



Finance Committee Report

City of Newton In City Council

Monday, September 24, 2018

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

City staff present: Maureen Lemieux (Chief Financial Officer), and Sue Dzikowski (Comptroller)

#493-18 **Authorization to enter into a 5-year contract for meter currency processing services**
HER HONOR THE MAYOR requesting authorization to enter into a five-year contract for parking meter currency processing services.

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

Note: Chief Financial Officer Maureen Lemieux presented the request for authorization to enter into a five-year contract to process the coins collected from parking meters. Up until 2011, the Treasurer's Office was responsible for counting the approximately \$1.5 million per year in coins that the City receives from its parking meters. Ms. Lemieux pointed that often times the counting was done by the Treasurer himself counting because he was the only with the strength to operate the coin counting machine. It was her goal to find a bank willing to provide coin-counting services to free up more time for the Treasurer to focus on his department's operations. The Village Bank took over the coin counting in 2011 and has provided that service ever since. Village Bank is the only bidder to respond to the City's invitation to bid and the City would like to enter into a new five-year contract for parking meter currency processing services with Village Bank. The Committee had no questions and was pleased that Village Bank was willing to continue providing the service. Councilor Ciccone moved approval, which carried unanimously.

#343-18 **Ordinance amendment to divest of funds from fossil fuel companies**
COUNCILOR NORTON proposing an ordinance amendment to divest the City of direct or indirect holdings in fossil fuel companies.

Action: **Held 7-0 (Rice not voting)**

Note: Chief Financial Officer Maureen Lemieux explained that she would join the Committee for this discussion, as the Treasurer was unable to attend the meeting. Councilor Norton explained that the idea of this docket item is to have the City to divest itself from investments in fossil fuels in any way it can. The City would then not be investing in something that is considered one of the biggest threats to the environment and climate change. Councilor Norton previously met with Treasurer Jim Reardon to discuss how to proceed with divesting from fossil fuels. The City's largest investment of funds is with the State's Pension Reserve Investment Trust. Unfortunately, the City cannot dictate to how the State invests those funds. Mr. Reardon explained to Councilor Norton that the City could only divest itself from fossil fuel investments where accounts are under the direct control of the City.

Ms. Lemieux informed the Committee that there are currently two investment accounts under the City's control. The first is the Workers Compensation Account, which currently holds approximately \$13,000,000, with 5.9% invested in energy companies and the second is the Newton North High School Fund, which contains approximately \$875,000 with about \$12,000 invested in energy companies. Ms. Lemieux does not know how difficult is to divest itself from the investment in the energy companies. Councilor Norton stated that she asked Mr. Reardon, who believes that it would not be too difficult to divest and that it would not have a material effect on the rate of return. He would contact that fund manager and state that the City wants a portfolio with no investments related to fossil fuels.

A Committee member pointed out that there may be a challenge in remaining divested from fossil fuels as investment managers buy and sell stock each day. It would require the Treasurer to monitor the investments on a regular basis to ensure that the City remains divested. There was a suggestion that the City provide investment companies with a list of identifying specific companies not to invest in rather than making a blanket statement to investment companies not to invest in fossil fuel companies. Committee members would like to know what the best way is to define and identify what the City is divesting from, as many energy companies also provide clean energy like solar power that the City should encourage.

Committee members had a number of questions related to the item and would like to discuss the docket item with the Treasurer. Councilor Noel moved hold on the item until the Treasurer can join the Committee for the discussion. The motion was supported unanimously.

#388-18 Review of compensation of elected, management, and non-union salaries
COUNCILORS COTE, LEARY, NORTON, BROUSAL-GLASER, AND KALIS requesting a change to the City of Newton Ordinances to require a formal review of the compensation of elected, management, and non-union salaries every five years.
Action: **Finance Approved as Amended 7-0 (Rice not voting) to send a Resolution requesting formation of a Blue Ribbon Commission to review elected officials compensation**

Note: Councilor Cote docketed this item to establish a process to review salaries of elected officials. Councilor Cote provided the attached documents to the Committee. There is currently no process or schedule for review of these salaries. By establishing a scheduled process, it will take some of the politics out of the discussion of these salaries. The City's Financial Management Guidelines state that there should be a review of elected officials' salaries by a Blue Ribbon Compensation Commission every five to ten years. Councilor Cote would like to see a more specific timetable for the review.

