

Draft

FINANCE COMMITTEE

Minutes

January 25, 2016

Regular meeting of the Finance Committee was held on Monday, January 25, 2016 at 7:00 p.m. in the Main Meeting Room, Town Hall , with the following members present: D. Bruce, J. McDermott, J. Burke, T. Bowen, D. Crowley, J. Denneen, K. Guyette, P. Hinton, R. Mariani, S. Lawson, J. Lowre, P. Stasiukevicius, M. Trudell, and J. Vaillancourt. Members absent were: A. Healy. Also in attendance was Town Administrator J. Johnson, Selectmen C. Snuffer, D. Salvatore, L. Dennehy, Economic Development Officer, and Fire Chief T. Bailey.

7:00 p.m. – Quorum being present, the meeting was called to order by the Chairman D. Bruce.

Appointments

Chairman Bruce spoke to the focus of this meeting was a presentation from Siemens Health Care Diagnostics and the State’s Office of Housing & Economic Development regarding the Tax Increment Financing Agreement.

J. Johnson, Town Administrator explained what a Tax Increment Financing (TIF) Agreement was. TIF is authorized by MGL c.40 sec. 59, allowing landowners to be granted a property tax exemptions of up to 100% of the tax increment. Towns are allowed to enter into the agreement with a landowner for a maximum term of 20 years. Town must initiate a TIF by a vote of Town Meeting approving the TIF plan. If Town Meeting approves, the TIF must be in an area approved by the state by the Economic Assistance Coordinating Council (EACC). Town had previously approved a TIP agreement for 10 years on the same property in 2006 with Bayer Healthcare prior to Siemens acquiring Bayer. Board of Selectmen will be discussing the agreement at their meeting of January 26, 2016. He has discussed this individually with members of the Selectmen, former Selectmen A. DeNapoli (who had been involved in the previous TIF agreement) and Economic Development Director L. Dennehy. Outside firm has been hired to do a market analysis and this is due February 12, 2016. This will be after the Finance Committee’s recommendation on the warrant has gone to the printer. Finance Committee can still vote to do a Recommendation at Town Meeting as the results of the market analysis would not be available prior to going to press.

On a question from FinCom Member K. Guyette, as to the March 7, 2016 Special Town Meeting date being set as the Committee is awaiting additional information and the need to have time to review. Special Town Meeting date was set by the Board of Selectmen.

Proposed project will include, \$70,000,000 of high tech equipment along with other machinery and fixtures, \$230,000,000 in construction, and 700 new positions over the next ten years. New office space of 100k-130 k sq.ft., 35k-45 k.sq.ft. of manufacturing/lab space, 20k-30k sq.ft. and 100k sq.ft. of other space.

TIF agreement will commence July 1, 2017 and will only cover the new space. Exemption percentage in years 1-5 (90%), years 6-10 (80%), Years 11-15 (70%) and years 16-20 (60%) Siemens will provide \$100,000 towards the costs of ballfields, \$160,000 for snow removal equipment, \$250,000 towards the cost of a new Fire Department ladder truck, \$250,000 for associated fees associated with building permits. \$6,100 towards expenses incurred for the Special Town Meeting, \$30,000 for legal and consultant expenses, and presentation of the economic impact analysis of the project, \$10,000 traffic study and \$14,000 for the Board of Assessors to hire an independent consultant to conduct a comprehensive study for the valuation of the property. \$20,000,000 for an incentive package from the Commonwealth of Massachusetts for life science tax credits, road infrastructure improvements and workforce training.

M. Canary, Siemens Head of Strategic Project Management.

Mr. Canary provided a power point presentation similar to what was previously presented to the Board of Selectmen. They have been part of the community for over 35 years and have had steady growth each year. Previous TIF the company had invested \$107 million in expansion and added nearly \$2,000,000 in property tax revenue. They have contributed over \$45,000 in monetary donations to the town and more than \$750,000 in volunteer service. There has been an 18% yearly increase for generation of materials and services to Walpole business. Projected spending in 2015 is \$500,000. Anticipated investment in Walpole over 20 years is \$27.7 million in real estate tax revenue from existing facility footprint, \$9.2 million in increased real estate tax revenue, \$2.5 million in infrastructure improvements, \$500,000 additional Town infrastructure improvements, \$1.4 million in wages to new Walpole-based employees. Along with new high wage manufacturing jobs created in Walpole and increased spending at Walpole businesses.

Siemens had looked at two sites for expansion, Walpole and another site. They reviewed the costs associated with these sites. It was found that it would be an additional \$60 million for an alternative site. State is supporting this investment in Massachusetts of \$20 million and they are asking for the town's support. They are looking at an investment of \$325 million and the creation of 700 new jobs over the next 20 years.

