

TOWN COUNCIL MINUTES  
BUDGET/MANAGEMENT COMMITTEE  
Town Hall Council Chambers  
April 15, 2008 - Tuesday

Present: Kenneth DiFazio, Chairperson  
Patrick O'Connor, Vice Chairperson  
Arthur Mathews, Councilor  
Michael Molisse, Councilor  
Kevin Whitaker, Councilor

Also Present: James Wilson, Chief Financial Officer  
Maureen Duffy, Town Auditor  
Michael Gallagher, Director IT/Administrative Svc.  
Ed Harrington, Councilor  
Robert Conlon, Councilor

Chairman Kenneth DiFazio called the meeting to order at 6:45 PM.

Chairman DiFazio reported that questions were provided ahead of the meeting to the administration, and those members present would provide responses as needed during the review process. He briefly reviewed the process for the benefit of new members, Councilors Conlon and Harrington.

A MOTION was made by Councilor O'Connor to take item Review/Discussion Capital Improvement Plan with Capital Improvement plan Committee and Chief Financial Officer out of order, and was seconded by Councilor Molisse. UNANIMOUSLY VOTED.

**Review/Discussion on Capital Improvement Plan with Capital Improvement Plan Committee and Chief Financial Officer**

Mr. Wilson reviewed the Capital Improvement Plan, which as required by the charter, is an itemized list of the town's capital improvement needs for the current and subsequent five years. The plan is submitted by each department in town to the Planning Board in October. Planning Board then reviews each request and prioritizes. There are two major components, consumables and vehicles. At the end of January, the Planning Board presents the plan to the Mayor, who then reviews, revises as necessary and submits to the Town Council. The council has thirty days to review. He reported there are no new capital additions in this year's request. There are no bond requests other than water and sewer. Bond monies cannot be used for operational funds.

During this review, Councilor Mathews arrived, at 7:55 PM.

Chapter 44, Sections 7&8 determine the utilization of funds by Bond Counsel, except as to the Water and Sewer Enterprise funds. Each year the retained earnings determine the cash available, which may only be used to fund water and sewer projects or reduce rates.

Completed projects approved by the Construction Steering Committee are then tracked by the Planning Department, by department and appropriation and Mr. Wilson outlined the manner for members. He also reviewed the codes to reading the information, and used an example from the list.

Mr. Wilson reviewed projects in process were outlined next, broken out by department, building, justification, summary, the measures, and authority.

Weymouth requests from DOR to re-appropriate remaining funds from completed projects, which are then rolled into the balance. Projects which have been inactive for one year are deemed completed, and are closed out in June of each year.

There was a brief discussion on the status of particular projects, including interior/exterior repairs to fire department buildings, which had been pulled back by the former administration and since reinstated.

Councilor Mathews questioned why some projects listed Host Community Agreement funds as funding sources but not projects which were on the list voted by Town Council. A discussion followed regarding the validity of the list. Councilor Mathews proposed that going forward, the previous list needs to be discussed with the Mayor and revisited by the Council. Councilor Mathews noted the previous list was voted in executive session with much time and deliberation.

A discussion followed on network disaster recovery, implementation of upgrade of the public safety radio system projects. Mr. Wilson reported that no new bonding has been proposed, other than water and sewer enterprise projects. Mr. Gallagher noted that grant funding through the Department of Homeland Security is being pursued. A brief discussion ensued about the masonry restoration project at the Chapman School, on which the DEP has not given a timeframe for completion.

Mr. Wilson reviewed bonding capacity and debt service, current and future. The DOR calculation determines the town has about \$360,000,000 available in debt service. Practicality recommends not borrowing to capacity. The town is currently at about \$30,000,000.

