

Finance Committee

Meeting Minutes

Meeting Information

Date: March 12, 2024

Time: 6:00 P.M.

Location: 31 Wakefield Street

Committee members present: Mayor Callaghan, Councilor Fitzpatrick, Councilor Sullivan, Councilor Turner, Councilor Walker, and Deputy Mayor Hamann

City staff present: Finance Director Mark Sullivan. Cassie Givara, Deputy City Clerk.

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 the roll call attendance. Councilors Fitzpatrick, Sullivan, Turner, Walker, Deputy Mayor Hamann, and Mayor Callaghan were all present.

2. Acceptance of Minutes: February 13 2024

Councilor Walker **MOVED** to **ACCEPT** the minutes of the February 13, 2024, Finance Committee meeting. Councilor Hamann 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: Opioid Committee-Review of Opioid Fund Proposals

Mayor Callaghan reported that Todd Marsh, Welfare Director, was unable to attend the meeting this evening, but does want to discuss these proposals with the Committee. Director Marsh has been working with the Opioid Abatement Committee to weigh in on the proposals and would attend a Finance Committee meeting in the future to give guidance. Finance Director Mark Sullivan clarified that Director Marsh did not intend to endorse any of the proposals or make recommendations. He had become aware that some of the proposals would impact the Welfare office and had concerns about how the funds would be administered. Director Marsh will work further with the Opioid Abatement Committee, and the proposals will come back to the Finance

Committee in the future when the proposals have been fine tuned.

Councilor Lawrence asked if any part of this agenda item is time sensitive. Director Sullivan stated that the opioid funds were resultant from litigation settlement and would not expire. Councilor Lawrence inquired if any of the proposals for service or programs funded by this settlement have associated deadlines. Director Sullivan stated that this would need to be answered by the Opioid Abatement Committee.

5. New Business:

5.1.1 Review of 79E Properties

Director Sullivan directed the Committee to a chart in the packet illustrating the currently active 79-E properties in Rochester, their baseline value, and their deferred value. The 7 properties listed have a baseline value of \$2.1 million, with a deferred value of \$2.3 million following substantial completion of the projects: more than doubling the assessed value through the 79-E program. He explained the chart, which shows the estimated construction costs as well as the permit values, which translates into \$8 million in investment in the downtown area. The chart also shows the number of dwelling units these 7 projects added, which total 117.

Director Sullivan explained the second chart, showing the four properties which have been approved for 79-E but have not yet reached substantial completion at which time the deferred value is established and the “clock starts” on the 79-E incentive. These four properties add an additional \$12 million in permit fees, bringing the investment in the downtown area to over \$20 million for all projects.

Councilor Walker inquired if the column illustrating “dwelling units” included any commercial space in these properties. Director Sullivan explained that commercial space is not included in this number, only residential dwelling units.

Councilor Turner inquired what portion of the permit fees listed in the chart come back to the City. Director Sullivan explained that the City received \$9 per \$1000 of construction cost for building permits. The number listed in the chart was received by the City in its entirety using this calculation for permit fees.

Councilor Sullivan asked if the baseline value listed is the current assessment versus the full assessed value which is the projected value. Director Sullivan clarified that the baseline was the value of the property at the initiation of the project, prior to any building permits being issued. The deferred value is the amount that the chief assessor has added on top of the baseline value. The full assessed value is the combination of the two, which will be used in the tax rate upon completion of the project. It is the current value as opposed to a projected value.

Mayor Callaghan asked if there is a final assessment done by the Chief Assessor at the completion of the projects. Director Sullivan stated that he would confirm that this is the procedure with the Chief Assessor.

The Committee discussed the timeline on the deferments. Mayor Callaghan explained that, per the State law, the clock starts as soon as substantial completion is reached. There was a discussion regarding certificates of occupancy and if the issuance of such signals the completion of the projects and the start of deferment. Director Sullivan stated that he would have the Chief Assessor draft a timeline of the process and report back to the committee.

Councilor Lawrence inquired if there was a policy requiring a certain amount of housing units for approved 79-E projects. Director Sullivan said there is no requirement for number of residential units; however the duration of the 79-E tax relief determined by City Council can be extended based upon certain criteria, one being residential units. Councilor Fitzpatrick explained that the 79-E program is not necessarily intended as a housing program, but rather a capital investment program, although it can be used for residential housing.

5.1.2 City Residential Trash Bags-Retail Options

Director Sullivan gave an overview of the Waste Management Host agreement, which contains a clause that all overflow residential household trash, above and beyond what would fit in the toter, is to be brought to the residential drop-off at the landfill in a city-approved bag; although the City opted to use stickers rather than trash bags. This clause had been loosely enforced by many years by Waste Management. However, Waste Management has started enforcing this requirement much more stringently and has been turning residents away who have not obtained a sticker. This is causing a large increase in foot traffic to the tax office, where these stickers are sold, and causing delays with the office's other business. Previously, the tax office reported selling approximately 2,500 stickers per year. This has significantly increased to almost 2,500 each month.

