

## **MUNICIPAL FINANCE OVERSIGHT BOARD**

**Meeting December 14, 2022**

**(conducted by conference call)**

### **MINUTES**

**Board Members Present:** State Auditor Suzanne Bump, Deborah Wagner (Department of Revenue), Nicola Favorito (Office of the State Treasurer), Margaret Hurley (Office of the Attorney General)

**Non-Board Members Present:** Ben Tafoya (Office of the State Auditor), Hilary Hershman (Office of the State Auditor), Carina DeBarcelos (Office of the State Auditor), Jeffrey Moyer (Office of the State Auditor), Monica Mulcahy (Hilltop Securities), Peter Frazier (Hilltop Securities), Lisa Driscoll (Hilltop Securities), Paul Coogan (Mayor, City of Fall River), Ian Schachne (Treasurer-Collector, City of Fall River), Bridget Almon (Director of Financial Services, City of Fall River), Seth Aitken (City Administrator, City of Fall River), Edward Iacopone (Financial Consultant, City of Fall River).

The meeting was called to order at 11:02 a.m.

Auditor Bump made introductory remarks and read a statement noting that, in accordance with the July 16, 2022 Massachusetts Law, An Act Relative to Extending Certain State of Emergency Accommodations, and the Massachusetts Attorney General's Office February 18, 2022 guidance, this meeting was being held by conference call. The public meeting notice for this meeting provided a public call-in number to facilitate public access during a relaxation of Open Meeting Law requirements. After reading the statement, Auditor Bump announced that the meeting was being recorded and that Hilary Hershman was acting as Executive Assistant.

Board Member roll call: All members indicated orally that they were present.

The Auditor announced that this is Mr. Favorito's last meeting as a member of the MFOB and that she will be following a few weeks later.

### **Minutes from November 9, 2022**

Ms. Wagner made a motion to approve the minutes from the last meeting, which was seconded by Mr. Favorito. On the question of approval of the minutes from the meeting on November 9, 2022, the members voted as follows to approve the draft minutes without any changes:

Auditor Bump: YES

Ms. Wagner: YES

Mr. Favorito: YES

Ms. Hurley: Abstained, as she was not in attendance at the November 9 meeting.

### **City of Fall River**

Mayor Coogan introduced the individuals from the City who were present. The Auditor then asked for an overview of the City's finances and the request. Mayor Coogan turned to Mr. Aitken to start the presentation. Mr. Aitken began with a broad picture overview, stating that he believes that the future

for Fall River is about as bright as it's ever been. The MBTA commuter rail train will be arriving soon, which is sparking all sorts of development all around the City. A significant part of that development is dedicated to historical restoration and preservation, especially with some new residents moving into the City. The City continuously meets with various boards and committees who are dedicated to developing and perhaps even expanding their historical district. Fall River is contemplating a number of projects through different agencies in the City to restore and maintain the historic firehouse, the subject of the City's Qualified Bond request. The Central Fire Station is at the center of the City and was once was the fire department headquarters – this building has a tremendous amount of historical value and is much in need of restoration. Mr. Aitken stated that, once work is completed, it will be a spectacular centerpiece.

In terms of general development, the City also has a project on Route 79 that is currently in progress. Mr. Aitken expects to see a tremendous amount of redevelopment over the next few years in their waterfront, which includes the city pier, which is in an advanced stage of completion. The City is also using ARPA monies to not only fund important nonprofit work in the City but also one-time capital expenditures. These funds are allowing the City to move ahead three to five years in a lot of the needs of the City and have additional time to develop a plan about how the City can satisfy those needs going forward. The ARPA money is an important resource, not only allowing the City to deal with some of the preservation work and rehabilitation of their older municipal and service buildings, but also allowing them to develop a comprehensive and thoughtful plan for the future of Fall River. Finally, the new Durfee High School is in its second year of use and is a world class high school, both architecturally and in the facilities for the students. Mr. Aitken believes it is creating an opportunity for the next generation of Fall River residents to do some remarkable things.

In terms of challenges that Mr. Aitken sees facing the City, the first, which communities across the state are confronting, is waste management, particularly the new bans on trash, mattresses, institutional waste, etc. He is in conversations with his colleagues on how the City can address this issue in the future, both economically and for the environmental future of the City. Mr. Aitken also described the comprehensive lead pipe removal program, where the City has identified about \$22 million worth of lead pipe removal at no cost to the taxpayer, which will be replaced from the street all the way to the actual service. Given that Fall River is an old city, the existence of lead pipes is an important issue that needs to be addressed and for which they were excited to get a \$10 million grant. The City has augmented that grant with ARPA monies and additional bonding in order to put together a five to seven year plan that is going to eradicate all the lead pipes in the City, which will improve the quality of life and opportunities for their residents.

