



## Finance Committee Report

### City of Newton In City Council

**Monday, March 26, 2018**

Present: Councilor Gentile (Chair), Ciccone, Norton, Cote, Rice, Noel, Grossman, and Lappin

City staff present: Ouida Young (Acting City Solicitor), Alice Ingerson (Community Preservation Planner), Lou Taverna (City Engineer), Amy Hamel (Chief Operating Officer; Department of Public Works), Lily Canan Reynolds (Community Engagement Manager; Planning Department), Susan Dzikowski (Comptroller) and Maureen Lemieux (Chief Financial Officer)

**#192-18      Transfer \$15,168.75 to the Law Department fund an indemnification award**

HER HONOR THE MAYOR requesting authorization to transfer the sum of fifteen thousand one hundred sixty-eight dollars and seventy-five cents (\$15,168.75) from Budget Reserve to the Law Department for the purpose of funding an indemnification award.

**Action:      Finance Approved 7-0 (Norton not voting)**

**Note:**      Acting City Solicitor Ouida Young informed the Committee that the request for a transfer of funds is to pay an indemnification award of \$15,168.75. The City and former Police Chief Cummings are involved in federal and states lawsuits filed by a former employee of the Police Department against the City and former Police Chief Cummings. As part of the mediation of the cases, former Chief Cummings was awarded attorney fees by the arbitrator because it was determined that the former Chief was entitled to indemnification per the City's contract with Chief Cummings. The City has already paid \$35,674.65 in attorney fees related to federal claims. The requested transfer will cover the legal expenses associated with the state claim.

The Law Department held off on requesting the funds to settle the indemnification award because there is still an unsettled appeal by the former employee; however, the attorneys for the former Chief have filed a suit seeking the award for unpaid legal expenses related to the state case. The award does not include the Chief's legal expenses for the appeal but the City could at some point have to pay a few thousand dollars for those legal fees depending on whether or not the Appeals Court grants oral arguments. The former Chief's attorneys are also seeking the back pay awarded to the Chief by the arbitrator. The City is still working on calculating the amount of back pay due to the former chief.

Ms. Young added that former City Solicitor Donnalyn Kahn was successful in negotiating a significant reduction in the attorney fees in both the state and federal cases and that the \$15,168.75 is reasonable amount for attorney fees. Councilor Lappin moved approval of the request, which carried by a vote of seven in favor and none opposed.

**#193-18      Transfer \$300,000 from CPA Housing to CPA Historic Rehabilitation**  
COMMUNITY PRESERVATION COMMITTEE requesting the transfer of three hundred thousand dollars (\$300,000) from the Auburn Street Housing Account to the Auburn Street Historic Rehabilitation Account to reflect the intent of Council Order #221-17.

**Action:      Finance Approved 7-0 (Norton not voting)**

**Note:**      Community Preservation Planner Alice Ingerson presented the request to transfer \$300,000 in previously approved Community Preservation Act project funds from the Auburn Street Housing Account to the Auburn Street Historic Rehabilitation Account. Council Order #221-17 includes language that \$300,000 is intended for historic rehabilitation; however, that \$300,000 was inadvertently put into the housing account. Once the funds are transferred, \$677,000 will remain in the housing account and \$300,000 will be available for historic rehabilitation. The Committee understood the need for the transfer and a motion for approval carried unanimously.

**Referred to Public Facilities and Finance Committees**

**#194-18      Appropriate \$500,000 for snow and ice removal expenses**  
HER HONOR THE MAYOR requesting authorization to appropriate the sum of five hundred thousand dollars (\$500,000) from Free Cash to supplement the Department of Public Works' snow and ice operations budget.

Personnel Costs – Overtime (0140110-513001).....	\$150,000
Rental Vehicles (0140110-5273-5273) .....	\$350,000

**Public Facilities Approved 7-0 on 03/21/18**

**Action:      Finance Held 7-0 (Norton not voting)**

**Note:**      Chief Financial Officer Maureen Lemieux requested that the Committee hold the request for \$500,000 to supplement the snow and ice account in the Public Works Department. Ms. Lemieux is not sure that additional funding is needed but still needs time to balance the snow budget to be sure. With that, a Committee member moved hold, which carried unanimously.

**Referred to Public Facilities and Finance Committees**

**#88-18      Appropriate \$380,000 for design engineering services for Newtonville**  
HER HONOR THE MAYOR requesting authorization to appropriate and expend three hundred eighty thousand dollars (\$380,000) from Free Cash for the purpose of funding expanded streetscape design and engineering services for Newtonville Village improvements, including Washington Street at Walnut Street, southerly on Walnut Street to Cabot Street, and Austin Street from Walnut Street to the 28 Austin Street development.

**Public Facilities Approved as Amended 6-0 @ \$147,411 on 03/21/18**

**Action:      Finance Approved as Amended 8-0 @ \$147,411**

**Note:** City Engineer Lou Taverna joined the Committee to discuss the item. A letter from the Mayor requesting that the appropriation be reduced to \$147,411 is attached. The request no longer includes funding for a structural analysis of the Turnpike Bridge, which the City does not own or funding for streetscape design along Washington Street, as the Newtonville portion of Washington Street is to be considered as part of the Washington Street Corridor Project and the Washington Place Project.

The request is to provide additional funding for supplemental engineering design services for Newtonville Village enhancements. There is a cost ceiling of \$147,411 for the supplemental services. The City entered into a contract with Environmental Partners Group in 2016 to provide engineering and streetscape design for Walnut Street in Newtonville from the Turnpike Bridge to Elm Road for a price not to exceed \$400,000. After reviewing that scope of services, the City decided that integrating the streetscape improvements required by the Special Permit for 28 Austin Street into the City's streetscape improvements should be included in the enhancement project. In addition, the supplemental services will incorporate streetscape design and engineering services for the of area of Highland Avenue and Bram Way intersection, 300' of Austin Street including the intersection of Bram Way, the sidewalks on the east side of Bram Way, photometric analysis, lighting design and design elements like softscape for the Turnpike Bridge. The goal of the project is to provide a consistent and coherent design and physical connections between all areas of Newtonville Village.

