

TOWN OF GREAT BARRINGTON
FINANCE COMMITTEE
GREAT BARRINGTON TOWN HALL
334 MAIN STREET, GREAT BARRINGTON, MA
MINUTES
OCTOBER 9, 2014
5:00 P.M.

PRESENT:

SHARON GREGORY, CHAIR

WALTER ATWOOD –Not Present

MICHAEL WISE

LEIGH DAVIS

THOMAS BLAUVELT

CALL TO ORDER:

1. **APPROVAL OF MINUTES:**

A. **Minutes of September 15, 2014**

MOTION: Tom Blauvelt

SECOND: Leigh Davis

VOTE: 4-0

2. **COMMITTEE UPDATES:**

Tom Blauvelt reported on the Community Preservation Committee. He advised they received 21 Step One Applications for CPC funding. The applicants are seeking 2.4 million in funds and we will have 1.2 million to distribute. Of the 21 applications, there are 8 projects for open space and recreation, 9 for historic preservation and 4 are for community housing. All are deemed eligible for Step 2. Those meetings will begin December 1 after all applications are in.

The organizations who submitted applications are as follows: The Library Trustees for the Ramsdell Library, Berkshire Natural Resources regarding the Thomas and Palmer Brook, Great Barrington Housing, Berkshire South to improve the trails, Mahaiwe Theater, Unitarian Universalist Church, St. James Place, Newsboy Monument, Construct, Historical Society, the DPW for Weatherbee, Town Hall and Mason Library, Great Barrington Fairgrounds, Community Commons to create a Berkshire food forest and co-housing, Project Native, CDC Riverfront Park, CDC affordable housing, Flag Rock Farm and Trustees of the Reservation. Sharon noted that the CPC should give priority to projects that the Town is obligated to do.

Sharon said she had a meeting with the potential finance subcommittee of the School Committee. The School Committee is trying to use a finance subcommittee to surface some of the issues that are financial in nature and get some feedback from the three town finance chairs so that it would improve the communications so there are less surprises as the issues evolve. Sharon Harrison needs more input and guidance from the Towns and school committee in order to develop the annual school budget. Sharon Gregory said one of the things that should be discussed is how we can fold in the school finances into the town budget so towns' people have a full picture of what we are spending.

3. **OLD BUSINESS:**

A. **Proposed (FY16) Budget Objectives from Finance** – Sharon said she put this on the agenda because at the last meeting we had jointly with the Select Board, we discussed the budget policy for FY2016. We really didn't have a meeting by ourselves to discuss what kind of things we want to bring to the Select Board at that meeting so this was an opportunity to do so.

At the joint meeting we said there are things that we want to incorporate going into the budget process. One is we want them to incorporate the financial summaries and the analysis that we had outlined in our earlier motion. They agreed to do so and that would give us a better picture of what we are spending and where. Sharon asked for a breakout of economic development activities.

Last year, because we didn't get the school numbers until late in the process, we went into a panic as to what we can cut in order to get a reasonable budget overall (school plus municipal budget) that would be acceptable to the town. Sharon suggested early on we show the impact of various revenue and expense scenarios so we can assess the impact of various decisions as we progress through the budget cycle. We also asked for early input on the school budget. We understood the state did not give approval until late in the cycle but they gave us a heads up on what it was going to possibly look like.

Sharon said she would like to set up a discussion so that we use the time between February and March before the school budget is set. We also asked for the post-retirement benefits analysis. We need to address whether or not we are accruing enough for retirement benefits. Sharon said she is asking for a written analysis in time for the board to study it and make a recommendation.

Tom said he would like to see the status of the uncollected taxes, to see if it is worth it to auction off the tax liens. We have about \$700,000 in uncollected taxes. Sharon said we need a summary analysis of where we stand and what we are doing about the tax liens.

Leigh said she didn't want to lose sight of the Housatonic School. One thing was to develop a task force to develop a study on obtaining grants. We can bring that up in economic development. There are a number of proposals the Finance Committee has made over the past year and there isn't a formal process in which the select board replies to these things. Sharon said she would ask for the courtesy of a response.

B. **Update on the Residential Exemption Study (Michael Wise)** including a slide presentation

Michael said we have a tax affordability problem here. We don't have the highest taxes per household in Berkshire County but when you look at the profiles of the people who live in the various towns you can understand how Williamstown can survive with \$5,300 per family and Great Barrington feels pinched paying just a little less. We are in a position where people are hurting here and we need to do something about it.

One reason to act is the general problem of affordability, and another is the schools. He said there isn't anything we can do about the schools that is realistic that isn't going to cost a meaningful amount of money. The repair might cost more than the renovation.

The residential exemption is a way of making our principal source of revenue progressive. It would raise more money from the people who have it and less from the people who don't. Michael noted the assessor's data shows the value of the average house in Great Barrington is \$375,000, the median is \$293,000 and the typical house is \$225,000. This is for single family homes, and doesn't include condos, apartments, and mixed use properties such as farms.

He noted there is a lot of value in the second homes. The more expensive the home, the more likely it is to be owned by a nonresident. There is a lot of untapped value in the second home community.

The way the residential exemption works is that every resident homeowner in town gets to deduct a fixed amount from the taxable value, which is based upon the average value of all residences. The primary resident takes the assessed value and subtracts the exemption amount before applying the percentage. The second homeowner doesn't. You re-compute the tax rate so you collect the same total amount of taxes from all the residences.