The debt service section of the budget was then reviewed; current and future. The schedule gives a general feel for each of the water, sewer, school and other town-related issues. The total of \$8M bond service is broken out in the following manner: \$1.8M sewer, \$2M to the water treatment plant, \$2.8M to school improvements including the High School and Academy Avenue School projects and the balance of \$1.4M in other town related projects (which includes the two new fire and police stations). Bond books are provided to the Bond Counsel annually.

Mr. Wilson reviewed briefly those buildings currently in bond repayment. Old bonds are reconfigured at the discretion of the Chief Financial Officer to obtain better interest rates, and do not require Town Council action. The time period of a bond is static, by law. Principal is fixed but interest is recalculated annually. Sum of the debt service and remaining balances were reviewed. School side reporting was reviewed but is segregated because of the reporting requirements to the Department of Education. Water and Sewer were reviewed also, including infrastructure improvements.

Mr. Wilson then reported on the assets inventory overview of town vehicles, which is a collaborative effort.

A MOTION was made by Councilor O'Connor to approve the Capital Improvement Plan and was seconded by Councilor Molisse. Councilor Mathews noted he was not comfortable endorsing any project using monies from the Host Community Agreement as the funding source. Chairman DiFazio suggested modifying the MOTION to change the language from "approve" to "accept."

Councilor O'Connor WITHDREW his MOTION. A MOTION was made by Councilor O'Connor to table action and was seconded by Councilor Molisse. UNANIMOUSLY VOTED.

### **Review/Discussion on Revenues, Fixed Costs (Debt and Benefits); Revolving and Donation Accounts with Chief Financial Officer**

#### **08 026 C – Reserve Fund**

Mr. Wilson reported that the proposed budget of \$128,513,202 is the first time a budget has been proposed since 9C which does not rely on one-time revenue sources. It was the perception of the Department of Revenue that the town needed to better fund the overlay account.

Mr. Wilson reviewed the overlay account. The town cannot abate taxes. They are reviewed by the DOR. Exemptions, which are on the rise, due to difficult economic times is expected to be \$600,000. Most towns will let this run into deficit. What is normally a \$3-400,000 deficit is double, and with this trend was advised by the DOR to maximize local receipts or the town will be forced to make cuts, and to eliminate the use of one time revenues. He reviewed the summary detail in MUNIS for the benefit of the committee

A review of revenue followed. In FY08, \$427,000 in revenue was collected by March. (Most revenues are collected in the first half of the year, mostly in the form of alcohol licenses and cell tower leases). He also reviewed the distribution of the revenue, including base revenue expected of \$100,000 (the town will bill and be reimbursed for the time its employees are utilized at the base.)

There was a brief discussion of new growth in the last year, and what determines new growth. Weymouth is 96% built up. The last big ticket growth was the Sithe Energy plant, but there are several condominium projects which will contribute to new growth, and the base.

Mr. Wilson reported on the Cherry Sheet. One quarter of the town's revenue comes from the state. Lottery funds which were reduced by \$1.1M from the governor's budget were then restored by the House.

A discussion followed on rubbish removal, sale of town-owned property and the reductions shown as a result of elimination of one-time revenue sources.

Mr. Wilson then reviewed how the real estate tax levy, collections and new growth are determined. He also reviewed the increase in foreclosures, exemptions and deferrals due to aging population and economic hardship. The aging population is taking advantage of the various exemption and deferral programs. Mr. Wilson reviewed how to arrive at the real estate tax levy which is a \$74.5M calculation.

Mr. Wilson reported on the Medicare reimbursement for qualified individuals over 65 years of age (medical and prescription coverage). The town absorbs the cost of prescription medication.

He also reviewed the revenue collected from building inspections. There are two major building projects, both of which are associated with South Shore Hospital. He reviewed on the payment in lieu of taxes and how it is calculated. South Shore Hospital is the only nonprofit participating in the program.

A discussion followed on the expected receipt from the sale of the Fulton School building. Mr. Wilson reported that the revenue is expected in FY09 but not available for use until FY10. Only funds received in FY08 can be counted in FY09.

