

TOWN COUNCIL MINUTES
Budget/Management Committee
Town Hall Council Chambers
December 19, 2011-Monday

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

Also Present: Thomas J. Lacey, Councilor
Susan M. Kay, Mayor
William McKinney, Chief Financial Officer
David Tower, DPW Business Manager

Recording Secretary: Mary Barker

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

Service Contracts-Naval Air Station

This matter was referred to the committee on November 21, 2011. The committee met on December 13, 2011 to discuss, and asked the administration to come before the committee to update on the status of any service contracts, and what information will be provided to the Council as it goes forward. Mayor Susan Kay addressed the committee. She noted there are no formal agreements as of yet. The fire chief has met with a fire department consultant for SSTDTC to get a sense of what the needs are for the town of Weymouth. The consultant has also met with Abington and Rockland. The same has occurred for police administration and SSTDTC to see what the needs are in that sector. No formal recommendations have been presented yet. The only message she has sent is that the town would benefit from any offer put forward, and there would be absolutely no detriment to the town. The transfer of land has now occurred and the onus is on SSTDTC to provide a safe environment on the base; it is no longer in the hands of the Navy. They will be moving going forward, and as the Mayor is informed, she in turn will notify the Council. Very little is being done on the base by the town now. They have their own inspectors. There are no negotiations set.

Chairman DiFazio asked if she would be amicable to reporting updates to the Council on a weekly basis. Mayor Kay responded that she did not think she could commit to weekly reporting but will notify the Council as developments warrant. Anything that comes forward will be passed along. Chairman DiFazio reported that he understands the Council has no authority to enter into agreements, but that it would foster communication and openness with the Council and the constituents by allowing the Council to see any agreements that would commit personnel or capital expenditures before they are executed or ratified with a third party entity. Mayor Kay responded that she will keep them informed through the Council president.

Councilor Smart asked the Mayor how personnel benefits will be considered in any short term employment agreements with SSTTDC in the event of layoff. Mayor Kay responded that collective bargaining likely will take place. Councilor Smart asked if SSTTDC has considered any time limits to contracts. Mayor Kay responded that it has not been discussed.

Chairman DiFazio reported that after the last meeting, the two-page report of concerns was forwarded to the administration on this issue, and particularly there is concern with the town's long term interest.

Councilor Conlon concurred with Councilor Smart and noted any contract committing to personnel should be long term. The liability for any worker injured on the base should be on SSTTDC and not Weymouth. Mayor Kay responded that Weymouth absolutely will not enter into any agreements with SSTTDC that negatively impact the town. She does not see any agreement for short-term services as beneficial to either entity. She suspects any agreements will be based on population and phased on that basis. Councilor Conlon noted that in bargaining, Weymouth has the advantage; SSTTDC needs Weymouth; Weymouth does not need SSTTDC. Weymouth needs to ensure its own interests and should be able to bargain favorably. Mayor Kay responded that it is not in anyone's best interest to enter into any agreement unless it is to the benefit of the town.

Chairman DiFazio noted the benefit would be the fees the town receives and the success of the plan at this point, everyone wants to see the plan succeed. As stated, though there are long-term concerns of the plan.

Vice President O'Connor noted that short term or interim agreements could be considered. Any costs should be absorbed within the departmental service contracts. He asked how long the town will provide the current level of service to SSTTDC, especially in light of the residences that will be opening up in the next few years. Mayor Kay responded that it is incumbent upon SSTTDC to provide a level of protection to their residents and adding residents will dictate agreements. The town still routinely patrols the base, and if a 911 call is made from the base, because they are still a part of Weymouth's system, Weymouth emergency personnel respond and Weymouth charges accordingly. Trash disposal is currently minimal and handled internally.

Memorandum of Agreement for Provision of Water and Wastewater Service

Chairman DiFazio reported that this matter was referred to the committee by Councilor Lacey. The committee met on December 13, 2011, at which time it was determined that an additional meeting was needed with personnel who were in a position to provide the information the committee was seeking on the MOA executed in 2008. Chairman DiFazio provided a draft to the Mayor with the questions brought up at the last meeting.

In response, Mayor Kay read a prepared statement. She also reminded the committee that many of the people who were a part of those negotiations are no longer working for the town (DPW director, CFO, Water & Sewer Superintendent, etc.):

“To set the basis of my answers to your specific questions, permit me the opportunity to provide some background information and a more concise method of clearly answering your questions.

