

HEARING BEFORE THE CITY COUNCIL, DECEMBER 9, 2013

Hearing opened at 6:30 P.M. with Councillor Lanciani, Clerk of the LEGAL AFFAIRS COMMITTEE, presiding.

All members were present except Councillor Rowlands.

The following PETITION was the subject of the hearing:

31-14 Daniel Garceau: Modify the City of Leominster Zoning Map by deleting Parcel 582-27 located at 220 Litchfield Street from the RB zone and adding it to the abutting Industrial I zone.

No one in the audience spoke.

No Councillors spoke

HEARING ADJOURNED AT 6:40 P.M. AND CONTINUED TO JANUARY 13, 2014 AT 6:45 P.M.

Lynn A. Bouchard, City Clerk
And Clerk of the City Council

HEARING BEFORE THE CITY COUNCIL, DECEMBER 9, 2013

Hearing opened at 6:45 P.M. with Councillor Salvatelli, Chair of the FINANCE COMMITTEE, presiding.

All members were present.

Present at the hearing were Comptroller John Richard, Assessors Christopher Paquette, Katherine Miller and Chief Assessor Walter Poirier.

The following COMMUNICATION was the subject of the hearing:

C-13 Relative to determining the factor to be used in setting the Fiscal Year 2013 tax rate.

Councillor Salvatelli said they are not setting the tax rate. They are determining whether it will be a single or dual tax rate. It is a classification of taxes. Councillor Salvatelli said the document that was submitted to the Councillors was well done.

City Comptroller John Richard said he wanted to talk on an issue about tax classification. He said there is an explanation in the introduction of the booklet that explains what it is. The tax classification does not raise additional dollars to the property tax. The Council is just determining if there is going to be a single rate or a shifting from one classification to the other. He said there is also an explanation in the booklet concerning Proposition 2 ½. The property tax levy ceiling can never exceed 2 ½ % of the full and fair cash value of all taxable property which means we can never exceed \$25.00 per thousand. He said also in the booklet are the guidelines the Assessors are under for full, fair and cash value and the approaches they use. He said the booklet is also on the website.

Mr. Richard said the City of Leominster has, for a number of years, only raised 2 ½% per year and a net of five years where there was no tax increase. He said in the early 2000's the values were increasing at a rapid pace and then the switch occurred along with the recession starting in 2007-2008 and went negative in 2009 and has been negative since fiscal year 2009 which affects the total amount the City could raise. When the values are going up the tax rate is usually going down and when the taxable value is going down the tax rate increases. He said that doesn't mean there is more money being raised other than the Prop 2 ½ increase. It is just a mathematical formula.

Councillor Salvatelli said in 2008 we had \$3,900,000,000.00 worth of property valuation. Today we have \$3,061,000,000.00 and in that period of time we lost \$840,000,000.00 of property valuations. He said the property owners have lost a lot of value in their property, particularly for senior citizens.

Mr. Richard said the drops in values are slowing down and the new growth nearly covered the loss of value this year but there was a slight decrease.

Councillor Salvatelli asked Mr. Richard what the percentage was for housing vs. industrial.

Mr. Poirier said this year it's 77.5% and 22.5%, a half a point change. He said they lost the Columbia Building which went into commercial vacant land and is no longer a viable improved piece of property. That was well over \$1,300,000.00 of value which now it is only \$165,000.00 in land value, so you have lost over a \$1,000,000.00 in value which is \$18,000.00 of taxes. He said the mall dropped \$3,000,000.00 in value this year which is \$55,000.00 but with the new tax rate it has increased. He said when you have a single rate and wherever you lose value everybody shares the burden. We lost value in condos almost 5% which is a significant amount. Single family homes lost less than 1%. That 4% difference that we lost will be shared by every piece of property in the City.

Councillor Freda said it is important for the people to know that 2 ½% is value of the entire City not of their own value on their own house.

HEARING BEFORE THE CITY COUNCIL, DECEMBER 9, 2013, continued

Councillor Freda said according to the booklet the 2014 value of a single family home is the same as it was in 2004. The average tax bill in 2004 was \$2,600.00 to \$3,900.00 in 2014. She said it is very cyclical.

