

ADVISORY AND FINANCE COMMITTEE

MEETING MINUTES

February 3, 2016

A meeting of the Advisory & Finance Committee was held on Wednesday, February 3, 2016. The meeting was called to order by Chairman John Moody at 7:00PM and was conducted in the Mayflower II Meeting Room at the Plymouth Town Hall, 11 Lincoln Street, Plymouth, Massachusetts.

PRESENT **14 members of the committee were present:**

Kevin Canty, Betty Cavacco, Robert Cole, Harry Helm, Shelagh Joyce, Ethan Kusmin, Mike Lincoln, Marcus McGraw, Christopher Merrill, John Moody, Patrick O'Brien, Harry Salerno, Marc Sirrico, Scott Stephenson

ABSENT **1 member of the committee was absent**

Patricia McPherson

Agenda Items

- Annual Town Meeting Article

21 – Alarm Systems

John Rogers, Police Captain, presented ATM Article 21. Article 21 asks to modify the General Bylaw Section 14-2 to require contact information for at least two people responsible for the alarm system that are authorized to respond to an emergency signal, who can open the premises, and who can be held responsible for any bylaw violations. This will help the Police Department successfully collect fees because many corporations are currently not taking responsibility for paying fees. With this modified bylaw, if a business does not pay, the individuals would be responsible.

Questions:

- What is the amount or percentage of fees each year that you are unable to collect? (S Stephenson) Unsure but can find out and provide that information later.
- Is this bylaw language similar to that in other towns? (H Salerno) Not sure about other towns. Plymouth has a fine schedule after a 3rd violation. The court will not issue a warrant for a business. We need this mechanism, provided in this bylaw, to identify an individual responsible.
- There were many examples of situations where an individual may be listed on the paper who is either listed without their consent, or who leaves employment with that organization and is not aware that they need to contact the Police Department to have their name removed from this list, or contact information is not updated properly or timely, that may have a warrant issue for their arrest without their knowledge.
- Worried about risk of this ruining an innocent former employee's credit history and criminal record history. Maybe change language to identify active employee. Holding individuals liable is a stretch.
- How many alarms were responded to last year? How many of those were false alarms? 2,282 alarms last year, officers were sent to all, majority were false alarms.

Ethan Kusmin made a motion to recommend ATM Article 21 to Town Meeting. Patrick O'Brien, second.

Discussion:

- Respect what the department is trying to do, but this is not the way to do it, going to vote against, person may not even know they are on the list. (H Salerno)
- On the fence. If manager left they would make sure they do not have access to the alarm and are no longer on the list. This may be way to help resolve issues with faulty alarms. (C Merrill)
- There is a registered agent for every company on file with the Attorney General's office, maybe that should be the person listed on the form. (M Lincoln)
- Having two separate lists, one with alarm company and one with the town, is a problem.

Because of several scenarios mentioned previously, this is worth voting against in its current form. (K Canty)

- The bylaw could be updated with verbage that it is the corporation's responsibility for maintaining the list. (J Moody)
- Not in support, the bylaw language is an issue. (H Helm)

The motion fails (1-11-1). Patrick O'Brien, in favor. Mike Lincoln, abstained.

➤ Special Town Meeting Articles

4 – Amend 2015 ATM Article 8

Lynne Barrett, Director of Finance, presented STM Article 4. At the 2015 Annual Town Meeting, \$4,000 was approved for Article 8 Item KK, Acoustic Buoys, and the funding source was grants. That amount is being amended to \$2,138.66 and the source to general fund free cash. There was confusion that this was to be funded from a grant but it was actually the town match portion of the grant.

Harry Salerno made a motion to recommend STM Article 4 to Town Meeting. Betty Cavacco, second. The motion carries unanimously (13-0-0).

5 – Solar Pilot – Exit 5

Lynne Barrett, Director of Finance, presented STM Article 5. This is for a PILOT agreement at the Route 3 Interchange Exit 5 for the existing 0.5 MW-AC solar photovoltaic energy generating facility for MA Highway Solar LLC (or its affiliates, successors, or assigns). This article has similar terms to all of the other PILOT agreements voted at Town Meeting previously. An income approach was used to value a rate of \$12,500 per MWAC. The term of the agreement will be for 20 years and will include an annual escalator of 2.5%.

Questions:

- This solar facility has been up for 4-6 months, what are they doing now? (S Joyce) As far as the power being generated, it is for the state and is not benefitting the town.
- Any way to make it look better? (M Lincoln) That is a question/conversation for the developer.
- This is state property so is the developer paying the state? (J Moody) Not sure about the deal with the state, most likely they are receiving payment. This PILOT is for personal property only, not for real estate. They would get a personal property tax bill from us anyway, this is just negotiating a steady payment stream.
- What is the value of that bill today? (J Moody) It is usually a lot higher in the beginning then decreases over time as the value of the personal property decreases. The Assessor looks at the income approach and divides that evenly over 20 years.
- Do we know we are getting more through the PILOT than billing through personal property tax? (J Moody) The goal is not to make money, the agreement helps collect the taxes due.
- I would like to see that illustrated. Is this more or less than personal property tax would be? (B Cavacco) In the beginning it is less than what the tax bill would be, with depreciation and the escalator, later years they will pay more than they would otherwise be taxed, in the end it adds up to the same amount.
- So in the end, the stream of payments is equivalent as to how it would be with personal property tax, but this helps provide a steady stream of payments where both parties know what to expect. (R Cote) Correct.

