



Committee on Finance and the Northampton City Council

*Councilor David A. Murphy, Chair
Councilor Maureen T. Carney
Councilor Marianne L. LaBarge
Councilor Gina-Louise Sciarra*

**City Council Chambers, 212 Main Street
Wallace J. Puchalski Municipal Building
Northampton, MA**

Meeting Date: August 16, 2018

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 7:35 p.m. Councilor Murphy called the meeting to order.
2. **Roll Call:** Present were committee members David Murphy, Maureen Carney and Marianne LaBarge. Ward 4 Councilor Gina-Louise Sciarra was absent. Also present from the City Council were Jim Nash, Ryan O'Donnell, Dennis Bidwell, and Alisa Klein. Councilor William H. Dwight was absent.
3. **Approval Of Minutes From The Previous Meeting**
 - A. Minutes of March 27, 2018, July 12, 2018 and July 24, 2018

Councilor LaBarge moved to approve the minutes of March 27, 2018, July 12, 2018 and July 24, 2018. Councilor Carney seconded. The motion was approved by voice vote with 3 Yes, 0 No and 1 Absent (Councilor Sciarra).

4. **Fourth Quarter Financial Report**

Finance Director Susan Wright presented the fourth quarter financial report. The report is not entirely complete since the auditor is still working to close out the books and there is still some revenue to come in, she noted.

For General Fund revenue, Hotel/Motel receipts were up \$42,000 in 2018, or 6% over the previous year, while Meals Tax receipts were up \$37,000, or 5%, both healthy economic indicators, she indicated. Parking receipts came in at the same level as the year before, which is good given that the city implemented the new kiosk system in July of 2017, resulting in receipts being a little off for the months of July and August. Another highlight is a 15% increase in building department fees, which bodes well for the new growth figure from the Assessor's office. There was no concern about revenue coming in lower than projected, she related.

In terms of expenditures, City departments not including schools turned back \$2.2 million to the General Fund; last year the turn back was \$1.98 million, so the city is \$300,000 ahead of the prior fiscal year, which bodes well for certifying Free Cash. Turn backs are the result of departments not expending their entire budgets. Turn backs from Personnel Services budgets are generally the result of unfilled positions. There was also a turn back from the health insurance account which is primarily a result of all the vacancies.

The source of Free Cash is revenue in excess of projections and expenditures less than appropriations, so it looks like Free Cash will be in line with last year's total, she presented.

All four enterprise funds brought in 100% of the revenue expected, she continued. The Sewer Enterprise Fund came in about \$100,000 higher than the prior year. Water Enterprise came in slightly lower but still above the amount projected. (She attributed this partly to some of the water bans last summer.) Stormwater and Solid Waste were pretty much the same as the prior year and turn backs from all enterprise accounts followed the same track as last year.

All in all, there were no big surprises but she was happy to see that parking, hotel/motel taxes, meals tax and permit fees – all healthy economic indicators - are trending positively.

The City collection rate was excellent, Councilor Murphy noted.

Councilor Klein asked about garage fees, which the revenue report showed as only receiving 70% of revenue projected.

Ms. Wright explained the difference in the five different types of parking revenue. Parking Revenue (10004-424010) is strictly meter revenue from on-street parking, she clarified. In July, the city implemented parking kiosks. Money from kiosks is now being deposited into a new line item. Before it would have gone into Parking Lot Revenue; now it goes somewhere else.

Every year, financial officers estimate the amount to be received from parking revenue. Anything over the estimate is deposited into receipts reserved for parking. This year, the city actually brought in \$2 million but the amount over \$1.8 million (\$200,000) was moved to the receipts reserved account.

Councilor Klein drew attention to two departments whose receipts were lower than expected: the Police Department and Treasurer's office.

Police Department revenue is Northampton's share of fines paid to the state, such as speeding tickets, Ms. Wright explained. Receipts were probably \$65,000 last year. She would ask the chief why it is lower, she volunteered. She could also check on the reason for the decrease in miscellaneous receipts to Treasurer.

5. Financial Orders

A. 18.141 An Order to Award Contract For FY2019 Audit To Scanlon And Associates

The charter requires the City Council to award a contract for auditing services by September 15th, Councilor Murphy reminded. The Finance Committee met July 24, 2018 to discuss the award. Scanlon and Associates, who is doing the FY2018 audit, agreed to maintain its price for FY2019. The recommendation from the Finance Committee would be to accept this proposal.

Councilor Murphy read the text of the order with the phrase "at the prices and rates quoted in the company's FY2019 letter of engagement" substituted for the phrase "at the agreed-upon contract price of \$66,400."

