day with full build out (and a larger commercial or biotech base) and they are comfortable with 500,000 per day – permitted and safe yielded at much higher. They want a good cushion. They probably want to come in at about 900,000 per day, which will require another entity, maybe a cooperative effort that Weymouth could be a part of. She would like to be able to pay for the water treatment plant without raising water rates to the community. The Mayor has concerns with supplying water to the base and responsibility for maintaining the infrastructure.

The town wants to be involved as far as selling water and would like to do more. The Council has been specific regarding securing a permanent long term agreement and she agrees and wants to be a part of the discussion.

Councilor Hackett questioned if the town is providing less water now than when the base was commissioned. Mayor Kay responded yes. Councilor Hackett asked if the Navy was charged at first or second tier water rates. Mayor Kay responded she was unsure. David Tower responded that it was at the second tier and there are two master meters to the base. They are treated the same now and billed like any other customer in town. With the Navy, they were not being charged a 5% premium. The cost of the infrastructure is distributed amongst the residents of Southfield and their bills are higher accordingly. The add on costs for a consecutive system required the costs to be passed along. DEP required them as a consecutive system to hire their own operator, and hiring of an outside company to conduct water sampling. They must adhere to the same rules and regulations as any other water provider, and as a result have hired outside consultants. It was noted that Southfield reads their own meters and Weymouth sends a master bill to Southfield.

Mayor Kay noted that she found it disturbing that South Shore Tri-Town was required by DEP to go into an enterprise system with no transitional period. He believes they should have been allowed to have a few years to build up first. An enterprise fund is all fee driven and there were ten homeowners. Weymouth can do it with a cushion because they have the larger fee.

Councilor O'Connor noted that his comment when he first read the audit is that Kevin Donovan should resign. He holds to that opinion, not simply based on the audit findings. He highlighted the lack of response to appear before the committee and the Council in three years, the police and fire negotiations that didn't go as they should have, and the letter that was sent to the entire Council when the school component was determined for the amount of the payment to the town of Weymouth for each child that lives in Southfield. It was clear they were trying to cut corners as they saw fit to not provide ample funding for the town with per pupil expenditure and not getting the Chapter 70 reimbursement. He found the most disturbing part of the entire audit was that the process through the years of the audit period (2008 – 2011) were attempts to get a zero cost transfer while spending money on consultants and lobbyists to the tune of over \$1,000,000, and then in the later years, not being able to get a zero cost transfer. They then spent money on lawyers to negotiate and sign the agreement the town had made with the Navy to purchase the land—he believes it was played badly procedurally. Councilor O'Connor stressed that there were no contracts (or few contracts) reflecting any of the money expended, the scope of work, or specific hours and charges for the work. This translates to him that it was played wrong from trying to obtain the land and spending millions to, at the other end, having no accountability for where the money was spent.

Mayor Kay responded that her recollection when FOST 1 and 2 came over as a no cost EDC, the Navy specifically looked at a plan that was supposed to generate commercial use, and thereby creating jobs. That's what their mantra was; as they wanted an economic value coming back to the communities; and that is why the Mayor believed that Tri-Town didn't have anything to do with it--it was the Navy not giving it because of the plan. When the plan changed and became much more residential, that's when the Navy determined it would be at a cost.

Councilor O'Connor responded that he recollects the Board appearing before Council and multiple times referenced zero-cost transfer. Reviewing the list of firms who received funds that he obtained from the audit, it is clear many are government types who were sent to Washington to obtain the zero cost transfer. He still believes in the project and thinks everyone in Weymouth still wants to see it succeed, but in order to do so it's necessary to bring back the local component. The Board of Directors has allowed the CEO and CFO to control the development and he believes that the intent of the enabling legislation was that the Board of Directors would be in charge over the CEO and CFO. Inside of the enabling legislation, the Executive Director would work for and report to the Board of Directors who would then be compensated for their time. The local component needs to be brought back and the Board expanded to include a resident of Southfield (since they are the ones most vested in the project); the CEO and CFO's power should be limited.