Mr. Taverna provided additional details on the plan for the Turnpike Bridge. The City is proposing no heavy benches or planters for the bridge, as it would require the City to fund a structural assessment of a bridge that it does not own. The thought is to add soft features to the railings and fencing on the bridge that will have no impact on the wind load or structure of the bridge. One of the discussed possibilities is to add strips of color to the fencing. As noted at public meetings, it is important to the Newtonville community that there should be an effort to make the bridge more aesthetically pleasing and to use it as a link between the north and south side. The lane lines on the bridge will be adjusted and repainted. The City cannot move the median on the bridge, as it is bridge joint. There is \$35,000 in the line item in the proposed budget for the bridge and Committee members asked why that portion of the engineering design is would be so expensive. Mr. Taverna explained that the \$35,000 includes design, all meetings with the City and State including public input, and all necessary coordination for approval from the Massachusetts Department of Transportation. .

The Newtonville Village Streetscape Design Project was not bid out; however, Mr. Taverna explained that the contractor was chosen based on their skillset, qualifications, and their previous successful work on several projects including the Washington Street at Harvard Street Intersection, Dedham, Nahanton, and Brookline Streets intersection, and a peer review of the Auburndale Square Project. Massachusetts General Law is specifically exempts design engineering services from the bid requirement.

Lily Canan Reynolds from the Planning Department and City Engineer Lou Taverna provided the attached memo to the Committee, which provides detailed information on the request. The Chair of the Committee expressed appreciation for a document that provided information on all aspects of the project including the scope of services, the cost breakdown, the reasons for not going out to bid, and a map showing the area of the project. With that, Councilor Norton moved approval of the item as amended, which carried by a vote of eight in favor and none opposed.

**#57-18            Review/Acceptance of the FY 2019 – FY 2023 5-year Financial Forecast**

HIS HONOR THE MAYOR submitting the Fiscal Years 2019 to 2023 5-Year Financial Forecast for City Council review/acceptance.

**Action:            Finance Approved 8-0**

**Note:**            Chief Financial Officer Maureen Lemieux reviewed the FY 2019 – FY 2023 5-year Financial Forecast, which was provided by former Mayor Setti Warren in October 2017. She explained that currently the City is in a position to maintain long-term financial sustainability; however, there are a number of factors that drive the budget and influence the City's financial future. The drivers include pension and other post-employment benefit (OPEB) liabilities, redevelopment and new growth, collective bargaining agreements, and growth in student enrollment.

The Administration works to put together a thoughtful financial forecast that will aid future Administrations in developing future City budgets that are balanced and meet the goals of the administration when it comes to education, public safety, economic development, improving capital infrastructure, environmental sustainability and community engagement.

Ms. Lemieux reviewed the forecast for pensions & OPEB liabilities. The combined liability for pensions and OPEB is almost \$1 billion. The City expects to fund the pension liabilities by 2030 and once that is funded, divert those funds to the OPEB liability.

The School Department's enrollment projections have leveled off over the next few years. If the level trend is accurate, it will benefit the City in terms of reducing the budget growth in the School Department. Ms. Lemieux added that the enrollment numbers can change based on residential development in the City.

One of the largest impacts on the forecast and the City's budget is collective bargaining agreements. All but two of the City's union contracts are expiring in 2018. There are two unions with expired contracts from prior fiscal years that have not reached an agreement with the City. When contracts are not settled, the City establishes a Wage Reserve in the Comptroller's Office to cover any retroactive payments that may be necessary once a contract is settled. Negotiating may become more difficult in the upcoming years, as the City will not be able to increase salaries based on increases in revenue due to the enormous liabilities. The Administration will need to look hard at reducing its' health insurance costs, as these costs continue to rise and are a significant draw on the budget.

Ms. Lemieux explained that she uses history to predict new growth and redevelopment. She uses a mix of good and bad years. The current average is 1.4% of the total value of the tax levy. Ms. Lemieux also uses the number of building permits issued and lowers the value if permitting is lower. The forecast numbers are conservative at 1.2 – 1.25%.

Ms. Lemieux concluded her review and Councilor Grossman moved approval of the acceptance of the forecast. The Committee voted unanimously to support the motion. The 5-year Financial Forecast is available online at <http://www.newtonma.gov/civicax/filebank/documents/85507>

**#153-18 Discussion with Procurement Officer on criteria for bidding contracts**

COUNCILORS GENTILE, MARKIEWICZ, AND NORTON requesting a discussion with the Chief Procurement Officer regarding the City's process for hiring consultants. Discussion should focus in particular on 1) the criteria which determines whether a consulting contract is put out for public bid; and 2) when there is no bid process, what criteria are used to choose consultants.

**Action:** Finance Held 8-0

**Note:** The Chair expects to continue to discuss this item at a later meeting; however; he would like Committee input on improving the no-bid process or if the process should remain status quo. The Committee could consider an ordinance or policy that sets a dollar cap for no-bid contracts or could look at having a role in waiving the City's bid requirements for contracts over \$50,000.

Chief Financial Officer Maureen Lemieux stated that the City's bidding requirements are stricter than the State's requirements. The City bids out most of its contracts. Departments do have the ability to request a waiver of bid requirements for contracts but the Chief Procurement Officer does research to ensure a waiver is compliant with State law on all waiver requests and provides the Administration with a memo before any waiver is approved. Ms. Lemieux added that it is important for the City to have the option to enter into a no bid contract. Sometimes by not going out to bid, the City is able to get the most qualified company for a project. The City often knows what firms are the best for a given project.

Ms. Lemieux is aware that the Washington Street Corridor consultant contract is an issue for some Councilors but it was anomaly. She added that contracts are a very complicated issue and Ms. Lemieux requested that she work with the Committee to come up with a solution that works for everyone. Ms. Lemieux is prepared to provide a report on what has gone out to bid and what has gotten a waiver for the next few months. She could not begin to develop the report until the FY 19 budget is complete. There was a request that the report include previous contract information including the West Newton Square Project.

Committee members are supportive of receiving the report. There were a number of suggestions from Committee member that included having department heads provide input on the effects of changes to the no bid contract requirements and sending everything out to bid for the next

few months to see how that works. Comments from committee members included concern that no bid contracts are not transparent, more expensive, and may not provide the best quality product. Councilor Ciccone moved hold on the item, which carried unanimously.

**#195-18 Investment Policy for the Rainy Day Stabilization Fund**

COUNCILOR GENTILE, on behalf of the Investment Advisory Committee, submitting its recommendation for an investment policy for the Rainy Day Stabilization Fund.

