



Committee on Finance and the Northampton City Council

Finance Committee Members

Councilor Rachel Maiore, Chair

Councilor Stanley W. Moulton, III, Vice Chair

Councilor Marissa Elkins

Councilor Marianne LaBarge

Meeting Date: May 12, 2025

Time: 6 p.m.

Via Zoom

1. **Meeting Called To Order:** At 6:02 p.m. Councilor Rachel Maiore convened the meeting.
2. **Roll Call:** Present were Finance Committee members Rachel Maiore, Chair; Stanley W. Moulton, III, Vice Chair, Marissa Elkins and Marianne L. LaBarge. Also present were Finance Director Charlene Nardi and Administrative Assistant Laura Krutzler.

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

3. **Public Comment**
There being no one present for general public comment, Councilor Maiore moved to the next item on the agenda.

Approval of Minutes

The minutes of April 30th were not completely transcribed, so they were not able to be approved.

4. **Third Quarter (Q3) Financial Report**

Finance Director Charlene Nardi presented the third quarter (Q3) financial report.

In reviewing the report, General Fund (GF) revenue is on track with the budget, Director Nardi reported. At 75% of projections, receipts from Personal Property taxes are tracking slightly higher than the same periods in FY2022, FY2023 and FY2024, and, at 73%, Real Estate taxes are right in line with third-quarter collections for the past three years.

At \$2.2 million, motor vehicle excise is at 77% with \$666,000 still to collect to meet the projection of \$2.9 million, slightly lower (by about \$165,000) than the same time last year. (Funds continue to come in until the end of June, she reminded.) They are expecting a little bump based on comments that people have bought cars in anticipation of pending tariffs. As a reminder, they had increased this projection by \$300,000, or 11.6%, over last year, she shared.

Hotel/motel is exceeding the budget estimate but is only \$5,000 more than last year. They increased this by 12% last year and increased it again for FY2026 by another 11.6%.

At 84%, Meals taxes are exceeding the projection and are \$26,000 higher than the same time last year. They increased this projection by 11.6% over last year.

At \$882,000 (119.8%), cannabis revenue has exceeded projections, with collections \$220,000 more than at the same time last year, she shared. They just crept this projection in FY2025 since it had been dropping for the last three years since its peak. However, at the end of FY2024 they saw an increase and the positive trend appears to be continuing in FY2025. They increased this projection by another 22% for FY2026 based on this most recent data.

Most Payments in Lieu of Taxes (PILOTS) have been collected. However, since the report is as of March 21, 2025, it doesn't show payments received after that date.

On Page 2, collectively, third-quarter parking revenues are \$1.4 million, higher compared to \$1.3 million last year at the same time, representing an increase of \$99,000. They increased this projection for FY2026 by 18.8%. All revenue above projections goes to the reserve fund to support the parking system, she reminded.

Ambulance services continues to be a significant source of revenue at \$2.9 million. They still have \$157,000 to collect but are at 94.9%. They increased this projection by 10.84% in FY2025 and are increasing it again for FY2026 by another 13.3%.

Charges for services are at 79.3% but, when Smith Vocational and Agricultural High School (SVAHS) tuition is removed, charges for services are at 107.4%. The amount collected over budget is just \$27,000.

Licenses and permits are at 103.8% of that category for a total of \$48,304 over budget. They increased this projection by 15.29% in FY2026.

Federal revenue (Medicaid reimbursement) is at 62.3% of budget projections. They generally see a large payment in late May/early June, so it is expected to meet projections. At the Massachusetts Government Financial Officers Association (GFOA) conference she attended recently, a state official said Medicaid is likely to be safe in FY2026 but most likely to be impacted for FY2027.

State revenue is at 75%, she noted. Parking tickets are at 98.2%, with \$10,515 left to collect. This line was increased by an additional 27.33% for FY2026.

Under miscellaneous revenue, interest on investments is \$2.1 million, she reported. This projection was increased by 1,065.62% for FY2026, or \$2 million. As a reminder, the increase is because of the new Secured Overnight Financing Rate (SOFR) account offered for the first time in FY2023. There is no guarantee that this type of account will always be available, she pointed out. They are taking a calculated risk by increasing this line and using it to support the budget in FY2026.

Overall, general revenues are in sync with budget projections at 78.7%, and, if they remove SVAHS tuition and parking revenue, receipts are at 78.4% with \$22,969,755 left to collect for the rest of the year.

Director Nardi reviewed the spreadsheet comparing quarterly receipts for Hotel/motel, meals, cannabis and short-term rental revenue from FY2022 to FY2025.

Moving on to enterprise fund revenue, everything is tracking as expected with enterprise funds running ahead of budget expectations, she reported. Receipts look very similar to FY2021. As a reminder, overall budgets have not changed in four to five years. Unless they have specific questions, she doesn't have much to say about these. There is a little extra in the solid waste enterprise due to the sale of landfill stickers because the DPW started selling stickers in July instead of June this year.

Director Nardi reviewed General Fund Personnel Services (PS) expenditures, noting that, ideally, at this time, departmental PS budgets should be at or below 75%. Not all of the March payroll is included, so budget lines are generally a little lower than 75%. Ordinary Maintenance (OM) for some departments, especially DPW, runs a little slower because these gear up and do most of their projects starting in the spring.

Snow and Ice is in deficit. As always, at the end of the year they make yearend transfers to true up redlined budgets. Snow and Ice is the only budget allowed to maintain a deficit throughout the year. The \$208,000 shortfall will need to be covered with a transfer.

Councilor Maiore asked about Assessor's - Capital, which seemed to be above 75%.

The capital fund is used for the revaluation required to be done every five years, Director Nardi explained.