Councilor Cote pointed out that the last review of elected officials' salaries was completed in early 2005, which is over ten years ago. A Blue Ribbon Commission was formed by the President of the Board of Aldermen in 2004 to review and provide a report with recommendations related to compensation for elected officials. The Blue Ribbon Commission issued its report in 2005, which included recommendations to increase in the salaries of the Mayor, the Board of Aldermen (City

Council), and School Committee. In addition, the Blue Ribbon Commission recommended adjusting these salaries on July 1 of each year by a percentage equal to the Cost of Living Adjustment (COLA) as determined in that month by the Massachusetts Public Employee Retirement Administration Commission (PERAC), under the Massachusetts General Laws, pursuant to which the public employee retirement boards may increase the first \$12,000 of retirement allowances by a percentage up to that COLA. The Board of Aldermen rejected the recommendations for the annual adjustment and the increases for the Board of Aldermen and School Committee but did approve an increase of the Mayor's salary from \$97,500 to \$125,000.

The City Council's salary has not increased since 1997. It seems like the time is right to form a Blue Ribbon Commission to review elected officials salaries. The Mayor's salary seems low for the responsibilities of the position and the time required filling all of the obligations of being Mayor of large city. In addition, an increase to the salaries of Councilors and School Committee members would likely attract more candidates. The current salaries for City Councilors and School Committee members limit who can afford to run. It was pointed out that though the salary is low, Councilors are entitled to City health benefits, which have an estimated value of over \$15,000 per year.

A Committee member questioned whether the time investment for City Councilors and the Mayor has changed in recent years. The Chair responded that it seems like the Mayor's time investment remains constant over the years but the time requirement for the Councilors has increased due to e-mail, cell phones, and social media. The Committee discussed how to proceed with the docket item request and determined that the Committee should send a resolution to the President of the Council requesting a formation of a Blue Ribbon Commission. Councilor Cote requested that the resolution include a request that the Blue Ribbon Commission make a recommendation for a set timeframe for the review of elected officials' salaries. Committee members would also like to include a recommendation that the Blue Ribbon Commission complete its work within six months of formation. City Ordinances in accordance with state law require approval of any increase to be voted between January 1, and September 30 of a year in which a municipal election is held. An approved salary increase for Councilors takes effect on the date that the succeeding City Council is sworn into office. The docket item also requests a process for a formal review of compensation of management and non-union city employees but it is clear in the ordinances that the Mayor is responsible for setting and reviewing all municipal management and non-union employees except the City Clerk/Clerk of the Council.

Councilor Cote moved approval of the item as amended to send a resolution to the President of the Council to appoint a Blue Ribbon Commission to review elected officials' salaries and recommend a set timeframe for review of salaries going forward. In addition, the resolution would include language requesting that the Blue Ribbon Commission conclude its work within six months of formation. The Committee unanimously supported the motion by a vote of seven in favor and none opposed.

#409-18 Report on developers' profits on 40B projects

COUNCILORS NORTON AND GENTILE requesting a report from the Planning & Development Department on developers profits from Chapter 40B projects in the City.

