

**CITY OF WOBURN
DECEMBER 12, 2016 – 6:00 P.M.
COUNCIL CHAMBERS, WOBURN CITY HALL
SPECIAL MEETING OF THE CITY COUNCIL**

Roll Call

Anderson	Gately
Campbell	Higgins
Concannon	Mercer-Bruen
Gaffney	Tedesco

Haggerty

Pursuant to Title III, Section 12 of the Charter of the City of Woburn, His Honor the Mayor has called a Special Meeting of the City Council for the purpose of tax classification, and for action on any financial matters including transfers and appropriations pending in Committee on Finance and/or reports from the Committee on Finance.

VOTED to dispense with the reading of the previous meeting's Journal and to APPROVE, all in favor, 9-0.

Motion made and 2nd to suspend the rules for the purposes of taking the following matter from the Committee on Finance, all in favor, 9-0.

On the Order to transfer the sum of \$1,846,800.00 from Debt Reserve Acct with \$1,320,000.00 to Debt Principal Acct and \$526,800.00 to Debt Interest Acct. Motion made and 2nd that the ORDER be ADOPTED, ROLL CALL: Anderson – Yes, Campbell – Yes, Concannon – Yes, Gaffney – Yes, Gately – Yes, Higgins – Yes, Mercer-Bruen – Yes, Tedesco – Yes, Haggerty – Yes, Motion Passes.

Presented to the Mayor: December 14, 2016 **s/Scott D. Galvin December 14, 2016**

PUBLIC HEARINGS:

On the matter relative to Tax Classification for the City of Woburn. PUBLIC HEARING OPENED. Appearing was His Honor the Mayor Scott D. Galvin and he introduced the Board of Assessors and staff. Appearing was Andrew Creen, Chief Appraiser, Board of Assessors and he offered a communication dated December 12, 2016 with a series of charts entitled Analysis of Levy Limit, Analysis of Levy Limit Increase, Fiscal 2017 New Growth, Valuation by Class of Property, Classification Options, Tax Rate History, Median Sales Price of Single Family Homes, and Analysis of Competitive Communities attached thereto, as follows:

Dear President Haggerty and Council Members:

The Board of Assessors is pleased to report that the valuation roll for fiscal 2017 has been finalized after a reappraisal of all taxable properties was conducted by this office. The total assessed valuation for all real and personal property in the City effective January 1, 2016 is \$6.839 billion. This represents an increase from the prior fiscal year's total of \$6.486 billion. This increase in taxable valuation is attributable to the appreciation experienced by all classes of property.

The City Council must now determine the relative tax burden to be borne by each class of property by selecting a "residential factor". To assist the Council in its deliberations, several charts have been prepared and are attached to this correspondence. These charts illustrate relevant valuation and tax levy data and the impact of your vote this evening.

By selecting a residential factor of "1" a single tax rate of \$14.27 results. Choosing a factor less than "1" results in a portion of the tax levy shifting from residential properties to commercial, industrial and personal property taxpayers. For example, adopting a residential factor of ".69" means that the residential class of property would pay 69% of the levy they would pay if there were no classification. Under this scenario, the levy increases for the other classes of property by a factor of 175 percent. The chart entitled "Classification Options" best illustrates the various scenarios available to you.

Woburn Board of Assessors,
s/Robert E. Maguire, Jr., Chairman, s/Lori Medeiros, s/David J. Rufo

Mr. Creen stated that the maximum allowable FY2017 tax levy is \$113,058,815.00, that this consists of the prior year levy of \$108,244,066.00 plus a 2.5% increase of \$2,706,102.00 plus new growth of \$2,108,647.00, that new growth consists of 65% personal property, 24% residential and 11% commercial/industrial, that a 100% factor would result in a \$14.27 tax rate as to all classes of property, that the maximum shift of 175% results in a shift to the lowest factor of 69.6780% results in a \$9.94 residential tax rate and a \$24.97 commercial/industrial/personal property tax rate, that this compares to the FY2016 residential tax rate of \$10.05 and a commercial/industrial/personal property tax rate of \$25.79, that the projected average residential real estate tax bill in FY2017 is \$4,072.00, that examples of new growth are an addition or improvement to property, changing a warehouse use to a retail use or the subdivision of a lot into parcels, that the numbers have been certified by the Commissioner of Revenue, that the total allowable tax increase is \$4,814,749.00, that the 2.5% increases is uniform over time but the new growth amount fluctuates from year to year, that this year personal property new growth is approximately \$1,300,000.00, residential new growth is approximately \$500,000.00 and commercial/industrial/personal property new growth is approximately \$225,000.00, and that the average single family residential home value is \$409,000.00. Alderman Concannon stated that the city has historically used the tax classification system. Mr. Creen stated that the city has used tax classification since the early 1980s. Alderman Concannon stated that he understands the intention of classification is to give businesses a greater burden due to the location and benefits of the city which makes locating in Woburn a desirable location, and that he wonders when there will be a tipping point in which the burden outweighs the benefits to the businesses. Mr. Creen

stated that the factor has been set at 175% for quite some time, that shift has not had a detrimental impact on businesses locating in the city to date, that the business community has accepted the shift over the years, that any business deciding to locate in the city knows what is ahead of them, that before annual reappraisals of the property there were uneven increases in the tax burden between businesses and residences, that a community with a small commercial base does not benefit from tax classification, that there has been a 6% increase in residential property values over the past year, that the average single family residential home value last year was \$386,000.00, that there is less than 10% vacancy in commercial buildings in the city, and that the demand for commercial space has improved. President Haggerty stated that the last few years there has been tremendous growth in valuation which benefits residential homeowners as their property values increase. Mr. Creen stated that new construction, additions to existing structures, improvements to existing structures and subdivisions represent new growth in the residential class, that fifty new homes came online this year, that the Dave & Busters facility was a significant new commercial property that came on line, and that 1,700 questionnaires were sent out to businesses in the city relative to the personal property tax. PUBLIC COMMENTS: None. Motion made and 2nd that the public hearing be closed, all in favor, 9-0. PUBLIC HEARING CLOSED. Motion made and 2nd that a TAX CLASSIFICATION SHIFT OF 175% RESULTING IN A FACTOR OF 69.6780 % AND A RESIDENTIAL TAX RATE OF \$9.94 AND A COMMERCIAL/INDUSTRIAL/PERSONAL PROPERTY TAX RATE OF \$24.97 be ADOPTED, ROLL CALL: Anderson – Yes, Campbell – Yes, Concannon - Yes, Gaffney – Yes, Gately – Yes, Higgins - Yes, Mercer-Bruen - Yes, Tedesco - Yes, Haggerty – Yes, MOTION ADOPTED.

Presented to the Mayor: December 14, 2016

s/Scott D. Galvin December 14, 2016

Motion made and 2nd to ADJOURN, all in favor, 9-0. Meeting adjourned at 6:28 p.m.

A TRUE RECORD ATTEST:

William C. Campbell
City Clerk and Clerk of the City Council