

Finance Committee

Meeting Minutes

Meeting Information

Date: April 11, 2023

Time: 6:00 P.M.

Location: 31 Wakefield Street

Committee members present: Mayor Callaghan, Deputy Mayor Lachapelle, Councilor Gray, Councilor Hailey, Councilor Hamann, and Councilor Larochelle

City staff present: Finance Director Katie Ambrose. Deputy Finance Director Mark Sullivan.

Agenda & Minutes

1. Call to Order

Mayor Callaghan called the Finance Committee meeting to order at 6:00 PM.

Deputy City Clerk Cassie Givara took a silent roll call attendance. All Councilors were present except for Councilor Beaudoin, who was absent and Councilor Hamann, who arrived at 6:02 PM.

Councilor Lachapelle led the Committee in the Pledge of Allegiance.

2. Acceptance of Minutes: February 14, 2023

Councilor Lachapelle **MOVED** to **ACCEPT** the minutes of the February 14, 2023 Finance Committee meeting. Councilor Larochelle seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

3. Public Input

There was no one present for public input.

4. Unfinished Business:

4.1.1 Community Outreach Facilitator Program Funding (*addendum A*)

Finance Director Ambrose gave a brief overview of this item. When the proposal was first approved, Council had requested scenarios on how the position could be phased into being funded through the budget as opposed to being funded entirely by ARPA funds (as it was for the first year.) She explained that the Community Outreach Facilitator program and position would be presented in the budget as 100% ARPA

funded; however, Council can take action to change the funding during the budget process.

Deputy Finance Director Sullivan explained that there were three options he had presented, each with the ARPA funding being phased out in varying increments with increased funding through the General Fund over the course of five years (*addendum A*).

Councilor Gray explained that the sense of the prior Council had been that ARPA funds should not be used to fund positions or ongoing expenses; rather these funds should be used for one-time costs. Director Ambrose explained that when the program was first started, it was a pilot program and it had not yet been determined if it was going to be ongoing, so it made sense to use grant funding for the position at that time. Now that data is being collected and the results of the first year have been presented, it would make sense to phase the funding into the budget.

There was discussion on whether or not to make a recommendation on a particular option or to discuss all options as a full Council during the budget process. Councilor Larochelle requested guidance from City staff on which option would make the most sense. Deputy Director Sullivan explained the three options and the metrics of each. Councilor Gray stated that his recommendation would not be any of the proposed options, but rather an option where the General Fund was utilized for the entirety of the funding each year without any contribution of ARPA funding.

Councilor Lachapelle said he felt that option C was the best choice; with ARPA funding being used entirely for the first year and then a gradual reduction of the grant funding with an increase through the City budget. Councilor Lachapelle **MOVED** to recommend option C to full Council. Councilor Larochelle seconded the motion. Councilor Hainey asked if the intention was to move this position out of being a pilot program and into being a permanent position beyond the five years outlined in the funding options. Councilor Lachapelle confirmed this was the intention; to make this a permanent position. The **MOTION CARRIED** by a majority voice vote.

Finance Director Ambrose asked for clarification on how the Committee would like to make this recommendation to Council; whether it is through a memo to Council or a recommendation during the budget process. Mayor Callaghan requested a memo during the budget process detailing the Finance Committee's recommendation for the Community Outreach Facilitator position, and there can be further discussion at that time.

5.1 New Business

5.1.1 Landfill Closure-Discussion

Finance Director Ambrose gave a presentation on the preparations for the eventual closing of the Turnkey Landfill. She explained that the landfill is permitted through 2034; there could be a few additional operational years beyond 2034 depending on how the landfill physically settles and the additional space this makes available, but it is likely that closure will occur around 2034. This closure will significantly impact revenues, expenses and assessed value.

Councilor Larochelle said that, in the past, Waste Management had proposed potential expansion of the landfill onto surrounding land. He asked if Waste Management currently had any

such expansion proposal. Councilor Lachapelle, Waste Management Employee, explained that any expansions would be very difficult to obtain the permitting for; not only because of available land but due to necessary legislation. He said that the Turnkey location would likely transition into a transfer station.

