

**METHUEN CITY COUNCIL REGULAR MEETING
GREAT HALL, SEARLES BUILDING
January 5, 2010 - 7:00 p.m.**

Chairman John Cronin called the Recessed Regular Meeting of the Methuen City Council, for January 5,2010 to order with all members present.

ACCEPTANCE OF MINUTES

MOTION BY: Councilor Zanni seconded by Councilor Pappalardo to waive the reading and accept the minutes of previous meetings: December 21,2009

UPON VOTE: UNANIMOUS

CORRESPONDENCE/PROCLAMATIONS None

PUBLIC PARTICIPATION

PUBLIC SERVICE

GRANTS: None

LICENSES: None

CONTRACTS: None

OTHER OFFICERS AND COMMITTEE REPORTS

OLD BUSINESS

RESOLUTIONS

TR-09-79 Resolution Amending Traffic Rules and Regulations – Broadway – Limited Parking

MOTION BY: Councilor Zanni seconded by Councilor Campagnone to adopt

UPON VOTE: 8 –yes 1 abstain (Clr. Kannan)

ORDINANCES

TO- 09- 09 Ordinance Amending Chapter 3, Methuen Municipal Code – Board of Assessors

MOTION BY: Councilor Zanni seconded by Councilor Kannan to adopt

Mayor Manzi stated he supports this resolution; it's a budgetary item and a savings of money and will be workable for the board.

Councilor Hajjar asked if this is a paying position and where does it show in the budget?

Mayor Manzi stated it is a paid position; it is a small stipend of \$1800 per member and would show in the budget under the Assessor.

UPON VOTE: UNANIMOUS

CONSIDERATION OF APPOINTMENTS **WITHDRAWN**

NEW BUSINESS

RESOLUTIONS

1.TR-10-1 Resolution Accepting Continuation of MDU (Mass Decontamination Unit) Deployment Grant, Commonwealth of Massachusetts, Executive Office of Health & Human Services

MOTION BY: Councilor Kannan seconded by Councilor Uliano to adopt for first read.

UPON VOTE: UNANIMOUS

2.TR-10-2 Resolution Establishing a Subcommittee to Study the Feasibility of a 5% Meals Tax (Req. of Clr. Cronin)

Chairman Cronin passed the gavel to Vice Chair Pappalardo

MOTION BY: Councilor Campagnone seconded by Councilor Cronin to adopt for first read

Councilor Cronin stated this is to study and would include three members of the city council, the Mayor (or designee), Mr. Kelly (auditor) and the city solicitor to investigate the feasibility to establish a 5% meal tax for the city of Methuen. The preliminary numbers he has received and in speaking with the Mayor would be \$400,000 dollars or more. With the economy the way it is and the shortfalls we are receiving from the state, this is something we need to look into to acquire this money. This is not a tax on businesses; it is (basically) a user fee. If we use Methuen restaurants we could generate this money. Andover has this tax, and New Hampshire has a 9% meal tax so we will not be forcing people to go to New Hampshire. We have the best restaurants around and draw from other communities to come to our city. The more Methuen people using our restaurants will help them in reducing their own tax burden. Councilor Cronin is asking for support on this first read.

Councilor Giordano asked what the current rate of tax is for Massachusetts.

Attorney McQuillan stated it is 6.5% for Massachusetts.

Councilor Giordano asked if we presently pay 6.5% would this add to that?

Councilor Cronin said this has nothing to do with the state. The money comes directly to Methuen.

Councilor Pappalardo said it states that there would be three members from the public at large.

Councilor Cronin stated that was correct and he would go to people affiliated with restaurants and ask them to sit on the panel.

Councilor Pappalardo did state that she has spoken with someone and they do not think this is a great idea.

Councilor Cronin stated this has been something that he has been against in the past. He does this reluctantly but we cannot turn down this kind of revenue. We need to look at this; it will save a lot of taxpayers' dollars and save a lot of jobs.

Councilor Pappalardo asked if this is just something we are going to explore?

Councilor Cronin responded correct. The committee would report back to council in forty-five days.

Councilor Giordano asked Mayor Manzi his thoughts on this issue.