Action: Finance Held 8-0

Note: The Chair explained that he and Councilor Norton docketed this item because it is important that the Council understand what developers are profiting on 40B projects. Representatives of the Planning & Development Department were unavailable to attend the meeting but the Chair wanted to have an initial discussion on the item in order to outline a letter to the Director of Planning stating what information the Committee would like to see before discussing the item again. There was a suggestion that the requested report include profits for large-scale special permit projects like Kessler Woods. The Committee felt that the Law Department should also weigh in on what information the City can request from developers and what 40B developers are required to report. There was also a question on how rental profits are established for both 40B projects and special permit projects. The Committee began developing a list of projects to be included in the report from the Planning Department. The projects include 75-83 Court Street, 192 Lexington Street, Kessler Woods, and the Avalon units on Needham Street. The Committee may add other projects to the list. Councilor Ciccone moved hold on the item, which carried unanimously.

The Committee adjourned at 8:30 PM and all other items before the Committee were held without discussion. 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 CITY COUNCIL

2018

ORDERED:

That, in accordance with the recommendation of the Finance Committee through its Chair Leonard J. Gentile, the City Council hereby authorizes the His Honor the Mayor to enter into a five-year contract parking meter currency processing services.

Under Suspension of Rules
Readings Waived and Approved

(SGD) DAVID A. OLSON
City Clerk

(SGD) RUTHANNE FULLER
Mayor

Date: _____

David Olson Research and Comments (circa 2015)

On Aug 11, 2016, at 1:44 PM, James Cote wrote:

Hi All,

I have been in discussions about the various levels of compensation within the City Council, Mayor and School committee. I will be docketing this item as listed in David Olson's recommendation below. I am OK with the controversy of doing this but I believe once you read David's feedback (Below) that you may concur that we have a responsibility to review compensation.

A fair compensation package will help encourage the participation of potential new candidates.

Please let me know if you would like to co-dock.

Thank you.

Jim

Jim,

The most recent review of compensation for the Mayor, School Committee, and Board of Aldermen was undertaken in 2004. Then Board President Lisle Baker appointed a Special Blue Ribbon Commission to review the current compensation and make recommendations. (Prior to the 2004 review, compensation was reviewed in 1997.)

The Blue Ribbon Commission was chaired by then President Emeritus Vern Vance and the following individuals were members: Alderman Paul Coletti - Chair of Finance, Alderman Marcia Johnson - Chair of Programs & Services; local residents Matt Hills who served as Vice Chair, George Foord, Paula Kay, Amelia Koch, Lorraine Kohr; and City staff City Clerk Edward English, Comptroller David Wilkinson, and City Solicitor Dan Funk

President Baker charged the commission to review the Mayoral, Aldermanic, and School Committee salaries in light of current responsibilities and to make recommendations for any increases, including how such adjustments should best occur in the future.

The Commission began its work in November of 2004 and completed their report in February of 2005.

The Comparative Data from other Massachusetts cities and surrounding towns was gathered by Committee Clerk Shawna Sullivan who called and spoke to each community between December 2004 and January 2005.

Ald. Baker docketed the Blue Ribbon Commission's recommendations with the Board of Aldermen in March of 2005. The Board rejected the increases for the Aldermen and School Committee and approved an increase in the Mayor's salary to \$125,000 to go into effect on January 1, 2006.

Mayor Cohen kept his salary at \$97,500 until the FY09 Budget when he put it in the budget at \$125,000 beginning on July 1, 2008. This new number did not make it to the final approved budget.

Mayor Setti Warren started his tenure at \$97,500 and put his salary in the budget at \$125,000 as part of the FY13 Budget discussions. The budget was approved and the increase took effect July 1, 2012.

The last changes to the stipend for the Board of Aldermen and the School Committee were in 1997.

The only section of the current city charter that relates to compensation for the Mayor, School Committee and City Council is the following:

**ARTICLE 3.
EXECUTIVE BRANCH**

Sec. 3-1. Mayor; Election; Term; Compensation.

There shall be a mayor elected by and from the voters. The mayor shall be the chief executive officer of the city. The mayor shall devote full time to the office and shall not hold any other elective public office, nor actively engage in any other business, occupation or profession during the term of office as mayor. The mayor shall hold office for the term of 4 years from the first secular day of January following the election and until the mayor's successor is qualified.