**Action:** **Finance Approved 8-0**

**Note:** The Chair presented the request for approval of the attached draft investment policy for the Rainy Day Stabilization Fund. The Rainy Day Stabilization Fund (RDSF) at a minimum should have a balance of 5% of the general fund operating budget for the fiscal year. In order to maintain that balance the City must add between \$700,000 and \$800,000 each year. The return on investment for the Rainy Day Stabilization Fund is very low due to the investment vehicles the City is using. In hopes of maximizing the return on investment and decreasing the amount the City needs to contribute to the RDSF, the fund was designated a stabilization fund under Massachusetts General Law Chapter 40, Section 5B on December 21, 2015. By designating the RDSF as a stabilization fund, it opened other investment opportunities that traditionally have a better return on investment. The Investment Advisory Committee was formed and started meeting in 2016 to develop an investment policy for the RDSF.

The draft policy was approved by a vote of 7-0-2 (Lappin, Reardon abstaining) by the Investment Advisory Committee earlier today. Councilor Lappin abstained at the Investment Advisory Committee, as she wished to hear the Finance Committee discussion before making a final decision on the policy. She is comfortable with supporting the policy. Treasurer Jim Reardon abstained likely because he is not thrilled with the policy, as he is very conservative with the City investments. It is important to note that there is some risk in investing funds but the policy is more conservative than State law in terms of what investment vehicles the City can use. There is language in the policy stating that if the RDSF drops below 5% of the general fund for a 90-day period, the City must take action to reimburse the fund up to the 5% within the following 90 days.

The draft policy is very specific in how the Treasurer can invest RDSF. The City is required to use the State's annual legal list of investments, which allows investment in CDs, the MDMT, bonds, treasuries, and individual stock. The list excludes investing in mutual funds but the list could change and RDSF Investment Policy recognizes that mutual funds and other investment vehicles may be included in the list of legal investments in the future. One of the members of the Investment Advisory Committee volunteered to speak with the State Treasurer regarding updating the legal list of investments to include index funds. Although individual stocks are on the legal list of investment, the policy prohibits the purchase of stocks, as the Investment Advisory Committee did not want the City Treasurer to have the responsibility of choosing stock and monitoring performance. The Finance Chair confirmed with the Department of Revenue that the City must use the list.

The completed draft policy conforms to all federal and state law and makes clear that the Treasurer is responsible for managing the RDSF and responsible for all transaction related to the fund. In addition, the Investment Advisory Committee worked with the Administration and Law Department to develop the policy. The purpose of investment policy is to provide guidelines for the Treasurer when investing the RDSF. The Investment Advisory Committee will be discussing whether it is appropriate for the City to hire an investment manager or leave it in the hands of the Treasurer with input from the Investment Advisory Committee.

During the Chair's conversation with the Department of Revenue representative, he inquired if someone at the Department of Revenue would be willing to look at the investment policy to ensure that it complies with State Law. The Department of Revenue representative stated that they could do that but would not comment on policy language. Councilor Lappin added that she brought this review up during the Investment Advisory Committee meetings and feels that the review would be appropriate. Committee members agreed but asked if the Committee should wait for the review before acting on the policy. The Department of Revenue could take a significant amount of time in reviewing the policy. The Chair is confident that the policy is in compliance but double-checking with the Department Revenue does not hurt. The Committee and City Council can take action on the policy and if the Department of Revenue review identifies an issue, the policy can be amended.

The Committee was supportive of the proposed policy and Councilor Ciccone moved approval, which carried unanimously.

All other items before the Committee will be held without discussion and the Committee adjourned at 9:15 PM. Draft Council Orders for the above items that are recommended for City Council action are attached.

Respectfully submitted,

Leonard J. Gentile, Chair

CITY OF NEWTON

IN IN CITY COUNCIL

2018

ORDERED:

That, in accordance with the recommendation of the Finance Committee through its Chair Leonard J. Gentile, a transfer of funds in the amount of fifteen thousand one hundred sixty-eight dollars and seventy-five cents (\$15,168.75) for the purpose of funding an indemnification award, be and is hereby approved as follows:

From:	Budget Reserve (0110498-5790).....	\$15,168.75
To:	Claims & Settlements (0110893-5725).....	\$15,168.75

Under Suspension of Rules  
Readings Waived and Approved

(SGD) DAVID A. OLSON  
City Clerk

(SGD) RUTHANNE FULLER  
Mayor

Date: \_\_\_\_\_



CITY OF NEWTON

IN IN CITY COUNCIL

2018

ORDERED:

That, in accordance with the recommendation of the Finance Committee through its Chair Leonard J. Gentile, a transfer of funds in the amount of three hundred thousand dollars (\$300,000) to reflect the intent of Council Order #221-17, be and is hereby approved as follows:

From: Auburn Street Housing  
21C11423-5795).....\$300,000

To: Auburn Street Historic Rehabilitation  
(21B11423-5795).....\$300,000

Under Suspension of Rules  
Readings Waived and Approved

(SGD) DAVID A. OLSON  
City Clerk

(SGD) RUTHANNE FULLER  
Mayor

Date: \_\_\_\_\_



Ruthanne Fuller  
Mayor

City of Newton, Massachusetts  
Office of the Mayor

#88-18

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(617) 796-1089  
Email

rfuller@newtonma.gov

March 12, 2018

Honorable City Council  
Newton City Hall  
1000 Commonwealth Avenue  
Newton Centre, MA 02459

Ladies and Gentlemen:

I write to request that your Honorable Council amend Docket # 88-18 by reducing the amount requested from \$380,000 to \$147,411. This scope of services is a revision as detailed on the attachment from Jim McGonagle.

Thank you for your consideration of this matter.