Councilor O'Connor further stated that it's imperative to bring in the Council, and Boards of Selectman from Abington and Rockland, to provide further oversight to what's been going on and brought to light in the audit. He commended Vice Chairman Lacey and Chairman Burke for holding these meetings as there are unanswered questions by many Councilors and the Board refuses to come before them. They are at a time where they should be talking about the Starwood Property deal, its' impacts, what the town can sustain for the project and what the residents think. All of this while the audit is still talking about water, sewer, East/West Parkway. The status quo isn't working and hasn't and is exposed. There needs to be a change; they can move forward without it but he would prefer there is a change; sweeping revisions that includes giving the residents of Southfield a voice on the Board. Further getting control of the board back again and oversight at Council level to make sure expenditures to consultants, lobbyists and lawyers without contracts does not recur.

Mayor Kay noted she did not disagree with many of Councilor O'Connor's assertions. She has long believed there should have been representation from the residents of Southfield on the Board. In fact, she has appointed a resident to the Advisory Committee. She also believes also that there needs to be changes, although maybe not as widespread as Councilor O'Connor suggests. She believes the main point is to look at all of the documents, as they are in conflict with each other. The biggest problem is the representation without taxation--consider that residents who live on the base vote for Councilors and the Mayor, but they don't vote for members of the Board of Directors for SSTTDC and that's who their direct representation is. Changes do need to be made; she isn't sure they need to be so radical. She has seen resident growth since the audit and there has been movement on the parkway, and at least some discussion on some commercial items. She isn't ready to throw that out yet, but is open to listening to what the new developer has to offer and she totally agrees with more community involvement.

Chairman Burke noted that since this issue was referred in August to the committee and the parkway was dedicated and opened, there have been calls from Representative Mariano that he wanted to expand the oversight. The audit pointed out that there was really no oversight by the Board of Directors as far as reigning in the CEO- at least they didn't see any evidence of that. Representative Mariano was looking to get greater oversight and maybe even state oversight-- since state money is also involved. There were also letters in the newspaper stating that rather than changing the enabling legislation, the land be turned back over to the three towns to allow them to develop the base as they see fit. He asked the Mayor for her thoughts on this.

Mayor Kay has spoken with them on this; she noted that the debt that would be incurred by the

towns in such a move would be outrageous. They can't bring anything negative back to the communities. The negotiations for public safety were harried, but the town is compensated for every minute spent there. She is opposed to giving up local control after the work that has gone into the project; if there is a modification that will work for all, then she is in favor of exploring it and they have extended the term.

Chairman Burke noted extending the term will make it more permanent. He is in favor of inviting Mr. Donovan back and will request his presence. The comments he has read in the news has been that Mr. Donovan is waiting for something in writing, so Chairman Burke will put the request in writing. He would like their response to the audit and will also invite the town's representatives on the Board of Directors. He asked for the committees' availability. Mayor Kay offered that when a new proposal is put forward, they meet with the BOD's and the other communities as a group. Chairman Burke noted that Starwood will reveal its changes on October 7, 2013.

Councilor Hackett asked if there are service contracts in place for FY14.

Mayor Kay responded that public safety contracts are in place and that school contracts are in negotiation, but the money has been budgeted accordingly. Councilor Hackett asked if the bills are paid current. CFO McKinney responded yes.

Vice Chairman Lacey thanked the Mayor; while he does not share a lot of her positions specific to SSTTDC, he noted that per Councilor Hackett's question, they had money budgeted for education in 2011 (\$50,000) which was put back into the next year's budget. While the audit period is not the most recent, he does not believe that much has changed. He cited that SSTTDC irresponsibly voted, without holding a public hearing, to take \$700,000 of 2011 funds to put towards the 2012 budget. Councilor Lacey noted that this is money that should have been returned to the three communities and was done without public hearing, public input, dialogue, debate or documentation, other than the CFO's request to the Board and a unanimous vote. SSTTDC is spending recklessly and their goal is to, according to the enabling legislation: "That Tri-Town Corporation develop the base, maximizing the financial benefits to the host communities and in a manner that imposes no costs to the said towns for the provisions of police, fire, emergency, water, sewer and other municipal services". In his opinion, they are not performing that requirement.

#### ADJOURNMENT

At 7:03 PM, there being no further business, a MOTION was made by Councilor Lacey to ADJOURN and was seconded by Councilor Hackett. UNANIMOUSLY VOTED.

Respectfully submitted by Mary Barker as Recording Secretary

Approved by Chairman Burke