The mayor shall receive such salary as the city council shall by ordinance from time to time determine but no change in such salary shall take effect during the current term of the mayor in office at the time of the adoption of the ordinance making such change.

The second paragraph above is the only reference in the Charter for elected officials compensation review.

The compensation of Non-Union employees in Newton's Municipal Offices was reviewed and adjusted in 1986 when the City hired the Hay Management Group to review city jobs and pay scales. The Hay Associates Pay and Classification System has been in place since it was approved by Mayor Mann in 1987. The system

graded each job based on its job description and provides salary steps within that grade that an employee should move through to higher compensation over time. The system has been modified over the course of its use. Steps have been suspended some years, and the number of steps has been adjusted to provide more steps per grade with smaller increases between steps. Job descriptions, when requested, can be reviewed to determine if the current salary meets the current requirements of the job. Just last year I requested a review of the Committee Clerks job description as the 1986 job description no longer reflected the quantity and type of work that was being expected of the Committee Clerks in relation to other job types in the Hay system.. The Human Resources Department reviewed and regraded these positions from a Grade 05 to a Grade 07 to better reflect the work that they were doing.

The City Clerk is the only non-union municipal employee that is not part of this system. The Clerk's salary is set by the City Council and the Council's rules require that it be reviewed at the start of each term (every two years).

In considering the wording of a new docket item, the City's current Financial Management Guidelines include the following text in regards to compensation:

Official and officer compensation: *The City expects to maintain compensation policies (including salaries, benefits and deferred compensation) designed to attract and retain well qualified officials and officers. Management level employees will be expected to maintain the highest level of professional competency during their employment with the City. To this end, the City will provide resources for ongoing professional training and staff development.*

- Elected officials – In accordance with the requirements of the City Charter, compensation for the Mayor, members of the Board of Aldermen, and School Committee is established by ordinance. Elected official compensation will generally be subject to review by a Blue Ribbon Compensation Committee, every five to ten years.*

- Management and non-union employees – The salaries of all Newton Public School management and non-union employees are determined by a vote of the School Committee. All municipal management and non-union employee salaries, except for the City Clerk/Clerk of the Board of Aldermen, are governed by a pay plan approved by the Mayor and subject to funding by the Board of Aldermen. The salary of the City Clerk/Clerk of the Board of Aldermen is established by ordinance, as required by law. When*

H grade adjustments are made, the salary of the City Clerk/Clerk of the Board of Aldermen will be reviewed. The salaries of all municipal employees are published in the annual budget.

The guidelines already call for a review of elected officials salaries every five to ten years by a Blue Ribbon Commission. This could be called by the President of the Council at any time.

Jim - I would keep the text of the docket item short and to the point at this time. Once discussion gets underway, the text of the actual ordinance can be drafted to meet the concerns of Committee members. As this is a Human Resources issue it will be referred to the Finance Committee.

“Councilor Cote et al. requesting a change to the Ordinances of the City of Newton to require a formal review of the compensation of elected, management and non-union salaries every five years.”

If you have questions, please let me know.

If you have others who would like to join the docket item, let me know.

When you are ready to proceed we can add this to the March 7th docket.

David



Do Newton city councilors deserve a raise?

By Jonathan Dame

Daily News Staff

Posted Aug 16, 2016 at 2:30 PM

Updated Aug 16, 2016 at 2:31 PM

City councilors have earned the same annual salary since 1997 – and it’s considerably lower than the average in other cities.

Newton councilors make \$9,750. The average salary for councilors among a group of 19 comparable Massachusetts cities is \$18,105, according to research initiated by the Newton Charter Commission and supplemented by the TAB.

The review looked at a group of cities the Charter Commission identified as being similar to Newton. Councilor pay here was the second lowest of the group, above only the \$8,000 salary of Haverhill councilors.

Somerville pays councilors nearly \$40,000, while Worcester pays \$31,444 and Medford pays \$27,529.