For a house that is valued around \$330,000, the effect of subtracting the exemption and increasing the rate is no change. For the typical house in Great Barrington at \$225,000 the net effect is a tax break that could be as much as 15%. For the ones valued at \$150,000 it could be 30%. On the other side, the taxes go up for the more expensive properties. If we did the maximum exemption which is 20%, out of the 2,100 single family homes about 600 would get a 15% or greater reduction. For about 60, the increase would be 13% or more. For a house at the average value of \$375,000 there would be a 2% increase. For the median value house at \$290,000 there would be a decrease of 3%. There is a concentration of benefit in Housatonic and Risingdale, where the median value is about \$213,000 and the average value \$230,000, which means most places there would get a 10% or better break.

A problem with the residential exemption is how it treats the people who have a valuable house but no longer have the income to pay. Sudbury considered the residential exemption as an additional means of helping elderly taxpayers, but Sudbury already does everything they can under state law to take care of senior citizens who have problems paying their taxes. We don't.

It is not going to be cheap to implement it. If we want to pursue this, we need to consider adding a person to the assessor's office to handle applications for the exemption, etc. Michael said his suggestion is that in the course of the budget process we have public hearings about this, together with fixing the senior citizen problem, and about the implications of a split rate. Other towns that use the residential exemption also have a split rate. The decision to do this is up to the Select Board.

In response to a question, he observed that assessors are typically skeptical of the residential exemption because it increases their work load.

Vivian Orlowski – She said she spoke to several other residents regarding residential exemption and several issues came up in the discussion. The hope is that the finance committee will make recommendations that would benefit all members of the community. She noted she looked at the

places with the residential exemption and there are many apartment buildings and multifamily housing so you are basically taxing people who are property owners as a business.

The residential exemption and the split tax rate are playing musical chairs because it is not dealing with the issue of how we can control expenses. It is not a way to bring in new revenues and control costs. Vivian also brought up the issue of looking into health care insurance costs which is a large part of the town budget. She noted she would like to volunteer for a task force that would look at that expense. She noted that Pittsfield has been able to save a lot of money by taking a good look at their health insurance costs and getting approval of the employees and unions.

MOTION: Tom Blauvelt to create a 5-7 person task force to discuss ways to reduce expenses in health care costs including studying what Pittsfield did.

SECOND: Michael Wise

VOTE: 5-0

4. **NEW BUSINESS:**

A. **Report on meeting with Assessor re: Split Tax Rate and demographic Study Update. (Sharon Gregory and Michael Wise).**

We reviewed where our taxes are coming from by category in an effort to look at the possibility of a split tax rate. The discussion started with the Select Board meeting to keep the same tax rate. Richard Dohoney wrote a letter saying we provide a lot of services to businesses. They benefit from the larger police force and other services yet we have the same tax rate and we should consider a split tax rate. This warrants further analysis.

The Berkshire Regional Planning was invited to the Finance Committee in September to give a presentation as to what is happening in Great Barrington. BRPC projected population reduction in GB to be 8% in the next 15 years. She and Mike met with the Town group (Town Manager, Assessor, Finance Manager) to research what demographic information was available. She was particularly interested in understanding year-to-year changes.

Sharon noted that the 2010 National census shows about 7000 residents whereas the annual town census count is different. These might stem from the way various institutions report figures such as: ~400 student at Simon's Rock, Eagleton School and other boarding schools and approximately 300-400 nursing home/rehabilitation residents. She noted that the National Census includes approximately 766 in group housing that may or may not be included in the annual Town census. More work will be needed.

B. Economic Development (Sharon Gregory) she noted the Select Board discussed forming an Economic Task Force a couple of years ago but nothing was done. Perhaps the Finance Committee can make a recommendation to have a mini economic development group. Several people were interested in working on it including Leigh Davis and Sharon Gregory.

Sharon presented the following ideas:

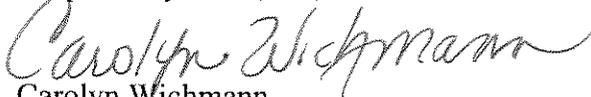
- Develop financial priorities related to Master Plan before budget cycle regarding economic development
- Outreach to other groups to coordinate econ. dev. for major goals
 - Tourism (Town brochure)-Major industry now
 - Small business nurturing (support services, UPS, FedEx, etc.)
 - Manufacturing & distribution
 - New services (Survey of Town assets as a magnet)
- Consider forming Economic Dev. Committee for one year supported by a small budget. Possibly use Collins Center.

Michael Wise suggested that Sharon and he create a written suggestion to send to the Select Board.

Karen Smith suggested working with the Chamber of Commerce on economic development. Eileen Mooney noted that this has been suggested before and the response was that Great Barrington's focus is Great Barrington and the Chamber's focus will be Southern Berkshire. Sharon said she would like the Town to have an economic development agenda and that might include working with the Southern Berkshire Chamber of Commerce. Sharon advised she would like all the revenue lines identified so we can see the meals tax, fees, etc. so that we can generate ideas as to how revenues might be increased.

Prior to the conclusion of the meeting, it was decided to meet the 3rd Tuesday of the month with the next meeting to be November 18 and the December meeting to be the 16th. Both meetings will be at 7:00 p.m.

Respectfully submitted,



Carolyn Wichmann
Secretary