

HEARING BEFORE THE CITY COUNCIL, DECEMBER 8, 2014

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

All members were present.

Present at the hearing was Chief Assessor Bill Mitchell, Assessors Mary Carey and Richard Dondero, and Comptroller John Richard.

The following PETITION was the subject of the hearing:

C-19 Relative to determining the factor to be used in setting the FY15 tax rate.

Mr. Mitchell said we are not setting the tax rate but we are determining whether or not to shift the burden within classes.

A handout was provided prior to the hearing and is on file in the City Clerk's Office.

Councillor Salvatelli asked what the percentage of housing versus commercial and industry this year.

Mr. Mitchell said it is approximately 80% Residential and 20% Commercial.

Mr. Mitchell said for the first time in six years they saw the whole value of the City go up, which it is a good thing and a step in the right direction. He said it is important to know that when you get your January 1st tax bill the assessment is one year old. So the bill you get in January reflects an assessment as of January 1, 2014 and that is based on 2013 sales. He said they looked at 2014 sales and it will be slow going but residential properties went up about 2%, condominiums went down about 2%, commercial properties went up a little bit, and industrial properties increased .08% over last year.

Mr. Mitchell said the tax rate sets itself. We have a budget that was previously set and you have the City values that they set. Once those two things are done and they determine whether the burden shifts or not you take the value of the City and divide it by a 1,000 and multiply it by the tax rate equals the budget.

Mr. Mitchell said overall they saw growth is down quite a bit this year and it's nothing to be frightened about. We saw a lot of movements in the right direction. We have 17 new homes this year versus 27 new homes last year with the average price the same. There was a lot of movement at the Mall at Whitney Field. We saw Burlington Coat Factory go in, Old Navy moved to a new spot and Home Goods moved into Leominster.

Mr. Mitchell said the average residential building should see an increase of about \$200.00 this year. The average industrial building should see about \$230.00 increase and commercial properties should see about \$760.00 increase this year.

Councillor Salvatelli said the lack of growth which was close to \$300,000. affects the Free Cash, correct?

Mr. Mitchell said it affects how much can be raised.

Mr. Richard said it doesn't have impact of Free Cash. Free Cash is just the net result of the operating expenses of revenues over budgeted amounts of the previous year.

Councillor Salvatelli said it is included every time we see the breakdown of Free Cash there is some growth in there.

Mr. Richard said no. He said what we do collect is prior year uncollectables that we don't use.

Councillor Salvatelli said he noticed the list of the top ten taxpayers at the end of the booklet. He said we are getting more apartments and less businesses.

Mr. Mitchell said its not more, it's the value of the apartment buildings are increasing because they are in such high demand so we are seeing those valuations of those buildings go up quite a bit and they remain in the top tier of tax dollars. That is what you are seeing. It doesn't mean there is more development of them or apartments being filled.

Councillor Salvatelli said he was surprised that the top taxpayer is paying \$821,000. per year but it drops down significantly after that. It drops down to \$381,000 down to \$182,000. He doesn't think that is so high, he would have expected more heavier tax payers in the community.

Mr. Richard said the less we are reliant on one big tax payer the better.

Councillor Nickel asked what the average value of a house is.

Mr. Mitchell said the average single family home is about \$215,000.

Mr. Nickel asked what the multi families value are.

Mr. Mitchell said the two and three family saw a pretty good decrease this year of 5.5% on the two families and 3% on the three families. We noticed the older traditional three families were selling for \$180,000. to \$200,000. and prior to that they were \$220,000. which is about a 5% decrease in these properties.

Councillor Cormier said earlier in the year we appropriated funds to go out and assess 75% of the condos in the City. Has it started and what is the trend?

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Mr. Mitchell said it wasn't so much reassessing them. The Department of Revenue required us to be more diligent in recording square footage. As you know condominiums are built and a lot of the Assessors previously took the square footage for granted off the master deed and assessed them as such as we did here. So they were looking for something more consistent. The goal was to go out and measure 1,283 condos this past year so we could get our data more accurate and get our assessments more equalized and it was completed. It had nothing to do with the market of those condos going up or down. We saw about a 2% decrease.

Councillor Cormier said in 2013 there were 110 communities in Massachusetts that has a split rate and now there are 116 so that means 6 communities went from a single rate to a split rate. Why would you want to go from a single rate to a split rate?

Mr. Mitchell said while working in Sturbridge we were at a single rate for two years, went to a split rate for three years and then went back to a single and went back to a split. The whole purpose behind that depends on what you want to do as a community. Do you want to take less burden off of the residential people and put it on commercial? He personally feels it is not a good idea but it depends on what the community wants to do and what the Council wants to do.

