

Finance Committee

Meeting Minutes

Meeting Information

Date: August 8, 2023

Time: 6:00 P.M.

Location: 31 Wakefield Street

Committee members present: Mayor Callaghan, Councilor Beaudoin, Councilor Gray, Councilor Hainey, Councilor Hamann, and Councilor Larochelle

City staff present: Deputy Finance Director Mark Sullivan. Director of Economic Development, Mike Scala.

Agenda & Minutes

1. Call to Order

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

Councilor Beaudoin led the Pledge of Allegiance.

Deputy City Clerk Cassie Givara took a silent roll call attendance. All Councilors were present except for Deputy Mayor Lachapelle, who was excused.

2. Acceptance of Minutes: July 2023

Councilor Hamann **MOVED** to **ACCEPT** the minutes of the July 11, 2023 Finance Committee meeting. Councilor Hainey seconded the motion. The **MOTION CARRIED** by a unanimous voice vote.

3. Public Input

No discussion.

4. Unfinished Business:

4.1.1 ARPA Funds, project review, discussion, and recommendations-Housing

Mike Scala, Director of Economic Development, gave a recap of the ARPA funding request for \$750,000 for the purpose of identifying and preparing challenging properties for affordable housing development. At the prior Finance Committee meeting, there had been additional information

requested on the current state of affordable housing in Rochester as well as information on how the funding would be used.

Director Scala explained that this funding would be used for the preliminary site work, demolition, minor infrastructure work, and similar factors that a developer may need to complete to make an affordable housing project feasible. The funding could also be used for land to develop these projects, in which case the sites would be bound by the developer agreement negotiated through the City to include the affordable housing component.

Director Scala summarized the current affordable housing stock in the City; with 455 total Housing Choice Voucher units. There are an additional 453 which are income-based, age restricted, and or/disabled housing units. There are approximately 284 units currently in development or slated to open within the next 12-months. He clarified that there are 14,000 housing units within the City of Rochester; of these, the referenced 737 units fall under affordable housing. He stated that there are also privately owned units which fall below market rate, however there is no way to track these numbers.

Councilor Hainey recalled that at the previous Finance Committee meeting, the item being discussed had been tabled and she questioned whether or not the committee needed to vote to remove it from the table. Councilor Beaudoin stated that his recollection was that the motion had been to retain the item in committee until the following meeting. Deputy Director Sullivan read an excerpt from the July 11 minutes, which stated that the vote had been to retain the item in committee. The Committee discussed the difference between tabling and keeping in committee.

Councilor Beaudoin spoke about recipients of housing choice vouchers paying the reduced amount covered by the vouchers and programs such as LIHAP in which the recipient pays 30% of their income. In both circumstances, the landlord is then reimbursed for the full market rate with federal funds. He speculated that this proposal would take some of the preliminary costs away from developers along with the rental revenue being reimbursed and would constitute “corporate welfare.” Director Scala likened it to the incentives the government offers for solar power and clarified that development and construction for low-income properties is no less than for traditional properties, but often time these programs need assistance to get up and running. Director Scala spoke about programs targeted towards making affordable housing developments more feasible. There was further discussion on Section 8 and the reimbursement structure for these programs, as well as the differences between the types of programs. Director Scala reported that there is a 4-9 year waiting list for many of these programs and spoke of the need.

Councilor Beaudoin asked, if Council ultimately approves the \$750,000 allocation for the affordable housing initiative, would the Director come to Council for approval on the individual proposals as they come forward. Director Scala confirmed that any proposals using these ARPA funds would come back to Council for presentation and approval.

Councilor Beaudoin asked if the numbers of affordable or rent adjusted units detailed earlier included private landlords who accept these programs and vouchers. Director Scala said he would

review and come back with this information. Councilor Beaudoin gave details on the number of apartments in the city and the percentage that could be considered affordable. He asked if there was a recommended percentage goal for affordable units in each community and if there was a risk of the City becoming oversaturated with subsidized housing. Director Scala said he was not aware of any such recommendation to maintain a particular percentage of affordable units.

