



Committee on Finance and the Northampton City Council

*Councilor Rachel Maiore, Chair
Councilor Marianne L. LaBarge, Vice Chair
Councilor Stanley W. Moulton, III
Councilor Jim Nash*

Online Meeting via Teleconference

Meeting Date: August 2, 2023

Time: 6 p.m.

Virtual meeting

The August 2, 2023 Finance Committee meeting will be held by remote participation. The public can follow the committee's deliberations by joining the virtual meeting by phone or computer. The meeting will be recorded for later broadcast on Northampton Open Media (Channel 15) and uploaded to the Northampton Government Video Archive on YouTube.

Live public comment will be available using telephone call-in or video conferencing technology beginning at 6 p.m.

INSTRUCTIONS FOR CALLING IN OR JOINING THE MEETING

[PUBLIC MEETING LINK](#)

For telephone call-in, call:

+ 929 436-2866 US

MEETING ID: 819 8255 2150

PARTICIPANT #: #

PASSCODE: 194668

- 1. Meeting Called To Order**
- 2. Roll Call**
- 3. Approval Of Minutes From The Previous Meeting**
 - A. January 3, 2023 Minutes (Never Accepted)**

Documents:

[01-03-2023_finance committee minutes.pdf](#)

- 4. Review And Consider Recommendation On Scanlon Proposal For Auditing Services (FY2024 - FY2026 Audits)**

Documents:

scanlon proposal for fy24-fy26.050923.pdf
scanlon proposal for fy21-fy23.081120.pdf

5. New Business

-Reserved for topics that the Chair did not reasonably anticipate would be discussed.

6. Adjourn

*Contact: Rachel Maiore at rmaiore@northamptonma.gov
or 413-923-4318*



Committee on Finance and the Northampton City Council

Finance Committee Members

Councilor Rachel Maiore, Chair

Councilor Marianne LaBarge, Vice Chair

Councilor Stanley W. Moulton, III

Councilor Jim Nash

Virtual Meeting

Meeting Date: January 3, 2023

Time: 6 p.m.

1. **Meeting Called To Order:** At 6 p.m. Chair Rachel Maiore called the meeting to order.
2. **Roll Call:** Present were Councilor Rachel Maiore, Chair; Councilor Marianne L. LaBarge, Vice Chair, Councilor Stanley W. Moulton, III and Councilor Jim Nash. Also present were Mayor Gina-Louise Sciarra, Finance Director Charlene Nardi and Administrative Assistant Laura Krutzler.

Councilor Maiore announced that the meeting was being audio/video recorded.

3. **Approval Of Minutes From The Previous Meeting**

- A. **December 7, 2022 Minutes**

Councilor Moulton moved to approve the minutes of December 7, 2022. Councilor LaBarge seconded. The motion passed unanimously 4:0 by roll call vote.

(Note: the October 26, 2022 Minutes were also listed on the agenda but not distributed in time for review.)

4. **Public Comment**

Adele Franks of Florence said her question is about the proposed new fund. Over what time period would the fund have to be used? She asked.

Councilor Maiore said she would make a note of questions to pose to the Mayor.

Eric Broadbent of Florence said that reading the text of the resolution provided a great summary. It appears that this is an expenditure that the city can make responsibly and he applauds everyone here. He has been looking at the nuances of how they might approach the residential energy side and it's pretty clear that it's going to take some effort to decarbonize and move their residential housing stock in that direction. Some companies formed that actually charge money for this service. One way or another if they want to make progress they are going to need to make expenditures to move forward. He really appreciates that this is on the table and is hoping for the best.

City Council Committee on Finance Meeting Minutes for January 3, 2023

Sharon Moulton, Leeds, Ward 7B, said that, since she retired in 2013, her highest priority has been doing whatever she could to get the city and the state to recognize the climate emergency. The city has been pretty good at saying it recognizes it but how they spend their money is the most important way to show how they really feel. People need to remember that, no matter how many resolutions are passed, if the end result isn't funding what needs to be done, they're not doing what they need to do. She thanked them for considering this.

5. Financial Orders

A. 22.219 An Order to Appropriate \$3 Million Free Cash to Establish Climate Change Mitigation Stabilization Fund

She was thrilled to see this on the agenda, Councilor Maiore said. Her reason for requesting its referral is that she wanted the new fund to be well-grounded in the foundation of understanding and to allow for a little more public input. That is why she recommended it be referred here.

