

METHUEN CITY COUNCIL SPECIAL MEETING
TUESDAY, DECEMBER 9, 2008 – 6:45 P.M.

Chairman Lahey called the Special Meeting to order at 6:45 p.m. with all members present with the exception of Councilor Giordano.

ACCEPTANCE OF AGENDA

MOTION BY: Councilor Cronin, seconded by Councilor Zanni to accept the agenda.

MOTION BY: Councilor Quinn, seconded by Councilor Leone to waive the rules and add Resolution TR-08-90 Resolution Providing for an Amendment to the Adoption of the Fiscal Year 2009 General Government Budget for Tax Rate Setting Purposes and TR-08-91 Resolution Providing for an Amendment to the Adoption of the Fiscal Year 2009 School Department Budget, including EPAs, and accept the agenda as amended.
UPON VOTE: UNANIMOUS.

MOTION BY: Councilor Quinn, seconded by Councilor Cronin to take TR-08-90 and TR-08-91 out of order. UPON VOTE: UNANIMOUS.

TR-08-90 Resolution Providing for an Amendment to the Adoption of the Fiscal Year 2009 General Government Budget for Tax Setting Purposes.

MOTION BY: Councilor Quinn, seconded by Councilor Kannan to accept. UPON VOTE: UNANIMOUS.

MOTION BY: Councilor Quinn, seconded by Councilor Leone to adopt an EPA for the good and welfare of the community. UPON VOTE: UNANIMOUS.

METHUEN CITY COUNCIL SPECIAL MEETING
TUESDAY, DECEMBER 9, 2008 – 6:45 P.M.

TR-08-91 Resolution Providing for an Amendment to the Adoption of the Fiscal Year 2009 School Department Budget

MOTION BY: Councilor Quinn, seconded by Councilor Cronin to adopt an EPA for the good and welfare of the community.

UPON VOTE: UNANIMOUS.

MOTION BY: Councilor Zanni, seconded by Councilor Quinn to adopt. UPON VOTE: UNANIMOUS

TR-08-86 Resolution Establishing the CPI Increase of an Exemption under Clause 17D, Section 5 of Chapter 59, Massachusetts General Laws (EPA REQUESTED)

MOTION BY: Councilor Zanni, seconded by Councilor Leone to adopt an EPA for the good and welfare of the community. UPON VOTE: UNANIMOUS.

MOTION BY: Councilor Zanni, seconded by Councilor Quinn to adopt TR-08-86. Councilor Pappalardo said she received calls from citizens and don't understand this. There home was revaluated and went down but their taxes are going to go up.

Mr. Cena stated that the Mayor and Tom Kelly have already indicated there is an average increase of about \$29.90 on the average value. As the values decrease, we still must maintain our levy and pay our bills. The only way to meet your levy is to equally share that burden and that's through the recent revaluation of the property. The word "advalorem", taxed as valued, and once a rate is determined, they set the levy. That tax rate will then go against the lower value. The lower the value, you still have to raise the same amount of money, therefore there would be a slight tax increase.

Mayor Manzi said the taxes are based on the value times the rate. The rate can be adjusted whether the values have gone up or down. Revenues are raised accordingly. In the past, people may have said the taxes were raised because the values went up. That is a misconception. The value in and of itself doesn't impact how much you pay in taxes. As you know, it's the dollar amount that you pay as an individual that determines whether your taxes have gone up or down. The rate can be adjusted whether your values are going up or whether your values are going down.

UPON VOTE: UNANIMOUS.

MOTION BY: Councilor Leone, seconded by Councilor Quinn to adopt the tax rate.

Councilor Pappalardo said it is really tough voting on this, with all the people that are losing their jobs, some are losing their homes. She asked Mr. Cena if Methuen had foreclosed on 130 home in the month of November.

Mr. Cena said that is for the entire year.

METHUEN CITY COUNCIL SPECIAL MEETING
TUESDAY, DECEMBER 9, 2008 – 6:45 P.M.

Councilor Pappalardo said people are scared that they're going to lose their job, if they haven't already. They're afraid for the winter coming up, heating bills, putting food on the table for their families and here we are raising taxes. She understands that Council needs to do this. She voted for the budget and reluctantly will vote for the increase here. She mentioned a statement made by the Mayor, in the newspaper, that he was going to meet with his department heads to discuss potential cuts, perhaps five to ten percent and suggested this be done prior to the next budget process. The next year is going to be even bleaker. The Governor stated on the radio today that we're going to have cuts after the first of the year and the cities and towns can't afford to have any more cuts.

