



Finance Committee **Budget Report**

City of Newton **In City Council**

Monday, April 23, 2018

Present: Councilors Gentile (Chair), Ciccone, Cote, Noel, Grossman, and Lappin

Absent: Councilors Norton and Rice

City staff present: Maureen Lemieux (Chief Financial Officer), Joe Mulvey (Chief Information Officer), Karen Glasgow (Director of Human Resources), Karen Griffey (Director of Financial Information Systems) and Sue Dzikowski (Comptroller)

BUDGET & CIP DISCUSSIONS:

Information Technology

Human Resources

Financial Information Systems

Comptroller

INFORMATION TECHNOLOGY DEPARTMENT

Chief Information Officer Joe Mulvey presented the Information Technology Department's budget for Fiscal Year 2019. The Information Technology (IT) Department provides technology resources and support to employees and residents of the City of Newton to ensure that everyone benefits from modern secure technology. Mr. Mulvey reviewed the below Fiscal 2018 accomplishments and Fiscal Year 2019 desired outcomes with the Committee. For further details on the accomplishments and goals, refer to the department tab in FY 2019 budget book.

Fiscal Year 2018 Accomplishments

VoIP

The Department converted all of City Hall, the Parks & Recreation Department facility, the Public Works yards, the Senior Center, Fire Headquarters, Fire Stations #4, #7, and 10 to a Voice over Internet Protocol (VoIP) phone system. The conversion at Police Headquarter, the Police Annex and Fire Stations #2 and #3 are ongoing. Replacement of all of the rewiring and electronics necessary to enable VoIP is complete and the equipment standardized.

Wireless Access Availability

The IT Department continues to expand its public wireless access points around the City.

Security

The department is continually updating the City's firewalls, load balancers, and security software. In addition, the Department uses the City's email program to remind all employees that they are the first line of defense against viruses and phishing attacks.

Software Improvements

The City's web developer came up with a software application for the Dispatch Center that enables private contractors to log in and inform Dispatch that they are working on or testing fire alarms in a specific building on a specific date and time. The application provides details like when the alarm system goes offline and back online in real time.

Process Improvements

IT worked with the administration to determine the best financial system for the City going forward. In addition, IT worked with the Fire Department to enhance their network.

User Support and Training

The department continued to offer training to employees. All employees are encouraged to sign up for classes in Microsoft Office, Civica, Civica, and other software programs.

Fiscal Year 2019 Desired Outcomes

Mr. Mulvey highlighted some of the department's desired outcomes for Fiscal Year 2019. The largest project for IT this upcoming fiscal year is the implementation of the City's new Munis financial software, which will replace FinancePlus. Mr. Mulvey is also continuing to work closely with a number of department heads to choose new permitting software that meets the City's needs.

Mr. Mulvey expects to dedicate two network administrators to work with Munis during implementation. Therefore, the department is changing the vacant computer technician position to a network administrator position and increasing the part-time network administrator position to a full-time position to ensure that the department can still address the City's other IT needs during Munis implementation. The person that was working in the part-time position took a full-time position as a senior network administrator.

One of the listed outcomes for FY 2019 is to install three cameras at the Senior Center. Mr. Mulvey explained that this outcome might not come to fruition, as there are plans for a new senior facility and it would be a waste to rewire and install cameras on the current building if it is not going to exist in a few years.

One of the department's goals is to remain innovative in terms of security. The City has a multi-faceted approach to security. IT is constantly reviewing security equipment to make sure that it is as up to date as possible. The plan is to do penetration testing over the internet and over the wireless network in Fiscal Year 2019 and make any necessary adjustments to security depending on the results of the tests. The weakest link in every organization is the employees. The IT Department plans to be diligent in educating all employees regarding security measures that they can implement and follow. The IT Department uses e-mail to educate employees on any new security issues and to test how employees handle fraudulent emails. The department's budget for security is very satisfactory.

A Councilor questioned how the department handles a complex problem that spans departments and whether IT develops a workflow to assess the problem. It would be helpful to understand whether there is a need for an analyst position within the Department. Mr. Mulvey responded that he believes that the study of workflow is slightly outdated. The IT Department does not look to design solutions in-house; it looks at the available options from outside vendors that meet the needs of the City without defining a workflow and finds the best-prepackaged solution. By using a prepackaged option, the City gets the best product available for its needs. Departments may have to minimally alter their workflow but that is better than customizing software to specific workflow because customization can cause glitches in the software. Mr. Mulvey does not believe there is a need for an analyst position.

