



## **Committee on Finance and the Northampton City Council**

*Councilor David A. Murphy, Chair  
Councilor Maureen T. Carney  
Councilor Marianne L. LaBarge  
Councilor James Nash*

**City Council Chambers, 212 Main Street  
Wallace J. Puchalski Municipal Building  
Northampton, MA**

Meeting Date: January 19, 2017

Note: The Finance Committee Meeting took place during the City Council Meeting as announced.

- 1. Meeting Called To Order: At 11:00 pm Councilor Murphy called the meeting together.**
- 2. Roll Call:** On a roll call the following committee members were present: Councilor Murphy, Councilor Carney, Councilor LaBarge and Councilor Nash. Also present from the City Council were the following councilors: Councilor Sciarra, O'Donnell, Bidwell, Dwight, and Klein.
- 3. Approve Minutes Of January 5, 2017 Meeting:**

Councilor LaBarge moved to approve the minutes; Councilor Carney moved the motion. The motion was approved on a voice vote of 4 Yes, 0 No.

#### **4. Financial Orders**

##### **A. 17.237 An Order To Transfer Free Cash To Capital Stabilization And Stabilization Funds**

Councilor LaBarge moved to return the order back to the full City Council with a positive recommendation; Councilor Carney moved the motion. The motion was approved on a voice vote of 4 Yes, 0 No.

Mayor Narkewicz explained that at the end of December, the Department of Revenue certified the undesignated fund balance (free cash). Now that the funds are available to the City, some of the funds will be allocated to various stabilization funds. The Mayor reminded the committee that there has been a planned effort to build up reserves over the last 3 – 4 years in case of emergency. He notes that the reserves for

enterprise funds are used to fund large projects, to cover debt service, etc. In May the City's Standard and Poor's rating was upgraded to AAA it was because the City had built such healthy reserves. Some of the reserves that are being transferred will be used to fund the capital budget, emergencies (like funding snow and ice accounts), etc.

**B. 17.238 An Order To Transfer Water And Sewer Retained Earnings Into Stabilization Funds For Water And Sewer**

Councilor LaBarge moved to return the order back to the full City Council with a positive recommendation; Councilor Carney moved the motion. The motion was approved on a voice vote of 4 Yes, 0 No.

**C. 17.239 An Order To Authorize The Creation Of A Stormwater And Flood Control Stabilization Fund And Transfer Free Cash Into The Fund**

Councilor LaBarge moved to return the order back to the full City Council with a positive recommendation; Councilor Carney moved the motion. The motion was approved on a voice vote of 4 Yes, 0 No.

**D. 17.240 An Order To Authorize The Creation Of A Solid Waste Stabilization Fund And To Transfer Free Cash Into That Fund**

Councilor LaBarge moved to return the order back to the full City Council with a positive recommendation; Councilor Carney moved the motion. The motion was approved on a voice vote of 4 Yes, 0 No.

Councilor O'Donnell questioned why money was being placed into an account since the landfill was being phased out. Mayor Narkewicz indicated that money is being taken from the account and creating a stabilization fund. Part of the issue is that the City needs to provide to D.E.P a financial assurance mechanism which requires showing the D.E.P. that there is a plan and a revenue stream over the next twenty plus years to be able to maintain the landfill cap, inspections, etc. The money was sitting in a retained earnings fund; it is intended that the money will be moved to a stabilization fund. Councilor Murphy indicated that spending any of the money in the account will require City Council approval.

**E. 17.242 An Order To Authorize The Appropriation Of Free Cash To NPS McKinney Vento Transportation Fund And Integrated Municipal Data System Capital Project Fund**

Councilor LaBarge moved to return the order back to the full City Council with a positive recommendation; Councilor Bidwell moved the motion. The motion was approved on a voice vote of 4 Yes, 0 No.

Mayor Narkewicz explained that this order comes before Council every year. The City receives the funding, but it is generally after the close of the budget year. The order also includes a capital project that was funded in the FY17 capital budget. An estimate is used as part of the budgeting process; during the procurement process then the final price is determined. In this case, the final price was more than what was budgeted.

Councilor Klein asked about the amount of money received for bus homeless students; she wondered if it was a flat fee that the Schools received. Mayor Narkewicz indicated that the money is a reimbursement for per-student transportation services. The Schools are not reimbursed at the 100% level.

#### **5. Financial Update**

##### Second Quarter Financial for FY2017

Finance Director Susan Wright explained that the City's revenues are on track with the budgeted plan. There are no surprises. There are also no areas of concern in the areas of expenditures. The four enterprise funds are as planned.

Councilor Bidwell asked about hotel and meal tax revenues. Director Wright indicated that when comparing the first two quarters of last year to the first two quarters of this year, the amounts are pretty much the same.

Councilor Klein asked about the PILOT which showed revenues above 100%. Mayor Narkewicz explained that this is not the voluntary PILOT program that was recently launched, but revenue from PILOT agreements that were previously in place. Director Wright indicated that the ones on the report are billed in January as a one lump sum after the tax rate is set. Since the budgeted amount reflects the planned amounts at the ½ year rate, the percentages are misleading for this line item.

Councilor Dwight indicated that during public comment a point was made that the actual projections for meals tax don't reflect what is actually happening with the restaurants. Mayor Narkewicz indicated that the budgeted amount is typically not 100% of the amount that was received in the prior year.

#### **6. Committee Study Request - Referred By City Council 1/19/2017**

Due to the late hour Councilor LaBarge moved to postpone the Committee Study Request; Councilor Carney seconded the motion. The motion was approved on a voice vote of 4 Yes, 0 No.

#### **7. New Business**

None

8. **Adjourn:** At 11:23 Councilor LaBarge moved to adjourn the meeting; Councilor Carney seconded the motion. The motion was approved on a voice vote of 4 Yes, 0 No.

***Prepared by: P. Powers, Administrative Assistant to the City Council***

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