There was discussion regarding the liners used in the landfill, possible leakage, detection and mitigation systems, and possible groundwater contamination.

Director Ambrose reported that after the closure around 2034, Waste Management would continue to occupy the land and carry out non-landfill operations on the property. However, the landfill closure would trigger the end of the community host fee agreement. This will lead to decreased property tax revenue and assessed value, increased collection and disposal costs, and large decrease in the host fee revenue. Ms. Ambrose said that Waste Management's current assessed value is \$65,203,382; the closure will bring an estimated loss of \$40,000,000 in land value alone. The current property tax revenue associated with the aforementioned assessed value is around \$1.6 million. There would be a loss of between \$5 million - \$6 million in host fee revenue annually. Collection and disposal fees are estimated to at least double to \$1,300,000, but likely more.

Director Ambrose said the City is working on a model to mitigate these increases and minimize the impact on the tax rate and the budget. The first option she discussed was tapping into the City's TIF districts to help offset the property tax revenue and assessed value losses. The other option presented was to set aside a portion of the current host fees to help offset the loss of these fees. Director Ambrose gave financial statistics on the TIF districts, retirement dates, and assessed values.

Director Ambrose reported that the final increase in the host fee escalator schedule would occur in the next year, bringing the cost to \$4.50/ton. She explained that one of the options would be to vote on a Council resolution to set aside this increased revenue to offset the loss of revenue starting in 2034 and beyond. This would allow fund balance to be assigned for the equivalent of this revenue, which will be set aside and accrue interest. In this circumstance, it will be specified in the resolution that this money is to be set aside for savings and not incorporated into the budget. Councilor Lachapelle clarified that after the final increase to \$4.50, there would still be an annual CPI increase.

Mayor Callaghan asked if the money that would be set aside in an account similar to the Capital Reserve accounts discussed during prior budget cycles, for larger purchases such as fire trucks, to accrue higher interest. Deputy Director Sullivan explained how this money would be invested by the Trustees of the Trust fund in a similar manner. He stated that there would also have to be consideration for the increase in cost for collection and disposal once the landfill has closed. Mr. Sullivan emphasized the need for action in FY 2024 and not delaying a decision.

Councilor Larochelle asked if there was any sort of representation to show the gradually declining revenues over time until the closure in 2034. Deputy Director Sullivan explained the multiple factors at play; with the increasing rates along with the decreasing tonnage and explained how this would work over the upcoming years.

Councilor Hainey asked how this closure would affect the portion of host fees received by the schools. Deputy Director Sullivan explained that the schools currently gets an \$878,000 portion of the host fees. If the budgetary commitment were reduced overall, the schools would also be seeing decreased revenue unless the Council chose to flat fund the schools at the same rate they have been receiving. He spoke about other strategy options explaining how the schools could receive these funds.

Director Ambrose said that there would likely be a Council resolution brought forward in the fall once the City has more complete information on the timing of the per ton increase. She explained potential models to accumulate money in anticipation of the 2034 closure, and how these funds could offset the loss of revenue which will be experienced at that time.

Councilor Larochelle asked if there was any chance that the landfill could be expanded. Mayor Callaghan said that the City was taking a disciplined approach with the assumption that the landfill will not be expanded and taking actions to offset the subsequent loss of revenue. Both Councilor Lachapelle and Councilor Hamann spoke about the unlikelihood of and additional landfill expansion and the issues encountered with previous expansions.

Director Ambrose said that if the City follows the approach she had outlined and invested funds at a conservative rate of 2.5% annually, it could be possible to accumulate more than \$25 million by 2034. Councilor Larochelle requested charts showing the models discussed and the impact over the upcoming 10 years. Deputy Director Sullivan said he would supply this information.

Finance Director Ambrose said that moving forward, the City would just need to keep the eventual closure and resulting decreased revenue in mind when making decisions regarding TIFS as well as adopting future resolutions to assign fund balance for the purpose discussed.