He summarized that the total appropriation is relatively flat, with no non-recurring revenue.

### **08 026X – Debt**

Mr. Wilson reported that no new capital projects have been submitted. He reviewed on the debt service and reduction. He reminded the committee that bonds cannot be paid off early, but can be re-funded. He reviewed the expense side of the debt service. There was a brief discussion on a schedule on items not in the CPI and short term debt. He reviewed for the committee the terms of bonding, including front-end loading.

### **08 026Y – Pensions and Benefits**

Mr. Wilson spoke of the town's health insurance - \$11.2M insurance employer contribution. Rates are revisited in January. Under the town's health insurance coverage, there are three options; enhanced, which is 50/50 employer/employee contribution,

HPHC (PPO), also 50/50, and the HP which is 70/30. He reviewed the history of the state enacted insurance program of which town meeting passed in 1974, and which gave retired teachers two options- GIC administered with a 90/10 contributory split or the town enhanced program with the 50/50 split. It was initially offered as an enhancement. Sheer economics dictated that most chose the 90/10 GIC program. There was a lengthy discussion of this plan, including the amount necessary to fund the program, both next year and in future years. Councilor Mathews noted the amount equals a “budget-buster” and questioned whether vote of the town meeting could be repealed. He noted that the Town Council should revisit this.

Mr. Wilson reported that he has met with the state comptroller to review. Of the 365 municipalities, only 41 are still participating in the GIC program. Councilor Molisse noted that a repeal of the program could put an economic hardship on the retirees participating. Mr. Wilson also noted repeal could negatively impact any retiree with a pre-existing condition. Councilor Harrington felt the human cost should also be factored in. Councilor Mathews noted that a repeal could save the town \$1.5-2M and should be considered. Mr. Wilson reported that the administration is already reviewing the item. He also reviewed the Medicaid tax, which increases each year. Employees hired after 1988 are required to contribute. This will increase each year, as more employees retire.

He also reviewed the contributory retirement, which is managed by the town retirement board, and is doing well. He noted that this board is a volunteer board paid a minimal stipend, and deserves credit for the fund’s management, which is made up of managed funds in three categories- fixed assets, real estate and growth stock, and is very solid.

He then reviewed GASBY-45, the unfunded liability for health insurance. As a tier one community, it is not sufficient for the town to “pay as you go”, but must have a cushion.

He noted that there is a current deficit of \$1.2M in health insurance and \$527,000 in snow removal.

He then reviewed items being studied to stabilize open revenue sources, including regionalization of trash collection and disposal, and utility procurement. Mr. Wilson reported that it will be years before the town will realize any income from Southfield.

He reported that state assessments will not be available until July or August.

### **08 027 – Revolving Accounts Annual Authorization**

Mr. Wilson reported that revolving accounts are subject to annual authorization, and cannot be collapsed into the general fund. He reviewed those items included in the budget.

### **08 028 – Gift Accounts Annual Authorization**

Mr. Wilson reported on the gift accounts, which are segregated from the general fund,

and fund some of the smaller projects, including flu clinics and small equipment purchases, Fourth of July celebration, and the Junior Police Academy. He noted each town department may accept gifts of less than \$5000. Gifts in excess of \$5000 are subject to Town Council approval. Most of those are in the form of a bequeathment.

Mr. Wilson reported that 10-12 town employees have accepted unpaid furloughs.

Mr. Wilson reminded the committee that the Budget/Management committee will meet Thursday, April 17 and will review the Water and Sewer Department's budget. The Business manager may not be available. Councilor Mathews noted he will be unable to attend the meeting on 4/24-due to a previously scheduled CPC meeting.

At 9:45 PM, there being no further business, a MOTION was made by Councilor O'Connor to ADJOURN, and was seconded by Councilor Molisse. UNANIMOUSLY VOTED.

Respectfully Submitted,

Mary Briggs  
Recording Secretary