Sincerely,

Ruthanne Fuller  
Mayor

RECEIVED  
Newton City Clerk  
2018 MAR 15 PM 4:01  
DAVID A. OLSON, CMC  
Newton, MA 02459

City of Newton



DEPARTMENT OF PUBLIC WORKS  
OFFICE OF THE COMMISSIONER  
1000 Commonwealth Avenue  
Newton Centre, MA 02459-1449

Ruthanne Fuller  
Mayor

February 21, 2018

To: Mayor Ruthanne Fuller  
From: James McGonagle, Commissioner  
Louis M. Taverna, P.E., City Engineer  
Subject: Request for Docket Item for Project Funds  
Newtonville Village Streetscape Design and Engineering Services  
Contract L-6376, Environmental Partners Group

RECEIVED  
Newton City Clerk  
2018 MAR 15 PM 4:01  
David A. Olson, Clerk  
Newton, MA 02459

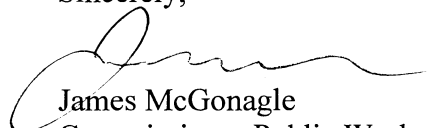
I request a total of \$147,411 in funds for Newtonville Village Streetscape Design and Engineering Services. Environmental Partners Group, along with Klopfer Martin Design Group, will perform streetscape design and engineering services for Newtonville Village improvements, including:

- Highland Avenue, 75 linear feet to include intersection with Bram Way
- Austin Street, 300 linear feet to include intersection with Bram Way
- Bram Way sidewalk on eastern edge
- Design Review of 28 Austin Street
- Photometric Analysis and Lighting Design
- Massachusetts Turnpike Bridge design elements for more connected village roadway

In response to comments of the Public Facilities Committee on January 17, 2018, this scope of services is a revision of prior direction. This additional scope will allow the City's investments in the streetscape and roadway in Newtonville to be integrated with abutting investments by Austin Street Partners. This scope of work responds to the need for a coherent village streetscape including lighting design for the entire village, engineering services for the roadway on the Massachusetts Turnpike Bridge and improving the physical connection between the northern and southern areas of Newtonville that are otherwise divided by the Turnpike.

Please docket this request with the Honorable City Council for their consideration.

Sincerely,

  
James McGonagle  
Commissioner Public Works

cc: Barney Heath, Director of Planning and Development

City of Newton



**DEPARTMENT OF PUBLIC WORKS**  
**ENGINEERING DIVISION**  
OFFICE OF THE CITY ENGINEER  
1000 Commonwealth Avenue  
Newton Centre, MA 02459-1449

Ruthanne Fuller  
Mayor

March 23, 2018

TO: Lenny Gentile, Chair  
Members of the Finance Committee

FROM: James McGonagle, Commissioner of Public Works  
Louis M. Taverna, P.E., City Engineer  
Barney Heath, Director of Planning & Development  
Lily Canan Reynolds, Planning Department

SUBJECT: Docket Item #88-18 Newtonville Village Streetscape Design and Engineering Services, Request for Additional Engineering Design Funds

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Her Honor the Mayor is requesting authorization to appropriate and expend \$147,411 from Free Cash for the purpose of funding expanded streetscape design and engineering services for Newtonville Village improvements.

Public Works hired Environmental Partners Group in 2016 to perform engineering and streetscape design for the Walnut Street Enhancements Project in Newtonville. The original scope of services extended from the southern abutment of the Walnut Street Turnpike Bridge southerly to Elm Road (see Attachment A). Environmental Partners' not to exceed design fee is currently \$400,000, which includes concept design, survey, final design, and plans and specifications for public bidding. The original construction cost estimate is approximately \$3,000,000. Environmental Partners was selected based on skills, qualifications, and experience in intersection design including Newton projects at Washington Street at Harvard Street, Dedham Street at Nahanton Street and Brookline Street, and a peer review of Auburndale Square.

#### Purpose of an Integrated Scope

The scope of services for the integrated Newtonville Village Streetscape project described below has been revised in response to comments of the Public Facilities Committee on January 17, 2018. The services described will integrate streetscape improvements to be provided by Austin Street Partners, as required under the special permit for the 28 Austin Street project, with the City's overall investments in the streetscape and roadway in Newtonville under the existing Walnut Street Enhancements Project, presenting one consistent design under the City's direction.

### Explanation of Requested Engineering Level of Effort

This request for additional design funds addresses portions of streets and sidewalks in Newtonville that lie between the original limits of the Walnut Street Enhancements Project and the adjoining development at 28 Austin Street. Planned investments by these two adjacent projects currently lack connection in key areas. Integrating these additional elements into the Walnut Street Enhancements Project will result in better connections for people parking and walking to and from retail shops, the new plaza at 28 Austin Street, the Senior Center, and points in Newtonville north of the Mass Turnpike. The proposed integrated scope now includes improvements to Bram Way and the intersections of Bram Way with Highland Ave and Austin Street, Austin Street from Walnut Street to the westerly end of the 28 Austin Street project, street lighting evaluation and design for the entire Walnut Street Enhancements Project, and roadway pavement marking plan and streetscape enhancements to the Walnut Street bridge over the Massachusetts Turnpike.

These additional design elements will be included in the plans and specifications for public bidding. The extent of the original Walnut Street Enhancements Project scope, location of proposed integrated elements, and the extent of work planned by Austin Street Partners are shown on Attachment A. The construction cost estimate for the additional elements is approximately \$450,000.

The additional scope of services and not-to-exceed fee will be a contract amendment to Environmental Partners Group's original engineering contract. The proposed not-to-exceed fee of \$147,411 is based on the man-hour level of effort required to perform the scope of the additional engineering services. The proposed man-hour level of effort is shown in Attachment B. The man-hour level of effort is an estimate only. Actual man-hours performed on the work are invoiced to the city monthly as charges accrue. Monthly invoices are reviewed by several Department of Public Works personnel and compared to the signed contract and work performed.

### Previously Performed Work

During performance of the original Walnut Street Enhancements Project scope of services, preliminary alternate concepts were explored by the project team for the proposed integration elements. The three items listed as previously performed work (see Attachment B) represent relatively minor level of effort necessary for the exploration of alternate concepts. First, the consultant team analyzed and prepared alternate concepts for the realignment of Austin Street in order to advise the City of potential options for addressing these deficiencies. Second, at a critical timepoint in pre-construction for 28 Austin Street, the consultant team reviewed the proposed street, sidewalk, and plaza improvements planned by Austin Street Partners. Members of the Austin Street Liaison Committee and other stakeholders have continued to request these elements integrate appropriately with the planned streetscape for Newtonville. In order to determine the appropriate treatments, alternate design options were reviewed by the consultant team. Finally, the consultant team prepared concepts regarding the Walnut Street bridge over the Massachusetts Turnpike, as a preliminary determination of proposed traffic patterns for the bridge and to explore streetscape enhancements within limitations set by Massachusetts DOT, the owners of the bridge.