Councilor Lachapelle spoke about the potential collection, tipping and disposal costs as well as processing fees for waste disposal and recycling and the significant increase in these fees the City will experience once the closure occurs in 2034.

Councilor Hamann said he would like to see the City make a decision on this item during the upcoming budget process. He cautioned that, with 2023 being a Municipal Election year, if they waited until fall they would run the risk of pushing this decision to a new Council who may not understand the intricacies of the issue.

Reports from Finance & Administration

- 4.1.1** Monthly Financial Report Summary-March 31, 2023
- 4.1.2** General Fund Unassigned Fund Balance Report
- 4.1.3** Tax Deeded Property Report

Deputy Finance Director Mark Sullivan gave an overview of the monthly financial reports. He reported that non-property tax revenues were all trending strong, with building permits and interest income up significantly. He briefly summarized the remainder of the reports.

5 Other

Finance Director Ambrose spoke about the recent news stories regarding the collapse of Silicon Valley Bank and Signature Bank. She reported that the City's deposits are not, and have not been in the past, associated with either of these banks. All of the City's deposits are fully collateralized and secured.

Director Ambrose gave an update on the ARPA proposal for a City employer assisted childcare initiative. She said that there had been an RFP issued for needs assessment and feasibility study. However, there were no responses to this RFP. The City was able to speak to some of the interested bidders to determine why they did not submit a bid. She reported that there is great interest in dealing with the childcare crisis, but due to this increased interest, the consultants who would normally provide all these services are having difficulty keeping up with the demand. The Childcare self-driven work team will be meeting again soon to discuss these findings and revise the RFP based on this information.

6 Adjournment

Mayor Callaghan **ADJOURNED** the Finance Committee meeting at 6:41 PM.

Respectfully Submitted,

Cassie Givara,
Deputy City Clerk

ADDENDUM A

Community Outreach Coordinator-Funding Scenarios

	FY24	FY25	FY26	FY27	FY28
Community Outreach Coordinator					
FY24 Salary & Benefits	\$90,000	\$94,500.00	\$99,225.00	\$104,200.00	\$107,000.00
Operating Expenses	\$10,000	10,500.0	11,000.0	11,500.0	\$13,000.00
Estimated Totals	\$100,000	\$105,000.00	\$110,225.00	\$115,700.00	\$120,000.00

A		FY24	FY25	FY26	FY27	FY28
Funding Allocations		APRPA 100%	ARPA 100%	ARPA 100%	ARPA 100%	ARPA 0%
ARPA Funding		\$100,000	\$105,000.00	\$110,225.00	\$115,686.00	\$0.00
General Fund		\$0	\$0.00	\$0.00	\$0.00	\$120,000.00
Totals		\$100,000	\$105,000.00	\$110,225.00	\$115,686.00	\$120,000.00

B		FY24	FY25	FY26	FY27	FY28
Funding Allocations		APRPA 100%	ARPA 100%	ARPA 50%	ARPA 25%	ARPA 0%
ARPA Funding		\$100,000	\$105,000.00	\$55,112.50	\$28,925.00	\$0.00
General Fund		\$0	\$0.00	\$55,112.50	\$86,775.00	\$120,000.00
Totals		\$100,000	\$105,000.00	\$110,225.00	\$115,700.00	\$120,000.00
General Fund Change				\$55,112.50	\$31,662.50	\$33,225.00

C		FY24	FY25	FY26	FY27	FY28
Funding Allocations		APRPA 100%	ARPA 75%	ARPA 50%	ARPA 25%	ARPA 0%
ARPA Funding		\$100,000	\$78,750.00	\$55,112.50	\$28,925.00	\$0.00
General Fund		\$0	\$26,250.00	\$55,112.50	\$86,775.00	\$120,000.00
Totals		\$100,000	\$105,000.00	\$110,225.00	\$115,700.00	\$120,000.00
General Fund Change			\$26,250.00	\$28,862.50	\$31,662.50	\$33,225.00