Councillor Dombrowski asked if 2002 to 2007 was the years with no tax increase.

Mr. Richard said no, it was in the 1990's.

Councillor Dombrowski asked if it had gone up every year since then.

Mr. Richard said yes, 2 ½%.

Councillor Dombrowski said this is his tenth year he has been on the Council and asked Mr. Richard what's the point that he's trying to make with this introduction?

Mr. Richard said the point is that we are closer to \$25.00 per thousand than we ever have. If the cities and towns reach \$25.00 per thousand then there is no revenue growth. You can't even have a prop 2 ½% increase. We want to make you aware of that if our neighboring city, Fitchburg, had a single tax rate the rate would be over \$21.00, Everett is at \$24.59. The point is to help educate as to what tax classification is versus what Prop 2 ½ is, and the assessment date.

Councillor Dombrowski asked Mr. Richard what the remedy would be if we hit the point of \$25.00.

Mr. Richard said it's going to be a problem. He said probably layoffs because there are unavoidable cost increases.

Councillor Dombrowski said so if you hit that point, and you don't have any more growth, the only answer is cuts.

Mr. Richard said that is if they don't change the law. He said there are a lot of communities that will hit it before us and it will be interesting to watch what they do. Hopefully the economy is turning and the values will go up and will not be a problem.

Councillor Nickel asked about 501 land.

Mr. Poirier said it is not land it is individual ownerships, partnerships, LLC's. The reason that went up is Dixie Consumer Products that was under a TIF voluntarily withdrew.

Councillor Rowlands said the tax levy for the City went up roughly \$2.6M, \$2M of which comes from residential. Commercial went up about \$400,000.00, industrial went down \$100,000.00 and personal property went up \$400,000.00.

Mr. Poirier said just about everybody is going to get a tax increase and a very few will not with the exception of some of the industrial properties. The average single family is going to get \$190.00 increase, that is if that single family was assessed for \$209,900.00 last year and \$209,700.00 this year. He said residential is at 78.5% and was 78% last year picking up ½% overall.

Councillor Rowlands asked within the residential which is the strongest making a comeback, single families, duplexes or three families.

Mr. Poirier said within the single family class ranches dropped about 4.69%, however if you are in an average grade home that was almost negated because we had to go to a factor of 1 this year. He said the two largest categories in the City are condominiums and single families. They comprise roughly 9,000 plus parcels out of 14, 500 parcels. They comprise about 80% of the value.

Councillor Rowlands asked if it's possible, when doing the recap, to offset the tax increase with free cash.

Mr. Richard said the form does allow it and always has but we have never done it. He said it is not a recommended practice and is something the City of Leominster and our Mayor upon his recommendation does not participate in. He said the only way to reduce the budget is to reduce services.

Councillor Rowlands said isn't the discussion really how big free cash is? If free cash is large wouldn't you want to do that?

Mr. Richard said no. He said the City of Leominster is not in the position to do that. It has many capital needs in the school department and the public safety departments and throughout the City. It would be a poor budgeting practice recognized by every outside organization. The City of Leominster is in the position it is in because it does not participate in that.

Councillor Chalifoux Zephir said for point of clarity we are not here to set the tax rate. She said we are getting closer to the \$25.00 rate and the way to look at this; you can look at property valuations which recently have gone down. We had a peak and valuations were going up and the tax rate was low, now the values are coming down so the tax rate has to go higher to support the budget that the Mayor has put together. You can hope the valuations are going to go up or you can cut spending and take into account the free cash that has been certified over again.

Mr. Richard said as they stated during the budget process the only way to look at it is to reduce the budget and reduce actual spending. Net school spending requirements have been going up over a \$1,000,000.00 per year. If you want to reduce taxes you have to raise money for the schools. That's not touchable. Cuts and services would have to be addressed, for instance do you want to eliminate trash pickup, reduce recreational services. If you look at the per capital expenditures for all the other city departments we are on the low end of everywhere. Those are the decisions that you will have to make. He said the City of Leominster in 2020 for the unfunded pension liability will be paying \$0, where other cities our size will be spending \$10,000,000.00. That is a real savings of services and taxes for people. He said the City is making good decisions in its budgetary process but will meet the challenge if it comes to that point.

