

**TOWN COUNCIL MINUTES  
BUDGET/MANAGEMENT COMMITTEE  
Town Hall Council Chambers  
April 30, 2018, Monday**

Present: Michael Molisse, Chairman  
Thomas J. Lacey, Vice Chairman  
Jane Hackett, Councilor  
Christopher Heffernan, Councilor  
Brian McDonald, Councilor

Also Present: Brian Connolly, Chief Financial Officer  
Ted Langill, Chief of Staff  
Richard Swanson, Town Auditor

Recording Secretary: Mary Barker

Chairman Molisse called the meeting to order at 6:00 PM. A revised agenda was sent out but they are reverting back to the original agenda to comply with Open Meeting Law.

Chief of Staff Langill noted that he has organized the presentation in accordance with the auditor's questions. He reviewed in Power Point presentation:

**Review/Discuss revenues, reserve fund, overlay for abatements, pensions, benefits, revolving accounts annual appropriation, gift accounts annual authorization, local aid and state assessments, CIP, debt service**

**18 073-Free Cash for Stabilization Fund**

**18 074-Free Cash Transfer to OPEB Trust Fund**

- \$100K base mitigation- as agreed to in mitigation agreement with the Mayor and LStar (in its 4<sup>th</sup> year).
- cellphone revenue- leases at town hall, the police station and Wharf Street
- \$100K "other" licensing- examples provided
- \$5000 alcohol licenses

Auditor Swanson asked if this is the amount for the whole year? Mr. Langill responded yes.

- Medicaid revenue – an increase as a result of actual increases over the last few years

Councilor Hackett asked if it is common for this revenue to come into GL revenue? Mr. Langill and Connolly both responded yes.

- Tax lien and deferred receipts incorporated into overall tax levy  
Councilor Hackett asked the current status of tax liens? CFO Connolly responded that it was pushed back to an annual process and they will

maintain it. The current administration inherited a backlog that was recently brought current.

- Homeless / VBS exemptions
- Academy Ave project (reimbursement scheduled through 2021)
- Special revenue transfer from Trash, Waterways and CPA
  - Councilor Hackett suggested they work through the questions from Auditor Swanson in order and interject with additional questions.
  - Meals tax-projecting \$675,000. Last year was \$691,000- are they cautious in projections? Mr. Langill responded they expect over \$700K from state and based on year- to- date there could still be room. Councilor Hackett asked to where it is booked? Mr. Langill responded there is a special line item in DPW; later it will be a revenue source for other park expenses.
  - Auditor Swanson asked if it is transferred to the GL operating account, and if the town is reimbursed for the other three? Mr. Langill responded yes.
- Transfers from enterprise funds- annual calculation
- Chapter 70 based on Governor's budget? Based on house Ch. 70 number
- Transfers CPA – from trust fund to pay bond
- Pilot related to South Shore Hospital - ticked up because of their recent expansion
  - Vice Chairman Lacey asked for a copy of the model. Mr. Langill responded that it is a spreadsheet.
  - Councilor Hackett asked if there have been any recent renegotiation of the PILOT? Mr. Langill responded that it was on hold while the ambulance contract was negotiated and they have agreed to revisit. Councilors Hackett and Smart worked on it. Vice Chairman Lacey noted that they have asked for this over the last 2.5 years. Mr. Langill responded that there was a change in staff and they are a lot more open to those discussions.
- Difference between RE tax and personal property
- \$450K special assessments on Union Point property
- \$210K FY19- new- transfer from Weycare for healthcare cost of employees.
- 10% administration fee- police details and health care benefits for dispatch. There was a brief discussion on the recent agreements between union, department and town. Mr. Langill noted that it is good and is a credit to Chief Grimes. Chairman Molisse asked if there is a committee working through the changes. Mr. Langill responded that it's more of an administrative function (search committee) and there are update meetings held every few weeks.
- \$1.5 million – bldg. permit revenue- same as FY18. Union Point represents 38% of the overall revenue.

Councilor Hackett asked Mr. Langill to go over the budget packet with a breakdown of tax levy limit. Mr. Langill provided the information; last year's limit +2.5%+new growth (1.95) (they had asked for a range from the Assessor's office). FY 18 came in at 2.1.

Councilor Hackett noted that it's important to point out this money is huge and wasn't being realized before the enabling legislation went into effect. This is what allows the town to move forward. Mr. Langill responded that it's comprised of three phases:

building permits, new growth, and tax levy. Tax levy is going up 5% and is solid growth. With these revenue sources they are becoming a little more self-sufficient.

