

Finance Department Discussion on Proposed Southfield Legislation
Meeting, January 23, 2014
Town Hall, Mayor's Office
75 Middle Street, Weymouth, MA 02189
5:30 p.m.

PRESENT: Mayor Sue Kay; Pam Pantermoller; Kevin Spellman; Brenda O'Toole; Bill McKinney; Jane Hackett; Becky Haugh; Michael Smart; Brian McDonald; Chip Fontaine; Mike Gallagher; George Lane

The Meeting was called to order at 5:35 p.m. by Mayor Kay.

The Mayor explained her intention to hold informational meetings with various Town departments to discuss impacts of the proposed Southfield Legislation. The meetings will provide an overview and be informational and will include discussion, suggestions, questions and answers.

Bill McKinney, CFO, began with the following information/areas of concern with regard to the proposed Legislation:

1. Proposal assumes 2% annual increase in expenses. Should be at least 2.5%
2. Starwood has challenged the valuations of the commercial properties- what is a realistic valuation to base projections on?
3. How would we get paid for FY15? Weymouth can't tax the parcels until FY16
4. Starwood lumps Host Community fees into their cash flow assumptions
5. Why should Weymouth get stuck with a \$12.5 million dollar bond?
6. What happens if there is no commercial development
7. Education expense assumptions are flawed as far as Chapter 70 calculations

Mr. McKinney feels the increase in expenses (Item #1), is conservative, and should at least be equal to what the revenue is.

In Item #2, it's concerning that Starwood has filed for abatements on commercial property. There are buildings to demolish, where land value will still exist.

Mr. McKinney stated his concern that Starwood is lumping in one-time Host Community monies, in Item #4.

Mr. McKinney shared his disappointment on Item #5, that the Town would be stuck with Starwood's infrastructure base in the form of a \$12.5 million dollar bond. Mayor Kay stated that she cannot support the bonding, as is, and would be unable to explain it to the residents of Weymouth.

Councilor Smart shared that maybe the Town could be compensated in other areas, as Starwood maintains that they have to follow the tax stream. Mr. McKinney said

Starwood could just pay off the bond. Solicitor Lane will get an answer on Starwood's ability to do so, as per the request of Mayor Kay.

Mr. McKinney has requested a copy of the bond to see how it is written, but he has not received one, as of yet. Solicitor Lane will request a copy, as per the request of Mayor Kay. A brief discussion on the bonding payments followed. Also, it is important to note that bond payments would have to be made, even if commercial development is delayed.

Referring to Item #6, meeting members unanimously agreed that Commercial Property is vital to the success of the Southfield project. Other points made are as follows:

- Abington's and Rockland's commercial property tax rate is lower than Weymouth's
- There's no guarantee in what community commercial development would be built
- Weymouth wants a guarantee on commercial property (900k sq ft minimum; 2 million sq ft maximum) and should request an agreement on same; but need protection to insure a balance, at least
- Consider bringing in Pinehills associates for a discussion
- Weymouth would have 13 liquor licenses, Rockland would have 2

In reference to #7, Mr. McKinney shared that Chapter 70 is not based on a per pupil amount, which is upwards of \$3500 per student. For the past two years, Ch. 70 has only increased \$25 per student. If we suddenly enrolled 200 school aged children from Southfield, the Town would have to absorb the per pupil cost! SSTTDC currently absorbs transportation costs for student population and has just started receiving Ch. 70 money.

There was a brief discussion on what would happen if Starwood and South Shore Tri-Town Development Corp. (SSTTDC) go away. The Mayor stated there would probably be several possibilities, including Mass Development coming in. If that is the case, Weymouth would lose revenue and local control.

There was a brief review and discussion of the email below from Paul Kapinos of pkValuation Group:

"In response to your request for a timeline, price, and what I would need from the Town, I submit the following:

1. Timeline: After reviewing the various documents and proposed legislation it appears that if the legislation is enacted, it would be effective on July 1st, 2014 (Fy2015). Since the statutory assessment date for Fy2015 is 1/1/14, the property in Southfield that will become part of Weymouth would not be taxable in Fy2015 unless special provisions were made. Therefore, the first taxable year for Weymouth would be Fy2016 with the first preliminary bills being issued in June of 2015. Under this scenario the Town of Weymouth would not receive any tax revenues until July of 2015. The proposed legislation requires that the Town provides services within 90 days of the enactment date. Therefore, the Town would provide services for

approximately 8 months without any incoming tax revenues. If some provisions were made in the legislation to cover this deficit, it should be done outside the scope of the values being currently assessed by Tri-Town. Weymouth should not assume any liability for the current assessed values in Southfield. It is my understanding that there are more than 120 appeals pending at the Appellate Tax Board and at least that many abatement applications pending for Fy2014.

If the Southfield parcels were added to the tax roll for Weymouth for Fiscal 2016 (1/1/15), we would need 6 to 8 weeks to complete the additional work. This work would commence in January of 2015.

2. Cost: *Our cost to perform the additional services associated with the parcels in Southfield being added to the tax rolls in Weymouth would be \$15,000 per year for Fy2016, Fy2017 and Fy2018 (\$45,000 total cost for 3 years). For Fy2019 and beyond, it would depend on how many units are actually constructed. I relied upon Starwood's projections for this estimate. This price is contingent upon us already being under contract with the Town of Weymouth during this time period. Since we are currently under contract for valuation services with Weymouth and Rockland, and I anticipate this continuing in the future, there is a significant "economy of scale" in my price estimate.*
3. Needed from the Town: *We will require the following from the Town to complete our work:*
 - *Assessors maps reflecting the additional parcels true and correct as of the effective assessment date;*
 - *An electronic file (machine readable) containing the pertinent data including but not limited to all legal descriptions and transfer/ownership history;*
 - *Copies of all existing property record cards.*

Sincerely,



*Paul Kapinos
pkValuation Group
Office (413) 534-9191 ext.111
Cell (413) 218-7034 (best way to reach me)"*

Councilor Hackett inquired as to whether or not our percent of residential and commercial remains the same at full build-out. **Please refer to the FY14 Tax Classification chart and email attached in response to Councilor Hackett's inquiry.**

Also attached please find a complete list of the current parcels that are being assessed, as shared by Ms. Pantermoller.