Councilor Nash requested that the full order be read aloud and proceeded to read it himself.

Mayor Sciarra thanked councilors for the opportunity to speak a little more about the fund. Its purpose is to continue to plan for costs to implement their climate resilience and regeneration plan, including design and strategic planning. For her, this fund signifies that climate change is a priority not just for her administration but for the city. Particular mayors or particular councilors are temporary and certain people's priorities may not be the next people's priorities.

This stabilization fund is a way of solidifying this priority for the city, she continued. If approved by the council, it will include a policy for allocating funds to it in the future from the Undesignated Fund Balance or Free Cash. Director Nardi worked with the Collins Center to combine the city's financial policies into one comprehensive document and this new stabilization fund will be added to those policies.

As for the larger goal of the fund, projects to decarbonize city buildings are extremely expensive, as shown by the cost of just getting the schools to net zero.

"These are big goals that we have and they will include a lot of expenditure," she confirmed.

They want to make sure they are planning for these projects and earmarking some funds for these goals. Also, she feels that by creating this fund they are being transparent about their priorities and how funds are being spent. Maybe most importantly, they hope having available funds positions them well to be able to take advantage of state and federal grants they know are absolutely needed by the U.S. to start making real advancement in terms of decarbonizing. Often funds involve some 'skin in the game' from a municipality. These funds will give the city flexibility to be able to take advantage of opportunities and leverage more funds.

In the future, she will be bringing some additional changes to council which she hopes they will support regarding strategic planning, city project management and their approach to climate goals to facilitate viewing all of their operations through a climate action lens. This fund will help with these additional changes.

Councilor LaBarge thanked the mayor for going over the funding, saying she appreciates the thorough, thorough process she just went through. The larger goal to decarbonize their buildings is very critical.

They have heard this from so many people on the outside, especially the group advocating for eventually having her place a very experienced and knowledgeable climate director at the helm.

Councilor Nash noted that the order mentions Free Cash, the General Fund and American Rescue Plan Act (ARPA) loss revenue. He asked the Mayor to explain what they are doing with the moving of the money.

The city is allowed to take up to \$10 million in "loss revenue" of the \$21.7 million available from ARPA, Mayor Sciarra explained. This amount was received and closed out to the Undesignated Fund (Free Cash). The real advantage is it allows more flexibility in the use of the money. It takes the funds out of the ARPA timeline and ARPA restrictions. They took the maximum amount to allow flexibility which is why they are allowed to create this stabilization fund.

The Free Cash infusion was not a result of turn backs or excess revenue.

Councilor Nash asked the Mayor to explain in general how stability funds are used. He expressed his understanding that the money is set aside and stays there until the city needs to draw from it for specific purposes.

The city's current policy is to take a third of Free Cash and allocate it between the three stabilization funds: Stabilization, Capital Stabilization and the Fiscal Stability Stabilization Fund, Mayor Sciarra elaborated. This will add a fourth stabilization fund. They will not have ARPA again next year but they will have some amount of Free Cash. They will add to it annually but also draw down from it.

One key thing about creating it is that it creates flexibility for the city. It could be used as matching funds.

Big projects cost a lot of money but even the planning for big projects has expenditures along the way, she pointed out.

Like other stability funds, it indicates a long-term commitment to getting projects done in the city, Councilor Nash noted.

Referring to city operations versus capital needs, Councilor Nash expressed his understanding that these funds are largely for *city* property. In public comment it was noted that there is also a need to help people finance ways to convert heating systems in their homes.

There are restrictions as to how the city can allocate funds to the public, Mayor Sciarra confirmed. Right now, they are talking about municipal buildings and municipal operations. But, like Eric mentioned, if consultants can be brought in or the city can participate in programs to help residents make changes in their own homes, there is a possibility of using this money for something like that.

Councilor LaBarge asked how the \$3 million was determined.

Northampton's ARPA plan designated \$4 million for community recovery, Mayor Sciarra reminded. It is an amount they thought was a reasonable solid start to create a stabilization fund.

"Thank you, thank you, Mayor," Councilor LaBarge said.

The city works incredibly hard and is very successful at pursuing any funding opportunities that are available. It is her fervent hope that as a society in general they are going to step up in funding these goals and see more funds allocated for this kind of work.