Director Sullivan presented the idea of City trash bags, which is the system in place in many neighboring communities. These bags are produced by a company in Lewiston, Maine and sold locally in rolls at local grocery and convenience stores. Director Sullivan reported that the cost of producing these trash bags is equivalent to the cost of the trash stickers. The retail cost of the trash bags would be kept the same as the sticker cost; \$1.75. He indicated he has been in contact with both Hannaford and Market Basket, both of whom already have experience selling municipal trash bags from the referenced manufacturer, and is he is working on an agreement. Director Sullivan explained that unlike the sticker, these bags will be sold in rolls of 5 as opposed to individual due to the logistics on the manufacturing process and sales in stores.

Councilor Sullivan inquired about the proposed \$9 cost of these rolls of trash bags. Director Sullivan explained that he had rounded up slightly in case the retail locations wanted to take a margin on the sales.

Councilor Walker asserted that this proposal would effectively be increasing the cost of the trash bags (over the cost of stickers) since there would not be an option for single bag

purchases and there would likely be an increased cost to cover the margin taken by the store. Director Sullivan clarified that the City could stipulate that the price at the store is not to exceed \$1.75 per bag.

Councilor Walker speculated that the quality of municipal trash bags is not equivalent to the quality of premium store brands. The City bags could potentially rip when a resident tries to fill them, wasting the money spent on said bag, whereas the stickers could be placed on the exterior of any heavy-duty bag. Director Sullivan stated that the City could have the bags made with increased thickness, if desired.

Councilor Fitzpatrick clarified that the sale of neither trash bags nor stickers is not a way to generate revenue for the City, but rather a way to control the materials received at the landfill and ensure it comes only from Rochester residents. He inquired if the City could look into a vending machine to sell and distribute trash stickers. Director Sullivan stated that he had looked into a vending machine option, however it did not seem plausible for multiple reasons such as how the machine would be able to vend more than one requested sticker, where it would be located, and who would do the service and maintenance on the machine.

Councilor Sullivan inquired if it would be feasible to offer the bags in stores and simultaneously continue to sell the stickers through the City for the first year. If there are multiple complaints regarding the quality of the bags or if they don't work out as anticipated, the City could revert back to the sticker system without interruption. Director Sullivan agreed and stated that the intention is for there to be a transition period where the stickers are still available through the City while the bags are being sold in stores.

Councilor Sullivan inquired if the possibility had been explored of selling trash stickers in stores instead of the proposed bags. Director Sullivan stated that he had not looked into this, primarily because the stores are already well accustomed to the process of selling municipal bags for other communities.

The committee discussed the potential of increasing the cost of the trash bags if the thickness were increased. Director Sullivan reiterated that the trash bag price could be capped at a certain amount, even if the City were to opt for a thicker quality.

There was a brief discussion clarifying that this sticker and/or bag system would not affect the drop-off of larger items unable to fit into totes or bags, and items such as yard or construction waste.

Councilor Lawrence asked if this trash bag proposal could potentially tie in with the process of progressing toward the Waste Management landfill closure in 2034, at which point residents will need a new way of getting rid of household waste. Director Sullivan stated he had not looked this far into the future as the immediate concern was alleviating the traffic from the tax office, however he agreed that this would be a natural transition with getting residents accustomed to this process in the future.

Councilor Turner stated that residents are currently purchasing trash stickers and separately purchasing trash bags for their toters; with the proposed system, they would be purchasing the bags alone which could potentially be a cost savings. Councilor Walker reiterated his concern of the quality of the bags and the potential for breakage and wasted cost to the tax payers. Director Sullivan restated that the City could opt to have bags manufactured with increased thickness.

Mayor Callaghan asked if this item could be kept in committee for another month or if it was of a time sensitive nature. Director Sullivan stated that although it is time sensitive to the extent that a solution is needed to relieve the burden from the tax office, he is still waiting on a decision from the grocery stores; it would not be a problem to wait one more month while these other details are resolved.

Councilor Sullivan requested a cost comparison for the base model trash bags versus several other thicknesses in order to make a recommendation.

Councilor Walker asked if residents of other communities would be able to purchase these bags and bring their trash to the Rochester landfill. Director Sullivan stated that it is possible for anyone to buy these bags, however IDs are checked by Waste Management staff and only Rochester residents are authorized to drop off. The Committee discussed the prevalence of non-resident landlords, businesses, and residents of other communities utilizing the landfill and how the stickers and bags are trying to protect against this. Councilor Walker asked if the tax office staff verifies IDs prior to selling stickers. Director Sullivan stated he would confirm this with the tax collector but reiterated that regardless of how the sticker is obtained, Waste Management would still be verifying residency.

Reports from Finance & Administration

5.2.1 Monthly Financial Report Summary-February 29, 2024

There was no discussion regarding the finance report.

6. Other

There was no discussion under “other.”

7. Adjournment

Mayor Callaghan **ADJOURNED** the Finance Committee meeting at 6:37 PM.

Respectfully Submitted,

Cassie Givara, Deputy City Clerk