



Committee on Finance and the Northampton City Council

*Councilor Gina-Louise Sciarra, Chair
Councilor Marianne LaBarge, Vice Chair
Councilor Michael J. Quinlan, Jr.
Councilor John Thorpe*

On-line Zoom Meeting

Meeting Date: February 4, 2021

Note: The Finance Committee Meeting took place during the City Council Meeting as announced. The City Council Meeting began at 7 p.m.

1. **Meeting Called To Order:** At 8:20 p.m., Councilor Sciarra called the meeting to order.
2. **Roll Call:** Present were committee members Gina-Louise Sciarra (Chair), Marianne LaBarge (Vice-Chair), Michael J. Quinlan, Jr. and John Thorpe. Also present from the City Council were William H. Dwight, Alex Jarrett, Karen Foster, Rachel Maiore and Jim Nash.
3. **Approval of Minutes of January 7, 2021**
Councilor Quinlan moved to approve the minutes of January 7, 2021. Councilor LaBarge seconded. The motion passed unanimously 4:0 by roll call vote.
4. **Second Quarter Financial Report**
Presentation by Finance Director Susan Wright

This will be a very short quarterly report because the presentation by the Mayor last week gave councilors a good sense of where they are midyear through the year, Director Wright reminded. On the two revenue statements (for the General Fund and enterprise funds), the revenues shown do not include revisions that were made after the recap. When financial officers set the tax rate, they actually put in the real numbers for revenue, she explained.

When they did the recap this year and set the tax rate, they lowered a lot of the revenue expectations and raised others; in particular, they raised the estimate for ambulance and marijuana receipts and lowered the estimates for the hotel/motel and meal tax. Because journal entries were not done until the end of January, councilors aren't seeing the revised lowered estimates. She will get them a report for the end of January, she confirmed.

They did revise revenue estimates for FY2021. When she looks at how they are doing based on the revised estimates, they are doing well in all areas. For example, they originally estimated \$506,000 for revenue for hotel/motel, then revised the projection to \$232,000. As of today, they have taken in \$124,000 so they are about half-way there. The only revenue in the General Fund that seems to be not meeting even the lowered City Council Committee on Finance Meeting Minutes for February 4, 2021

expectation is parking. Parking is going to be one of the areas impacted by COVID and the lower activity downtown. It is January and this is always the slowest season of the year. That being said, parking revenues are down more than anticipated. Other than that, all other revenues are on track to meet revised revenue projections. Even building permits are meeting their revised projections.

Once the month of January is fully-closed in their accounting system, the council will get a revised revenue sheet.

In terms of General Fund expenditures, one account is in the red, the City Clerk's election worker account. Councilors have an order before them tonight to transfer money to it from Free Cash. She thinks it is pretty evident why that number would be in the red; the number of people involved in the election was unprecedented. Other than that, she has looked at all the department budgets and everybody seems to be about where they should be. She does start doing a payroll projection from this point on to make sure payroll is tracking as it should and they are not looking at any shortfalls. There are no areas of concern. At least at the moment, snow and ice is not looking terrible.

In terms of the enterprise funds, she will also be sending revised revenue sheets. At the same time they were doing the recap, they also revised downward the estimates for water and sewer revenues and used \$600,000 from water and sewer stabilization funds to balance each budget. Right now sewer and water are exceeding the lowered revenue expectations slightly. Enterprise fund expenditures are completely on track as they should be for this time of year.

She offered to take questions.

Councilor Jarrett asked if the city is still expecting PILOT payments.

Each of the PILOT's has a slightly different formula but almost all of them have formulas that rely on the tax rate being set, Director Wright explained. They don't bill the property owners until they set the tax rate. Most are due either March 1st or May 1st. The city usually sends out bills in January.

Councilor Jarrett said he noticed an entry for CARES aid relief for \$4,600. He said he is assuming they will be getting much more than that from the federal government.

Director Wright said she would have to look into what that is. She knows last year they got money for the loss of ambulance revenue. That's what went into that line last year.

The city has received more than \$4,600 in CARES Act funding; they have received over \$3 million, Mayor Narkewicz confirmed. It wouldn't show up on the revenue sheet since it is a reimbursement program. They have the CARES Act fund and FEMA fund and between both have spent almost \$3 million. The city has received about \$1.8 million so far in actual dollars from the CARES Act.

