

MINUTES OF THE MEETING
OF THE LAWRENCE CITY COUNCIL

DATE: Tuesday, December 12, 2006

A **SPECIAL MEETING** of the City Council was held on **Tuesday, December 12, 2006** at 7:08 p.m. in the City Council Chamber with all Members present. Council President Blanchette presided over the meeting.

Approximately Seventeen [17] persons were present.

A Moment of Silence was held.

The Pledge of Allegiance was recited.

I. ACCEPTANCE OF MINUTES: - None

II. PUBLIC PARTICIPATION: - None

III. PUBLIC HEARINGS:

Doc. 353/06:FY 2007 Tax Classification Factor – John L. Griffin, Budget and Finance Director - Rejected

At the request of Council President Blanchette, the City Clerk read the public hearing notice regarding the above matter as published. Upon the conclusion of the Clerk's reading of the public notice, Council President Blanchette opened the public hearing portion of the proceedings and invited anyone who wished to be heard to present themselves before the Council Members.

Lou Carpenter from the Chamber of Commerce stated that he would submit a letter to the Council stating the opposition of the business community to the proposed tax increase.

Jose M. Arias, 254 Jackson St., Lawrence, MA spoke of the difficulties of operating a household in the City of Lawrence and stated further that an increase in property taxes would make the existing difficulties more pronounced. He stated that improvements to City Hall

[Tuesday, December 12, 2006]

Offices should not have been allowed during a time when costs are steep and taxes are expected to rise. He stated that many residents are moving away from the City of Lawrence due to the high cost of living and that he may have to do the same if taxes are increased.

Veronica Matos (address unknown) stated that she is not convinced the City Council Members are protecting the interest of property owners. She stated that the salary paid to public officials is exorbitant and that the tax payers do not know where its money is being spent.

Pedro Payano, 596 Haverhill Street, Lawrence, MA stated that if taxes continue to increase that Lawrence will lose the people who have made Lawrence strong.

Lindy Galland of Lawrence, MA stated that residents of Lawrence cannot afford a significant tax increase and suggested that if taxes have to be increased any increase should be minimal. She stated that property owners are struggling and a property tax increase would cause rents to be increased as well.

Emilio (no last name or address) of Lawrence, MA stated he opposes a tax increase which may cause him to move.

Joseph D'Amico, 11 Lorenzo Road, Lawrence, MA stated that people who are interested in opposing a tax increase simply cannot show up to the City Council Meetings occasionally. He stated that the only reason that people seem to attend the Council Meetings is to state their opposition to proposed tax increases, increases in water rates, increases in sewer rates, and additional costs and fees. He stated that he believes people need to understand the reasons for any of the proposed increases and state their opposition only after they have had the opportunity to review and analyze the proposals. He commented that the

[Tuesday, December 12, 2006]

impact of a tax increase must be understood through the value of loss of services and jobs and not just in dollars and cents.

John Lydon, 9 Monroe Street, Lawrence, MA provided a financial analysis regarding the impact a tax increase will have on area condominiums, single family homes and multiple family dwellings. He stated that the tax burden is unfairly placed on single family homeowners rather than multiple family homes. Mr. Lydon provided a financial analysis through a comparison of tax increases on single family homes on Monroe Street. He stated that his research and analysis reveals that real property in the City of Lawrence is inaccurately assessed. Mr. Lydon suggested that firm contracted to assess real property in Lawrence should be terminated and the method of assessment should be reviewed. Mr. Lydon provided a financial analysis and comparison of tax assessment for apartment complexes with single family homes and stated that the current method assessment of apartment complexes is clearly not accurate.

Upon no further discussion or comment offered by anyone present, Council President Blanchette closed the public comment portion of the proceedings and called upon the Council Members present to offer comment or discussion.

Upon being granted the floor, Councilor Frechette stated that he is upset about the item being presented and stated that Mayor Sullivan should be required to provide answers to serious questions about taxation. He stated that the budget approved by the City Council presented by the Administration in September of 2006 based upon information provided by the Administration. Councilor Frechette proceeded to ask to Mayor Sullivan questions about the apparent 1.6 million dollar shortfall.

[Tuesday, December 12, 2006]

Councilor Frechette and Mayor Sullivan discussed how the amount of taxes to be obtained through real estate tax assessment reaches the 41 million dollar levy limit. Councilor Frechette stated that the City Council was presented with an amount for budget purposes but wanted to know how the Administration calculated the tax levy.

