

Landfill Stabilization Fund

What is the Landfill Stabilization Fund?

In 2005, Plainville Town Meeting unanimously voted to establish a Landfill Stabilization Fund for the purpose of funding potential costs associated with the closure of the “Laidlaw” landfill.

What can this fund be used for?

Unless Town Meeting votes to change the purpose of these funds, they can only be used for what Town Meeting previously voted in 2005 when the fund was created: “potential costs associated with the closure of the Laidlaw landfill.” A 2/3 vote at Town Meeting is required to spend these funds.

Can the Town Change what this fund can be used for?

In order for Town Meeting to change the purpose of these funds, a Town Meeting article must be placed on a Warrant of an advertised Town Meeting where all voters would have an opportunity to vote on such a proposal. A 2/3 vote of Town Meeting would be required to repurpose the funds.

How much is in the Landfill Stabilization Fund?

The current balance of the Landfill Stabilization Fund is \$2,390,632 (as of 5/31/20). The Fund resides in an investment account.

How is this different from our General Stabilization (Rainy Day) Fund?

The General Stabilization Fund can be used for general purposes. For example, a motion can be made at Town Meeting to transfer money from the General Stabilization Fund to fund operating expenses or a particular appropriation. This requires a 2/3 Vote of Town Meeting. The Landfill Stabilization fund is a Special Purpose Stabilization Fund so it can only be used for the purposes that Town Meeting has established for it.

Is there a downside to repurposing the Landfill Stabilization Fund and using it to fund operating expenses?

Yes. Using stabilization funds to cover operating expenses is not recommended as it is not a reoccurring revenue source. This would be a short term fix that would result in a shortfall in the following year since the same funding would not be available.

Use of the Landfill Stabilization Fund may also negatively impact the town’s bond rating and our ability to borrow for capital projects due to the fact that the Town has not placed adequate funds in its General Stabilization (Rainy Day) fund. The Department of Revenue and Bond Rating Companies recommend that municipalities maintain a balance of at least 5% of the operating budget in a general stabilization fund. Plainville has not maintained that balance and has historically used free cash and the general stabilization fund to balance operating budgets time and time again. This has kept our balance extremely low and has increased the importance of the Landfill Fund as the single source of financial stability we have. Having these funds remain untouched is critical to preserve our bond rating.