Councilor LaBarge moved to return the order to the full City Council with a positive recommendation; Councilor Carney seconded.

City Council Committee on Finance Meeting Minutes for August 16, 2018

Mr. Scanlon himself acknowledged that, at some point in time, it's good to bring in a different auditor, Councilor Nash observed. He asked if the Finance Committee discussed when that turnover might be.

This was discussed, Councilor Murphy confirmed. The subject of contract renewal came up in July with a deadline of September 15th, he reminded. With such a short timeframe, the committee didn't have the opportunity to solicit proposals from other auditors, review them and make a recommendation, he explained. If they had tried to do a faster process, Scanlon would have had an advantage because of his greater knowledge of the city and so would have had a sharper pencil, giving him a competitive benefit, he suggested.

The Finance Committee talked about beginning in March to develop/issue a Request for Proposals (RFP) for a multi-year contract for subsequent years.

Councilor O'Donnell pointed out that Councilor Murphy had read an amended version of the order from the one included in the packet.

Councilor Murphy confirmed that the order was amended to omit the second Whereas clause and change the wording of the 'Now Therefore Be It Ordered' clause to read "That the City Council hereby awards the contract for auditing services for FY2019 to Scanlon and Associates, LLC at the prices and rates quoted in the company's FY2019 engagement letter."

Councilor Carney moved to amend the order as presented. Councilor LaBarge seconded.

Councilor Bidwell expressed his understanding that the \$66,400 figure cited is a 'not to exceed' figure since the cost could actually be less if the number of days required to complete the federal audits are fewer than estimated.

Councilor Murphy confirmed that the total cost includes several components: an audit of the city's basic financial statements, the end of year audit for the schools and audits of the federal grants.

Councilor Bidwell said he too was going to raise the question of the benefit of a fresh set of eyes. He appreciates the compromise of proposing a planning process for an RFP in the spring.

The motion to amend was approved by voice vote of 3 Yes, 0 No, 1 Absent (Councilor Sciarra).

Councilor Murphy called the motion to forward the order to the full council with a positive recommendation to a vote, and it passed 3:0.

B. 18.144 Order To Enter Intermunicipal Agreements To Provide Sealer Of Weights And Measures Services To South Hadley And Easthampton

Councilor Murphy read the text of the order.

Councilor LaBarge moved to return the order to the full City Council with a positive recommendation; Councilor Carney seconded.

Northampton already provides services to Granby, Amherst and Hadley, Ms. Wright confirmed. City officials have been approached by South Hadley and Easthampton to serve them as well. They came up with a price based on the number of devices the Sealer of Weights and Measures has to measure. The new contracts will bring in about \$11,000.

Councilor Murphy called the motion to a vote, and it was approved by voice vote with 3 Yes, 0 No and 1 Absent (Councilor Sciarra).

C. 18.147 An Order To Transfer Money From City Clerk OM To City Clerk PS For Election Workers

Councilor Murphy read the text of the order.

Councilor LaBarge moved to return the order to the full City Council with a positive recommendation; Councilor Carney seconded.

Councilor LaBarge thanked the Finance Director for her phone explanation earlier today as to why election workers have been paid from Ordinary Maintenance (OM) in the past.

The change is to comply with Internal Revenue Service (IRS) requirements, Ms. Wright explained. Poll workers are employees and so really should be paid through payroll. They have historically been paid through accounts payable. It came to the attention of local treasurers that Chicopee was audited by the federal government and corrected for paying its election workers through OM, so the city adjusted its process to conform to this directive.

Councilor Murphy called the motion to a vote, and it was approved by voice vote with 3 Yes, 0 No and 1 Absent (Councilor Sciarra).

D. 18.148 An Order To Authorize Compensation For City Election Workers

Councilor Murphy read the text of the order.

Councilor LaBarge moved to return the order to the full City Council with a positive recommendation; Councilor Carney seconded.

Councilor Klein pointed out a scrivener's error in the Inspector's pay rate as it is shown as \$11.00 instead of \$11.00/hr.

Councilor LaBarge moved to amend the order to correct the rate. Councilor Carney seconded. The motion passed by voice vote with 3 Yes, 0 No and 1 Absent (Councilor Sciarra).

Councilor Murphy called the motion to a vote, and it was approved by voice vote with 3 Yes, 0 No and 1 Absent (Councilor Sciarra).

6. New Business

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

7. **Adjourn:** At 8:02 p.m., Councilor Carney moved to adjourn; Councilor LaBarge seconded. The motion was approved on a voice vote of 3 Yes, 0 No, 1 Absent (Councilor Sciarra).

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