

V2020 FISCAL RESOURCES TASK GROUP
Meeting Minutes 10/13/11

ATTENDEES: Gordon Jamieson (Chair), David Garbarino, Heather Remoff, Pete Howard (Secretary)

Main topic: Plan our efforts for the 2011 2012 year.

Projects/ideas carried over from last year

1- Advocate for a quarterly water/sewer billing cycle - This would smooth out the water bill revenue stream, thus avoiding possible cash flow gaps which would require expensive short term borrowing. It would also have the effect of ending the nine month grace period between when the first drop of water is used and when the water/sewer bill must be paid. In the first year, assuming quarterly billing and reduction of grace period for paying water/sewer bill from 60 to 30 days would bring in as much as an extra third of total water/sewer enterprise annual cost, up to \$5,600,000. When the FRTG last discussed this issue with the Treasurer/Collector in 2009, he agreed that it would be desirable but said the BoS would have to approve change in billing cycle and grace period. Also he (and then assistant town manager Nancy Galkowski) said it should wait until the automated meter reading system was on line. Since we believe the system is complete, now is the time to bring the idea up again. No definite plans were made.

2 - My Tax Dollars - Peter Lloyd-Evans has prepared the FY11 version. Deputy Town Manager Adam Chapdelaine is supportive. Gordon will follow through. Pete suggested that Gordon introduce Peter to Adam and arrange for Peter to carry the ball in FY12.

3 - Electronic Bill Payment: This too was discussed w/ the Treasurer. He has implemented a system that allows one to pay a bill to the Town by electronic funds transfer (or credit card) over the internet. There is a charge to cover the cost of the transaction, small for the EFT transaction and appropriately higher for credit card transaction. This issue is should the resident have to pay a fee to make an online payment by EFT and does it stop residents from taking advantage of this option. Important to determine whether this is the case given the efficiencies at staffing level that may be obtained through actively promoting (vs. current laissez faire approach) this payment methodology for use in the ca. 125,000 payment transactions (tax, excise tax, water/sewer, parking, fines) that are currently processed by Treasurer/Collectors office. Gordon suggested including a question on the annual V2020 survey on this topic so that we might gauge resident's interest in this service and whether offering EFT for free would increase usage thereby providing staff reduction options.

4 - Municipal Development - Pete used the attached handout to suggest topics that members might investigate leading to a report in the spring. Each topic (*italics*) was discussed with the following results.:

Arlington has inadequate tax base

annual service cost increase exceeds annual tax increase: We expect an updated multi-year financial plan from the Town Manager next month. It will project the structural deficit and we can work from there to determine the increase of new growth required to eliminate the structural deficit. We also might wish to use some form of the questionnaire to gauge residents thoughts regarding growth vs. tax increases/service reductions.

Continual pressure to reduce services: We expect this pressure to be reduced for four and possibly years due to the recent passage of the override and the agreement with the unions to move them into the state health care insurance program (GIC). However, threatened federal budget & tax changes could create new pressures and we will have to continue to monitor what impact (if any) state economic conditions and casino gambling may have on the state aid to towns/cities formula.

Periodic overrides or gradual decline in property value: David will see if he can find any history of municipalities property value decline caused by inadequate revenues.

Arlington households have lost purchasing power: Ability to pay is actually reduced Pete will try to update & verify the data he presented covering 1990 to 2006. Performance of a similar analysis on wealth gain through Arlington home appreciate over the same period would be worthwhile as well. See attachment for the first parts of this analysis performed by Pete

Mass Ave & Broadway seem to have under-utilized lots:

Few multi-story bldgs We could do a walking survey on Mass Ave & Broadway to quantify this situation which nobody contested. Further Gordon to contact Cambridge to learn if they can provide new growth metrics for Mass Ave in the North Cambridge corridor as one approach to determining how much new growth might be obtained if zoning and other practices on Mass Ave and Broadway mirrored those of Mass Ave from Porter Sq. to the Arlington line

Is Arlington anti-development? Gordon suggested we meet w/ the ARB Chair, Bruce Fitzsimmons, to discuss this item & suggest how our study could be most useful. Gordon will invite Bruce to our next meeting.

Is there a legal barrier to LVT? Pete reported that he has an opinion from the Chief of the Bureau of Municipal Finance Law that state law would have to be changed. There is no way to enable Arlington to tax land only under home rule legislation. He will report in more detail next month.

Have other towns attracted substantial "new growth"?