Councilor Moulton thanked the Mayor for her detailed explanation. In response to a question, Mayor Sciarra clarified that taking ARPA funds as loss revenue removes it from the ARPA restrictions and timeline. This money now does not need to be expended by 2026, she confirmed.

Councilor Moulton commented that it is very forward-thinking; particularly the use of the money to leverage state and federal funds. The city is not going to do it without taking advantage of those programs that will be made available.

He asked who will administer the fund and make decisions about priorities.

As with other stabilization funds, proposed expenditures will have to come through the council, Mayor Sciarra said. As she hinted, they will be bringing some additional changes to the council sometime in the near future that she hopes will answer some of those questions. She has been working with planning and sustainability director Carolyn Misch, Central Services Director Pat McCarthy and other key staff towards meeting sustainability goals. They will help determine policies around using these funds. She assumes a lot of them will be driven by capital improvements. When there is an expenditure, it will come to the council, she assured.

Councilor Moulton asked if there is anything she is ready to share as an example of a project to be brought forward this year.

The Mayor asked Director Nardi if she had something off the top of her head.

The mayor was very clear in the capital planning process to include questions in the application about how proposed projects impact and better the environment, Director Nardi advised. Every department had to answer those questions. Director McCarthy and Chris Mason worked very hard to put together a plan which included getting all the energy management studies and plans done first and then addressing projects that came out of those. Studies from three city buildings and three school buildings have been completed and all of their projects have been based on moving those studies forward.

In looking at all the schools, they particularly learned a lot from the Leeds school, she related. There is a 70's wing and a 50's wing and, in studying them, they are learning a lot about how to make their schools closer to their goals. Not only have they addressed the schools, but Director McCarthy is looking closely at the envelopes of all buildings because one of the first things they want to do is keep water out. They want to tighten up those envelopes and are also looking at energy management systems. They are putting off updating boilers if possible so the eventual updates will be more efficient and not use oil or gas.

In one of the schools they are looking at putting in mini splits because it is the best way to get that building carbon neutral. Councilors will be hearing more about that when they talk about the Capital Improvement Program (CIP) in March.

Since the state allows them to create the fund, Councilor Maiore asked if the state puts any restrictions on the city's interpretation of how the money can be used.

A stabilization fund can be set up for any lawful purpose, Director Nardi advised. Between the Mayor and City Council, they decide what that purpose is. They are defining it as addressing climate change, which is pretty broad. A key goal is to make sure they are starting to allocate money, or put it aside.

She thinks the Mayor truly felt this was a good way to track it and to show the state and community the seriousness of its commitment.

Councilor Maiore said it sounds like its use is not restricted to capital projects. She expressed her understanding that the amount of money available will be relational to Free Cash, since this amount is variable. It seems like a great way to organize and streamline a budget and to call out the city's intentions, she said.

Councilor Maiore asked if other municipalities are doing this, and Mayor Sciarra said she hasn't had a chance to see.

Councilor LaBarge read a question from Adele Frank posted to the chat. Adele asked if the funds can be used for salaries.

As finance director, that makes her afraid, Director Nardi responded. They never want to use one-time funds for salaries. All of their reserves are best used for unanticipated emergencies and one-time expenses. It's not an ongoing budget, she stressed. They don't know how this will be funded so they don't want to rely on it for ongoing expenses.

Councilor Moulton moved to forward the order to the full City Council with a positive recommendation. Councilor LaBarge seconded. The motion passed unanimously 4:0 by roll call vote.

6. Recap Of Budget Listening Session

Members checked in briefly with thoughts about the recent listening session.

One participant (Denise Lello) made a comment that the city missed an opportunity around Community Choice Aggregation (CCA), Councilor Nash noted. This prompted him to check in with the Mayor's office on the status of the city's application to participate in this program.

"We haven't missed out on that; we're still in line for that; it's just taking a while with the state," he clarified. "We're still hot in pursuit of making that happen."

Councilor Moulton commented that the minutes contained an excellent summary of the 14 people who spoke at the meeting, but he would like the record to show that they also received seven emails.

Mrs. Krutzler said she would include the emails in the list of exhibits reviewed as part of the meeting, which becomes part of the minutes.

Members agreed to continue the pattern of meeting the Wednesday after a Thursday City Council meeting. Staff was asked to generate a list of meeting dates for the coming year, and the chair agreed to add this to the next agenda.

