



## **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: September 20, 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 **7:09** p.m., Councilor Murphy called the meeting to order.
2. **Roll Call:** Present were committee members David Murphy, Maureen Carney, Marianne LaBarge & Gina-Louise Sciarra. Also present from the City Council were Bill Dwight, Jim Nash, Ryan O'Donnell, Dennis Bidwell, and Alisa Klein.

Also present: Mayor David Narkewicz, Planning Director Wayne Feiden

3. **Approval Of Minutes From The Previous Meeting**
  - A. Minutes of September 6, 2018

**Councilor LaBarge moved to approve the minutes of September 6, 2018. Councilor Carney seconded. The motion passed unanimously by voice vote with 4 Yes 0 No.**

4. **Financial Orders**
  - A. 18.161 An Order Authorizing The Mayor To Accept Industrial Park Lot And Allow Its Use For Damon Road Reconstruction  
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 Sciarra seconded.

This is basically a housekeeping operation after 40 years, Mr. Feiden presented. The Redevelopment Authority once owned the entire industrial park. It sold all the lots except for a small parcel and the city accepted the streets. Some may remember planners coming before them several years ago to release a sliver of land at the end of Industrial Drive to install a traffic light. The Damon Road reconstruction project will include a sliver of land on the Damon Road side and sidewalks on the Industrial Park side, so it makes sense for the Redevelopment Authority to

simply transfer the lot to the city rather than releasing little pieces of land. It is the lot with the sign on it, he confirmed.

The motion passed unanimously by voice vote with 4 Yes, 0 No.

**B. 18.162 An Order Authorizing Waiver Of Right Of First Refusal And Conservation Commission Acceptance Of Park Hill Road Land**

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.

Mr. Feiden referred members to a survey of the property. There are two Park Hill Roads; one coming in from the east and one (Park Hill Road extension) coming in from the west, he noted. The two roads don't actually connect because the road in between is gravelly and unpaved. The land along Park Hill Road extension will include two future building lots along the part of the road that is still travelable. The property includes a parcel of land along the brook which city officials hope to acquire and a field where buyers hope to install a solar photovoltaic array. To develop it as a solar facility, developers have to take the land out of Chapter 61A. The city has negotiated to waive its right of first refusal in exchange for donation of a portion of the land.

In response to a question from Councilor LaBarge, Mr. Feiden clarified that the city is acquiring only the land that includes the brook and about 100 feet from the brook. The rest would remain in private hands. The field would eventually become solar panels, he confirmed.

Planners don't think the field is suitable for building so that's why they think solar is a good solution, Mr. Feiden observed. The only way to develop the field for residential use would be to pave the road between the two Park Hill Roads, which could potentially lead to a lot of cut-through traffic and not be desirable. This is a nice use because it produces taxes, does not require any services and reduces pressure to pave the road, Mr. Feiden concluded.

The motion passed unanimously by voice vote with 4 Yes, 0 No.

**C. 18.163 An Order To Appropriate Funds For Community Preservation Purposes**

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 Sciarra seconded.

The first three appropriations (to the Community Preservation Fund Open Space Reserve, Historic Preservation Reserve and Affordable Housing Reserve) are mandated by the Community Preservation Act and have to be 10% each year, Mr. Feiden advised. The rest of the revenue is earmarked for future preferred appropriations and, of course, to pay back bonds. In December, Councilors will see specific recommendations for how to spend those funds.

Councilor LaBarge asked the length of the term for the Bean Farm and Florence Fields bonds. Mr. Feiden said he didn't know but could look it up.

Councilor Murphy called the motion to a vote, and it passed unanimously by voice vote with 4 Yes, 0 No.

**D. 18.164 An Order To Authorize PILOT Agreement With CED Northampton Solar, LLC**

Councilor Murphy read the text of the order.

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

As background, the whole issue of solar fields and how they are treated for property tax and personal property tax purposes has been an area of dispute. As a best practice, the Department of Revenue (DOR) has been recommending that municipalities avail themselves of a provision of Massachusetts General Law (MGL) to enter into a PILOT agreement for the tax revenue, Mayor Narkewicz presented. There have been attempts to negotiate the tax rate but these have been contentious, he related.

Mass. General Law (MGL) authorizes him to execute a PILOT agreement with an energy generating facility. He is working with the Board of Assessors and its attorney to negotiate an agreement that will give the city a fair revenue source while providing developers with a predictable revenue stream.

