

Sturbridge Finance Committee
Meeting Minutes
May 1, 2014 ~ Sturbridge Town Hall
7:00pm

Call to Order:

The chairman called the meeting to order at 7:00pm with the following Finance Committee members present: Joni Light (JL), Mike Serio (MS), Kevin Smith, Chairman (KS) Kathy Neal (KN), Larry Morrison (LM), Alex Athans (AA), and Bob Jepson (BJ)
Absent: Arnold Wilson (AW), Prescott (Scott) Arndt (SA)
Guests: Lynne Girouard (LG), Barbara Barry (BB)

KS opened the meeting by recognizing the guests and gave the floor to BB after noting the file being discussed and voted is 07 FY15 ATM final FINCOM. BB wanted the committee to hear the reasoning behind the recommendation of funding the STA at 50% of budget. The committee will still have to function, and there are two individuals that the town administrator is considering to appoint that will make a full committee. The STA needs to have money to fund the operational costs of the restrooms. BB further explained that Betterment funds \$5,000.00 for any additional costs for repairs. The two budgets are not equally sharing in the cost as the committee previously thought. The figures are based on actuals. BB also noted that there were some events the committee was planning to fund in FY15, specifically the Concerts on the Common. JL made note that it was the finance committees' intent to have STA fund the Concerts on the Common as that was the suggestion when the Recreation budget was reviewed and discussed. Yet, due to the STA not meeting and the finance committee not having previous confirmation that the Concerts on the Common were submitted for STA funding, the committee did not add a line item in their previous budget change. LG noted on July 3 she was hoping the STA would fund concerts to help make it more festive, and also a concert in August. BB referred to the STA chair's email that specified certain expenses, and she asked the committee to reconsider their previous motion to the article. MS stated that he did research on the STA for his write up in the finance committee budget book. He speculated on ideas to give more control locally and perhaps enable the funds to be used for economic development and not "tourism". BB noted that this would take special legislation to change the directional use of the funds. There was further debate around the various ideas and suggestions for a revised STA budget for this warrant. BJ moved the motion to reconsider Article 12 Sturbridge Tourist Association; KN seconds. Motion to reconsider was accepted 5-2-0. JL and LM opposed.

LM continued the discussion around funds for the Concerts on the Common and asked LG is \$3,000.00 would be sufficient, or if she had a specific amount needed. LG provided the committee with a list of "happenings" on the common, and noted that some of the series were being funded by Betterment. LM asked if the STA budget could be decreased by a number and subsequently increased in the Recreation line item budget. KS stated it cannot as it would affect the tax rate. LM noted that Sturbridge is a community with a tourist attraction, and perhaps going to the state for special legislation to change the direction of the funding would be a good idea as Sturbridge is not a tourist community. The Chamber of Commerce repeatedly denies benefits of this funding to non-members. BJ disagrees yet the town should take the Chamber out of the equation and the finance committee shouldn't be challenging the BOS who are not in favor of cutting off funding to the STA. JL moved the motion to accept a new budget for Article 12 STA as follows: \$8,500.00 for the Route 20 Restrooms/\$8,000.00 for the Information Center/\$10,000.00 in Community Service – which would help fund the Concerts on the Common, for a total budget of \$26,500.00; LM seconds. Motion was lost, 3-3-1. BJ, KN and MS opposed. KS abstained.

MS moved the motion to accept a new budget for Article 12 STA as follows: \$11,500.00 for the Information Center/\$15,000.00 for Special Events/\$15,000.00 for Advertising/\$3,000.00 for Community Events/\$8,500.00 for Restrooms for a total budget of \$41,000.00; BJ seconds. Motion was lost, 2-4-1. BJ, JL, KN and LM opposed. KS abstained.

AA stated that the town should understand the issues around the STA and the taxes that fund the STA; that the taxes are paid from Sturbridge businesses and yet monies are being spent outside the town. BB mentioned that the town can make a substitute motion at town meeting. KN stated that she did not feel the STA should be funded in full, yet perhaps slightly more for the Information Center and understanding that there are funds available for Community Service, which includes the funding set aside for the Concerts on the Common. She would like to see more of the money spent on town events, such as the concert series, which brings entertainment to the town residents.

