

TOWN COUNCIL MEETING MINUTES
Budget/Management Committee
April 27, 2015-Monday

Present: Michael Molisse, Chairman
Patrick O'Connor, Vice Chairman
Jane Hackett, Councilor
Rebecca Haugh, Councilor
Brian McDonald, Councilor

Also Present: William McKinney, Chief Financial Officer

Recording Secretary: Mary Barker

Chairman Molisse called the meeting to order at 6:00 PM.

Budget Kick-Off Meeting

Review/discuss revenues, fixed costs (debts and benefits) and donation accounts with Chief Financial Officer. The committee reviewed the measures and the discussion incorporated the questions posed by Auditor Swanson.

Deliberate the following measures:

15 051C-Reserve Fund

Auditor Swanson noted he had no questions; this is the same as FY15.

15 051AA-State and County Assessments

CFO McKinney noted this is the same each year.

The registry of motor vehicles charge is the fee for unpaid parking tickets and funds go back to the Commonwealth.

15 051BB-Overlay for Abatements

Auditor Swanson noted that this is \$100K higher than FY15 and asked why? CFO McKinney responded that Southfield is the reason for the increase, and Councilor Hackett asked him to elaborate. He noted that it is a result of new properties coming online and the developer contesting the values with the Appellate Tax Board. He is unsure what the town assessor will come in at-- therefore the overlay has been increased. The developer has cases pending with the appellate tax board. It may be further increased depending on outcome. Councilor Hackett asked for a list of the prior years' overlay.

There was a brief discussion regarding the new developer. Vice Chairman O'Connor asked if discussion should be had with the new developer and the assessments and their strategy. The abatement between Starwood and SRA is still between them. Mr. McKinney noted the new developer has until Friday to file for abatements. The \$100,000

is a conservative figure and actuals will not be known for several months. Councilor Hackett asked if they are on the hook for any protested properties. Mr. McKinney responded no; abatements are done once a year. There aren't many more under question. Councilor Hackett noted she was fine with the figure, it's important for the committee to understand the value. The 3rd and 4th quarter bills went out together. July 1st the town will mail out estimates for all properties in town and Southfield and will set the tax rate in the fall. They'll have the experience for assessment purposes and there are 3 major appeals on Southfield. They will send out bills July 1st using their valuations and it will fit into the new growth.

15 051X-Debt 15 051Y-Pension and Benefits

Auditor Swanson asked what accounts for new debt? Mr. McKinney responded Legion Field. Councilor Hackett asked about the interest payment. CFO McKinney responded that it was budgeted last year but not paid because of an anticipated bonding that didn't happen. FY16 is budgeting for principal and interest. Councilor Hackett asked if they expect it to be bonded. CFO McKinney responded that it won't be discussed until June and if bonded won't be until after July 1. The issuance cost per bond is over \$100,000. Budgeting \$3 million in new bonding will cost \$400,000. Chairman Molisse noted that waiting on Legion cost about \$100,000. Auditor Swanson noted that the only new debt service is on the sewer side.

15 052-Revolving Accounts Annual Authorization

15 053-Gift Accounts Annual Authorization

15 054-Unpaid Bills

15 058-Free Cash-FY16 53rd Week of Payroll

Revenues {measure 15 051}:

- A. Accounting revenue is budgeted at \$500,000, the same as FY15. Through April 21, 2015 the actual Fy15 revenue is \$269,106. In light of this is \$500,000 an achievable number for both years? CFO McKinney responded yes; most of the money that comes in comes in during 4th quarter and last year's was over the budgeted amount.
- B. Tax liens are budgeted at \$200,000, same as FY15. Through April 21, 2015 the Town has recorded \$492,435 in Tax Liens. Why such a decrease in the budget for next year? CFO McKinney responded it will be about the same or higher this year because of the tax lien auction revenue.
- C. What is the basis for a 20% increase in Meals Tax revenue? CFO McKinney responded that 3 quarters collection history shows steady rate.