Enterprise fund expenses are tracking as Director LaScaleia expected, she continued. As mentioned before, enterprise percentages are generally lower due to carryovers and carry forwards for projects. The DPW has a lot of vacancies so PS lines are much lower than expected.

Councilor Maiore asked if they know how many quarters or years in a row the same vacancy rates have been maintained. Is there a certain time when administrators reassess because of ongoing vacancies?

Director Nardi said the Mayor will talk about this more, but she knows they have had difficulty in the DPW ever since the pandemic. There has been a lot of talk about how to address it, whether through negotiations or otherwise. Because they don't have the personnel she knows they are using contractors. She believes that has been part of the conversation between DPW Director LaScaleia and Mayor Sciarra. It always makes sense to have their own personnel doing the work if possible.

Councilor LaBarge noted that, even on Cardinal Way, an outside company was cutting city trees and she had residents concerned about why they were cutting city trees on Burts Pit Road. She called Cyndi Quinn who explained that it is not unusual for outside contractors to be hired for tree cutting. The last time they heard from Donna the DPW was 30 or 31 employees short, she reminded.

Director Nardi said she would defer to Director LaScaleia to talk about her divisions and where her vacancies are. She is hopeful they will see a glimmer of hope as they put positions back out to fill.

Councilor LaBarge said she knows other cities are having the same problem.

Councilor Maiore said she sees the budget line for storm drains below 75%. Is it that they are appropriating funds that aren't being fully utilized? She wondered.

Projects usually start in the spring and go through to the fall so she will encumber a lot of this money to carry over for ongoing projects to be completed in the fall, Director Nardi said. OM capital lines are often misleading because a lot of them are pass-throughs for transfer to capital projects.

Councilor Moulton thanked Director Nardi for the presentation. As she noted, parking revenue is up significantly which is a good economic sign for downtown. He thinks this partly reflects success in the change of hours for which the city is charging for parking. He also noticed that the mobile app revenue is substantial, at 212%. Is part of that the fact that now the mobile app is usable on virtually every parking space in Northampton?

Director Nardi said she believes so.

He asked the increased projection for FY2026 for Interest on Investments. 1,065% or so, Director Nardi said.

He expressed his understanding that this is dependent on the same investment vehicle which has been in use for the past three years remaining available for use. At what point might it no longer be available? He asked.

The Treasurer had a meeting with the bank today and asked the question of whether this vehicle could be discontinued, and it could be, Director Nardi shared. She is not sure under what circumstances it would be discontinued, but their statement that it could be means that it contains risk for them. It is also dependent on interest rates. As the president and the Federal Reserve argue about interest rates, if they drop that will also impact that line.

Councilor Moulton said he understands the calculated risk involved but, given the recent experience, he feels it is a comfortable risk. It could mean significantly less revenue if that vehicle is no longer available.

Regarding the meals, lodging and cannabis revenue tracking spreadsheet, Councilor Moulton said he thinks the best news is that they now have six straight quarters of year-to-year comparisons on cannabis that is up, which to him is definitely a positive trend, reversing the negative trend they saw a couple of years ago. It suggests to him that is a reasonable projection to continue increasing the cannabis revenue. He's not quite sure how that is explained.

Councilor Maiore said she was wondering if they are new businesses or existing businesses just doing more business.

There are no new ones because they put a cap on it, Councilor Moulton reminded. Ten have been operating consistently over the last couple of years and ten remain open.

Councilor Maiore said her unsubstantiated human social theory is that since cannabis has become legal and businesses have opened, the more it becomes institutionalized, the more comfortable using it people become.

Councilor Maiore thanked the director for her report.

5. **Items Referred to Committee**

None.

6. **Structure and Format of FY2026 Budget Hearings - Discussion**

Councilor Maiore said she wanted to review the structure because they had 11 ½ hours of budget hearings last year and she would like to keep them as concise as possible this year for everyone's benefit. She decided they should give more guidelines to departments about how long they would like their presentations to be.

Members discussed an informal proposal for the order of proceedings on Tuesday, May 27th and Wednesday, June 4th attached to the agenda entitled, 'FY2026 budget hearings – proposed structure' and agreed to follow the order and estimated times shown.

Her preference is to open the floor to public comment immediately after presentations rather than going first to councilors and to have just one section for councilor comments and questions. Departmental presentations are generally limited to 15 to 20 minutes.

Councilor Elkins said it looks like a good idea. Reducing the back and forth between public comment and their musings makes sense. The time limits may be aspirational but she thinks it's helpful to have an expectation out there.

Councilor Maiore confirmed she could check with solicitor Seewald about hard time limits.

Councilor Elkins suggested the possibility of having separate sign-up sheets for each department to help them anticipate how long question and answer periods might last.

Councilor Maiore said she will not have a separate section at the end for budget questions for other departments since last year other department heads ended up having to wait on standby all night in case questions were posed to them.

If questions arise for other departments, those could be addressed at the June 5th full council meeting when the budget is deliberated, Councilor Moulton pointed out. That makes more sense than having department heads who are not making presentations at the budget hearings.

They should always remind people that all budget books can be accessed on line, Councilor Elkins said. Councilor Maiore mentioned linking the budget on the agenda.

Councilor Maiore said she would get a refresher from Attorney Seewald about the nature of public hearings and add overall times and budget links to the agenda as well as a note as to where the budget is available in hard copy.

7. **New Business**

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

8. **Adjourn:** There being no further business, **Councilor Elkins moved to adjourn. Councilor Moulton seconded. The motion carried 4:0 by roll call vote. The Finance Committee meeting adjourned at 6:46 p.m.**

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