HEARING BEFORE THE CITY COUNCIL, DECEMBER 9, 2013, continued

Councillor Freda said according to the Division of Local Services the definition of free cash is “a revenue source that results from a calculation and as of July 1 the communities remaining unrestricted funds from operations of the previous fiscal year based on the balance sheet as of June 30th. It typically included actual receipts and excessive revenue estimates and unspent amounts in department budget line items with the year just ending plus unexpended free cash from the previous year. Free cash is offset by property tax receivables and certain deficits as a result that can be a negative number. Free cash plays a role in sustaining a strong credit rating and the DOR encourages the adoption of policies on its use. Under sound financial policies a community would strive to generate free cash in an amount to 3-5% of its annual budget. As a non recurring revenue source a prudent use of free cash would be to find a one time expenditure, a capital purpose or to replenish other reserves according to the DOR. Free cash is not available for use until the balance sheet for the prior year is submitted by the accountant, auditor or controller and free cash is certified by the DOR. The use of free cash requires an appropriation approved by the City Council on recommendation of the Mayor or town counsel or town meeting but only after it is certified by the Department of Revenue. Free cash is a necessary component for sound local fiscal management. One indicator of fiscal health that can positively affect bond ratings and reduce borrowing costs” according to the Division of Local Services. She said she felt that it was important for the public to understand this.

Council Nickel asked what kind of affect does a TIF have like the one on Tucker Drive.

Mr. Poirier said they took another look at the agreement and they are not scheduled to fully move in until July 1, 2014. There was conflicting data within the actual agreement and our idea was they were going to move in and be there this January 1st and have not. In anticipation of that we reduced the value of the building and will gain the value back the same way we did from Dixie Cup for this year then next year that building will be tax exempt.

Councillor Nickel asked how you have a conflicting agreement when we have Kopelman & Paige reviewing the documents?

Mr. Poirier says it happens. He thanked the Council for their participation with him the 17 years he has been here and this is his last tax classification hearing for the City of Leominster. He said this re-valuation was entirely done by Mr. Paquette. He will not be here next November or December.

Councillor Freda asked Mr. Poirier to put in one sentence as part of the financial team, just to help out the public, why do you think we should stick to a classification of 1.

Mr. Poirier said the overall effect on other properties, for example you have a lot of commercial and industrial property that is family owned and owned for years. You can have a building with a business entity within and has personal property, if you split the tax rate that building and that personal property or business is affected by that rate. The other thing that you have to consider is under M.G.L. Chapter 61, which is forestry land, Chapter 61A is agricultural and Chapter 61B which all fall into the commercial classification, so if you split the tax rate they get the higher rate. These people put their land in chapters so it won't be developed. You change their tax structure you may see a lot of these parcels come out and the City would have the first right of refusal. Whether or not the City has the money to buy some of this property is a whole different ballgame. If it were to go to development it would go to residential development.

The Council thanked him for his service. He will be missed.

Gary Zimmerman of 47 Lynnhaven Road said he is not in favor of the single rate.

Nancy Koski of 2 Debbie Drive said in the 90's she put in a petition for a dual tax rate which was tabled. She said she has a home, she's single with a very reduced income and these taxes are killing her. She said she feels their needs to be cuts. She asked why the citizens can't donate to a Senior Citizen/Disability Fund like they are doing for the open space donations. It would help people who are having a difficult time with their tax so they don't lose their house.

HEARING ADJOURNED AT 7:30 P.M.

Lynn A. Bouchard, City Clerk
And Clerk of the City Council

REGULAR MEETING OF THE CITY COUNCIL, DECEMBER 9, 2013

Meeting was called to orders at 7:30 P.M.

Attendance was taken by a roll call vote; all members were present.

The Committee on Records reported that the records through November 25, 2013 were examined and found to be in order. The records were accepted.

A recess was called at 7:31 P.M. to continue the hearing for C-13 and to hold a public forum.

Meeting reconvened at 8:15 P.M.