Mr. Aitken then introduced Ms. Almon, the City's Chief Financial Officer (also known as the Director of Financial Services), to talk a little bit more about the specific numbers. Ms. Almon reviewed the City's current year budget, indicating that the City is in a very good financial position. The City was able to avoid utilizing any ARPA money to supplement its budget. She is expecting to have just over \$4 million of free cash that was submitted for certification to the state. The City is continuously having new growth, which was just over \$3.8 million for the current year. She stated that much of the new growth is coming from old mills, which are being rehabilitated into residential housing. She expects the City's new growth numbers to be stable, although perhaps not as high as this year. Ms. Almon also mentioned that the City's has an A3 rating from Moody's and \$8.1 million in its stabilization fund. There are no plans to use the stabilization funds because they are using ARPA funds for these long-term investments.

The City has committed the first tranche of ARPA monies and still has over \$30 million to commit. They have a committee that routinely meets to go over projects.

The Auditor congratulated Mayor Coogan and his staff on the long-range planning and stability that the City has been able to achieve with finances in recent years. She then opened the discussion up for questions from the Board.

Mr. Favorito asked about the progress on the projects for which the Board approved funding in December 2021. Ms. Almon replied that the financing for the previously approved projects are all about to move over to long-term debt and confirmed that all of the projects have been started.

Mr. Favorito asked Ms. Wagner about the percentage of debt service in proportion to local aid that the City receives, also known as the City's coverage ratio. Ms. Wagner replied that Fall River is well over the level that is usually set and she is comfortable proceeding with their request.

The Auditor asked about the upcoming ban on the disposal of certain classes of items and whether this means that the City will have to deal with additional trash pickup, littering, and illegal dumping of these items. Mr. Aitken replied that, while there were some instances of dumping in the City, it is not terribly common. He added that there are individuals that are not thinking of responsible ways to dispose of these items in response to the new bans. He believes at least three local companies are engaged heavily in mattress recycling, in which the mattresses are deconstructed, and noted that this is an industry experiencing a significant amount of growth. The City is constantly having conversations about how to deal with the bans, such as obtaining an anaerobic digester to deal with organic and institutional waste from schools and other facilities. Mr. Aitken believes that the most interesting and exciting aspect of working for the Coogan administration is that every option is on the table and there is always a conversation on how to meet challenges in a way that sets the City up for future success and future growth. The Auditor stated that she hopes that there is a solution that is found that is convenient and that does not impose new costs on residents. From her personal experience working to clean up a road in Easton on Earth Day, she was concerned that the City's public works budget will need to increase to pick up and dispose of this waste. Mayor Coogan agreed and noted that the City is starting to get the message across in schools on the importance of recycling and how it can actually decrease some of these costs for both the City and taxpayers.

The Auditor stated that she recently had visited one of the City's recycled fire stations recently on a visit to Fall River, which she enjoyed.

Mayor Coogan asked the Auditor if she has discussed unfunded mandates, as addressed in the report that was published by her office, with the incoming gubernatorial administration. The Auditor replied that she looks forward to this conversation and noted the appointment of the new Administration and Finance Secretary with approval. She also was pleased that a number of legislators reached out to the Auditor's Office to know what they could do to address the findings of the report. She stated that what the legislators need to do is appropriate money. Mayor Coogan pointed to the approval of the Question 1 as a source of additional funding to finance the unfunded programs identified in the report. Auditor Bump stated she hopes that the incoming legislature as well as the gubernatorial administration recognizes a legal responsibility to fund these items.

Ms. Wagner then moved to approve the application of the City of Fall River. Mr. Favorito seconded the motion. A call of the roll was made as follows:

Auditor Bump: YES

Ms. Wagner: YES

Ms. Hurley: YES

Mr. Favorito: YES

### **Long-Range Municipal Fiscal Stability**

Ms. Wagner stated that municipalities are currently setting tax rates, especially the communities that quarterly set rates. With about two weeks to go before localities have to have tax bills in the mail, there are tax rates still to be set in 76 towns compared to last year. She is finding that many communities are submitting later this year than usual, and she attributes this trend to valuation-related issues and new municipal financial officials. Auditor Bump stated that there has been turnover in these positions lately, with which Ms. Wagner agreed.

### **Updates and Topics for Next Meeting**

Auditor Bump asked Ms. Hershman if she is aware of any applications that will be coming before the Board in January. Ms. Hershman replied that she had reached out to the financial advisors and has yet to hear back. Auditor Bump thanked Ms. Hershman, her colleagues at DLM, and the other members of the Board, noting that this may be her last meeting chairing the Board. She also thanked Mr. Favorito, who will also be leaving his position in the New Year.

### **Adjournment**

Ms. Wagner made a motion to adjourn, which was seconded by Mr. Favorito. A call of the roll was made with the votes as follows:

Auditor Bump: YES

Ms. Wagner: YES

Ms. Hurley: YES

Mr. Favorito: YES

The meeting was ended at 11:35 a.m.