Upon being recognized, Councilor Kolofos recalled that the Budget and Finance Director John Griffin had indicated that the levy limit previously proposed was approximately 39 million dollars. Mayor Sullivan stated that the recap amount is presently \$40,408,772.00.

Councilor Frechette stated that the tax rate being considered and advertised for hearing is about 39 million dollars. He asked Mayor Sullivan what has changed in the interim to change the projected amount to \$40,408,772.00. Mayor Sullivan stated the difference of about 1.6 million was still being considered. He stated that the recommended amount is suggested by the Department of Revenue. [A discussion ensued between Mayor Sullivan and Councilor Frechette concerning the various methods of revenue allocation].

Councilor Frechette stated that he believes that the Mayor's Office has been seeking approval of the tax rate with the Department of Revenue without approval of the City Council.

Mayor Sullivan stated that the Department of Revenue [hereinafter DOR] is pleased that the City has reached the point it has in regard to its levy limit. He stated that DOR is adamant that the property tax assessment be raised to the levy limit or the City will no longer be able to access School Building Funds to meet expenditures.

[Tuesday, December 12, 2006]

Councilor Frechette suggested that the City will have to consider voting on passing a 2 ½ over-ride in order to balance the budget.

Mayor Sullivan stated that other funds raised through tax lien collections will help improve the free cash account. Mayor Sullivan suggested that present financial actions taken will also improve the financial outlook of the City into the future.

Councilor Frechette stated that the DOR has determined that the City has to raise taxes to meet the shortfall and does not recommend or approve any other means to raise revenue. Mayor Sullivan agreed.

Councilor Frechette stated that the taxpayer will be hit by increased assessment, a lower rate factor, a decreased commercial rate, and a raised levy limit. He stated that his vote to approve the budget presented for FY 2007 was contingent upon a tax rate that would not raise the levy limit. Councilor Frechette stated that he would not vote to allow the rate to go to the levy limit based upon his previous vote and that the manner the tax rate is being presented. He cautioned that if the City Council Members vote to approve the tax rate factor, then the Mayor could raise revenues by raising taxes to the levy limit rendering the necessity of City Council approval meaningless.

Upon being granted the floor, Councilor DiMarca expressed his concern about raising taxes and discussed litigation costs that could have been prevented if the City had been more diligent. Councilor DiMarca stated that the City needs to be more cost effective in its operations. He stated that he would not vote in favor of the proposed tax increase and believes that the DOR has acted inappropriately by failing to provide reasonable alternatives. Councilor DiMarca cited examples of financial waste in salary and infrastructure operation.

[Tuesday, December 12, 2006]

In response Mayor Sullivan stated that the budget presented in September retains the 1.6 million dollar amount but the DOR requires the City to obtain funds from sources other than the School Building Fund.

As a point of information, Council President Blanchette stated that the memo received today from Mayor Sullivan provides an increase in the proposed tax rate.

Upon being granted the floor, Councilor Alvarez-Rodriguez commented that the proposed increase will contribute to increase foreclosures and the possible loss of homes for many Lawrence residents. She stated that voting in favor of the proposed increase proposed is inconsistent with the mandate and needs of the residents of the City. In conclusion, Councilor Alvarez-Rodriguez stated that all concerned are in a difficult position and she cannot vote favorably for the measure presented.

Upon being granted the floor, Councilor Gosselin asked Mayor Sullivan if the Administration has determined who authorized \$800,000.00 of work on behalf of the City.

Councilor Silva commented that the issue at hand does not concern the matter raised by Councilor Gosselin.

Councilor Gosselin responded by informing the Council Members present that the issue is relevant because expenditures without proper authorization undermines public confidence in the ability of the Mayor and the City Council to even consider setting the tax classification factor presented. Councilor Gosselin then discussed specific instances of inequitable taxation and the impact it has on property owners in Lawrence. Councilor Gosselin stated that she cannot vote favorably on the proposed tax increase as presented.

[Tuesday, December 12, 2006]

Mayor Sullivan stated that it was his understanding that the City Council Members knew that the tax rate would be increased at the time the City Council considered and approved the spending plan. Mayor Sullivan stated that the only issue to be determined was the source of approximately 1.6 million dollars since the Department of Revenue [hereinafter DOR] will not allow the City of Lawrence to borrow from the School Building Fund to bridge the financial shortfall.

Councilor Gosselin responded to Mayor Sullivan and stated that the proposal submitted for consideration by the City Council at approximately 5:30 p.m. to day presents an additional increase which is more than the amount originally approved by the City Council when the City Budget was approved. She suggested that the increase of 1.4 million dollars is “in addition” to the 1.6 million dollars which actually would require an additional 3 million dollars to be paid from property taxes. She stated that she simply cannot agree with Mayor Sullivan on the proposal submitted and that she would not vote to approve the tax rate.