The recommended Information Technology budget is \$1,796,161, which is an increase of 9.11% over last year that is attributed and the annual cost of several software packages that are funded through the Information Technology Department's budget. The staffing level remains at thirteen employees; however, there was one position increased to a full-time position. There is \$2,257,000 in year's Capital Improvement Plan for IT to purchase the Munis financial software and new permitting software. Councilor Noel moved approval of the Information Technology Department's recommended budget, which carried by a vote of six in favor and none opposed.

HUMAN RESOURCES DEPARTMENT

The Human Resources Department strives to provide leadership and expertise in attracting and retain a diverse workforce that is committed to quality service. The department is involved in administration of the Civil Service System, labor negotiations, as well as administration of collective bargaining agreements, the unemployment program, health benefits, and the workers' compensation program.

Director of Human Resources Karen Glasgow joined the Committee for discussion of the Human Resources Department's budget. Ms. Glasgow joined the City six weeks ago in her role as Human Resources Director and in that time, has seen a need for training within her department and throughout City departments, which the department budget reflects.

Ms. Glasgow is focusing on making sure that the daily personnel issues within departments are handled by department heads rather than the Human Resources Department. In addition, she is looking at succession training for employees along with how to best approach filling vacant positions that do not have an in-house successor. Ms. Glasgow is considering a variety of recruiting methods including visiting trade schools, high schools, and colleges to build pipelines. Some of the people in the Human Resources Department have expressed interest in doing these types of visits.

The Department is working on speeding up the process for filling vacancies and is developing an onboarding process for new employees. It is important to check in with new employees and department heads to ensure that the new employee is a good fit and happy in their position.

Most of the City's union contracts are expiring on June 30, 2018. Ms. Glasgow is currently putting together bargaining teams to begin negotiations for new contracts. The Superior Officers' Union has been without a contract since June 30, 2014 and NEMA, which is now the Teamsters' Union has been without a contract since June 30, 2017. The Administration is working on a strategy to negotiate both of these contracts. The Administration has set aside a \$2 million wage reserve in the Comptroller's Office, which should fund any settlements and any negotiated increases in contracts.

There is a \$20,000 reduction in the department's legal services line item, as Ms. Glasgow does not anticipate needing those services in the department in the upcoming fiscal year. Chief Financial Officer Maureen Lemieux stated that there is a reduction of one position, as it was determined that there is not a need for a Junior General Human Resources person. The Administration would like to give Ms. Glasgow the ability to assess what the department needs in terms of positions. If there is a need to increase the full-time positions within the department in the next fiscal year, the administration will docket a request.

The budget for the department for Fiscal Year 2019 is \$1,091,588 and there are nine employees included in the Fiscal Year 2019 budget. There are no projects in the Capital Improvement Plan for the Human Resources Department. With that, Councilor Lappin moved approval of the department's budget, which carried unanimously.

FINANCIAL INFORMATION SYSTEMS DEPARTMENT

The Financial Information Systems Department provides support, training and documentation to all of the departments within the City that use the City's financial software applications. The department is responsible for generating payroll for the City and the School Department, all tax bills, and bills for municipal charges.

Manager of Financial Information Systems Karen Griffey presented the budget for the Financial Information Systems (FIS) Department. She began by stating that the goal of the FIS Department is to meet or exceed all regulatory requirements for billing taxes and utility charges. FIS must also meet the federal and state reporting requirements in a timely manner. The department also continues to

provide training and support to all end users of the Munis and FinancePlus softwares. In addition, the department is always working to document all requirements, workflows, and procedures related to payroll, real estate taxes, excise tax, and utility billings.

In the upcoming fiscal year, FIS will begin preparing for the migration to Munis Financial Software, which is a significant undertaking. The department will work with the Human Resources Department to clean all of the payroll data before migrating data to the new software. The intent is to have the financial side of Munis up and running on July 1, 2019 and the Munis payroll function by January 1, 2020.

The three people within the FIS Department continue to cross-train on payroll functions and tax and utility billings. Any new processes or procedures put in place will be appropriately documented. For further details on the accomplishments and goals for the department, please refer to the department's tab in the FY 2019 budget book.

There are no other projects listed in the Capital Improvement Plan for the FIS Department. The Fiscal Year 2019 budget for the FIS Department is \$533,449. The FIS budget includes the software maintenance costs for the financial systems. There is a 0.6% increase in the FIS budget this upcoming fiscal year, due mostly to personnel increases. There are three positions funded in the budget, which is unchanged from last fiscal year. The expenses within the department are minimal and generally related to training costs. Councilor Noel moved approval of the item, which carried by a vote of six in favor and none opposed.