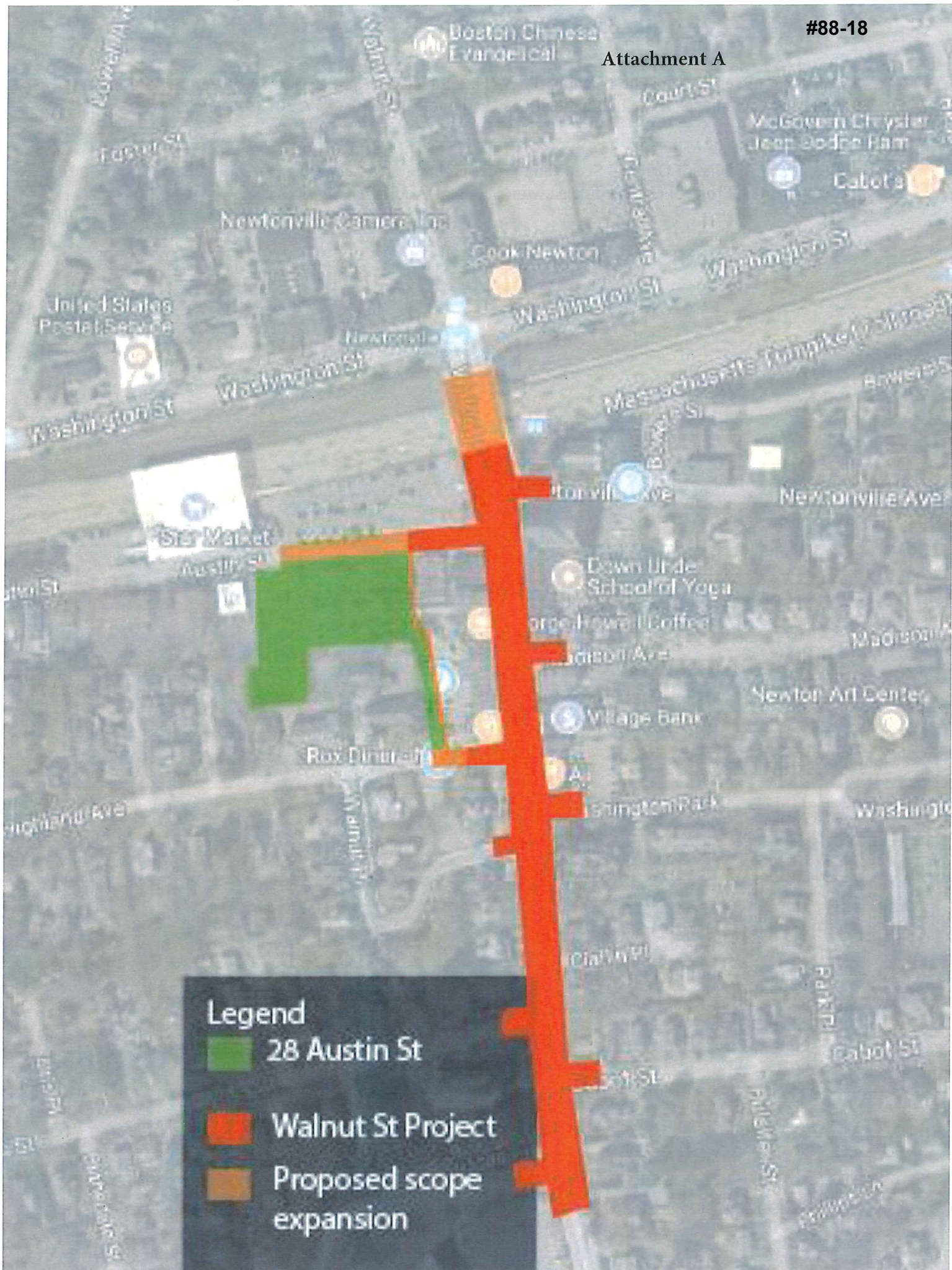
In summary:

- ***\$147,411 for engineering design services for new integrated scope (requested authorization)***
- \$400,000 for original Walnut Street Enhancements Project scope (previously authorized)
- \$3,000,000 estimated construction cost for original Walnut Street Enhancements (upcoming)
- \$450,000 estimated construction cost for the new integrated scope (upcoming)

The scope of services for the Newtonville Village Streetscape project has now been revised in response to comments of the Public Facilities Committee on January 17, 2018.