Upon being granted the floor, Councilor Parolisi stated that he was not in favor of raising revenues through taxes in an amount that would reach the levy limit. He stated that through information received from the Administration that DOR would not certify the City’s tax rate without a plan that included taxation to the levy limit. [A discussion between Councilor Parolisi and Council President Blanchette concerning various financial scenarios that may result should the City Council fail to approve the tax rate ensued].

As a point of information, Council President Blanchette explained that if the tax rate were approved under the plan now being presented to the City Council Members, then the

[Tuesday, December 12, 2006]

Mayor could lawfully raise the amount of revenue to the maximum limit allowed which would be greater than the City Council was informed would be raised during budget negotiations.

In response, Mayor Sullivan provided information about various methods of reducing budget amounts while still meeting the requirements of the Department of Revenue.

Council President Blanchette emphasized that if the factor presented is approved by the City Council, the Mayor can increase the tax revenue an additional 1.4 million dollars without further Council approval.

Councilor Parolisi agreed with Council President Blanchette and stated that the issue is now whether or not the Mayor will raise the additional revenue in the amount of 1.4 million dollars as being proposed.

Mayor Sullivan stated that he has concerns about reducing spending appropriations in the amount of 1.4 million dollars but believed that it can possibly be done in a way that may not impact the requirements stated by DOR.

Councilor Parolisi affirmed his concerns about the impact that approving the tax rate will have on the ability of the Mayor to raise revenue to the levy limit and concluded by stating that he could not could not approve the proposed tax plan as presented at this time.

Mayor Sullivan reiterated that the 1.6 million dollar gap can be closed upon approval of the tax rate and other funding sources could be pursued. Mayor Sullivan cautioned the Council Members that the failure to at least approve a tax rate expeditiously and timely will send the wrong message to DOR and the taxpayer. He stated that DOR is expecting the City

[Tuesday, December 12, 2006]

of Lawrence to continue along the course taken to not only satisfy DOR requirements but to allow for a reasonable and acceptable way to raise revenue.

[A discussion ensued between Mayor Sullivan and Councilor Parolisi regarding the possibility of approaching the levy limit in a gradual fashion].

Mayor Sullivan suggested that if the City Council Members approved the tax factor as presented he would not raise the 1.4 million dollars as stated in the most recent proposal.

Council President Blanchette stated he has serious reservations about approving the tax factor with the conditional compromise offered by Mayor Sullivan. He stated that the City Council Members reached a compromise position as a result of the fiscal year 2007 budget negotiations and discussions with the Administration this past September. He stated that the additional “compromise” in which the Mayor promises he will not seek the additional 1.4 million dollars as proposed cannot be “checked” with any consequence that can be lawfully imposed by the City Council. Council President Blanchette stated that the only means available that the City Council Members possess rests in the “approval” or “disapproval” of the tax factor. He stated that if the tax factor is approved, then the Mayor is entirely within his authority to increase revenues to the levy limit regardless of any promises that may be offered.

In conclusion Councilor Parolisi stated he would be willing to approve a tax factor based upon the Mayor’s representation that he would cut the 1.4 million dollar increase from the proposal.

[Tuesday, December 12, 2006]

Upon being granted the floor, Councilor Kolofoles stated that despite the fiscal year 2007 funding approval the Fire and Police unions are already attempting to negotiate an increase.

As a point of information Councilor Parolisi stated that contract negotiations are always on-going and required even with funding in place.

Councilor Kolofoles stated that he cautioned the Mayor not to negotiate for money but to negotiate for benefits. [a discussion ensued among the Council Members with the Mayor regarding the current union negotiations]. Councilor Kolofoles continued his discussion and inquiry with Mayor Sullivan and reviewed the FY 2006 budget discussions. He also stated that a vote of the City Council approving the tax rate is “required” before the Mayor can even consider raising revenues to the levy limit. He stated that without City Council approval of a tax rate the tax bills cannot be sent. Councilor Kolofoles discussed the out-standing tax liens and asked Mayor Sullivan if the liens could be used as a source of revenue to bridge the shortfall. Mayor Sullivan explained that DOR will not permit the City of Lawrence to use tax lien collections as a source of revenue for the budget recapitulation. In conclusion, Councilor Kolofoles stated that he could not vote in favor of the proposed tax increase as presented.