Pursuant to their Enabling Legislation, the SSTTDC is a separate body politic like any other community in the Commonwealth. It is required not only to adhere to General Laws chapter 40 through 44, but unlike any other community, it must strictly adhere to its Enabling Legislation, its own Tax Plan, its unique financial reporting structure and its unique bonding requirements. We sometimes forget that.

As evidence of the unique position the SSTTDC is in, before they are able to submit a tax rate for approval to DOR, they must have their budget reviewed and approved by the Secretary of Administration and Finance. The Secretary is charged to review the budget as a result of the SSTTDC's requirement that it generate “new state revenue” sufficient to cover the costs for the East West Parkway. They have to generate \$2 million dollars a year for tax rate certification. It was \$1 million dollars this year. Furthermore, the SSTTDC cannot request a free cash certification until AFTER its annual independent audit is completed and filed with and reviewed by the DOR.

That type of reporting structure aside, it is informative to note that the SSTTDC has its own waste water permit and a permit as a public water supplier. These two permits are issued by the DEP and require SSTTDC to adhere to conditions that are in some way more stringent than those DEP conditions imposed by the DEP upon Weymouth.

SSTTDC must blend the requirement of the March 8, 2008 contract with Weymouth with the requirements set down by DEP. By way of comparison, Weymouth adopts the standard that each bedroom may use not more than 61 gallons per day set forth by DEP. To achieve this standard, substantial conservation measures are incorporated into its building code.

SSTTDC, as a separate “municipal” entity issues ALL permits for building and sub-trade applications for work to be performed within the borders of its jurisdiction. Weymouth has NO authority to issue such permits. Simply put, it was agreed that the SSTTDC owed the Town the following sums of money under the agreement Phase 1A: water conservation fee = \$1,235,000, sewer mitigation fee which is the impact on the system = \$970,000 and the sewer connection fee = \$679,000. The fee is calculated like all other residents: \$10 for 123,500 gallons/ \$10 for 97,000 gallons ad \$7 for 97,000 gallons per day. If a Weymouth resident came into us with a similar request, the same charges would have been levied.

When I executed the agreement in March of 2008, I did so with the understanding that building was about to take place at Southfield. The intention was that the payments would be made at the time building commenced. The severe downturn in the economy, actually began 4 months after this agreement was signed, and building did not even begin to take place until November of 2010.

However, in the Spring of 2011, builders were finally able to place advance sales. At my request, SSTTDC demanded payment of the conservation and mitigation fees and held up any occupancy permits until those sums were paid. The payment was made to Weymouth in May of 2011, with the Board of Directors help. LNR paid the sum. I believe the course of action was reasonable given the economic times and I stand by my decision. It has benefited Weymouth as evidenced by the large retained earnings in the Enterprise Funds.

The sewer connection is a different matter. These funds have not been paid to the Town. The builders made payment to the SSTTDC using the SSTTDC/DEP formula. I agreed that the SSTTDC would collect the money and transmit them from time to time after approval to expend has been granted in accord with the SSTTDC procedural requirements. Keep in mind, none of these requirements were in place when the agreement was executed by the Town. I understand this to be a lengthy and complex process, but it is one whereby SSTTDC is able to report on its compliance within its regulatory procedure and we are able to track ours. As of this date, there have only been 7 connections. The formula is the # of connections x the # of bedrooms x \$61 bedroom rate x \$7 fee. In the future, we hope to bill this quarterly. The amount owed is approximately \$4,000. The bill for all of Phase 1A totals \$697,000 and is due prior to the commencement of Phase 1B. This is strictly a monetary transaction between the parties. Once again, it benefits all.

The Town Council has long since known that all mitigation, conservation and connection fees are required to be accounted for as revenue to the respective Enterprise Funds. This process was established in 1997 and amended in 2001 with the blessing of both DEP and DOR. Council has reviewed those sections of the budget every year. We are proposing no change to that procedure. It has worked well.

As mentioned earlier, building permits are within the sole jurisdiction of the SSTTDC. I suggest that you make inquiry to them for first-hand knowledge of such matters.