TIF does not reduce taxes on existing facility.

M. Kennealy, Assistant Secretary for Business Growth for the Massachusetts Executive Office of Housing & Economic Development . He spoke to this being a high

priority project, global company investing in the town and state and making an investment and creating jobs. This is an opportunity for growth in life science jobs outside Boston and Cambridge areas. It allows jobs to spread around the Commonwealth. Project won't happen without a deal.

Discussion

Members spoke to the timing of the Special Town Meeting ,they would like to have the results of the economic impact study before them. Proposal is benefiting the regional economy but benefits to the town seem limited. Impact study would answer a lot of questions. Of the 75 communities that have instituted a TIPS agreement, only 8 have a 20 year life, most are 10 years. Some members spoke to 20 years being too long, should be receiving the money sooner, renovations and updates that are being proposed would be done anyway.

Impact study will provide an accurate valuation. Questions arose as to what are the increase in service costs and incremental costs to the town expenses. Town Administrator spoke to some increase in police and fire calls but doesn't anticipate anything other than minor incremental costs. Siemens wants to build/expand in Walpole.

20 year length of deal was questioned due to most TIF agreements not going this long. 20 year agreement was requested by Siemens. They had looked at life cycle and compared sites.

As part of the agreement would be that they would stay on site for 20 years. Town Administrator is looking into this with Counsel. Any new company at this site would be provided a tax savings for the balance of the TIF. The state incentives would also be passed along. Agreement is required in order to get the job done.

Some members spoke to the Town giving nothing, and not losing anything and there is the potential to get something out of it. Siemens is not talking about moving, Walpole site has excess space for expansion they own the land, They want to stay in Walpole, but there is the need to look out for the taxpayers, Walpole has limited commercial land available.

Town Administrator spoke to water and sewer costs being supported by the company. These fees would be separate from the building fees. Siemens is looking into doing a traffic study, anticipated cost of 2 ½ million for widening roadway, traffic study and utility improvements.

Committee had questions on why certain items were identified and shouldn't a group be deciding how the money is spent. There is the need for more direction where the funds would be going. Town Administrator spoke to accepting the money and looking at a

the 5 year Capital Budget, also under consideration is the cost of doing fields on Department of Correction land

Construction would take approximately three years, some of the buildings would be taken down and they would build new buildings along with renovations to existing buildings. If the town doesn't allow them to expand, they will go elsewhere. It is a very competitive process, Town has to put forward the benefits. They are receiving a 90% tax break, length of time is way to long. This is a good deal for Siemens and the State.

Committee members spoke to the Town needing additional tax money and this is a good opportunity, we have not been involved in the negotiations. We have to allow the negotiators to do their job. They have done their job in obtaining the best deal possible. Funds will come back to the town in real estate and meal taxes. This is a great opportunity to expand the commercial tax base. This will attract other companies. This is a win win for the Town and is a big investment. Town is better off with Siemens than without it but we need a fair agreement. Monies don't make a meaningful difference. Finance Committee's role is to provide oversight and evaluate things and not take recommendations from other committee's and personnel. Committee's role is not to micromanage, but to discuss.

Members spoke to feeling that the town is receiving a misappropriate share of what the state is receiving, this agreement is a risk to the town.

Selectmen Snuffer spoke to this being a gain for the town and people should rally around it. Everything in agreement is a plus.

Chairman Bruce spoke to believing this is a plus and questioned what are the negatives. He will not be asking the Committee for a vote tonight, we need the information from the market analysis and more time to discuss. It is the Committee's fiscal responsibility to come up with our own assessment.

Special Town Meeting is scheduled for March 7, 2016 and will be held at the Johnson Middle School Auditorium.

Spring Annual Town Meeting will be held on May 2, 2016. Town Administrator will present his budget message on Monday, February 1, 2016 in the Community Room of the Library and the budget books will be available after the meeting. Finance Committee meetings will start on Thursday, February 4, 2016 at 7:00 p.m. and Committee will attempt to limit the meeting time to 2 hours, if possible.

Minutes – October 15, 2015

MOTION MADE by J. Denneen, Seconded by T. Bowen to accept the October 15, 2015 minutes, Motion Passed, (12-0-2) (P. Stasiukecius, J. McDermott abstained) (14 voting)

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Adjourn

MOTION MADE by J. Denneen, Seconded by D. Crowley to adjourn the meeting at 8:40 p.m, Motion Passed Unanimous (14-0-0) (14 voting)

Respectfully submitted,

Clare P. Abril
Clerk

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