REGULAR MEETING OF THE CITY COUNCIL, DECEMBER 9, 2013, continued

The following COMMUNICATION was received under SUSPENSION OF THE RULES and with an EMERGENCY PREAMBLE and referred to the FINANCE COMMITTEE. Vt. 9 “yeas”. Upon recommendation of the FINANCE COMMITTEE. The following COMMUNICATION was GRANTED and ORDERED. Vt. 9 “yeas”

C-18 Relative to the appropriation of \$252,832.00 to the Debt Service – Principle Expense Account; same to be raised by Fiscal Year 2014 Revenue.

ORDERED: - That the sum of Two Hundred Fifty Two Thousand, Eight Hundred Thirty Two Dollars (\$252,832.00) be appropriated to the Debt Service – Principle Expense Account; same to be raised by Fiscal Year 2014 Revenue.

RE: National Grid Incentive Award for High School Project Energy Improvements.

Upon recommendation of the FINANCE COMMITTEE, the following COMMUNICATION was GRANTED TO ADOPT A FACTOR OF 1. Vt. 9 “yeas”

C-13 Dean J. Mazzarella, Mayor: Relative to determining the factor to be used in setting the Fiscal Year 2014 tax rate.

Upon recommendation of the FINANCE COMMITTEE, the following COMMUNICATION was GRANTED and ORDERED. Vt. 5 “yeas” and 4 “nays”, Councillors Rowlands, Nickel, Dombrowski and Chalifoux Zephir opposed.

C-15 Relative to the appropriation of \$92,500.00 to the City Solicitor Expense Account; same to be raised by FY 2014 Revenue.

ORDERED: - That the sum of Ninety Two Thousand Five Hundred Dollars (\$92,500.00) be appropriated to the City Solicitor Expense Account; same to be raised by FY 2014 Revenue.

Upon recommendation of the FINANCE COMMITTEE, the following COMMUNICATION was GRANTED. Vt. 9 “yeas”

C-16 Dean J. Mazzarella, Mayor: Request that the Snow & Ice Expense Account be authorized to incur liability and make expenditures in Fiscal Year 2014 in excess of the available appropriation in the amount of \$250,000.00 as authorized by Massachusetts General Law Chapter 44, Section 31D.

Upon request of the PUBLIC SERVICE COMMITTEE, the following PETITION was TABLED. Vt. 6 /3, Councillors Marchand, Cormier and Chalifoux Zephir opposed.

30-14 James M. Donovan: Approve the layout of Samoset Drive and Spindletop Drive.

Upon recommendation of the LEGAL AFFAIRS COMMITTEE, the following PETITIONS were given FURTHER TIME. Vt. 9/0

C-17 Dean J. Mazzarella, Mayor: Adopt an ordinance for securing and maintaining vacant properties and foreclosing properties.

13-14 Stephen J. Mullaney and Ten Registered Voters: Amend Chapter 22 of the Revised Ordinances entitled “Zoning” by adding to “Health Care Overlay District (HCO) Definitions” in Section 22-4 a definition for Medical Marijuana Treatment Center and Medical Marijuana Dispensary Center and by adding the following entry to “Institutional Uses” in Section 22-18 Overlay Districts Table of Uses.

Institution Uses	RR	RA	RB	RC	BA	BB	C	I	MU1	MU2	V
Medical Marijuana Dispensary Center	N	N	N	N	N	N	SPCC	N	SPCC	N	N
Medical Marijuana Treatment Center	N	N	N	N	N	N	N	SPCC	SPCC	N	N

31-14 Daniel Garceau: Modify the City of Leominster Zoning Map by deleting Parcel 582-27 located at 220 Litchfield Street from the RB zone and adding it to the abutting Industrial I zone.

32-14 David R. Cormier: Amend Chapter 13, Section 13-4 of the Revised Ordinances entitled “Temporary prohibition of parking.” by adding a subsection entitled “Temporary lifting of a parking prohibition.”