*Currently, SSTTDC is treated as a single user of water. Their meters are read monthly and are invoiced monthly for service charges and user rates. As their rates normally exceed 27 units per month, they are charged at tier two rates plus a 5% premium. This does present a harsh result in that the tier two rate, plus the 5% premium, plus the SSTTDC operational costs would all be passed onto the individual residents on the base. **That means that a resident who uses two units at Southfield would be charged almost twice that which Weymouth resident would be charged using the same two units.***

One of your questions appears to misrepresent our DEP Consent Order agreement. The question implies that a 1 to 1 correspondence, that is to say for every one gallon of usage, there would be a \$1 charge. The DEP ACO agreement calls for \$10 charge for every one gallon of usage. That is what we charge. In addition, Southfield is charged a sewer connection fee of \$7 (\$7 charge for every one gallon of flow into the system) rather than \$6 (\$6 charge for every one gallon of flow into the system), which is the current status of our agreement with the DEP's Administrative Consent Order. It was \$7 in 2008.

Given the foregoing, to suggest that the SSTTDC is being charged less than a Weymouth resident as patently incorrect.

The Town has not identified projects that would fit within the requirements of mitigation payments. We are working closely with the SSTTDC to identify its needs and the best manner in which to perform that work. The ACO calls for work that would conserve water and to reduce the impact of flows on our system. We are required to perform work using these fees to comply with the ACO. We now comply with this requirement and we will continue to do so.

As you are aware, water and sewer rates pay for the cost of maintaining the distribution and collection systems. That upkeep forms the basis of the annual budget. All rates contribute to the upkeep. It would be virtually impossible to keep track of the impact of how each gallon in the system affects it. The Town of Weymouth currently uses approximately \$4,000,000; there is no way we can tell the impact of the 123,000 gallons promised. Their actual usage is approximately equal to 14,000 gallons per day and most of that is used for irrigation.

DEP monitors both Weymouth and the SSTTDC for compliance. I am confident that through ongoing discussions and monthly reporting, we are in compliance with all applicable regulations.

I trust this provides you with some information regarding the complex nature of the Southfield project and how we interact with them. I entered into this Memorandum of Agreement with SSTTDC with a primary interest of not only protecting the Town, but with the hope of either lowering our water rates and/or preventing them from rising as quickly as surrounding communities.

I am involved in discussions with WETC Cable to design a televised forum with panel from SSTTDC, LNR and my administration to inform the residents of where we are, where we have been, and our future involvement with the Southfield project. I welcome any suggestions or recommendation you may have on its content.

Thank you Mr. Chairman and members of the Budget Management Committee."

Chairman DiFazio thanked the Mayor for her presentation and the new information she provided with it, and deferred to Councilor Lacey. Councilor Lacey also thanked the Mayor for the update. His intent when requesting the referral to committee was to become educated on the MOA and any changes that have been made since it was executed. He does better understand the terms and the restrictions by the state. He is still unsure of the fees charged to the residents at SSTTDC and whether it is the same as would be charged to a developer in the town of Weymouth. Mayor Kay responded that it is. Councilor Lacey asked where the 6:1 comes in. Mayor Kay responded that the town is bound by the ACO's. The formula is complex. Councilor Lacey noted that clarity is needed in order to be able to then provide the information to the constituency.

David Tower reviewed the terms of the 2 for 1 water savings and the ACO which compels the town to do I&I removal. When the ACO's were originally enforced, the town would send out contractors to do the work before allowing connection to either take water or discharge sewer. Subsequently the town adopted a fee structure, as it became difficult to identify individual projects. DEP approved the fee structure. The fees then were \$10 per gallon for water and \$10 per gallon per day for sewer and a sewer connection fee. The fees are collected by the town, and the town continues to do I&I improvements on the sewer system for infrastructure improvements. There is also the debt service that goes with it. These projects go on continuously and he reviewed some of the specific project. All fees go through the revenue stream, whether from the town or Southfield. At the end of the year, they roll to Retained Earnings. The 10:1 fee stays the same, although the ACO requirements have been reduced with compliance with original directives to reduce flow to the system to a current directive of 6:1. The charge has remained the same across the board. In addition to the fees, there is a sewer bank to allow for hookup, which was the case with Phase 1A (there was sufficient room in the basin to take the flow). Mayor Kay noted that both Weymouth and Southfield have petitioned studies to determine what changes will be needed to accommodate the sewer from Southfield. He confirmed for Chairman DiFazio that the town, in addition to charging the fees as opposed to doing a project, at the same time continues to make I&I improvements to meet the ACO requirements. There was a brief discussion on specific projects that were done.

Councilor Lacey recapped the information provided; because Southfield meets the criteria and there was room in the sewer bank, it allows the town to collect a mitigation fee rather than go after the 6:1 at this time (Phase 1A). If not, the town would have pursued the 6 to 1 savings. He asked for a forecast for Phase 1B. Mr. Tower responded "nothing." He noted the fees may also be used for debt relief.