Mayor Manzi said they recognize the difficult economic times and that's why they've recommended the shift presented to Council. Methuen may be the lowest residential rate in the Merrimack Valley. Economic times are very difficult now. In light of the potential for a mid-year cut, he's asked all departments to submit five and ten percent cuts against their budget. He will meet with all of the departments next week. Hopefully, the Governor does not make a mid-year cut. Next year if they do cut local aid by as much as ten percent, you can count on pretty draconian restrictions in spending. Some difficult things could be done, whether it is consolidating firehouses, cutting library services, laying off DPW personnel, that's what you do when you make cuts and we'd have to stand our ground. Maybe we wouldn't buy as many cruisers or an ambulance. There are things that government does that impact people positively and he thinks that part of the issue here is we need to trim where we can and be as efficient where we can, but we need to be prepared for a ten percent local aid cut. He will submit a balanced budget in the next fiscal year and it will not be balanced on the backs of taxpayers. He's saying he will partner with the Council and look at services that can't be cut and what services can be cut. That's important and he will work with the Council on that.

Councilor Kannan asked that either Mr. Cena or Mr. Kelly explain to the viewing public and the audience how Methuen determines the factors; the \$29 increase, and shifting some of the burden onto the local businesses. She also asked for an explanation on the property classifications.

Mayor Manzi said last year we were at 165% and they made a determination to add to that just a little bit. The goal was to promote a shift that they felt both classes could reasonably withstand. The emphasis in Methuen was to further protect residential homeowners against large spikes in property taxes. The split recommended to Council is equitable, even though it places a little bit of an additional burden on business, they think it's the right split. Not everybody would agree with them on that but being a person that has owned a business and business property, also own a home, this is an equitable split and it serves us well for this year.

Councilor Zanni said he spoke to John Cena over the past few months regarding the foreclosures in our community and the budget. The values of homes in our community (as well as other communities) have gone down. His own home went down \$22,000 from last year. His understanding is individuals could file for ad abatement if they so chose. He wanted residents to know there is still another option out there.

METHUEN CITY COUNCIL SPECIAL MEETING
TUESDAY, DECEMBER 9, 2008 – 6:45 P.M.

Mr. Cena said its important to understand that residents can file an abatement but need to understand that the values used to determine the values for fiscal year 09 (based on state mandate) are from 1-1-07 to 1-1-08. If a taxpayer were to file abatement they would have present sales documentation or rationale for their support of an abatement based on sales from 2007. The current market for 08 will be reflected when we discuss fiscal year 2010.

Vice-Chairman Quinn asked Mr. Bevilacqua from the Merrimack Valley Chamber of Commerce to come to the podium to speak.

Mr. Bevilacqua said he recognizes the importance of deliberations and the fact that the city is struggling with a very difficult economy that impacts both residential and business owners alike. The Mayor and the City Council know the Merrimack Valley Chamber has a strong working relationship with the City of Methuen. Any additional burden on the business community is a detriment and they recognize and appreciate the recognition that given to the concerns of the business community. He noted that the Chamber submitted communication stating their position and wants to say thank you for allowing them to communicate relative to our position on the tax classification issue. The Mayor and the Chamber have already made plans to develop new business opportunities recognizing that the small business community, in particular is struggling. There will be more programs coming out of the Chamber working in conjunction with the Mayor's office, more recognition and more self-help types of programs for the business community as we go forward in 2009.

Chairman Lahey said letters were distributed during the public hearing to be read.

Councilor Zanni asked the Mayor – on the commercial end – if we are below other communities or on the same realm in regards to our commercial rate in comparison to other communities.

Mayor Manzi said he doesn't have the surrounding communities numbers in front of him but he believes we still remain competitive as a place that is desirable to do business and its his view that the recommended shift would not adversely impact our ability to retain and attract new business.

Councilor Zanni asked Mr. Kelly (as asked by Clr. Leone) about the rates from last year.

Mayor Manzi said he asked for the total levy number and he gave that to him.

The clerk read a memo submitted by Jack Burke regarding the public hearing on the tax classification factors and rate.

Chairman Lahey asked how much of increase there is in the snow and ice budget.

Mr. Kelly said \$550,000 in addition to the \$215,000 that's in the DPW budget and \$200,000 in the reserve fund, for a total of \$965,000.