Councillor Salvatelli said we have about 15,000 parcels of property being taxed a year, correct?

Mr. Mitchell said that is correct. There are about 14,800 including personal property.

Councillor Salvatelli asked what the impact was on the TIF's that were given have on this?

Mr. Mitchell said he does an impact on certain classes when the TIF's are proposed and said some of the TIF's can cost \$.05 and some \$1.50 and he sees what impacts are on the single family home but spreading it over the base he hasn't done those calculations but could figure it out for you.

Councillor Salvatelli said he was curious what a family would pay because we are being pro business.

Mr. Mitchell said he has seen it flex between between \$.15 and almost \$3.00 depending upon the TIF. As that TIF goes away we are also picking up the value of that property. So it might be a wash half way through the TIF.

Councillor Salvatelli said so basically you are investing and eventually it will catch up and will be on the plus side. Hopefully because we did that this company stays and prospers and we benefit from there.

Mr. Mitchell said that is right and most TIF's that we give out are for the growth of the establishment of a new company so that they can come to Leominster, add jobs, add tax dollars and then grow as well.

Councillor Salvatelli said the average tax bill is over \$4,000.00. That is a lot of money. He said that is what he pays for a very small cape.

Mr. Mitchell said you have a lot of services that go along with that, that's the balance.

Councillor Salvatelli said there are people in a position to pay for it but when you are making \$1,200.00 a month on Social Security and have minimal savings that's where the kicker comes in.

Mr. Mitchell said that is a good point. He said we give out about 680 exemptions a year between elderly, disabled veterans, blind and other elderly exemptions.

Councillor Salvatelli said to get a tax abatement you have to be pretty bad off.

Mr. Mitchell said we also adopted the cost of living adjustments with the exemptions so each year those limits go up. He said he always encourages people to come in and see if they qualify.

Mr. Richard said as you are aware the tax rate is \$19.44. The City of Leominster has excess levy capacity of \$5.2M and the tax rate without going for prop 2 ½ increase could be \$21.32. That translates to about \$362.00 for the average single family home. Cumulatively since 1988 the savings to the taxpayer to the average family home is slightly over \$7,500.00.

Councillor Salvatelli said he remembers distinctly Mr. Richard telling them at a Finance Committee meeting that the levy only grows with growth, right?

Mr. Richard said it grows if you don't utilize your full levy limit.

Councillor Salvatelli said at some time you predicted that levy eventually would peak out.

Mr. Richard said no, I just wanted you to be aware.

Councillor Salvatelli said you predicted it.

Mr. Richard said no, I did not predict it, I am telling you what the maximum tax rate is. I'm putting you on notice. There are communities worse off than us, the maximum tax rate under Prop 2 ½ is \$25.00 per thousand so in theory if we were to have a recession and the values went down by 20% from where they are now there are going to be a lot of people in trouble. Remember we are not going to \$21.13 but the maximum is \$25.00 per thousand. There are communities that have hit it and there are communities that are a lot closer to it than we are.

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Councillor Bodanza said the idea of the tax factor is to keep, maintain and stimulate growth which ultimately will benefit in the long term the residential tax payer. So the argument for the single rate is to ultimately, even though maybe in some peoples simplistic way if you shifted the burden to the commercial and industrial properties maybe that is short sighted, but maintaining the single factor the idea is to maintain that balance growth keep commercial and industrial folks happy, keep them growing, keep them in the community and as a result have that benefit the residential tax payer in the long term, correct?

Mr. Mitchell said yes that is correct. It is important to note that shifting the burden, because we are a community of 78% residential property and 21% commercial/industrial. In order to get any kind of savings on that 80% you really have to shift a lot to the 20% and so the disparity is huge too.

Councillor Bodanza said so it will effect any significant saving. He said you are talking about pounding the commercial/industrial tax rate.

Mr. Mitchell said you would save \$57.00 on the single family home and would have to raise the commercial to \$664.00.

Councillor Bodanza asked, in his opinion, a bad investment for the residential taxpayer?

Mr. Mitchell said yes.

Councillor Bodanza said and at the same time we're not spending all the money we could spend because we have this excess levy capacity. In other words in using more of that excess levy capacity the budget could get higher and the tax rate goes up to fund the budget.

Councillor Dombrowski said he is in favor of the factor of 1. He asked Mr. Mitchell to give an example where the factor of 2 worked or was appropriate.