Attachment A: Map of Original Scope and Proposed Integrated Scope

Attachment B: Project Fee Schedule Newton Village – Additional Services





# Project Fee Schedule

## City of Newton

### Newtonville Village - Additional Services

REV 02/06/18

TASK DESCRIPTION	STAFF								HOURLY RATE	HOUR PER TASK	TOTAL PER TASK
	EPG				KMDG						
	PM J. Fitzgerald	Sr. Eng. B. Hung	Eng J. Crabb	Jr. Eng. A. Towle	Princ. K. Martin	Assoc. K. Petschke	Jr Designer A. Allen	TOTAL			
<b>1. Highland Avenue</b>											
a. coordinate & incorporate additional survey into Walnut Street base plan; Site visit for verification	0.5	1	2						3.5	\$518	
b. finalize Bram intersection conceptual design on surveyed plan using previously developed concept	1	3			2	4	8		18	\$2,330	
c. Preliminary Design (Construction, Profile, Sign and Pavement Marking Plan, Grading plans & est.)	4	6	10	4					24	\$3,470	
d. Preliminary Design (Landscape/Streetscape plans and estimate); incorporate LA plans	1		2		2	4	8		17	\$1,965	
e. Final Design (Construction, Sign and Pavement Marking Plan, Grading plans, Curb Tie and est.)	4	6	12	4					26	\$3,690	
f. Final Design (Landscape/Streetscape plans and estimate); incorporate LA plans	1		2		2	4	8		17	\$1,965	
Misc. coordination with expanded limits for Highland Avenue; No meetings anticipated	6	2			4				12	\$2,412	
EXPENSES (EPG)										\$200	
EXPENSES (KMDG)										\$200	
EXPENSES (Survey)										\$600	
EXPENSES (Lighting)										\$0	
<b>2. Austin Street</b>											
Previously performed- develop Austin Street alternatives	3	5			1				9	\$1,788	
a. coordinate & incorporate additional survey into Walnut Street base plan; Site visit for verification	0.5	1	4							\$738	
b. finalize Austin Street sidewalk and roadway concept using one of the previously developed concepts	1	3			2	4	8		18	\$2,330	
c. Preliminary Design (Construction, Profile, Sign and Pavement Marking Plan, Grading plans & est.)	6	16	36	6					64	\$8,880	
d. Preliminary Design (Landscape/Streetscape plans and estimate); incorporate LA plans	1		2		2	4	16		25	\$2,625	
e. Final Design (Construction, Sign and Pavement Marking Plan, Grading plans, Curb Tie and est.)	6	16	40	6					68	\$9,320	
f. Final Design (Landscape/Streetscape plans and estimate); incorporate LA plans	1		2		2	4	16		25	\$2,625	
Misc. coordination and (3) meetings for the expanded limits	16	8			9				33	\$6,622	
EXPENSES (EPG)										\$200	
EXPENSES (KMDG)										\$200	
EXPENSES (Survey)										\$2,400	
EXPENSES (Lighting)										\$0	
<b>3. Bram Way</b>											
a. coordinate & incorporate additional survey into Walnut Street base plan; Site visit for verification	0.5	1	3						4.5	\$628	
b. lay out sidewalk and driveway apron concepts (2 alternatives)	2	4							6	\$1,190	
c. Preliminary Design (Construction, Profile, Sign and Pavement Marking Plan, Grading plans & est.)	4	8	16	4	2	4	4		42	\$5,730	
d. Final Design (Construction, Sign and Pavement Marking Plan, Grading plans, Curb Tie and est.)	4	8	20	4	2	4	4		46	\$6,170	
Misc. coordination with expanded limits for Bram Way	6	2							8	\$1,620	
EXPENSES (EPG)										\$200	
EXPENSES (KMDG)										\$200	
EXPENSES (Survey)										\$2,900	
EXPENSES (Lighting)										\$0	
<b>4. Austin Street Development</b>											
Previously performed- meetings and coordination with City, design team and developer	11	7			6	6			30	\$5,534	
a. design oversight of the streetscape investments					8	8			16	\$2,552	
b. 2 to 3 meetings with Austin St Partners team	12				6	2			20	\$3,890	
ongoing coordination/questions	6				8	8			22	\$3,782	
REVIEW Streetscape & Landscape along Austin St and Brahm Way based on Master PI					8	16			24	\$3,520	
REVIEW Landscape design:											
prepare report on lighting, landscaping, streets, and sidewalks					8	4			12	\$2,068	
one additional review of minor changes					4	4			8	\$1,276	
write up of additional L.A review (above)					8	4			12	\$2,068	
f. Shop drawing and materials reviews to ensure consistency with Walnut St project					2	8			10	\$1,364	
EXPENSES (EPG)										\$0	
EXPENSES (KMDG)										\$200	
EXPENSES (Survey)										\$0	
EXPENSES (Lighting)										\$0	
<b>5. Photometric Analysis and Lighting Design</b>											
a. Photometric analysis (between Elm Road and Walnut Place); Preliminary Design (plan and est.)	1	2	4						7	\$1,035	
b. Final Design (Lighting Plan and estimate)	1	2	4			8	4		19	\$2,333	
EXPENSES (EPG)										\$0	
EXPENSES (KMDG)										\$0	
EXPENSES (Survey)										\$0	
EXPENSES (Lighting- Prelim)										\$4,406	
EXPENSES (Lighting- Final)										\$4,092	
<b>6. Massachusetts Turnpike Bridge</b>											
previously performed bridge concept and presentation					8	16	32	56	56	\$6,180	
a. finalize pavement markings using the previously developed concept	1	2							3	\$595	
b. develop artistic treatments on Mass Pike bridge fence	2				12	16	32	62	62	\$7,362	
c. Preliminary Design (Construction, Sign and Pavement Marking Plan, and estimate)	1	4		4					9	\$1,365	
d. Preliminary Design (Landscape/Streetscape plans and estimate); incorporate LA plans	1		2		4	16	40	63	63	\$6,453	
e. Final Design (Construction, Sign and Pavement Marking Plan, and estimate)	1	4		4					9	\$1,365	
f. Final Design (Landscape/Streetscape plans and estimate); incorporate LA plans	1		2		4	16	40	63	63	\$6,453	
Misc. coordination and (2) meetings with MassDOT for approval	14	6			8				28	\$5,624	
EXPENSES (EPG)										\$200	
EXPENSES (KMDG)										\$0	
EXPENSES (Lighting)										\$0	
<b>TOTAL:</b>										<b>\$147,411</b>	
<b>SAY:</b>											

The above budget is based on several assumptions listed in the "Scope of Services- Walnut Street Enhancements Project: Expanded to Integrate Investments from Austin Street Partners" document.



CITY OF NEWTON

IN CITY COUNCIL

2018

ORDERED:

That, in accordance with the recommendation of the Public Facilities and the Finance Committees through their respective Chairs Deborah J. Crossley and Leonard J. Gentile, the sum of on hundred forty-seven thousand four hundred eleven dollars (\$147,411) to be appropriated from Free Cash, be and is hereby appropriated, granted, and expenditure authorized under the direction of the Commissioner of Public Works for design engineering services for the Newtonville enhancement project:

FROM:	Free Cash (01-3497).....	\$147,411
TO:	Walnut/Newtonville Street Improvements (C401059-530203) .....	\$147,411

Under Suspension of Rules  
Readings Waived and Approved

(SGD) DAVID A. OLSON  
City Clerk

(SGD) RUTHANNE FULLER  
Mayor

Date\_\_\_\_\_

*INVESTMENT POLICY*

*GUIDELINES*

*FOR THE*

*NEWTON RAINY DAY*

*STABILIZATION FUND*

Adopted Date

## Newton Rainy Day Stabilization Fund Investment Policy Statement

### INTRODUCTION

In 2010 the City of Newton established a Rainy Day Stabilization Fund and on December 21, 2015, the City Council (formerly known as the Board of Aldermen) of the City of Newton through Board Order # 337-15 authorized the conversion of the Undesignated Stabilization Fund (known as the Rainy Day Stabilization Fund) to a formal statutory stabilization fund per MGL Chapter 40, Section 5B to improve investment income earnings for the Rainy Day Stabilization Fund. The fund was established as a reserve for years when the City faces a multiple year economic recession or a rare, catastrophic, expenditure. These funds may be utilized to assist in addressing cyclical declines in operating revenues, generally resulting from economic factors outside the City's control, or an unusually large expenditure resulting from such things as a catastrophic weather event. The primary reason for these segregated funds is not only to prevent these reserves from being depleted for unrelated city needs, but to demonstrate that resources are in fact being set aside specifically for extraordinary and unforeseen revenue disruption or catastrophic expenditure need while creating a growing safeguard for the debt and credit rating vital to the City.