COMPTROLLER

The Comptroller's Office is responsible for providing oversight over all of the City's financial activities. The department maintains, prepares, and distributes accurate financial reports.

Comptroller Sue Dzikowski reviewed the recommended Fiscal Year (FY) 2018 Comptroller's Department budget. The Comptroller's budget does not have any substantial changes for Fiscal Year 2018. The staffing levels within the Department remain the same for the upcoming fiscal year.

The accomplishments of the Comptroller's Office in 2018 include successfully closing the books of FY 2017, issuing the budgetary basis book, and the Comprehensive Annual Financial Report. The Comptroller's accomplishments and goals are essentially date and performance driven. The department must meet timelines and provide a certain level of quality of work. The Comptroller's Office continued to meet all reporting requirements in 2018.

In the upcoming fiscal year, Ms. Dzikowski and the staff of the Comptroller's Office will be working on the transition to Munis Financial Software. In order to transition to Munis the Comptroller's Office will be designing a chart of the thousands of accounts that make up the City's expenses and receivables. The implementation of Munis will require a significant amount of work for

the Comptroller's Office and Ms. Dzikowski believes that it will nearly double the office workload for the next couple of years.

The Comptroller's Office is also working on a list of written policies with the Executive Office to provide guidance to departments on reimbursements. The policies will include guidance for things like food and gas reimbursements. In addition, the Comptroller will work with the Financial Audit Advisory Committee on the upcoming contract for external audit services.

The 2019 Comptroller's budget includes a \$2.75 million snow budget reserve (in addition to the \$1.5 million snow budget in the Department of Public Works.) In addition, there is \$2,000,000 wage reserve to fund future contract settlements.

All of the department's accomplishments, goals, and details on the budget are provided in the budget book under the department's tab.

Retirement System Budget

The administrative expense budget for the Retirement System is now funded through the pension funding schedule instead of the general fund. Retirement Director Kelly Byrnes provided the attached FY 19 budget for the Retirement System that provides a breakdown of all of the pension expenses, administrative expenses, and non-administrative expenses. The Retirement Department's budget for personnel and expenses is slightly increased in both line items. The Retirement Department budget includes funding for both municipal and public school retirement system participants; however, the school budget contains the funding for the health benefits for retirees from the Massachusetts Teachers' Retirement System. The State funds the employer share of the Teachers' Retirement Systems. Approximately ninety-five percent of the upcoming budget is based on the City's current funding schedule for pensions.

The total Retirement appropriation for FY 2019 is \$39,175,944, which reflects an increase of \$3,282,734. The City's actuarially required contribution to the pension plan amounts to \$27,069,800. The contribution increased by \$2,624,250 million over the current year appropriation.

Councilor Lappin moved approval of the recommended budget of \$752,485. The motion carried unanimously. There are no Capital Improvement Plan projects included in the Comptroller's Department Budget.

Respectfully submitted,

Leonard J. Gentile, Chairman

**NEWTON CONTRIBUTORY RETIREMENT SYSTEM
FY2019 BUDGET**

(3) NON-CONTRIBUTORY PENSIONS

General Fund	
Base Pension	51,978
COLA (City of Newton FY99-FY19)	20,566
COLA (Comm.of MA FY82-FY98)	3,799
Total	76,343

TOTAL NON-CONTRIBUTORY BUDGET:	76,343
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CONTRIBUTORY PENSIONS

FY2019 Appropriation Reported by Actuary:	
Non-Administrative Expense	28,308,727
Administrative Expense	319,671
Total:	28,628,398

Less: NHA	(292,274)
Less: CDBG	(167,037)
Less: Community Preservation	(16,627)
Less: Use of School Buildings	(29,432)
Less: Community Education	(88,530)
Less: School Ed Ctr Preschool	(19,355)
Less: NSHS Preschool	(583)
Less: Recreation/Arts in the Parks	(9,311)
Less: DPW Storm Water Management	(92,859)
Less: DPW 6 Man Highway Crew	(4,688)
Less: Sewer Fund	(375,672)
Less: Water Fund	(462,230)
	27,069,800

TOTAL CONTRIBUTORY BUDGET:	27,069,800
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Approved by Newton Retirement Board on 2/21/18