Mr. Mitchell said the City of Boston. He said he cannot say there is something out there that profoundly works. We see it in Worcester and how it works and the constant struggle. We see it also in the City of Newton. I can't say there is a place that has a split rate and they are jumping up and down with joy.

Councillor Freda said the 2 1/2 % is the total value of the City of Leominster not the individual property owner because people often think there taxes went up more than 2 1/2%.

Mr. Richard said that is correct and for this year if everything stayed the same the average single family home tax would have gone up \$99.00. That's all it went up but because there are other factors, other value changes two and three families, condos, etc. values going down then that tax levy has to be made up by the classes. So, that's the reason to the \$200.00.

Councillor Freda said that she hears that all the time because people start doing the calculations and they don't come out. The majority of the communities that have the split rate are struggling to get rid of it and can't do it fast enough. She asked Mr. Mitchell if the average single family home he used was as of 2013.

Mr. Mitchell said yes.

Councillor Freda said so essentially 2015 is up to about \$230.00

Mr. Mitchell said about \$224.00.

Councillor Freda said from her perspective Leominster is in a better position value wise than many of the other surrounding communities.

No one in the audience spoke in favor or in opposition to this communication.

HEARING ADJOURNED AT 7:13 P.M.

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

REGULAR MEETING OF THE CITY COUNCIL, DECEMBER 8, 2014

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

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

A Moment of Silence was held for Mrs. Helen Hill, a resident of Leominster and Gold Star Mother who passed away last week.

REGULAR MEETING OF THE CITY COUNCIL, DECEMBER 8, 2014, continued

The Committee on Records reported that the records through November 24, 2014 were examined and found to be in order. The records were accepted.

The following COMMUNICATION was received under SUSPENSION OF THE RULES, referred to the FINANCE COMMITTEE and given REGULAR COURSE. A hearing was scheduled for January 12, 2015 at 6:45 P.M. Vt. 9/0.

- C-23 Dean J. Mazzearella, Mayor: Relative to the appropriation of Three Million Two Hundred and Forty Nine Thousand One Hundred and Seventy Dollars (\$3,249,170) for the purpose of paying costs of the replacement of the Northwest Elementary School Roof, 45 Stearns Avenue, Leominster, MA., which proposed repair project would materially extend the useful life of the school and preserve an asset that otherwise is capable of supporting the required educational program, said sum to be expended under the direction of the School Building Committee. To meet said appropriation the Treasurer, with the approval of the Mayor is authorized to borrow said sum under M.G.L. Chapter 44, or pursuant to any other enabling authority. The City of Leominster acknowledges that the Massachusetts School Building Authority's (MSBA) grant program is a non-entitlement, discretionary program based on need, as determined by the MSBA, and if the MSBA's Board of Directors votes to invite the City to collaborate with the MSBA on this proposed repair project, any project costs that the City of Leominster incurs in excess of any grant approved by and received from the MSBA shall be the sole responsibility of the City of Leominster; provided further that any grant that the City of Leominster may receive from the MSBA for the project shall not exceed the lesser of (1) seventy one point nine six percent (71.96%) of eligible, approved project costs, as determined by the MSBA, or (2) the total maximum grant amount determined by the MSBA; and that, if invited to collaborate with the MSBA on the proposed repair project, the amount of borrowing authorized pursuant to this vote shall be reduced by any grant amount set forth in the Project Funding Agreement that may be executed between the City of Leominster and the MSBA. (Finance)

The following PETITION was received, referred to the WAYS & MEANS AND VETERANS AFFAIRS COMMITTEE, given REGULAR COURSE and referred the School Committee, the Mayor, the Superintendent of Schools and the Committee on Schools.

- 18-15 Mark C. Bodanza, David R. Cormier and Robert Salvatelli: Adopt a resolution in opposition of a new charter school.

Upon recommendation of the LEGAL AFFAIRS COMMITTEE the following PETITION was given FURTHER TIME. Vt. 9/0 (A hearing is scheduled for January 12, 2015 at 7:00 P.M.)

- 17-15 Robert A. Hodskins and 26 Registered Voters: Amend the Leominster Zoning Ordinance by temporarily rescinding in its entirety the Zoning Ordinance and Zoning Map that took effect upon the Mayor's endorsement on March 6, 2013, and by substituting therefor the Zoning Ordinance and Zoning Map in effect immediately prior thereto, until such time as the City pays its zoning consultant, S. J. Mullaney Engineering, Inc., as authorized by Chapter 192 of the Acts of 2013 pursuant to a Home Rule Petition request by the Mayor and the City Council.