Ethan Kusmin made a motion to recommend STM Article 5 to Town Meeting. Patrick O'Brien, second. The motion carries unanimously (11-0-2). Betty Cavacco and Scott Stephenson, abstained.

6 – Stabilization Fund - Nuclear

Lynne Barrett, Director of Finance, presented STM Article 6. Over the past four years, the town has made a commitment to continually set aside available funds for the Nuclear Plant Mitigation Fund.

Now more than ever this is very important in light of Entergy's recent announcement of closure sometime in the near future (2017 or 2019). These funds are being set aside for future use as it relates to the Entergy Nuclear Power Plant and the effect that plant would have on the town's budget. Entergy's payments to the town will decrease over a period of years, it will not disappear all at once.

Possible future effects could include the following but are not limited to:

1. Decreases in the tax payment from Entergy because of closure or discontinued operations or changes in their tax payment that were not planned or budgeted for.
2. Loss of funding from Entergy for the annual operations of the town's Emergency Management Operation or any other funding that they provide to the town that we don't provide ourselves.
3. Other costs associated with the town's efforts to protect itself during the closing and decommissioning process.

Any future spending from this account would require a 2/3rds vote of Town Meeting. The recommendation is to transfer \$750,000 from Overlay Surplus certified by the Board of Assessors to the Nuclear Plant Mitigation Stabilization Fund. The current balance in this account is \$2,886,924.

Questions:

- Is the balance in an interest bearing account? (C Merrill) Yes
- What is "certified overlay surplus"? (S Joyce) Overlay is the allowance for abatements and exemptions. It is an annual account to cover anticipated abatements and exemptions of committed real and personal property taxes for that fiscal year. Excess overlay is determined, certified and transferred by vote of the assessors to a Fund Balance Reserved for Overlay Released by the Assessors for Expenditures (overlay surplus). If it is not used, it closes out to free cash.
- Is there over-reserving taking place? (J Moody) The Department of Revenue does an analysis based on past abatements and threshold, it is based on historical trends.

Patrick O'Brien made a motion to recommend STM Article 6 to Town Meeting. Harry Salerno, second.

Discussion:

The town is doing all it can but it is unfortunate that it didn't start this sooner. The town should plan better for a rainy day. (K Canty)

The town has done a good job, it had forethought. (P O'Brien)

The motion carries unanimously (13-0-0).

7 – Debt Rescindment

Lynne Barrett, Director of Finance, presented STM Article 7. Every year the town evaluates previous projects voted at Town Meeting to see where they stand. Article 7 asks that unused borrowing authority for two projects be rescinded:

Article 9B3 2012 Water Street Bridge	\$ 700,000
Article 9B3 2013 Federal Furnace HVAC	\$1,380,000

The Water Street Bridge was a \$2.7 million project with \$1.8 million approved to be borrowed. The project is complete and there is \$700,000 left on that authorization which we are recommending to rescind. The Federal Furnace project was authorized for \$7 million and it came in lower so we are asking to rescind the remaining \$1,380,000 authorization.

Questions/Comments:

This is just an amount Town Meeting authorized to borrow, there is no actual money here, just numbers on paper. (J Moody) Correct.

Kevin Canty made a motion to recommend STM Article 7 to Town Meeting. Christopher Merrill,

second. The motion carries unanimously (13-0-0).

Old/New/Other Business

Budget Comments:

- The budget includes too many “miscellaneous” or “other” line items, more detail should be provided to everyone including the taxpayer (B Cavaccco)
- Can you provide any examples? (J Moody)
- Not without looking through the budget book (B Cavacco)
- Agree with transparency. Maybe threshold if over \$10,000 (or other agreed upon number) detail must be provided. (C Merrill)
- There is inconsistency of information between divisions which makes it difficult to compare apples to apples. (S Joyce)
- We are not provided with an up to date budget either. Maybe we could get a more up to date budget, as far as staff changes, or be provided with a memo indicating everything that has changed since the budget was submitted by division heads. (S Joyce)
- Most people don’t understand what they are looking at with this budget. it should be in layman’s terms. (B Cavacco)
- A few DPW divisions provided memos which highlighted all areas with changes in this years budget, that makes our job easier when writing sub-committee reports. (E Kusmin)
- Based on this conversation, we will add an agenda item after Town Meeting is over to discuss these challenges and share suggestions. (J Moody)
- I am working on a primary objective of locating funds within the existing budget to fund the Public Safety positions that the Town Manager recommended that Board of Selectmen did not recommend. We are verifying with both Chiefs the costs needed to cover these additional positions. We have asked the schools to reduce their budget and the School Committee will be discussing that request. We are finding ways to reduce the Town budget. All sub-committees have asked pointed questions and should be commended for their efforts. Depending on what the school comes up with, it looks like we may be able to achieve that goal without increasing the bottom line. (J Moody)
- Why not save it? Why spend the savings on Public Safety? (E Kusmin)
- We will decide that as a committee at our February 24, 2016 meeting.
- Will this cover salaries only? (M McGraw)
- No, this will cover salaries, equipment, uniforms, benefits, everything required. On top of that, it will include the OPEB liability of the new employees. We are creating a formula for funding OPEB by looking at the head count of new staff added. This will help us realize the actual cost of new employees. We may need to adjust the formula in the future. (J Moody)
- The OPEB amount will not be earmarked for those individuals, it will simply be deposited into the fund. (H Salerno)

ADJOURNMENT

Marcus McGraw made a motion to adjourn. Kevin Canty, second.

The motion for adjournment carries unanimously (13-0-0).

The meeting adjourned at 8:30PM.

Respectfully submitted,
Kere Gillette