Councilor Jarrett asked if there will be a report on that. He is interested in seeing what kinds of things they are being reimbursed for.

When COVID is over, there will be a reconciliation period and some kind of overview, Director Wright said. The city will have expenses that will not be covered by FEMA or CARES. The programs are shifting priorities, shifting advice to them about what's eligible. There will be some portion of what they've spent on COVID response that will not be reimbursed. They are doing what the Department of Revenue (DOR) told

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them to do which is to create a CARES fund and a FEMA fund and run expenses through those. DOR said the two funds could stay in the red at the end of the fiscal year and they wouldn't deficit their free cash. They are waiting for DOR to make the same determination this year.

Director Wright has really spent so much time on this and he's thankful for that, Mayor Narkewicz shared. What he's told her and told other people is, "we're going to fight the pandemic and spend what we need to spend and make sure people have PPE and teachers have HEPA filters in their classrooms."

They better reimburse us but we're not going to *not* take care of these essential needs, he assured. They're just going to do a vaccination clinic and get as many people vaccinated as possible and if they get reimbursed great. He thinks it's the city's responsibility to do what it's doing. "We're just going to forge ahead and do what we need to do."

They are tracking vaccine costs in a separate fund, Director Wright advised. It is their hope that state and federal funds are going to pay for the overtime of their health department, additional health department employees, PPE for first responders, porta potties downtown, disinfecting public buildings, air filters, etc. They've incurred a huge range of expenses to deal with the pandemic. Those are among the biggest categories of expenditures.

To clarify for the public, Councilor Maiore expressed her understanding that parking revenue just goes to fund salaries, maintenance, and other expenses related to parking.

Correct, Director Wright said. In a typical year they would bring in around \$2 million in parking and garage revenue, and they usually budget about \$1.8 million to cover parking enforcement and parking maintenance. The other \$200,000 goes into a surplus account to go toward capital improvements. The fund had over a million at the end of June 2020 but parking revenues fell short of the \$1.8, so parking receipts reserved was used to fill that hole. At the end of this fiscal year, the parking revenue that they budgeted will be made whole but the receipt reserved fund will be tapped for whatever the shortfall is. They did build up enough of a surplus to weather the downturn. When parking and things pick up again, there will be no problem building that fund back up.

5. FINANCIAL ORDERS

A. 21.191 An Order to Acquire Land on Nash Hill Road in Williamsburg for Water Supply Protection
Councilor Sciarra read.

Councilor Quinlan moved to positively recommend the order. Councilor LaBarge seconded.

This is a 14.79-acre parcel close to the West Whately reservoir, DPW Director Donna LaScaleia advised. The city tries to purchase land in Zone A, B or C of the watershed as it becomes available. This land became available and they were able to bring it forward to the council for approval. The three zones of the watershed depend on the distance from water resources.

Zone A is defined as land which falls within 200 feet of a tributary of the reservoir or the reservoir itself. There is a stream running across this property which feeds into Sanderson Brook which goes into the reservoir. It is definitely in the city's best interest to acquire the property to control it and protect the quality of the drinking water. They want to be able to prevent any sort of development, erosion or logging activity.

Councilor LaBarge asked how much the city is paying.

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The land was appraised at \$140,000, Director LaScaleia said.

When the city purchased the property across the street from Mr. Skibiski on the opposite side, former DPW Director Ned Huntley wanted the property very badly because of logging, Councilor LaBarge said. They have never gotten any information on whether the city made any money on that logging. Mr. Huntley wanted the property very badly not just to protect the reservoir but because he was concerned about thinning out the trees and hiring a logger to make some money.

In general, the city does not acquire land to log it, Director LaScaleia asserted. That is not the goal of watershed land acquisition. The goal is to protect the drinking water.

Mayor Narkewicz said he thinks the councilor is referring to the fact that part of the appraised value of the property was a timber value that was built into the appraisal. There is a question about whether that logging actually happened or not. They don't acquire property for logging but there was a parcel that would require some logging, so it was presented that this revenue would offset the cost of the purchase, he recalled. That would have been in 2008 or 2009, he said.

Councilor LaBarge said they were never told if the city made any money from that. She is not objecting to this order, she clarified. She knows this site.

Councilor LaBarge asked how many acres could be used for building.