Upon recommendation of the FINANCE COMMITTEE, the following COMMUNICATION was GRANTED and a Factor of 1 was ADOPTED. Vt. 9 "yeas"

- C-19 Dean J. Mazzearella, Mayor: Relative to determining the factor to be used in setting the FY2015 tax rate.

Upon recommendation of the FINANCE COMMITTEE, the following COMMUNICATION was RATIFIED. (Granted with an Emergency Preamble on November 24, 2014; another vote is required.) Vt. 9 "yeas"

- C-21 Relative to the appropriation of \$1,000.00 to the Police Department Overtime Account; same to be transferred from the Disability Commission Fines Reserved for Appropriation Account.

Upon recommendation of the FINANCE COMMITTEE, the following COMMUNICATION was GRANTED and ORDERED. Vt. 9 "yeas"

- C-22 Relative to the appropriation of \$89,000.00 to the Highway Capital Outlay Expense Account; same to be transferred from the Stabilization Fund.

ORDERED: - that the sum of Eight Nine Thousand Dollars (\$89,000.00) be appropriated to the Highway Capital Outlay Expense Account; same to be transferred from the Stabilization Fun.

Under "Old Business" Councillor Nickel said the scoreboard for the American Little League Field has been moved. He said he spoke with the League President recently and plans are going on for the rededication of the sign possibly in April. He said it is up and all connected and come Spring we can all celebrate the rededication of the sign along with the removal of approximately a foot of elevation on the infield.

REGULAR MEETING OF THE CITY COUNCIL, DECEMBER 8, 2014, continued

The following LOAN ORDER was read once, ADOPTED as presented and ordered published Vt. 9 “yeas”

1st Reading Loan Order –ORDERED: - that the sum of Three Million Two Hundred and Forty Nine Thousand One Hundred and Seventy Dollars \$3,249,170 for the purpose of paying costs of the replacement of the Northwest Elementary School Roof, 45 Stearns Avenue, Leominster, MA., which proposed repair project would materially extend the useful life of the school and preserve an asset that otherwise is capable of supporting the required educational program, said sum to be expended under the direction of the School Building Committee. To meet said appropriation the Treasurer, with the approval of the Mayor is authorized to borrow said sum under M.G.L. Chapter 44, or pursuant to any other enabling authority. The City of Leominster acknowledges that the Massachusetts School Building Authority’s (MSBA) grant program is a non-entitlement, discretionary program based on need, as determined by the MSBA, and if the MSBA’s Board of Directors votes to invite the City to collaborate with the MSBA on this proposed repair project, any project costs that the City of Leominster incurs in excess of any grant approved by and received from the MSBA shall be the sole responsibility of the City of Leominster; provided further that any grant that the City of Leominster may receive from the MSBA for the project shall not exceed the lesser of (1) seventy one point nine six percent (71.96%) of eligible, approved project costs, as determined by the MSBA, or (2) the total maximum grant amount determined by the MSBA; and that, if invited to collaborate with the MSBA on the proposed repair project, the amount of borrowing authorized pursuant to this vote shall be reduced by any grant amount set forth in the Project Funding Agreement that may be executed between the City of Leominster and the MSBA. (Finance)

The following RESOLUTION was received, referred to the WAYS & MEANS AND VETERANS AFFAIRS COMMITTEE and given REGULAR COURSE.

RESOLUTION – Opposition to the creation of a new charter school

Councillor Salvatelli said we had another death in the City, Frank Roberge who was a veteran and the grandfather of Jonathan Roberge who died after a month in Iraq. He was an interesting character, very humble, very layed back.

Council President Marchand thanked his colleagues for great cooperation this year. He also thanked the Clerk, the Assistant Clerk and the office staff.

He said it was an important year for the Council. We ended last year on a sour note and through our actions, our willingness to work with the administration and also to challenge the administration, but do so in a respectful way, has gained the respect of each and everyone of you. He said he hears it day after day and Mrs. DeMarzio on Washington Street makes sure he knew how proud she is of each and everyone of the members of the Council this year. She has been around and in business close to 60 years and still goes everyday to Crest Plastics on Lancaster Street to visit, has her office and does her routine. When you gain the respect of the community it means a lot. There was a sense of collaboration with the building itself with the administration team and he said thank you for your cooperation. It was a challenging entry and we ended on a very good note.

The Clerk presented Council President Marchand with a plaque for his year of service as City Council President.

MEETING ADJOURNED AT 8:00 P.M.

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