How much new growth do we need? Gordon did a rough estimate which translated \$2m structural deficit into annual real estate value increase. $\$2M/\text{Tax rate } 12.41 = \$161m$. By comparison, over the past five years the new growth portion of the property assessment has increased an average of \$700K per year which equates to ca. \$56 million per year in new growth. Perhaps we can set out to determine whether we could devise a strategy wherein we seek to double that rate to ca. \$120m/yr

Are there applicable case histories? As a start, Pete provided brief summaries of articles on particular municipal experiences. Though interesting, none is much like Arlington.

A written report and presentations in suitable venues might prove useful in driving debate/discussion
Town Meeting – Advocate – Cable interview/debate - Website

NEXT MEETINGS – Third Thursdays 11/17, 12/15, 1/20, 2/17, 3/16, 4/20, 5/18

Why & How to Study Municipal Development

Arlington has inadequate tax base

- annual service cost increase exceeds annual tax increase

- continual pressure to reduce services

- periodic overrides or gradual decline in property value

Arlington households have lost purchasing power

- Ability to pay is actually reduced

Mass Ave & Broadway seem to have under-utilized lots

- Few multi-story bldgs

- Is Arlington anti-development?

- Is there a legal barrier to LVT?

Have other towns attracted substantial "new growth"?

- How much new growth do we need?

- Are there applicable case histories?

A written report might be useful

- Town Meeting

- Advocate

- TV Interview

- Website

Development Briefs by Category

The following items are available (mostly from Internet) documents concerning municipal development/redevelopment. The reference is to the right, followed by some points I extracted from the document. I can provide a file for most of the documents.

View at State Level

Ian Bowles (5)

Commonwealth
Bruce Mohl
7/27/10

Secretary of Energy & Environmental Affairs
Reviews Patrick Admin goals & approaches
Low key approach to energy conservation paid for by tax on energy consumers
PV costs have come down
 \$75m annual PV subsidy
Encourages wind turbines including OoS efforts
Working w/ electric utilities

Middle Class Squeeze (6)

Commonwealth
Ben Forman
Christina Prignano
5/10/11

1010 census results
More low paid & high paid jobs; fewer middle jobs compared to 2000
Fewer children, more unstable families, difficult to educate
Need to adjust state policies

Economic Reform Bill (7)

Commonwealth
Ben Forman
3/30/10

Comments on proposed bill
Need to improve transparency of tax credits
Who gets them? Do they pay off?

Community Experience / Case Histories

Quincy Center (1)

Commonwealth
Robert Fishman
4/14/11

Fishman is a real estate lawyer for city
Developer initiated the \$1.3b project under 121A
Developer purchases property & begins infrastructure work
Quincy borrows & refunds developer on ongoing process
New tax revenue pays the carrying cost of bonds
Elaborate legal protection for city
 No 40b, usual permits required
Current status?

True Value (2)

Lincoln Institute(?)
Land Value Conference paper

How can municipalities recover costs of infrastructure investment?
Frank McCourt bought 25 acres in South Boston for \$10m
Then big dig & silver line happened
Property now worth \$200m.
Many references

Fall River Gambler (8)

Commonwealth
Paul McMorrow
4/12/11

Mayor Flanagan
State sold 300 acres off Rt24 to Fall River for economic development
State used \$33m economic development funds to build Rt 24 exit
UMASS Dartmouth to build SV production facility
Mayor tried to sell parcel to Mashpee for gambling for \$500m
Current status?

Concord, NH (11)

DOR
Smart Growth/Smart Energy Tool Kit

Case Study

Blighted area just off interstate

Planning effort: Start w/ hotel

City acquired land

Used bonds to build roads

Worked w/ developer - increased RE taxes pay off bonds

Hyannis (12)

DOR

Smart Growth/Smart Energy Tool Kit

Case Study

Private Non-profit Org set up in '99

120 properties in business district

Vacancy rate reduced from 10% to 1%

Attracting new business

Evergreen (3)

Commonwealth
Bruce Mohl
3/29/11

MA subsidized (\$21m) PV manufacturing plant at Devens
Company could not make profit: undersold by China
Laid off 800 & moved operation to China
China heavily subsidized PV technology

Organogenesis (4)

Commonwealth
Bruce Mohl
4/13/11

Plant in Canton to produce artificial skin
\$30m from MA; 465 jobs
Used existing building, expanded into adjacent bldgs
Started '85, 1st FDA approval '98, bankrupt '02
Reorganized, supported by tax credits tied to new jobs

Wind vs SV (9)

Commonwealth
Gabrielle Gurley
3/9/11

SV will eventually dominate
Using capped land fills
Less storage required
Falmouth's municipal wind generator shut down by neighbors

Tool Kit: Smart Growth/Smart Energy

Introduction (10)

DOR
Smart Growth/Smart Energy Tool Kit

Definitions

Goals- qualitative & sweeping

Form Based Codes Southfield (13)

DOR
Smart Growth/Smart Energy Tool Kit
Case Study

South Weymouth Naval Air Station

Special legislation established Tri Town Development Corp

Worked w/ developer to write master plan for \$3b community

FBCs seem to be an enhancement to standard zoning rules

References

Progress?