- D. Within the budget is \$245,831 for “ACADREIMB”. How many years will the Town receive this reimbursement? CFO McKinney responded it will be reimbursed through FY22.
- E. What does the \$228,950 line item of “TRSF CPA” pay for? CFO McKinney responded that this is for CPA to cover the debt service on Emery Estate.
- F. What drives the 22.2% or \$100,000 jump in the budget for “Payment in Lieu of Taxes”? CFO McKinney responded that the South Shore Hospital is expanding each year and this is a reasonable estimate based on the expansion. It’s a PILOT program. Councilor Hackett noted it brings it closer to actual.
- G. Building Permits are increasing by \$100,000 or 20%. What will drive this jump in FY16? CFO McKinney responded that it is a result of the town taking over the revenue from building permits issued on Southfield.
- H. MISC. REV under the DPW is budgeted at \$45,000, yet the actual FY15 revenue through 4/21/15 is \$9,104. Is \$45,000 an achievable number? CFO McKinney responded yes; because it’s miscellaneous it varies year to year. Vice Chairman O’Connor asked about the homeless line item \$251K projected for 2016? CFO McKinney responded that the town received 2 payments in one year and put into a supplemental in FY14. After this budget was submitted another payment was made. It’s unknown if it will be funded in 2015. Under the McKinney Vento Act- the federal government reimburses the state, which in turn returns it to the cities and towns. It’s essentially another unfunded mandate. Councilor Haugh asked how many liquor licenses are currently in use. CFO McKinney responded that there are 21, not including Southfield. Councilor Hackett asked about the new growth in Southfield. She requested their total valuation for commercial and asked if it is based on the actual values. She also thanked the CFO for the layout of their presentation. CFO McKinney responded that he formatted it this way because they anticipated a lot of questions. He noted they do not have public service agreements with Southfield yet-- but it is on their agenda tonight. In addition, they are charged with setting actual values and tax rates and new growth in FY17.

Reserve Fund {measure 15 051C}

- A. Auditor has no questions as the budget is \$500,000 which is the same as FY15.

State & County Assessments {measure 15 051AA}

- A. Kindly explain to the Committee & Auditor what the \$800,000 represents under “Transfer to Capital Projects.” To what projects is this money transferred? How is this number derived? Is this an expense line item within the proposed Operating Budget? Mr. McKinney responded that this is the same each year and is the overlay for abatements. The regular overlay goes year to year, but will now add properties

that Weymouth did not assess. He urged caution, because they may come in differently.

- B. What is the “REG SURCHA” of \$71,700 in State/County Assessments? Mr. McKinney responded that this is a surcharge from Registry of Motor Vehicles that the town collects for unpaid parking tickets, surcharges, etc. that goes back to the state.

Overlay for Abatements {measure 15 051BB}

- A. The overlay is budgeted at \$800,000 which is \$100,000 higher than FY15. What is the reason for the increase? Mr. McKinney responded Southfield- the new properties coming online. There are cases still with the Appellate Tax Board and this may increase the overlay. Councilor Hackett asked for further clarification. The cases before the Appellate Tax Board- is Weymouth assuming responsibility for these? Mr. McKinney responded no. Councilor Hackett asked for a list of them.
- B. Are there any balances in the Overlay Accounts that could be closed out and transferred to the General Fund? Mr. McKinney responded yes and he can provide them but urged caution until the uncertainty is resolved.

Debt {measure 15 051X}

- A. What accounts for the \$515,716 (30%) increase in Municipal Debt Service? Mr. McKinney responded that it is attributable to Legion Field. There was an interest payment in the budget for last year that was in the budget but was not bonded. For FY16 budgeting for a full interest and penalty payment. He is unsure if it will be bonded the next fiscal year. Issuance costs per bond is about \$100,000. \$3 million in bonding is about \$400,000. \$400,000 will fall off in FY16, and \$40,000 will be saved in refinancing debt (if rates hold).
- B. The Water Principle Debt Service is budgeted \$45,561 less than FY15. Interest on this Long Term Debt is budgeted \$96,713 less than FY15. How is it that the interest decreases by 10.2% while the principle decreases by 1.8%? Mr. McKinney responded that no new debt was taken on, on the water side, only the sewer.
- C. The Sewer Principle Debt Service increases by \$99,843 (7.9%) while the Interest decreases by \$60,719 (15.6%). What accounts for the significant savings in Interest? CFO McKinney noted the only new debt is MWRA. Its reimbursement rate is 55% with no interest. The interest goes down but the principal goes up (interest free loans paid back at 55%) Vice Chairman O’Connor noted only the interest was funded for Legion in FY15. It was budgeted but not bonded so what happens to it? CFO McKinney responded that it falls to free cash. Vice Chairman O’Connor asked at what point was it known that bonding wouldn’t take place. CFO McKinney responded that it was pushed off several months. Vice Chairman O’Connor asked how the companies are being paid for work being done. They are

allowed to be paid from funds available while waiting to bond. They can replenish when funds are borrowed. Vice Chairman O'Connor asked what happens if they pay it off without having to go out to bond. CFO McKinney responded that while they have the cash it isn't sound accounting to use available cash and they need to replenish what is spent.

- D. The detail two page analyses totals \$10,267,597 in Fy16 budgeted debt payments, however, the summary sheet reflects \$9,086,460 in total Debt for Sewer, Water, Schools and Other. Why do the totals differ by \$1,181,137? CFO McKinney responded that the debt schedule is what is actually borrowed. \$600K Legion and \$400K for other and rest (\$60,000) for miscellaneous expenditures.
- E. What is Weymouth's current Bond Rating and how does that compare to one year ago? CFO McKinney responded that it is unchanged from last year and the rating is AA-3. Councilor Hackett asked how much the debt service is increasing. CFO McKinney responded \$400,000 overall and the town will be spending \$1 million in new debt next year. The principle and interest payment is \$400,000, or 8% of the overall budget, and it includes the enterprise funds. Councilor Haugh asked about refinancing debt. CFO McKinney responded that they will if the measure passes and if rates are still favorable.