7. New Business

-Reserved for topics that the Chair did not reasonably anticipate would be discussed.

None.

City Council Committee on Finance Meeting Minutes for January 3, 2023

8. **Adjourn:** There being no further business, **Councilor Maiore** moved to adjourn. **Councilor Nash** seconded. The motion carried on a roll call vote of 4 Yes, 0 No. The meeting was adjourned at 6:47 p.m.

Contact: Rachel Maiore @rmaiore@northamptonma.gov or (413) 923-4318



May 9, 2023

To the Honorable City Council
City of Northampton
210 Main Street
Northampton, MA 01060

Dear Council Members:

Thank you for the opportunity to submit a proposal for audit services for the City of Northampton, Massachusetts. Scanlon and Associates, LLC is independent of the City of Northampton, Massachusetts as defined by professional standards (AICPA) and government auditing standards (yellow book). Scanlon and Associates, LLC has met peer review standards as defined by the American Institute of Certified Public Accountants (AICPA). All partners and staff to be assigned to the City's engagement have extensive knowledge and experience of auditing municipalities and have met the continuing education requirements as defined by auditing standards.

We are excited about the opportunity to continue working with the City. We believe our firm provides timely, quality work and excellent service at a reasonable fee and would be of great value to the City. Some of the reasons to select our firm include our experience, our personnel, our process and our commitment to ensure quality work.

A summary of audit fees for fiscal years 2024, and optional years for 2025 and 2026 is as follows:

<u>Fiscal Year</u>	<u>Financial Statement Audit</u>	<u>Single Audits (a)</u>	<u>School End of Year Reports (2) - AUP</u>	<u>Retirement GASB 67/68</u>
2024	\$ 52,000	\$ 9,600	\$ 10,000	\$ 7,000
(Optional)				
2025	\$ 53,000	\$ 9,600	\$ 10,000	\$ 7,000
2026	\$ 54,000	\$ 9,600	\$ 10,000	\$ 7,000

(a) The fee amount is based on 4 major programs being tested. Historically Northampton has averaged between 3 – 4 major programs for the single audit.

The increase from fiscal year 2023 fees are mainly due to new GASB's, increased reporting requirements, increased programs/activities within the City and increased audit requirements.

We appreciate this opportunity to continue to be service to you. If you have any questions, please contact us immediately.

Sincerely,

Scanlon and Associates, LLC

Thomas J. Scanlon Jr., CPA
Scanlon and Associates, LLC



August 11, 2020

To the Honorable City Council
City of Northampton
210 Main Street
Northampton, MA 01060

Dear Council Members:

Thank you for the opportunity to submit a proposal for audit services for the City of Northampton, Massachusetts. Scanlon and Associates, LLC is independent of the City of Northampton, Massachusetts as defined by professional standards (AICPA) and government auditing standards (yellow book). Scanlon and Associates, LLC has met peer review standards as defined by the American Institute of Certified Public Accountants (AICPA). All partners and staff to be assigned to the City's engagement have extensive knowledge and experience of auditing municipalities and have met the continuing education requirements as defined by auditing standards.

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A summary of audit fees for fiscal years 2021, and optional years for 2022 and 2023 is as follows:

<u>Fiscal Year</u>	<u>Financial Statement Audit</u>	<u>Single Audits (a)</u>	<u>School End of Year Reports (2) - AUP</u>	<u>Retirement GASB 67/68</u>
2021	\$ 46,000	\$850/per day	\$ 10,000	\$ 6,000
(Optional)				
2022	\$ 48,000	\$850/per day	\$ 10,000	\$ 6,500
2023	\$ 48,000	\$850/per day	\$ 10,000	\$ 6,500

(a) The fee amount is based on a billing amount of \$850 per day for days spent on auditing major programs. Historically Northampton has averaged between 8 – 12 days related to major programs for the single audit. Covid-19 may have an impact on increasing the number of days related to single audit.

The increase from fiscal year 2020 fees are mainly due to new GASB's, increased reporting requirements, increased programs/activities within the City and increased audit requirements.

We appreciate this opportunity to continue to be service to you. If you have any questions, please contact us immediately.

Sincerely,

Scanlon and Associates, LLC

Thomas J. Scanlon Jr., CPA
Scanlon and Associates, LLC