Tax Increment financing Worcester (14)

DOR
Smart Growth/Smart Energy Tool Kit
Case Study

Old hospital relocated to blighted site downtown

All new medical center \$250m

TIF gave hospital front end loaded tax exemption for 18 yrs

55 FT & 41 PT jobs promised & exceeded

Income

Arlington Income Distribution (15)

Symmes Hospital reuse Study
RKG Associates
8/22/02

Household income 1980-2006
Number at high end doubled
Number at in middle & low end dropped

IncomeDistribution.xls (16)

Data from Symmes Hospital Reuse Study
PBH Summer& Fall 2011

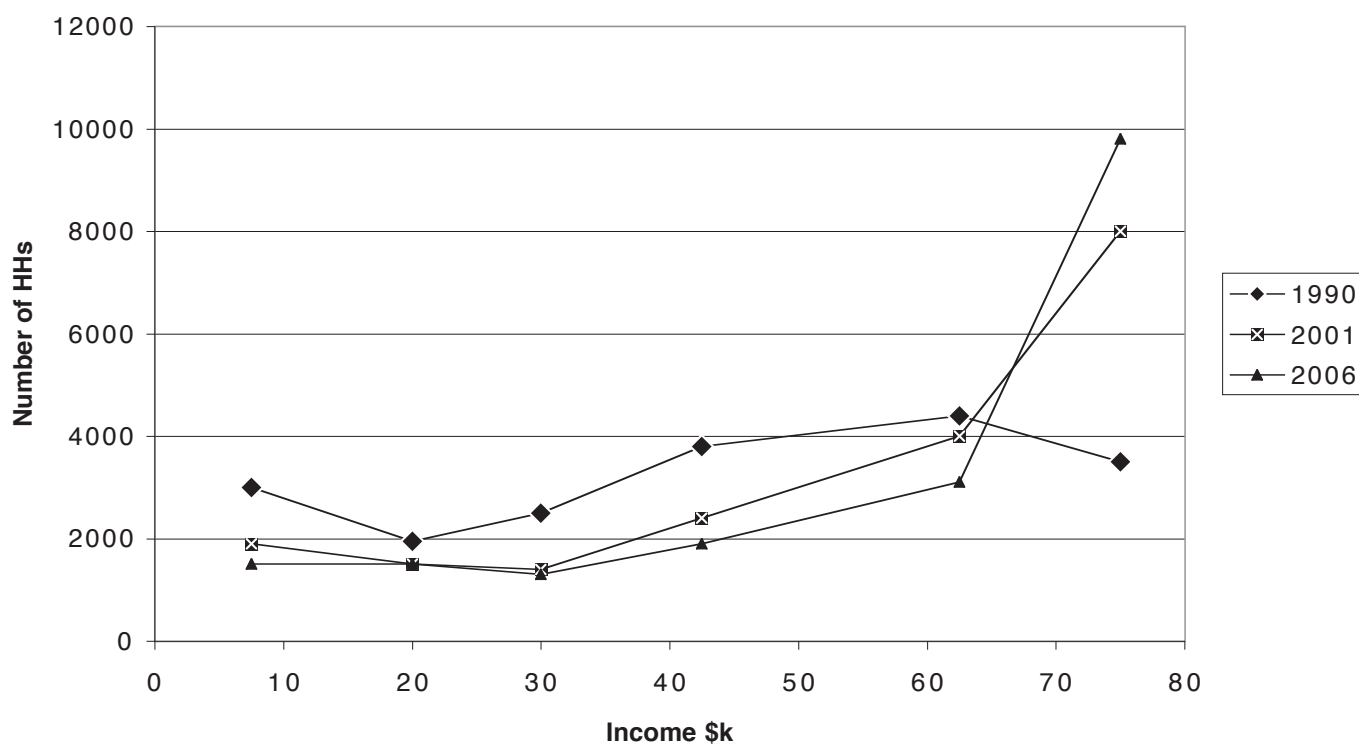
More HHs in high end
All incomes lower after CPI adjustment

Income Inequality In MA 1980-2006 (17)

MassBenchmarks
2008

Results shown by quintile
US Census Data
Greater disparity low income to high

Arlington Income Distribution Symmes Study 2006



**Arlington Income Distribution
Symmes Study 2006
CPI Corrected to 2006\$**