Upon request of the PUBLIC SAFETY COMMITTEE, the following PETITION was GIVEN LEAVE TO WITHDRAW WITHOUT PREJUDICE. Vt. 9/0

28-14 Michael J. Iannacone: Request a speed bump to be placed on Howard Street

REGULAR MEETING OF THE CITY COUNCIL, DECEMBER 9, 2013, continued

Upon recommendation of the WAYS & MEANS COMMITTEE, the following APPOINTMENTS were CONFIRMED. Vt. 9 “yeas”

Office of Emergency Management – Communications Unit- Keith Boisvert
Auxiliary Police Unit – Timothy Flaxington and Cory Rogowski

A Motion was made by Councillor Dombrowski and seconded by Councillor Rowlands to amend the following ordinance by adding subsection to (a) “may petition the City Council to” .

The following ORDINANCE was read once, ADOPTED as AMENDED and ordered published. A hearing was set for January 13, 2014 at 6:30 P.M. Vt. 9 “yeas”

1st Reading Ordinance - Amend Chapter 8, Section 8-19 of the Revised Ordinances entitled “Fees for Ambulance Services” by inserting (d) The chief of the fire department or his designee shall annually perform a review and analysis of ambulance service fees established in subsection (a) and may petition the City Council to make any adjustments to such fees as necessary to ensure that the fees are competitive.

The following ORDINANCE was read once, ADOPTED as presented and ordered published. A hearing was set for January 13, 2014 at 6:40 P.M. Vt. 9 “yeas”

1st Reading Ordinance – Amend Chapter 13 Section 13-33 of the Revised Ordinances entitled “Schedule of parking fines” by insert into the Group D schedule “#20. Within a fire lane.” And further renumber the current numbers 20 (Blocking wheelchair ramp) and 21 (Handicapped parking zone) as numbers #21 and #22.

Councillor Chalifoux Zephir said on December 5, 2013 Neil O’Connor was named the Gatorade Player of Massachusetts best football player in the 29th year honoring the best high school athlete. Both the Gatorade Foundation along with USA Today announced Neil O’Connor of Leominster as the 2013-2014 Gatorade Mass. Football Player of The Year. She said this is also the first time in Massachusetts history that anybody from Leominster High School has been selected. She said the award recognizes not only outstanding athletic excellence but high standards of academic achievement and exemplary character demonstrated on and off the field and this distinguishes young Mr. O’Connor as Massachusetts best high school football player. Congratulations in a big way to this fine young man and product of Leominster High School and also to his very proud parents.

Councillor Freda recognized Rob Blanchflower for his accomplishments with UMass. He made Leominster proud as well.

Councillor Nickel recognized Nelson Mandela for his accomplishments and what a loss it is for the world.

Councillor Marchand said the cheerleaders won the State Championship and are going to the National Championship.

Councillor Marchand said he has heard that there has been an influx of children in the school district that have been brought in from another community. These children are in situations that they are living in motels. He said there are 121 right now and it going to increase. He said his concern is how the school department is handling this. Is it overtaxing their classroom? Is it overtaxing the services in school, before and after school? How are we dealing with these kids to help them and their family environment out. It has become a tremendous arm of love and compassion for kids. He said he would like to know when the children came in to this community did money travel with them as far as school choice. He said he would like to set up an informational meeting with the superintendent and his staff in the beginning of the new year.

Councillor Nickel said he will try to arrange a joint meeting after the first of the year.

Councillor Lanciani said it is Councillor Rowlands last meeting and he considers him to be a great friend, a good adversary, someone who knows what he is doing and saying, and takes the time to make sure that we understand it. He said he has worked for at least for 5 years on zoning with him and is very proud to call him his friend.

Councillor Chalifoux Zephir said it is her last meeting and thanked the Council. She said they have all been a pleasure to work with and thanked the people in Leominster who she represented. She said you can’t know the amount of work and analysis that has been done by the Ward 1 Councillor and thanked him.

Mrs. Bouchard, Clerk of the Council, presented Councillor Chalifoux Zephir with a gavel and plaque for her year of service as Council President.

Councillor Rowlands thanked the citizens of Leominster, the Council, the City Clerk and Assistant City Clerk and to his family for their support.

MEETING ADJOURNED AT 9:25 P.M.

Lynn A. Bouchard, City Clerk
and Clerk of the City Council