KN moved the motion to accept a new budget for Article 12 STA as follows: \$11,500.00 for the Information Center/\$3,000.00 for Advertising/\$10,000.00 for Community Service/\$8,500.00 for the Restrooms for a total budget of \$33,000.00; AA seconds. Motion accepted 5-1-1. BJ opposed. KS abstained.

Article 24 Military Acceptance of Local Option Property Tax Exemption was back for discussion. BB shared answers to some of the questions from the committee's last meeting. She indicated that the Board of Assessors (BOA) agreed not to go over the \$750.00 exemption for any case. She was not aware of how many people would apply but noted that it was not the town's responsibility to reach out to individuals directly, rather the people affected by this exemption would have to reach out to the town. BB was content with Tim Hickey's research and did not feel he should further prove that all had or had not been done. The town had 2 definite cases and one still pending as a result of his research. BB indicated that there was no appeals process. KS asked if BB felt the BOA would have their criteria in time for town meeting. She felt that they could as they are actively meeting for this topic. BB further stated that Article 24 would have to be accepted for Article 25 Authorization to seek Special Legislation to offer Tax Exemption for Military Deployed Overseas to be approved.

AA moved the motion to reconsider Article 24; BJ seconds. Motion to reconsider accepted 6-1-0. JL opposed. MS moved the motion to accept Article 24 as written; BJ seconds. JL noted that she is not opposed to the concept of the article, rather prefers to have the BOA going before the town for discussion as previously voted. Motion accepted 6-1-0. JL opposed.

Article 26 Transfer of Real Property to Conservation Commission, BB noted she had most answers in her recent email that explained the foreclosure process. AA asked if the land were to be auctioned would it prevent the owners from claiming the property. BB indicated that it would. BJ moved the motion to accept Article 26 Transfer of Real Property to Conservation Commission as written; MS seconds. Motion accepted 6-1-0. AA opposed.

Article 27 Gateway Economic Opportunity Designation and Article 28 Tax Increment Financing Agreement were up for discussion. BB read the town administrator's email into record:

"Dear Finance Committee,

Please see the attached illustrative TIF scenarios. I believe the \$4 million model is the more likely scenario.

The key point I wish to stress is that the Town MUST take an affirmative action to help get this hotel approved and built. Once that is locked down, there is no doubt in my mind -- or the developer's -- that a reputable restaurant will co-locate on the site.

In the spreadsheet attached you will note that the Town will continue to collect all taxes on existing base value, plus will incrementally increase on the added new value of the hotel building. I've also shown the estimated occupancy tax revenue as provided by the developer.

With the TIF as proposed there is essentially a 50 percent tax break on the new value over the 10 year term (you will see that the actual taxes paid is slightly higher than the actual taxes exempted). When you add in the occupancy tax revenue the Town stands to gain \$1.7 to \$1.9M in new revenue over the term of the TIF. If a restaurant and bank come to fruition, the Town will receive the FULL VALUE of the property taxes plus a meals tax from the restaurant. Initially, this additional revenue would be roughly \$50,000 per year.

I would suggest the Finance Committee look at this proposal from a policy point of view and not get mired in equations and formulas.

If we help get the hotel built, and the restaurant and bank follow, the Town stands to gain well over \$2 million in new revenues over the next ten years versus \$208,000 to \$450,000 in taxes exempted. And, if nothing gets built, we are left with a gaping eyesore and no revenue.

I strongly recommend the Finance Committee's endorsement of this major economic development initiative. Unfortunately, I have had a long-standing commitment for tonight, but, prior to Town Meeting I would be pleased to attend a future meeting along with the developer to discuss.

*Thank you.
Shaun"*

BJ moved the motion to accept Article 27 Gateway Economic Opportunity Designation as written; KN seconds. Motion accepted 7-0-0.

BJ moved the motion to accept Article 28 Tax Increment Financing Agreement as written; KN seconds. Motion accepted 7-0-0.

KS confirmed that this closes out all warrant articles. He asked that any updates to the finance committee section of the book be to him by end of day Friday, May 2. He would be meeting with LM to review and make edits on all submissions, and would get the final draft out to the committee to review and discuss at the Tuesday, May 6 meeting. The books will be going to print on Wednesday, May 7.

Motion to adjourn made by BJ; KN seconds. Meeting adjourned at 9:29pm.

/jml