To ensure that the Rainy Day Stabilization funds are available for multiple years of an economic downturn, no more than 1/3<sup>rd</sup> of the funds can be used in any single fiscal year. Appropriations may be made from the Rainy Day Stabilization Fund into the General Fund for operating purposes, upon the recommendation of the Mayor and by a two-thirds vote of the City Council. The target size of the Rainy Day Stabilization Fund is 5% of the annual general fund operating budget. The fund reached the desired goal of 5% of the City's Budget in November 2014 and has remained at that level ever since.

Maintaining a Rainy Day Stabilization Fund that totals 5% of the City's Annual Budget requires that the City set aside 5% of the annual budget increase each year or approximately \$750,000. Because interest rates have been historically low for the past several years, the City has had to "appropriate" a large portion of this amount, consequently preventing the appropriation of these funds that would otherwise be used to provide City services or improve City infrastructure. Therefore, as mentioned previously, the City Council of the City of Newton approved Board Order # 337-15 to authorize the conversion of the Undesignated Stabilization Fund (known as the Rainy Day Stabilization Fund) to a formal statutory stabilization fund.

*Consistent with MGL c. 40 §5B, the Treasurer may invest stabilization funds in a trust company, co-operative bank or savings bank, national bank, federal savings bank or federal savings and loan association, provided these institutions have locations in Massachusetts and provided*

*federally or state-chartered banks are insured by the FDIC; in participation units in a combined investment fund established by the Treasurer of the Commonwealth pursuant to MGL c. 29 §38A; or in securities that are legal investments for savings banks under Massachusetts Law, pursuant to the “List of Legal Investments” issued annually by the Commissioner of Banks pursuant to MGL c. 167 §§15A - 15K.*

Additionally, the City Council, through Board Order # 25-15, established the City’s Investment Advisory Committee. Per the Board Order, the Investment Advisory Committee was established to maximize investment income earnings on temporarily idle cash in the City treasury, consistent with state and federal law and City investment policies. The activities of the Investment Advisory Committee shall be advisory only.

The Committee shall take no action that is inconsistent with State law or the City Charter or Code of Ordinances, nor shall it abridge any investment management authority/responsibility assigned to the City Treasurer/Collector or Trustee by virtue of State Law; City Charter or Code of Ordinance; or trust agreement.

The purposes of the Investment Advisory Committee shall be:

- 1) To advise the City Treasurer/Collector on investment management options that minimize the need for ongoing tax levy subsidies for the City’s Rainy Day Stabilization Fund, while maintaining appropriate levels of liquidity and complying with State law governing the investment of Stabilization Fund assets.
- 2) To advise the City Treasurer/Collector on investment management options to maximize investment earnings on temporarily idle operating cash that are consistent with liquidity needs; State and Federal law; and City investment policies.
- 3) To advise the City Treasurer/Collector on investment management options to maximize investment earnings on trust and internal service funds, consistent with liquidity needs; State and Federal law; and any related trust agreements.
- 4) To assist the Finance Committee in monitoring the City’s compliance with state law and City investment policies.
- 5) To recommend changes in the City’s investment policies and/or State law, when the Committee determines that such changes are appropriate in order to meet the City’s investment management safety/liquidity/return objectives.

## **RESPONSIBILITIES AND SCOPE**

### **A. RESPONSIBILITIES**

The Mayor, the Treasurer and the Comptroller, in consultation with the Investment Advisory Committee, shall develop the policy for investment of the City of Newton Rainy Day Stabilization Fund for the approval of the City Council. This policy shall be reviewed on a regular basis and, at a minimum, every five years. The Treasurer shall report on the review

to the City Council Finance Committee.

Pursuant to the City of Newton Investment Policy (Board Order # 15-13) the Treasurer has the responsibility and authority to manage the investment of City funds (see Massachusetts General Laws, Chapter 44, section 55B and Acts of 1985, Chapter 740). The Treasurer shall carry out established written procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. If the Treasurer wishes to make a decision to deviate from the terms of this policy, the Treasurer shall obtain prior written approval from the City Council. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

The selection of financial institutions and broker/dealers authorized to engage in transactions with the City of Newton shall be at the sole discretion of the Treasurer in consultation with the Investment Advisory Committee.

The Treasurer and those responsible to the Treasurer shall be bonded as required by law and insured for their fiduciary responsibilities.

The Treasurer shall be responsible for monitoring changes to the General Laws governing the type and method of investing City funds referred to in this Investment Policy.

**B. SCOPE**

This investment policy is to be used by the Treasurer as a general guideline for the investment of the City of Newton's Rainy Day Stabilization Fund. This policy specifically applies to the Rainy Day Stabilization Fund and only the Rainy Day Stabilization Fund.

**STANDARDS OF CARE**

**A. PRUDENCE**

The standard of prudence used by the Treasurer, employees, and City of Newton Investment Advisory Committee members involved in the investment process shall be the "prudent person" standard. Such fiduciaries must act in the manner of a prudent person, with judgment and care, discretion and intelligence. They must act not for speculation but for investment, considering the probable safety of the capital as well as the probable income to be derived, with the understanding that no investment is completely without risk. Investment officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

**A. ETHICS AND CONFLICT OF INTEREST**

The Treasurer and employees involved in the investment process as well as members of the Investment Advisory Committee shall disclose any business relationship that could conflict

with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

## **OBJECTIVES**

The Rainy Day Stabilization Funds are to be invested in a manner which will meet the specific purpose of the fund – to be available for extraordinary and unforeseen revenue disruption or catastrophic expenditure, while no more than 1/3<sup>rd</sup> of the funds are used in any single fiscal year. The investment activities shall conform to all applicable federal and state statutes and City ordinances governing the investment of public funds.

