

Town of Lincoln

Budget Board Meeting

March 21, 2005

Members Present:

Dave Hartley Carl Brunetti Roberta Gosselin

Joe Dziobek Linda Noble Jack Newman

Ken Booth Claudette Lussier Bob Ericson

Members Absent:

Mary Varr Cheryl Ethier

The meeting began at 7:40 with the Pledge of Allegiance led by Representative Bill McManus.

Town Council Member Keith Macksoud was unable to attend the meeting but did attend it via teleconferencing.

Budget Board Chair Ken Booth began the discussion of the 5.5% cap by bringing up the question of whether or not Lincoln falls should fall under the legislation. He gave the example of Tiverton who exceeded the 5.5% cap last year and were unable to get a ruling of whether or not this was legal because the law was so vague that the judge deferred the ruling.

There is currently a new legislation being passed through the Senate

regarding the 5.5% cap, and Ken Booth ensured that everyone present had a copy of the new legislation.

One thing noted about the new legislation was that the wording would have to be careful because, for example, “Administrator” means different things to different towns and different forms of government.

Steve Woerner, Finance Director, provided copies of letters received in the past from the Auditor General which noted that there is no distinction between towns that have Financial Town Meetings and those that do not.

Steve did note that the Administrator does want the issue of the 5.5% cap cleared up before this year’s Financial Town Meeting so that the town is not in the same situation as last year and he did agree that the existing law regarding the 5.5% cap was poorly written.

The decision to increase the Homestead Exemption for real estate taxes and to make it apply to owner-occupied homes only was not made at the time of the previous Financial Town Meeting.

In previous years, the town simply added 2% growth to the previous year’s levy and then increased that by 5.5% to determine the point at which they would be in compliance with the 5.5% cap law.

Roberta Gosselin noted that an increase of 2% allowed for growth was not in the wording of the new legislation that has been put forth.

Ken Booth noted that one of the goals of clearing up the legislation

on the 5.5% cap was to make sure that the voters of the Financial Town Meeting would know what the implications of their actions would be.

Bob Ericson noted that one way to get a decisive answer of whether or not Lincoln has to comply with the current legislation for the coming year would be to take it to Supreme Court.

Benny Sisto wanted to see the town agree on a local level and that although there are many different opinions regarding the 5.5% cap, that the town should come to a consensus of what they would like to see come of the new legislation.

Bob Ericson noted that since the new legislation would not pass through the General Assembly in time for the current Financial Town Meeting, the rewording and revising of the new legislation would be possible.

Ken Booth read the definition of an “emergency” as defined by the legislation, and Carl Brunetti then read some items that are defined as not qualifying as emergencies. There seemed to be some contradiction between the two.

Roberta Gosselin noted that everyone agrees that the previous legislation is poorly written and that the decision now should be whether to comply with the theory of the 5.5% cap anyways and to try

to comply with its intent.

Ken Booth noted that it was the duty of the Administration to request waivers for emergencies.

Linda Noble thought that it would be a good idea to have a panel of representatives from the Town Council, School Committee, etc. to act as “the administration” and therefore make sure that emergencies are treated fairly.

Steve Woerner noted that the 60 day deadline before a Financial Town Meeting to request emergency waivers is not a lot of time, but that part of the reasoning in that is the fact that the Auditor General’s office gets overburdened with the paperwork at that time.

The question was raised as to why the town should have a Financial Town Meeting if the 5.5% cap is already set and the recommended budget is already at 5.5%. It was noted that in that case, money could not be added to the budget, but that money could be subtracted and shifted to different line items.

Ken Booth asked if the Financial Town Meeting began and the budget was recommended at 5.5% and someone made a motion to add money in, causing it to exceed 5.5%, how the Auditor General would handle such a case.

Steve Woerner noted that in the new legislation, it should be clearly

defined that 5.5% increase is on the previous levy added with 2% growth.

Steve also stated that there is not a huge amount of uncollected taxes still out there, and he suggested comparing the current taxes with past due taxes.

Ken Booth questioned why the Schools did not use money out of a Capital Reserve account rather than exceeding the 5.5% cap last year. Steve Woerner replied that he read the resolution carefully regarding the Capital Reserve Fund, and that it was not possible considering the way that it was worded.

Bob Ericson requested a diagram of what money is placed in what sources and accounts in order to better understand the way that the accounts and reserves work.

Ken Booth noted that it was not the intent of the resolution to restrict the use of the money, but to ensure the funding of the line.

Roberta Gosselin asked if there would be a supplemental appropriation for snow plowing this year.

Steve Woerner replied that the town is trying to get away from using supplemental appropriations for snow plowing.

Roberta Gosselin also requested that the Budget Board be made aware of the current law suit possibilities and possible exposure so that it can be budgeted correctly and not funded from surplus.

Ken Booth asked how the Homestead Exemption and proposed Senior Tax Freeze and deferment plan would affect the budget.

Steve Woerner replied that the Senior Tax Deferment really only freezes the current tax rate for seniors, not allow them to stop paying, and that because it is a deferment plan until the property is sold or changes hands that there would be a separate revenue source.

Ken Booth noted that if a resolution were passed at the Financial Town Meeting through 100 voter's signatures, it would cause the Town to have a second meeting to lower the amount over the 5.5% cap.

Roberta Gosselin asked who would be responsible for submitting a request to exceed the cap. It would be the panel of representatives that would be set up.

Ken Booth stated that the current mechanism in place allows for the Budget Board to meet after the Financial Town Meeting to decide whether or not to ratify the budget passed at the Financial Town Meeting. If the Budget Board does not ratify the budget because they feel it does not comply with laws or it is harmful to the town, the budget then goes to the Town Council who call for another Financial Town Meeting.

Roberta Gosselin noted that with the various groups represented coming from different perspectives on the budget, it is difficult to come to a consensus regarding the 5.5% cap.

Ken Booth thinks the point of debate is the baseline used to calculate the 5.5% cap and he stated that a ruling from the Auditor General will clear that part up.

Bob Ericson noted that everyone present did agree on the following:

If the budget exceeds the 5.5% cap, it will cause problems

There will be 2% growth, or the going rate of increase, figured in before the 5.5% cap is calculated.

There are options to better predict revenue sources.

There are funds that, with better wording in resolutions, could be usable, such as Capital Reserve.

The town would like to avoid having to use money from the surplus.

Ken Booth asked if the schools have a list of the items that they will be requesting emergency waivers for. They know that the fire code and pensions will be on the list, but do not currently have a list further than that.

Benny Sisto asked if everyone present agreed then that the 5.5% cap is based on the levy. It was agreed that the net levy as of 6/15/04 was \$40,460,656.

It is not known what percentage growth will be applied for the coming year. Steve Woerner stated that he will make a worksheet showing the different possible percentages for growth and the outcomes.

Steve Woerner stated that it is assumed that 80% of the pensions will

be covered as emergency, 20% will be considered to have been expected expenses.

The Budget Board wanted a list of the projects that have not been completed yet but that are funded and in the works from the schools.

Dave Hartley made a motion to adjourn. Linda Noble seconded the motion.

Meeting adjourned at 9:15.