Pensions & Benefits {measure 15 051Y}

- A. What drives the \$50,000 or 4.5% increase in insurance (line 11945941 517212)? CFO McKinney responded that it's the Medicare tax; as salaries increase this does too.
- B. What accounts for the 68% decrease in Non-Contributory Retirement Expense? CFO McKinney responded that there is only one person left (one surviving spouse).
- C. Kindly provide the Committee and Town Auditor with a Schedule of Insurance that shows Insurance Provider, total premium, Term and Coverage. Auditor Swanson responded that he was not sure what it means? Auditor Swanson noted he was referring to brokers etc. and will take up later in the Mayor's budget. Councilor Hackett asked what are the drivers for insurance? CFO McKinney responded that it is the GIC underfunding and Obama Care driving plan changes. HPHC is up 7% and Tufts is also increasing. Councilor Hackett noted these are not in the town's control. CFO McKinney responded that the only part that is within their control would be to go back and work with the bargaining units to change the split. Michael Gallagher noted that the Public Employee committee and the town and GIC could not come to an agreement to meet and discuss so the rates rolled for another 3 years. The administration is attempting to get employees to look at alternatives to Harvard Pilgrim, which averaged a 6.5% increase. Councilor Hackett asked how this compares to other communities. Michael Gallagher responded that Weymouth is paying about the same average as other communities,

but retirees are paying less. It will be difficult without further legislation to get the splits changed. In 2016, all unions will be renegotiating. Vice Chairman O'Connor reported that he was at the State House when the bill was passed. They wanted to get everyone on GIC, and added late amendment to force them to accept. Councilor Hackett asked for the trust fund balances in Workers Compensation and CFO McKinney agreed to provide. He also noted the money that went to OPEB the last two years came from the set aside for the health insurance line.

Revolving Accounts {measure 15 052}

- A. How are the amounts to accept and expend derived? How does the Administration oversee the expenditure of these funds? CFO McKinney responded that they are based on averages and experience of usage from previous history. Per MGL, it has to be set each year and department heads are assigned to oversee each line. Once it is set it can be spent without further appropriation.
- B. Why do we need "Limits to Accept and Expend"? Is this a requirement of DOR? Mr. McKinney responded it's set by the charter and based on past history.

Gift Accounts {measure 15 053}

- A. How are the amounts to accept and expend derived? How does the Administration oversee the expenditure of these funds? CFO McKinney responded that the amounts are based on past history and department heads are assigned oversight of each fund.
- B. Why do we need "Limits to Accept and Expend"? Is this a requirement of DOR? If an individual wants to donate \$25,000 to the Library Gift Account can the Library Department accept this since it exceeds the limit of \$5,000? CFO McKinney responded that it can, but if it exceeds it could be used for something else; it would have to go before Council for approval.
- C. Accounts 8338, 8339 and 8324 under Acceptance show "none required". Why is this? CFO McKinney responded this is for bequests and the administration anticipates no further additions.
- D. Why is it that the Town has an Acceptance limit on Account "5431 Weymouth Day" of \$20,000? Can the Administration accept monies that exceed the limit? Why is the Expenditure level three times higher than the Acceptance? CFO McKinney responded this is the same as the library example. The Administration reviews this year to year and there have been changes based on usage history. Vice Chairman O'Connor requested a printout of the last 3 years intake/expenses for Weymouth Day festivities. He advocated to bring this back and based on the balances, it would appear to be a self-funding activity. He would like to see it used to sponsor town-related activities like Weymouth Day. Councilor Haugh noted the

3 bequest accounts have summary balances lower than the initial amount. She asked why. CFO McKinney will review and get back to her.

Unpaid Bills {measure 15 054}

- A. CFO McKinney provided invoices that support this measure totaling \$4,760. Auditor Swanson examined each invoice and verified that they are Fy13 unpaid bills approved for payment by the School Finance Supervisor. Determined to be legitimate unpaid bills.

FY16 53rd Week of Payroll {measure 15 058}

- A. No Questions. CFO McKinney noted it only happens every 4-5 years.

ADJOURNMENT

At 7:07 PM, there being no further business, a motion was made by Vice Chairman O'Connor to adjourn the meeting and was seconded by Councilor Hackett.
UNANIMOUSLY VOTED.

Respectfully submitted by Mary Barker as Recording Secretary

Approved by Michael Molisse as Chairman

Approved on 15 June 2015