Upon being granted the floor, Councilor Silva stated that despite the serious financial crisis facing the City, Fire Department Personnel were being promoted which, in turn, results in an increase in compensation. She stated that although the promotions are well earned and well deserved, she was disappointed that the promotions and attendant wage increases were presented by the Department and approved. She stated that it was her understanding that

[Tuesday, December 12, 2006]

there would be no increases authorized throughout the City. She commented that the Lawrence Police Department has more officers sitting behind a desk than any other community. She suggested that cuts should be implemented with the upper management of the Lawrence Police Department and not from patrolmen or line officers. Councilor Silva stated that she could not support the proposed tax increase as presented without cuts to each and every department.

Upon being granted the floor, Councilor Gonzalez stated that he could not support the proposed tax rate increase as presented. He stated that the Council and Mayor need to work together to solve this matter.

Council President Blanchette thanked the Council Members for their comments on the matter presented. He stated that he has issues with the memo provided by the Mayor just prior to this evening's City Council Meeting which proposes that the Mayor will increase tax revenues by an additional 1.4 million dollars. He stated that "a last minute compromise" is unacceptable. Council President Blanchette stated that the proposal offered today is the "trick play" that not even New England Patriots Coach Bill Belichick could devise. He stated that the new proposal presented by Mayor Sullivan for consideration is indefensible and not what was agreed upon when the City Council approved the FY 2007 budget in September. [Council President Blanchette read a memo from DOR dated September 27, 2006 informing the Mayor that School Building Funds could not be accessed to supplement the FY 2007 budget]. Council President Blanchette stated that he does not favor the approval of the tax rate increase with an increase in taxes as being proposed.

[Tuesday, December 12, 2006]

Upon being granted the floor, Councilor Frechette stated that 2003-2004 the City used \$2.4 million in School Reserve funds, \$2.6 million in 2004-2005, and again in May of 2006. Councilor Frechette stated that DOR has changed its rules regarding access to funding sources that the City has used in the past as a vice to force the City to reach its levy limit. He commented that DOR's approach makes no sense at all. Councilor Frechette concluded by pointing out that the "Overlay Surplus" reported by the City Assessor is more than the amount reported in the original FY 2007 budget publication.

Upon being granted the floor, Councilor Alvarez-Rodriguez discussed the adoption of the Menino Tax Structure and the use of School Building Funds. She stated that the proposal negotiated at the time was presented reasonably when she voted in favor of the FY 2007 budget in September. Councilor Alvarez-Rodriguez presented a motion to "reject" the FY 2007 tax rate which was seconded by Councilor Gonzalez.

[A discussion ensued between Mayor Sullivan and the Council Members concerning the reported amount in the Overlay Surplus and the Overlay Reserve]

Upon no further discussion, comment, or inquiry offered by the Council Members present, Council President Blanchette closed the discussion portion of the hearing and called upon the Council Members present to consider the motion previously presented by Councilor Alvarez-Rodriguez [as seconded] to reject the FY 2007 Tax Classification Factor. The Council Members voted [8-1] to reject the measure as follows: Yes [to reject] = 8; No [to reject] = 1:

Councilor Gosselin – Yes
Councilor Gonzalez – Yes
Councilor Parolisi – No
Councilor DiMarca – Yes

[Tuesday, December 12, 2006]

Councilor Kolofoles – Yes
 Councilor Alvarez-Rodriguez – Yes
 Councilor Silva – Yes
 Councilor Frechette – Yes
 Councilor Blanchette – Yes

IV: COMMUNICATION FROM MAYOR, CITY OFFICIALS, & CITY ATTORNEY: - None

V. APPROPRIATIONS-ORDERS-RESOLUTION: - None

VI. COMMITTEE REPORTS: - None

VII. WITHDRAWALS: - None

VIII. OLD BUSINESS: - None

IX. TABLED MATTERS:

The following items remained “tabled” without further action:

60/06	Zoning Board of Appeals, Planning Board, Lawrence Redevelopment Authority & Conservation Commission – hearing held
215/06	Good Citizenship Award – Mayor
128/06	Acting Jobs Positions and Consultants – on more than 90 days
257/06	Resolution – Dr. Claire Paradiso

X. NEW BUSINESS: - None

XI. ADJOURNMENT:

Upon Motion of Councilor Gosselin duly seconded by Councilor DiMarca, the Council Members present voted unanimously to Adjourn.

**ADJOURNED
 (9:45p.m.)**

Attest:

William J. Maloney
 City Clerk