In response to a question, Mayor Narkewicz confirmed that the project involves a private company putting an electric generating plant on private land, so it is definitely a taxable venture. Several communities have tried to figure out how to tax the equipment, since it depreciates over time, but many communities have been challenged and taken to the Appellate Tax Board. Easthampton and other communities typically do a PILOT. The city actually did a PILOT with AMERESCO as well, he reminded.

Councilor Dwight said his confusion is that normally PILOT's are negotiated with entities that are tax-exempt. This particular section of MGL specifically authorizes PILOT's for energy generating facilities, Mayor Narkewicz responded.

A couple of years ago, the city negotiated a tax agreement with the Fairgrounds, which is tax exempt but has other taxable enterprises on the property, such as the Paradise City Arts Festival, and rents buildings on the property, which is not part of its tax-exempt mission. At one point, the Fairgrounds went to the Appellate Tax Board to arbitrate the issue, at which time the parties decided to sit down and negotiate a PILOT agreement.

Members asked questions and offered comments. Councilor Klein asked who the energy will be generated for and Mayor Narkewicz said Northampton Solar will be selling it to the grid. The alternative would be to have the assessors' office go out and try to estimate the personal property value of the solar array and land value and send the owner a tax bill.

Councilor Klein asked if the city could opt out of the agreement if the value of the property is actually found to be higher.

Mayor Narkewicz, said no, that's part of the agreement. There is an escalation in the PILOT over time to try to account for potential increases. If councilors google the subject, they will see this is how most communities deal with it throughout Massachusetts.

Councilor O'Donnell asked how long the term of the PILOT is for the fairgrounds.

Mayor Narkewicz said he would have to go back and look but confirmed that it is nowhere near 20 years.

Councilor Bidwell said he was curious as to how other communities arrived at a formula within the PILOT.

It is tied in some way to the kilowatt hours (Kwh's) the facility generates. Owners guarantee the city a certain percentage of that. They are in the process of negotiation, he reiterated.

Councilor Klein asked if the PILOT agreement represents an attempt to incentivize solar or is just because it is a nebulous area of tax law.

It is just because it is a gray area, Mayor Narkewicz said.

Typically if a taxable enterprise is an income-producing operation, assessors would value it by doing an income analysis of the cash flow and then coming up with a 'cap rate' to determine the value, Councilor Murphy reported. It's possible that a reliable capitalization rate does not yet exist for the industry and that is why the Appellate Tax Board is recommending PILOT's, he suggested. One of the problems would be if at some point the rate for solar electricity was lowered. (He noted that it is somewhat political and is slightly high right now.) The value of it would change, which could end up being to the city's advantage, he observed.

Assessors normally reassess as they go, Councilor Dwight pointed out. He asked if the city would renegotiate the PILOT after 20 years.

That would be the plan, Mayor Narkewicz confirmed. He expressed uncertainty as to whether the proposed agreement is for 10 or 20 years.

Councilor Murphy said he would encourage ten since, if assessors can't establish a cap rate because the industry is in its infancy, once a cap rate is established the city could accurately value the property.

Councilor O'Donnell said normally the term would be in the order. It would be desirable for it to be included, he suggested.

Mayor Narkewicz said he would bring a draft of the PILOT back for second reading to verify the term.

Based on the comments heard, Councilor O'Donnell said he sensed some consideration being given to whether the city is going to come out ahead or behind on the agreement. Normally, they don't take that into consideration in setting tax rates, they simply consider whether it is a fair rate, he pointed out. "Let's not think of this as an investment," but as a question of how to charge for standard services, he suggested.

With another new industry- the marijuana industry - poised to open, Councilor Dwight questioned whether they would be considering PILOT's for every new industry that doesn't yet have a set cap rate.

No, because marijuana retailers will be paying a sales tax that is assessed by the state at a fixed rate, Mayor Narkewicz said. Marijuana retailers will basically be normal retailers with the same personal property (cash registers, computers, etc.) common to other businesses. As far as the building, values for retail buildings are pretty much set, he noted.

Unlike the marijuana industry, where the product is grown in warehouses and sold in retail space common to other uses, what distinguishes solar is that the build-out is unique to the industry and not in demand by other parties. It's almost what is referred to as a 'value in use' specific to that industry which requires a specific set of data that may not yet exist, Councilor Murphy advised.

Solar wasn't invented a week ago; it's been around a long time, Councilor Dwight pointed out. His comment reflects his frustration with the state and the fact that it hasn't taken the lead in setting a valuation system for the industry rather than leaving it to the municipalities to hash it out.