*Consistent with MGL c. 40 §5B, the Treasurer may invest stabilization funds in a trust company, co-operative bank or savings bank, national bank, federal savings bank or federal savings and loan association, provided these institutions have locations in Massachusetts and provided federally or state-chartered banks are insured by the FDIC; in participation units in a combined investment fund established by the Treasurer of the Commonwealth pursuant to MGL c. 29 §38A; or in securities that are legal investments for savings banks under Massachusetts Law, pursuant to the “List of Legal Investments” issued annually by the Commissioner of Banks pursuant to MGL c. 167 §§15A - 15K.*

## **Prohibited Investments**

The City at the present time will not make direct investments in the following types of investments:

- Hedging, or speculative type of investments;
- Reverse Repos, Leveraging or similar investments;
- Master Trust and Custodial Bank Security Lending Programs;
- Unregistered or Registered Letter Stock;
- Private Placements, Short Sales, Margin Trading, Futures, Commodities;
- Non-publicly-traded Limited Partnerships and Limited Liability Corporations (LLC);
- Real Estate Purchases (excluding REITs);
- Any other investment type not authorized by this policy; and,
- Any entity doing business with Sudan pursuant to Newton City Ordinances Sec. 2-117, except as exempted by the ordinance.

## **RETURN ON INVESTMENT**

### **TIER 1 – 1<sup>ST</sup> 34% OF THE FUND**

Safety of principal and liquidity are the foremost goals of Tier 1 (or the 1<sup>st</sup> 34%) of the City's

Rainy Day Stabilization Fund. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital. Safety also is the assurance that the investment expectation will be fulfilled in a timely fashion. To attain this objective, diversification of types of investments, duration of investments and financial institutions holding the investments shall be considered. The Treasurer shall invest in quality issues and comply with state statutes regarding investment requirements.

Suitable investments for the Tier 1 – 1st 34% of the Fund include the following:

- Demand Deposit Accounts (DDA's),
- Money Market Accounts (MMA's and MMDT),
- Certificates of Deposit (CD's) with a maturity of 1 year or less, but "available" if needed within 5 business days of request of the funds, and
- Treasury securities with a 1-year maturity or less.

### **TIER 2 – 2<sup>ND</sup> 33% OF THE FUND**

Investments will be limited to relatively low risk financial instruments in anticipation of earning a fair return relative to the risk being assumed. Similarly, investments are limited to financial instruments that have higher credit risks with all fixed income investments rated A, or above by Standard & Poor's (S&P) or a similar rating by another nationally recognized rating agency.

Suitable investments for the Tier 2 – 2nd 33% of the Fund include the following:

- Longer term – 2 year CDs (brokered and collateralized),
- Treasury securities with a maturity of up to 2 years,
- Commercial Paper rated A or higher, and
- Bonds.
- Investments not to exceed 2 years in maturity, but "available" if needed within 5 business days of request of the funds.

### **TIER 3 – REMAINING 33% OF THE FUND**

The final 33% of the fund – or Tier 3 - shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and liquidity needs. Tier 3 – final 33% of the fund may be invested in those securities allowed by MGL for Stabilization Funds. Such funds should be consistent with the following guidelines:

- Portfolio diversification, liquidity, and professional management;
- Maturity of funds should be staggered;
- Regulated by the Securities and Exchange Commission;
- Portfolio contains no direct investment in derivative products; or individual stocks
- Mutual funds and other pooled products. ,

### **Tier 3 – Suitable Investments**

Suitable investments to be considered for the Tier 3 – final 33% of the Fund include index funds, mutual funds, US Treasuries, unlevered diversified exchange traded funds, U.S. agency bonds, municipal bonds, and investment grade corporate bonds.

- a. **Mutual funds** should be selected with due consideration given to performance history, current management history, and costs, including management fees,

buying and selling “loads.”

- b. **Unlevered Diversified Exchange Traded Funds**
- c. **Fixed income instruments** must be U.S. Government or its Agencies or State or corporate oblig below A. Duration of the instruments must be prudently selected by the investment managers.
- d. **Cash equivalents** must have ratings of Standard and Poor’s A-1 or Moody’s P-1.

**Tier 3 - Asset allocation targets should be as follows.** Investment management of the assets of the fund shall be in accordance with the strategic asset allocation parameters as mandated by the Treasurer who may in consult with the Investment Advisory Committee from time to time. Benchmarks are always recommended to gauge success of an investment strategy. The issue is that the investment managers are not managing the fund for growth of assets but rather to preserve capital and growth beyond the Lipper Money Market Index. Tier 3 asset allocation targets shall be as follows:

<b><u>Asset Class</u></b>	<b><u>Range</u></b>	<b><u>Benchmark</u></b>
Diversified equities or equity funds <sup>1</sup>	0% - 30%	S&P 500 or MSCI (Morgan Stanley Capital International) ACWI (All Country World Index)
Bond	0% -85%	Bloomberg Barclays US Aggregate Bond Index
Short Term Bond (1-5 year Maturities)	0% - 85%	Bloomberg <b>Barclays Capital U.S. 1-3 Year Treasuries Index</b>
Cash and cash equivalents	0% - 100%	Lipper Money Market

**Rebalancing the fund.** Adjustments shall be made to keep the asset allocation and diversification within guidelines as specified in the above table. The rebalancing should occur at the time of the semi-annual review. Exceptions to the limits as specified above can only be made with approval of three-fourths of the entire Investment Advisory Committee.

#### **OTHER POLICY REQUIREMENTS**

**Semi-Annual review.** At least semi-annually, the Newton Rainy Day Fund Investment Advisory Committee shall formally review the asset allocation plan and the portfolio performance.

<sup>1</sup> At no time shall more than 10% of the total value of the Rainy Day Stabilization Fund be invested in this class of funds.



**Insurance.** If a custodian is chosen, the custodian must furnish insurance from the Securities Investor Protection Corporation (SIPC) and such further coverage, as the Treasurer deems necessary to protect the portfolio's value against the custodian's business failure.

**Buffer.** In order to accomplish these objectives, the City has temporarily provided a reserve of \$2 million over and above the target value of the fund (5% of the City's Operating Budget). If the value of the fund should drop below 5% of the operating budget for more than 90 days, the City shall take action to reimburse the fund up to the 5% within the following 90 days.

#### **OTHER CONSIDERATIONS**

**Reinvesting in the Newton Community.** As with the City of Newton's Overall Investment Policy, the Treasurer and/or custodian is encouraged to consider financial institutions that have a record of financially reinvesting in the Newton community when making investment decisions; such consideration to be subordinate to the specifications and guidelines set forth within this Investment Policy.

The **Newton Rainy Day Fund Investment Committee** has adopted this Investment Policy Statement on XXXX, XX, 2018. (signed copy on file).