

MUNICIPAL FINANCE OVERSIGHT BOARD

Meeting March 8, 2017

MINUTES

Board Members Present: State Auditor Suzanne Bump (Chair), Craig Stepno (Office of the State Treasurer), Margaret Hurley (Office of the Attorney General), Mary Jane Handy (Department of Revenue)

Non-Board Members Present: Sophia Apostola (Office of the State Auditor), William Arrigal (Department of Revenue), Thomas Guilfoyle (Department of Revenue), Peter Frazier (First SouthWest/Hilltop Securities), Mayor Jasiel Correia II (City of Fall River), Cathy Ann Viveiros (City of Fall River) and Mary Sahady (City of Fall River)

The meeting was called to order at 11:03 a.m.

Minutes

On the question of approval of the minutes from the meeting on February 23, 2017: unanimous approval.

City of Fall River

Mayor Correia provided an overview of the City's request. He explained that the implementation of zero based budgeting is a top priority for the City and saved the City approximately \$2.2 million. The City has privatized its trash collection which has resulted in savings. The City is in the process of building its stabilization account; the City has \$4 million in free cash and expects to add another \$2 million in free cash by end of October. The Mayor also noted that Moody's recently dropped Fall River's negative outlook.

Several Board Members asked questions about the City's pension liability.

Mayor Correia stated that the City has reduced its pension liability by exploring what City services can be privatize. For example, the City privatized its trash collection which eliminated 15 municipal positions. Mayor Correia stated that his first year in office was focus on basic financial management, now the City is focusing on long-term needs and generating new revenue, including testing a City owned recycling center, with expected yearly revenue of \$ 1.5 - \$1.8 million, and a solar energy farm.

Cathy Ann Viveiros added that Fall River has implemented long-term forecasting. Fall River's ability to raise revenue is restricted by a number of factors, including Proposition 2 ½, net school spending, and pension obligation. Consequently, the City is examining privatization. The City also met with the Executive Office of Administration and Finance (ANF) to discuss pension obligation bonds.

Craig Stepno asked if there any threats to revenue.

Mayor Correia stated that he expected no revenue losses. In 2013, the City lost landfill revenue (\$1.3 million), but instituted trash fees to offset the losses in revenues. The City also is intends explore partnering with National Grid for solar farms with an expended revenue of \$ 1 million. Additionally, the City signed PILOT agreements with several medical marijuana companies, in which the companies agreed to provide the City with \$50,000 per year plus a percentage of revenue.

Mary Sahady stated that previously the City did not focus on long-term planning. The current bond package before the Board constitutes years of backlog in needed equipment. She worked closely with Peter Frazier to ensure the City's debt service is level funded; the principal and interest payments for the City's debt service should remain at approximately \$10 million.

Several Board members asked about the City's current community compact.

Cathy Ann Viveiros stated that the City's current community compact is focused on a building maintenance assessment. The City is expect to receive preliminary numbers on the building maintenance needs within the month and they will use the assessment to establish a maintenance schedule.

Auditor Bump asked about the status of the City's collective bargaining agreements.

Cathy Ann Viveiros stated that the City reached agreement with every union, except for two. The unions agreed to a 0% increase in FY '16 and FY '17 and a 2% increase in FY '18. The City was also able to negotiate the merger of two departments (Fire and EMS), which will allow the City to apply for grant funding from MassHealth.

Auditor Bump asked several questions related to the City's Pay-As-You-Throw system and the City run transfer station.

Mayor Correia stated the City is testing a City operated transfer station. Currently, the City is paying more for recycling than trash collection. The City received a DEP license to test a transfer station for 90 days with the option to extend. The City intends to run a transfer station to reduce costs and increase revenue. The Transfer station is operated by a small company, Toby, but the City has received interest from other companies to operate the facility under a longer contract. They also have the ability to extend the initial contract period with Toby for an additional four months.

Mayor Correia stated that Pay-As-You-Throw is expected to earn \$2.5 million, but he believes that the Pay-As-You-Throw program will collect \$1.9 million. The City does not intend to cease the Pay-As-You-Throw program.

Craig Stepno asked about the City's expenditures versus projections.

Mayor Correia stated that expenditures versus projections were right on target and he hoped the City would have a small surplus.

Mary Jane Handy asked about the City's snow and ice budget.

Mayor Correia stated that the City paid a \$1.4 million deficit from last year.

Mary Sahady stated that the City's snow and ice budget is challenged because the City relies on contractors. The City is currently over budget by \$1.2 million; nevertheless, the City hopes to cover its snow and ice deficiencies.

Mary Jane Handy made a motion to approve the request from the City of Fall River.

Margaret Hurley seconded the motion.

The motion was unanimously approved.

The meeting was adjourned at 12:23 p.m.