Councilor Murphy said he would talk to the assessor's office and ask them to explain how solar facilities have been valued by local assessors and why the Appellate Tax Board has been rejecting the models presented.

The nice thing about the Willard's gravel pit project is that the city is redeveloping a brownfield area that will generate more taxes than it presently generates and produce renewable energy, so it will be a net benefit to the city, Mayor Narkewicz reminded.

The motion passed unanimously 4:0 by voice vote.

E. 18.165 An Order Authorizing Payment Of Prior Year Bill

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 Sciarra seconded.

These were bills that arrived at the end of June and were not able to be paid in time, Mayor Narkewicz explained.

Councilor Sciarra asked if they had determined yet whether the benefit of accepting credit card payments outweighs the fees. Mayor Narkewicz said he was glad she asked, since he was planning to bring forward some information related to that question at the next meeting. The benefit has been that customers like it and there have been far fewer issues at the garage with customers who don't have money to pay. From a customer service standpoint, it has had a positive effect, but it adds to the cost of doing business. He's going to be providing some data on that together with an order for presentation at the next meeting, he confirmed.

Councilor Klein asked if the fees listed were for the entire year or just the month of June. When told they were just for June, she noted that the city is paying \$5,300 a month just in fees.

That is correct, the Mayor confirmed. It is based on a percentage of credit card transactions.

The motion passed unanimously 4:0 by voice vote.

F. 18.167 An Order To Authorize Using \$3,600 From Senior Center Gift Fund For Financial Aid For Programs

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.

One of the things Director Westburg has been focusing on is trying to make programs more accessible to a broad range of seniors, particularly low-income elders, Mayor Narkewicz reported. One idea she's come up with is to create basically a financial aid fund to provide seniors who qualify and meet certain guidelines with a reduced price for health and wellness programs such as fitness classes, cooking classes, etc. The financial means test would be done confidentially and would be invisible to the rest of the population. Participants would have a card that would be redeemable for programs like all other members, they would just pay a reduced price.

The order will take \$3,600 from the gift fund and establish a financial aid fund. The director has talked about doing fund-raising to add to the fund.

Councilor Dwight said he thinks it is a great program. In the director's letter, she said she is mirroring the guidelines for the SNAP program. This is the direction he hoped they would see the senior center going in, and it reaffirms his vote for Director Westburg, he volunteered.

She supports this and thinks the new director is headed in the right direction, Councilor LaBarge agreed.

As councilors may or may not know, the director just reopened the Bistro and hired a nutritionist who is also a chef, Mayor Narkewicz reported. He has been working to prepare really healthy and affordable meal options at a price point of \$3 per meal for seniors. The Bistro is open two days a week; Tuesdays and Thursdays. He was there today and people were waiting outside the door. Members of the community can purchase lunch to go for \$7. Money collected for take-out meals helps underwrite the program.

Councilor O'Donnell noted that the maximum amount of money per person shown on the order should be changed to \$180 to be consistent with Ms. Westburg's letter.

Councilor Carney moved to amend the order from \$150 to \$180. Councilor LaBarge seconded. The motion passed unanimously 4:0 by voice vote.

The amended motion passed unanimously with 4 Yes, 0 No.

G. 18.168 An Order To Authorize Gift Acceptance From Eversource For Culvert On Park Hill Road

Councilor Murphy read the text of the order.

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

The city has been doing some design work on the project using grant funds and the services of Tighe & Bond, Mayor Narkewicz presented. Tighe & Bond was also doing some work for Eversource, which was looking for a project to make a donation to. The project serves two purposes: increasing the size of the culvert (it is now 21" inches) and adding an open-bottom design which allows wildlife to use it as a tunnel. The order is basically asking the City Council to accept a free gift from Eversource valued at between \$100,000 and \$200,000.

Councilor Dwight noted that Northampton is not an Eversource client.

Mayor Narkewicz agreed that is odd. Tighe & Bond happened to be working with both parties and that's how Eversource found out about the project, he reiterated. Reading between the lines, he expressed his understanding that the utility was probably required to do a project within the watershed of the Connecticut River as a penalty for violating a wetlands regulation.

The motion passed unanimously with 4 Yes, 0 No.

5. **New Business**

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

6. **Adjourn:** At 8 p.m., Councilor LaBarge moved to adjourn; Councilor Sciarra seconded. The motion was approved on a voice vote of 4 Yes, 0 No.

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