Mayor Callaghan **MOVED** to recommend to full Council the allocation of \$750,000 in ARPA funding for the affordable housing initiative. Councilor Hailey seconded the motion. Councilor Beaudoin reiterated that he felt that ARPA funds should be used for tangible goods and not one-time purchases. He also stated that there is already a large amount of federal funding available for these types of affordable housing projects and the City should not be getting involved because there are already programs in place. He said he would not support this motion. Director Scala clarified that this funding would not necessarily be used only for low-income units, but also potentially for “workforce” and sustainable housing, of which there is a great need in the City.

Deputy Director Sullivan clarified that this motion would be to allocate these funds for the purpose discussed; however, that does not mean that applicable projects will be automatically approved. The project(s) will still come before City Council for review and approval. He reiterated that the City had until 2024 to allocate these remaining funds for proposals, and until 2026 to expend the funds. If the allocated funds do not end up being approved for specific projects, they could be returned and reallocated for other uses.

Mayor Callaghan relayed a meeting with local business owners hosted by the Chamber of Commerce. He said that the number one concern business owners spoke about was workforce housing and the need for potential employees to be able to source housing in the City. It had been reported that there was no assistance geared specifically toward workforce housing.

Councilor Gray spoke about the need for better accessibility to affordable housing for those who have difficulty obtaining it due to various barriers such as substance misuse or struggles with mental health. He spoke about the importance of providing services to these populations to help them qualify for existing housing in spite of these barriers. He explained that, although this proposal is not perfect, it would be a step in the right direction. The **MOTION CARRIED** by a majority voice vote.

5. New Business:

5.1.1 Job Classifications & Descriptions (7)-Human Resources-PAB

Mayor Callaghan **MOVED** to recommend to full Council the approval of the seven new positions and/or reclassifications recommended by the Personnel Advisory Board. Councilor Hailey seconded the motion.

Councilor Gray explained that it is common when a new City Manager takes office to see these types of job reclassifications and promotions, and the City Council typically does not have a great deal of input on these decisions. He clarified that based on the descriptions included with the seven job

recommendations; he did not see anything objectionable.

Councilor Beaudoin stated that there was no financial information included with the descriptions and questioned what the impact would be financially if these positions are all approved and asked if they were included in the FY24 budget. Deputy Director Sullivan confirmed that five of these positions were included and funded in the FY24 adopted budget as new positions or as part of reorganization of departments. The remaining two positions are existing positions being reclassified, although they were also included in the budget. Deputy Director Sullivan explained how the Director of HR researched and reviewed the market in order to determine the pay grades for these positions. Councilor Beaudoin requested that, in the future, when recommendations for positions come before the Finance Committee that this financial backup be included in the meeting materials.

Councilor Gray pointed out that there is no additional appropriation being requested because these positions were already funded through the FY24 budget. The **MOTION CARRIED** by a unanimous voice vote.

Reports from Finance & Administration

5.2.1 Monthly Financial Report Summary-July 31, 2023

Deputy Director Sullivan summarized the July report with the caveat that, with it being the first month of the fiscal year, it was too early to determine trends. The Waste Management host fee installment was received at \$1.1 million. He summarized the revenues received thus far this fiscal year.

Councilor Beaudoin stated that there were a few revenue items, such as building permit fees, delinquent taxes, and sewer, which were lower than they should be. He asked if there was any reason to suspect that these accounts would not be increasing going forward or if the City was optimistic that these accounts would catch up within the upcoming months. Deputy Director Sullivan reiterated that it is difficult to make any determinations or judgements on trends based on the first month of the fiscal year. He explained why some of these accounts might be slightly low; however, he said he was optimistic and did not see any reason for concern.

4 Other

No discussion.

5 Adjournment

Mayor Callaghan **ADJOURNED** the Finance Committee meeting at 6:31 PM.

Respectfully Submitted,

Cassie Givara,

DRAFT

Deputy City Clerk