- Assessments are going up- charter school is sending tuition- it looks to be increasing over \$400K. There are two components to charter schools- pre-enrollment data and average district cost per student. It's supposed to be reimbursed by the state, but it's not fully funded at the state level. (The first year was funded at a fraction and none of the subsequent years were). It hurts the town because enrollment is increasing and resulting in a growing gap.
- Southfield Parkway Bond
- How revolving accounts derived and oversight
  - 18 061- Conservation, Law Enforcement, etc.-are the field permits new? Mr. Langill noted they are not new; they were created in 2003 but not utilized. They discussed creating an enterprise, but it's too early- they need to get a year's worth first. Councilor Hackett noted that this is a lot of money for one individual to have the discretion to accept and expend. She has serious concerns although she understands the rationale. They will need to keep a careful eye on it and directed it to the Town Auditor who can provide regular updates.
- Gift Accounts.
  - Councilor Hackett had several questions that Mr. Langill will further research regarding the Beautification Account, the Christmas and Annual Donations expenditures.
- Debt Service
  - Short-term debt- listed
    - King Oak Hill Park
    - Roads Phase 2
    - Tufts Library
    - New/Upgrade fields
    - Street Lights
    - School Boilers

Mr. Langill noted they considered some short-term, less expensive borrowing because of timing. Councilor Hackett asked if the Debt schedule for CIP backs into this? Mr. Langill responded that most of CIP is included in Free Cash spending. They can use this to offset it. Mr. Langill noted they looked ahead and based some initial estimates (for Chapman borrowing) to see if they have the ability to absorb some of the debt service. There is some room. Once they are past 2022, it will free up some room. Some other decisions to consider are debt service reserve, and stabilization fund. They need a few years to get to declining debt service to free capacity. Councilor Hackett asked what year they are in now in bonding. As of April of next year, the Library is already voted and is included. Vice Chairman Lacey commented on strategy; they need to be responsible and forward thinking and have a watchful eye on the opportunity to leverage.

Auditor Swanson asked about the banns-are they paid off when entering into long term debt? CFO Connolly responded yes, end of bann period, they can either re-bann or bond. They estimated at a 3% interest rate and 5% for bond projection.

Deliberate the following measures:

**18 060C-Municipal Finance**

**18 060BB-Overlay for Abatements**

**18 060Y- Pensions and Benefits**

Mr. Langill noted that there are two factors- based on schedule, and a 4% increase was voted. They made an effort to move employees into more economical plans. In the past, this was over-budgeted. When they were hit with the increase, there is still a cushion, but there is a need to bring it down to offset others. Councilor Hackett noted the previous administration's practice of over-budgeting and letting excesses fall to Free Cash. Mr. Langill responded that this administration is making a conscious move to not artificially inflate numbers. Councilor Hackett responded that she appreciates that.

**18 061- Revolving Accounts Annual Authorization**

**18 062-Gift Accounts Annual Authorization**

**18 060AA-State and County Assessments**

**18 060X-Debt Service**

If all measures are passed (\$7.4 m) there would be money left over in free cash. It was suggested that the town dump truck on special purpose list be switched to (amend). \$4.2 million is in the stabilization fund, and not establishing a capital stabilization. Mr. Langill noted that if they were to devise a budget that needs a stabilization fund, it requires a two-thirds vote. Councilor Hackett asked if the bond counsel considers it as long as it's reserved? CFO Connolly responded yes.

Auditor Swanson noted he reviewed MUNIS and the stabilization fund balance is accurate. Mr. Langill responded that the total was a little over a million when the administration came on board.

Auditor Swanson reported that he reviewed 8203 OPEB trust and it's the same as in the measure.

Councilor Hackett noted that this is the most important night of their review. They reviewed over 50% of the budget, 100% of the revenues and a third of the expenses. It's important to ask the questions. Transparency is key. Mr. Langill responded that the administration had many of the same questions; this is putting it out there. They put a lot of effort to come up with real numbers. Councilor Hackett responded that it shows in the

Chapman and library votes; they are gaining credibility. She reminded them that under the last administration the town tried for an override and then learned there were millions in free cash. It soured a lot of voters.

#### ADJOURNMENT

At 7:07 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 Michael Molisse as Budget/Management Committee Chairman  
Voted unanimously on 10 September 2018