Chairman Lahey questioned when the last time was that the city spent under one million dollars. Mr. Kelly responded, a long time ago.

METHUEN CITY COUNCIL SPECIAL MEETING
TUESDAY, DECEMBER 9, 2008 – 6:45 P.M.

Chairman Lahey said we do have that extra money but if we don't cut back on services that we provided over the last winters, we could spend more. Last year, 1.6 million dollars was spent. Depending on the winter, considerably more could be spent. He agrees with Mr. Cena. Council voted on a budget and it is up to them to pass the tax rate to fund it.

Vote: Tax Classification Factors

MOTION BY: Councilor Leone, seconded by Councilor Zanni not to grant residential of up to 20% on the average assessed valuation of residential property. UPON VOTE: UNANIMOUS.

MOTION BY: Councilor Zanni, seconded by Councilor Quinn not to grant an exemption of up to 25% on all property that must be classified as class II open space. UPON VOTE: UNANIMOUS.

MOTION BY: Councilor Leone, seconded by Councilor Zanni to approve 170% shift to commercial with a residential factor set at 0.884999 as recommended by the Mayor, giving a residential tax rate of \$10.81 and a commercial tax rate of \$20.77. UPON VOTE: UNANIMOUS.

TR-08-78 Resolution Authorizing Transfer of Funds from Enterprise Fund Retained Earnings to North Lowell Street, Presidential Lane, Sewerage Improvements, Capital Improvements. (remove from table)

MOTION BY: Councilor Zanni, seconded by Councilor Leone to remove from table. UPON VOTE: UNANIMOUS.

MOTION BY: Councilor Leone, seconded by Councilor Zanni to adopt the main motion. UPON VOTE: UNANIMOUS.

C-09-13 Town of Dracut, Memorandum of Understanding Between the City of Methuen and the Town of Dracut Regarding Construction of Sewers to Serve Presidential Lane Amount: N/A

MOTION BY: Councilor Zanni, seconded by Councilor Pappalardo to adopt.

Councilor Pappalardo asked if the terms are straightened out, twenty years with no interest.

Mayor Manzi responded, yes.

Councilor Pappalardo asked if the total price of the project of \$241,830 is an estimate.

Mayor Manzi stated that amount is the contract, reflected on the sheet he distributed with the names.

Councilor Pappalardo asked if all the residents are aware. She said she walked Presidential Lane on Saturday and met a few people. The ones that she did speak with are in favor of this and were happy to get the sewerage. She is glad that it is going to be interest free.

Mayor Manzi apologized for some of the misunderstanding. He had said that it was interest free, which never changed. We have had three prior sewer projects: Pond Street, Milk Street, Forest Street, all were at zero interest.

METHUEN CITY COUNCIL SPECIAL MEETING
TUESDAY, DECEMBER 9, 2008 – 6:45 P.M.

Councilor Pappalardo asked if the eleven people agreed.

Mayor Manzi indicated they received majority approval and some no responses.

Councilor Pappalardo said when she asked the gentleman at the end of the street about the extra lot of land, he does not want to participate because he just put in a new septic tank three or four years ago. He owns three or four acres that is basically wetlands and has no intentions of selling it. There were a couple more that didn't want to participate. She noted that the name Denise Concari on North Lowell Street might not be correct.

Mayor Manzi said for the city's purposes the address is more important than the names, in terms of the assessment.

Councilor Pappalardo said even the individuals that do not want the service will be assessed.

Mayor Manzi stated that is correct, if the line runs by their house.

Councilor Willette said he is not against the enhancements to that area, for Presidential Lane. This reverts back to his opposition of the Dracut deal. He is going to be consistent in voting no on this item because he believes that it will be an increase, an influx of traffic from Dracut into Methuen from that area because of this deal. If anyone wants to question his vote on this, please be aware that from the very beginning he's been consistent in opposing the Dracut deal. Anything that emerges from the Dracut deal, he's expressed his opposition to.

UPON VOTE: 7 yes, 1 no (Clr. Willette)

ADJOURN

MOTION BY: Councilor Leone, seconded by Councilor Zanni to adjourn.

UPON VOTE: UNANIMOUS.

The meeting adjourned at 7:40 p.m.

I do hereby certify that at a meeting of which a quorum was present, the foregoing minutes were adopted by the Methuen City Council by a unanimous vote on January 5, 2009.

COUNCIL CLERK