Chairman DiFazio asked if any of the connection fees have been received. The Mayor responded that about \$3,000 is outstanding, and the intent is to collect quarterly. The total anticipated for Phase 1A is about \$679,000 based on the DEP discharge permit. Chairman DiFazio asked if there is a renegotiation planned, as indicated in the terms of the original agreement. The Mayor responded that based on the delay in vertical building, the three-year period was not as true. It is important to look at it now as Weymouth is the parent water company of the base, yet they are billing their existing customers and it's a hardship. There may need to be an interim agreement to see them through. When the agreement was executed it was thought that by the end of the three years there would have been a lot more commercial building completed. While wanting it to work, she doesn't want it to come down to a hardship for the town of Weymouth so there are ongoing discussions as to what can be done. There is nothing solid proposed at this time and the administration will advise the Council as it develops. Based on the timing of the building schedule, the agreement wouldn't have been reviewed for another year but because of the hardship, it should be looked at. Chairman DiFazio asked if the Mayor can inform the Council prior to executing any amendment to the contract. She responded she would.

Councilor Mathews noted the DEP has given SSTTDC the 61 gallons per day per bedroom formula instead of the 110 gallon per day. Mayor Kay responded yes. The \$7 per gallon is based on 110 or 61. Mr. Tower responded that Southfield residents will pay based on the 61 gallon rate. Councilor Mathews noted that the formula is unfair to the residents of Weymouth. He would hope that if Weymouth mitigates its agreement, that the town gets the rate up comparable to what town residents must pay for development. Mayor Kay responded that the matter has been argued, but we must adhere to what DEP has determined to be the permitted amount. In the DDA, it states that whatever the permitted amount is and the administration is looking into DDA. On the other side of that, while Weymouth is held to the 110 it doesn't necessarily use that. Developers in the town are allowed to go over the 61, but on the base they cannot. Conservation efforts on Southfield have to be incredible. Councilor Mathews agreed, but noted he is only speaking to the fee. He recommended any successor agreement have comparable rates for a developer in Weymouth or one on Southfield. Mr. Tower responded that the town of Weymouth does not charge connection fees for residents who put additions on homes; only to developers.

Councilor Lacey noted that developers in Weymouth are paying more than a developer on Southfield. A developer is getting a better deal from LNR than building a home in Weymouth. Rockland has just received a federal grant to build out a line from the base. The towns are posturing to take back or administer based on geographic area. He recommended that going forward the town be aggressive in bargaining service contracts pertaining to water and sewer rates, and not for one or two years, but balanced to ensure the success of the project. As the town's Enterprise funds build up with significant money there must be a way to provide some rate relief to the ratepayer on the water and sewer side. He personally does not believe Southfield has any intention of looking to the MWRA to service the needs of the development, and it will be up to Weymouth to determine what it can provide and get payment in kind. He does not want to see Rockland walk away with the deal, whether it's police, fire, water or sewer when Weymouth has the majority of the impact and geographical area.

Councilor Smart noted that the current Weymouth residents at Southfield are paying a higher rate because theirs aren't being offset by commercial development. The Mayor should consider that when renegotiating the contract. They are basically being charged Tier 2 even though they aren't using the 27 units per day and Weymouth should be cognizant of the fact that the residents of Southfield are Weymouth residents. Mayor Kay agreed, and noted that negotiations haven't started because they are new and they must balance what comes in to what goes out in order to set a tax rate.

Councilor Mathews noted this discussion should be continued. When negotiations move forward his personal preference would be to not have a fee but continue to do I&I projects; at the end of the day, the trunk line coming from Southfield will not have the capacity to accommodate the development and the town will be required to increase the capacity of the infrastructure. Instead of paying a fee on water, perhaps there are projects to invest in to increase water pressure to South Weymouth; installing a second water tower, or looping mains around town to mitigate low pressure problems in that area.

Councilor Conlon noted that the SSTTDC had the opportunity to hook up to the MWRA and that by doing so would have endured a much higher hardship than Weymouth's fees for water and sewer. The contracts must be competitive and Weymouth should consider higher rates to SSTTDC than they currently are charging.

ADJOURNMENT

At 7:32PM; there being no further business, a MOTION was made by Vice Chairman O'Connor to ADJOURN the meeting and was seconded by Councilor Smart.
UNANIMOUSLY VOTED.

Respectfully submitted by Mary Barker as Recording Secretary

Approved by Kenneth DiFazio, Chairman

APPROVED