Mayor Manzi stated the request is to form a sub committee to explore the item and he would not be opposed (to explore). In the past he has been opposed to this. Anything that adds to the business tax burden, he would be reluctant to endorse. If council forms this sub committee he will work with them to give accurate revenue numbers and as we swing into the budget we would know what the revenue numbers are and council could make their judgment as to whether it is appropriate (or not). We should gather revenue numbers and depending how bleak the budget situation is (then) make an evaluation.

Councilor Uliano stated this is exploratory only and when we come back with the figures and facts, would it be possible to hold off until we look at the budget. Councilor Uliano would never support something like this until council looks at the entire budget.

Councilor Cronin responded at budget time we could apply the numbers to the city and see where they fit in. This does not have to be passed in a month or two. If this is worth passing we can pass it in July.

Mayor Manzi stated this would depend on the work of the sub committee but he can have numbers and a good idea of what the tax would be in terms of revenue for the city. He would give exact numbers to Council this week. Keep in mind there is already a meals tax and he has estimates from the state. The MMA and the state have put forward numbers for each community based on the existing tax structure that would be accurate. His estimate of revenue would be (around) \$400,000 dollars. The hotel tax would be around \$30-50 thousand dollar range.

Council Lahey said there is already a 6.5 state tax and this would be added making it over 11% tax to have a dinner.

Councilor Zanni stated the meals tax is 6.25% and this would bring it up to 7% (for Methuen), New Hampshire is at 9%

Mayor Manzi stated we would not add the state tax to the meal tax. The legislation allows incremental amounts to the meal tax and brings it to 7%. The increment for Methuen would be under 1% at ¾% to total 7%. The incremental portion goes directly to the city; we would be 2% below New Hampshire. Without input from the business community he would be forced to veto this but it is the intent to have the business community involved and the Mayor is willing to work with the committee.

Councilor Cronin stated this would not involve retail, only restaurants including McDonalds, Dunkin Donuts and such. He would want the solicitor involved to answer legal questions.

METHUEN CITY COUNCIL REGULAR MEETING

Councilor Kannan said if the Mayor could provide the numbers that may be more accurate but give the sub committee direction to include small businesses and the business community to explore what the effect will be on their businesses.

Councilor Cronin said that is why he would want three members from the public at large to include people from the restaurants.

Councilor Hajjar stated that from an informational standpoint this is another tool we can have on the table to look at. He would like to know what other neighboring communities outside of Methuen (15-20 miles) are doing and what are they seeing.

Councilor Cronin said that he would expect the committee would seek out all neighboring communities in the Merrimack Valley. Haverhill is considering this action.

Councilor Cronin does not want to do this but given the money (revenue) this is something to look at.

UPON VOTE: UNANIMOUS

ORDINANCES None

ANY OTHER BUSINESS FOR THE GOOD AND WELFARE OF THE COMMUNITY

Councilor Pappalardo asked the city auditor Mr. Kelly about the snow budget.

Mr. Kelly responded the operating budget presently is \$43,000 dollars in the hole. That does not count the \$200,000 set aside in the reserve fund.

Councilor Pappalardo asked the mayor about Toll Brothers breaking ground in the spring and the mitigation money and when it will be coming?

Mayor Manzi responded before July 1st.

Councilor Lahey noted they held back the contractors on the sanding and plowing waiting till Sunday to plow (over the weekend). We are spending money but are cutting back and still provide the services. Maybe not as well in the past but we are doing it with less money.

Mayor Manzi said the nature of the storm was helpful and it was his judgment to hold them and save the money. The service was less that what was done in the past but did not create a situation of problems. Had the snow come heaver earlier there would have been problems and he would have had to call them out. It worked out well.

REQUEST OF COUNCIL

MOTION BY: Councilor Pappalardo seconded by Councilor Campagnone to enter into Executive Session with city solicitor Attorney McQuillan to discuss pending litigations.

UPON ROLL CALL: UNANIMOUS

Council entered into Executive Session at 7:30 pm.

At the conclusion of the Executive Session Council reconvened the regular meeting.

ADJOURN

MOTION BY: Councilor Zanni seconded by Councilor Pappalardo to adjourn.

UPON VOTE: UNANIMOUS

Meeting was adjourned at 8:30 pm

I do hereby certify that at a meeting of the Methuen City Council of which a quorum was present, the foregoing minutes were approved by a unanimous vote on January 19 2010.

Diane Lasonde/Council Secretary

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