Mr. Fonatine inquired about having a Performance Bond for this project, as is common in many DPW contracts. It was determined that there is not a Performance Bond for the Southfield project.

Eventide permits have been pulled. The question was asked as to why Eventide filed for land abatements.

The following section of the Proposed Legislation, Section 14E, is included for review:

“The zoning map shall be deemed as of the effective date of this act to be revised to establish town-specific sub-districts within any zoning district that is shown on the existing zoning map as falling within more than one town. Within 180 days of the effective date of this act, the master developer and the applicable executive or executives shall jointly petition the applicable town or towns to initiate a zoning map amendment process that establishes the dedicated commercial zone. Notwithstanding anything to the contrary in this act or any General Law, no town may thereafter revise the location or boundaries of portions of the dedicated commercial zone that falls within its borders except at the joint initiative of the master developer and that town’s executive.”

The Town of Weymouth has requested and needs to see Starwood’s Development Plan.

In reference to infrastructure issues, Councilor Haugh suggested if we were to keep the \$12.5 million bond, we could potentially request monies for infrastructure needs, for example, another elementary school.

Councilor Hackett suggested that we request that ALL commercial property be located in Weymouth, as a requirement.

Mr. Fontaine stated that the DPW would be responsible for the maintenance and operation of horizontal infrastructure at Southfield and that some installations are not in accordance with Town of Weymouth standards. Discussion ensued on some current infrastructure issues at Southfield. Below is the financial information prepared by Jim McGrath, Assistant Town Manager, as it pertains to Southfield:

“There are currently only 4 developers working in the Southfield project. Below is a list of the developers with purchase and sales they have made since 9/1/2010.

<i>Company Name</i>	<i>Purchases</i>	<i>Sales</i>
<i>Whitman Homes</i>	<i>\$4,847,000</i>	<i>\$22,050,000</i>
<i>IBG Cottages/Highlands LLC</i>	<i>\$5,817,000</i>	<i>\$19,400,000</i>
<i>Southfield Commons</i>	<i>\$9,300,000</i>	<i>Rental Units</i>
<i>Eventide Home Inc.</i>	<i>\$2,500,000</i>	<i>Undeveloped Land</i>

I did a quick count on the un-processed deeds that we have compiled since we stopped entering them into the engineering deed database. We have 80 deeds

more or less stockpiled that we have done nothing with. Our last processing of any subdivisions or deeds for this project was back in November 2011, but I don't believe that the assessors created tax parcels for those lots, so they may be even further behind us.

There is roughly a dozen subdivisions on record at the Registry of deeds that we have not incorporated onto the assessor's maps. This is where a big block of time gets eaten up. Before we process the 80 or more deeds, we have to create the new roads and lots on the assessor's maps. There is potential for registry work since I don't believe that we have received all of the subdivisions. I have also observed on line that there are homeowners associations in place and do not know what implication the rules may have on the town, this requires further investigation.

If I was to develop a time estimate for creating all the new lots, updating the engineering database and forwarding this info to the assessors, I would have to estimate it to be two months' worth of work for one person, uninterrupted.

I have attached printouts from the registry website to show where I got the figures from."

Ms. Pantermoller was in contact with the Department of Revenue inquiring as to whether or not the project is considered new growth. The Municipal Finance Department will continue to pursue an answer in writing from representatives with the Bureau of Accounts.

Mayor Kay shared her concern about the emergency preamble in the current proposed Legislation and feels it is imperative to realize a transition period of at least nine months to a year. Mayor Kay also stated that she felt Starwood will come in firmer on the amenities and recreation portions of the Legislation.

At the request of Councilor McDonald, below is a list of questions/concerns that were posed by those in attendance at this meeting:

- Abatement Liability
 - Which entity will be responsible for the abatement liability that may result due to the appeal filed by Eventide with the Appellate Tax Board (FY2013 and FY2014)?
- Master Development Plan
 - How does Section 14E of the proposed legislation impact the current master development plan? The language indicates starting anew.
 - Does Starwood have a comprehensive reuse/development plan that was used in creation of the revenue projections presented? If so, please share this with the communities.
 - Commercial development plans
 - Location

- Timeline
 - Square footage in each community
- Roadway Debt
 - What if the state refuses to forgive the debt associated with the construction of the parkway?
 - Which entity will assume those annual payments to the state?
 - Will there be a bond payoff?
- Capital Costs
 - In addition to operating costs there will be significant capital costs for the Town associated with future development. There are no provisions for funding nor are the costs associated with capital improvements include in any of the projections.
 - School construction to accommodate the influx of students from the area
 - Public safety building, apparatus and equipment
 - DPW vehicles and equipment
- Revenue and Expense Projections
 - Host community payments are included in revenue projections
 - One time payments should not be included
 - Expense increase projections need to be adjusted
 - Revenue projects must take into account the fiscal year billing requirements (FY2016 vs FY2015)
 - Education expense assumptions
 - Chapter 70 calculations are incorrect

The meeting adjourned at 7:12 p.m.

Respectfully submitted,
Jeanne Savoy