

**CITY OF WOBURN
DECEMBER 14, 2010 – 6:00 P.M.
COUNCIL CHAMBERS, WOBURN CITY HALL
SPECIAL MEETING OF THE CITY COUNCIL**

Roll Call

Anderson	Gately
DiTucci	Haggerty - late
Drapeau	Mercer-Bruen - absent
Gaffney	Raymond
Denaro	

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 holding a public hearing and taking action on tax classification and for any other matter legally before the City Council.

Alderman Haggerty entered the Council Chamber.

On the matter relative to Tax Classification for the City of Woburn. PUBLIC HEARING OPENED. Appearing was Andrew Creen, Chief Appraiser, Board of Assessors, and he offered a communication dated December 14, 2010 with a series of charts entitled Analysis of Levy Limit, Analysis of Levy Limit Increase, Fiscal 2011 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 entitled Fiscal Year 2011 Classification Hearing to the City Council as follows:

Dear President Denaro and Council Members:

The Board of Assessors is pleased to report that the valuation roll for fiscal year 2011 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, 2010 is \$5.573 billion. This represents an increase from the prior fiscal year's total of \$5.561 billion. This increase in taxable valuation is attributable to the audit conducted of business personal property accounts for this fiscal year.

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 area 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 \$15.06 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 ".68" means that the residential class of property would pay 68% 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/George J. Berardi, Secretary
s/William F. Sullivan, Jr.

Motion made and 2nd that the documents be received and made part of the record, 8 in favor, 0 opposed, 1 absent (Mercer-Bruen absent). Mr. Creen stated that taxes may be raised based on three factors, that these are the prior year's levy, a 2.5% increase over the prior year's levy and new growth, that the prior year levy was \$81,687,251.00, the 2.5% increase is \$2,042,181.00 and new growth is \$85,732,199.00 which results in a new levy limit of \$85,732,199.00, that the 2½% increase has been consistent over the past decade because it is based strictly on the prior year's levy, that new growth fluctuates each year, that the total increase this year is \$4,044,948.00, that new growth this year is comprised of 9% residential, 21% commercial/industrial and 70% personal property, that a factor of less than 100% results in a shift of the tax burden from residential to commercial/industrial sectors, that a factor of 100% results in a tax of \$15.06 for residential, commercial/industrial and personal property, that a factor of 68.4314% results in a residential tax rate of \$10.30 and a commercial/industrial/personal property tax rate of \$26.34, that the FY2010 residential tax rate was \$10.32 and the commercial/industrial tax rate was \$26.10, that the median sales price of single family homes in Woburn is greater than for the Boston Metro Area, that the average residential tax bill in FY2011 with a factor of 175% will result in an average tax bill of \$3,519.00, that the department recently conducted and audit of personal property accounts which had not been identified for the personal property tax, that this resulted in the identification of new taxable accounts, that this process established fairness among businesses operating in the community, that approximately four hundred fifty new business accounts were identified as being taxable, that typically there will not be increases, that three hundred seventy-two residential properties had an increase in value for the most part due to improvements made by the property owner for which a building permit was obtained, that the maximum shift allowed is 175%, that as the residential factor decreases this results in a corresponding increase in the commercial tax burden, that the entire city was canvassed door to door to each business, that each business account received notice of the proposed new value and were provided an opportunity for an informal hearing to provide additional information that could result in an adjustment, that two thousand notices were sent to businesses, that the application period to apply for an abatement is thirty days after the bill issues, that the personal property program was a great success, that the increase in personal property last year was \$500,000.00 and this year it was \$1,400,000.00, that the entire increase in personal property was

not due to the program but a significant amount of it was, that only approximately twenty-five taxpayers requested a hearing on the valuations, that the valuations were fair and could be supported, that the city has a quarterly billing system, that the first two bills are preliminary bills and based on the tax from last year, that the new personal property accounts have not been billed yet because they were not identified last year, that 2,000 notices were sent to every personal property taxpayer explaining the valuation and the process, and that the approximately twenty to twenty-five taxpayers who requested a hearing or called the department as a result of that mailing is minimal. Mayor Scott Galvin stated that the free cash account rose from \$4,500,000.00 to \$5,900,000.00 due to collection of taxes and increased efficiencies in spending, that the city is under the Proposition 2½ limit by approximately \$4,000,000.00, that a recap sheet can be provided, that he requests approval of the factor at this meeting so that the tax bills can be sent out without delay, and that the matter still requires approval by the State. Motion made and 2nd to open the public hearing, 8 in favor, 0 opposed, 1 absent (Mercer-Bruen absent). PUBLIC COMMENTS: Paul Meaney, Executive Director, Woburn Business Association, Ten Tower Office Park stated that he supports that factor of 175% which is a 2¢ reduction for residential taxpayers and a 24¢ increase for commercial/industrial/personal property taxpayers, that a lot of credit is due to the Mayor and City Council for holding the line on taxes during this time, that the city has to watch every expenditure, that there is a vacancy rate of approximately 22% in Woburn, that businesses are not leaving Woburn it is a matter of the businesses closing, and that Woburn continues to be a desirable location. Motion made and 2nd that the public hearing be closed, 8 in favor, 0 opposed, 1 absent (Mercer-Bruen absent). PUBLIC HEARING CLOSED. Alderman Drapeau stated that he supports the factor of 175%, that the taxes have been held steady, that the city has not had to lay off any personnel, that the city purchased open space this year, and that Woburn has a good story and its financial condition is extraordinary. Motion made and 2nd that the factor rate on the chart entitled Classification Options be changed from 69.4314% to 68.4314%, 8 in favor, 0 opposed, 1 absent (Mercer-Bruen absent). Motion made and 2nd that a TAX CLASSIFICATION FACTOR OF 68.4314% be ADOPTED, ROLL CALL: Anderson – Yes, DiTucci – Yes, Drapeau – Yes, Gaffney – Yes, Gately – Yes, Haggerty – Yes, Mercer-Bruen - Absent, Raymond – Yes, Denaro – Yes, MOTION ADOPTED.

Presented to the Mayor: December 15, 2010

s/Scott D. Galvin December 15, 2010

Motion made and 2nd to ADJOURN, all in favor, 9-0. Meeting adjourned at 6:47 p.m.

A TRUE RECORD ATTEST:

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