The lot is 14.79 acres and has 1,000 feet of road frontage so it would be very attractive for development, Director LaScaleia confirmed. They want to prevent development, prevent erosion and control activity on the land.

Councilor Quinlan asked if there any buildings on the property and Director LaScaleia said no.

Councilor Jarrett wondered if she could talk about the philosophy around public access. Very near to this property is Henhawk Trail which the city allows the public to walk on but most of the other watershed land has no public access, even for passive recreation such as hiking. He asked what kind of behaviors would jeopardize the water supply.

Public access around reservoirs is something regulated by the state, Director LaScaleia advised. It is not necessarily a Northampton philosophy as much as it is DEP regulation. What would be concerning to them would be recreational activity around the reservoir that causes erosion, i.e. – ATV's, snowmobiles, heavily-used hiking paths or other things that beat down the shrubs and earth and cause erosion and undesirable activities like littering, dog excrement or fishing in the reservoir. DEP really has stringent rules around this. Municipalities are required to address any kind of activity found in the watershed. When they find evidence of camping, ATV's etc. they have to report it immediately to DEP on an emergency hotline. The state requires them to monitor activity within the watershed, and they have an employee whose job is to patrol the watershed. They do find a lot of illegal activity there. They are trying to stay in compliance with DEP regulations and insure they have clean water. Philosophically she understands that people would want to access this property but they are constrained in what they can allow and not allow.

The motion passed unanimously 4:0 by roll call vote.

B. 21.192 An Order to Appropriate Free Cash to City Clerk for Elections and DPW for Asphalt

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Councilor Sciarra read the order.

Councilor LaBarge moved to positively recommend the order. Councilor Thorpe seconded.

Mayor Narkewicz said they heard a reference earlier to expenses of the City Clerk. They had a severe overage in that account because of the sheer number of people the clerk needed to bring in to help primarily with mail-in ballots. They had an incredibly high turnout, plus they did early voting and regular in-person voting. It was like a little ballot factory in there on any given day.

The asphalt is actually the asphalt the DPW purchases. The asphalt plants open April 1st. They may have noticed over the last several years that, in addition to construction work that is contracted out, the streets division has been doing an increasing amount of pavement repair in its own right, not just pothole repair but some full-on street repairs. They had been planning to increase the amount allocated to asphalt in the FY2021 budget but when COVID hit and they needed to scale back, this was one of the areas they didn't increase. They basically told the director 'let's wait until Free Cash is certified.' This is money to purchase asphalt from the asphalt plant for pothole repairs, sidewalk repairs and other work that doesn't rise to the level of hiring outside contractors.

Councilor Quinlan said the mayor mentioned there was a thought about increasing the budget for asphalt for FY2021. He asked if this was about the amount they thought it would be increased.

It was funded at \$125,000 and they were thinking it needed to be in the area of \$250,000 or maybe more, Mayor Narkewicz said. This will allow them to catch up and be able to sign a contract when the asphalt plant opens. He thinks that, ideally, \$250,000 would be the right level going forward.

With regard to the election. Mayor Narkewicz mentioned they needed more poll workers to count mail-in ballots, Councilor Foster noted. She asked if that is an expense due to COVID or if they would need to build it into the budget going forward if the charter change for mail-in ballots is approved.

Some of the expense was due to COVID, Mayor Narkewicz said. He actually thinks Massachusetts is going to adopt some form of mail-in voting on a statewide basis that might even make their charter change request moot. The governor, secretary of state and everybody else has talked about how successful mail-in voting was. He doesn't know if this will be the level they will need to maintain. There were extra expenses related to COVID-19. They budgeted \$90,000 and ended up needing about \$124,000. It will be part of budgetary discussions with the clerk going forward. He thinks making it easier to vote is an expenditure most taxpayers would support. He thinks in Massachusetts they will see them moving in the direction of mail-in balloting going forward.

Councilor Sciarra asked if there is any hope that the state would help with the cost.

They have given us help for early voting, Mayor Narkewicz said. It's a good question. Whether it will come with money attached he does not know.

The motion passed 4:0 by roll call vote.

6. New Business

None.

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7. **Adjourn:** There being no further business, Councilor Quinlan moved to adjourn. Councilor LaBarge seconded. The motion carried on a roll call vote of 4 Yes, 0 No. The meeting adjourned at 9 p.m.

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