At least two Newton councilors think compensation for them and their colleagues should increase, but say it appears unlikely the council will take action before the conclusion of the Charter Commission process.

“The bottom line is I feel the pay is so low it makes people not consider running for the office because it takes so much to run,” said Ward 3 Councilor at-large Jim Cote. “And the time commitment is so huge, you actually lose quality people who can’t afford to run.”

Cote emailed his colleagues last week seeking co-sponsors for a docket item that would require a formal review of compensation for elected officials and nonunion employees regularly, perhaps every five years.

#388-18

Cote stressed such reviews would look at compensation for councilors, School Committee members, the mayor and senior City Hall staff. But Cote said he wouldn't be docketing the item just yet, after the feedback from his colleagues.

Compensation for councilors used to be informally set at 10 percent of the mayor's salary. In 2005, a council-appointed commission recommended raises for councilors as well as School Committee members and the mayor.

The council rejected pay increases for themselves and the School Committee, while approving an increase in the mayor's salary from \$97,500 to \$125,000.

But Mayor David Cohen didn't accept the raise at the time. After two years in office, Mayor Setti Warren took the pay increase as part of the fiscal year 2013 budget.

"It's something that nobody wants to be the one to come out and say we're going to raise our salary. But I think it's appropriate," said Ward 8 Councilor at-large Rick Lipof. "I think we should maintain the 10 percent of the mayor."

Many councilors, however, feel it doesn't make sense to take action on elected official salaries in the midst of a charter review, according to interviews with multiple councilors.

The Charter Commission has taken a unanimous straw vote in support of reducing the number of councilors from 24 to 13, all of them elected at-large. Residents will face a vote on the proposed new charter in fall 2017.

Such a dramatic reduction in size would require councilors to redefine their roles and responsibilities.

"So you're in a scenario of, until you understand how many and what the roles and responsibilities are, it's best to wait to see..." Ward 5 Councilor John Rice said.

Newton's council is twice as large as the average in the group of 19 comparable communities.

The city spends \$2.66 on council salaries for every one resident in the city. The average among the group is \$2.47, even though individual councilors earn two or three times as much in other communities.

Some other cities pay their council president slightly more than other councilors, and many

give councilors additional stipends for expenses.

The Charter Commission research also shows School Committee members are paid less than their peers, although some of the data is from as far back as 2011 and could be outdated.

Newton School Committee members are paid \$4,875, compared to an average of \$9,013 in a group of 20 comparable cities that includes Cambridge.

The TAB excluded Cambridge from its council analysis because councilors there earn \$78,769, a salary clearly intended to allow councilors to work full-time if they so choose.

Cote said increasing compensation was necessary to attract high-quality people to the job, citing the time and expense of running for office. Candidates often have to self-fund their first campaigns, he said.

“You’re just losing a whole segment of society out of politics,” Cote said about residents who couldn’t afford to serve on the council at such a low compensation rate.

Lipof said he thinks it would be appropriate to raise council salaries even during the charter review process. But he understands and will respect that most councilors feel it’s better to wait.

The city’s financial management guidelines recommend a council president-appointed commission review compensation for the mayor, City Council and School Committee every five to 10 years.

The salaries haven’t been reviewed in nearly 12 years.

DRAFT

CITY OF NEWTON

IN CITY COUNCIL

2018

Resolution to the President of the City Council requesting the formation of a Blue Ribbon Commission to review elected officials salaries

Whereas the Finance Committee supports a review of the salaries of elected officials as the Financial Management Guidelines state that such a review should take place every five to ten years and the last review was undertaken in 2005; and

Whereas the Finance Committee supports requesting a recommendation from the Blue Ribbon Commission on a cycle for reviews of elected officials' salaries by the Blue Ribbon Commission.

BE IT RESOLVED: that the President of the City Council appoint a Blue Ribbon Commission to review elected officials salaries and recommend a cycle for review of those salaries. The Blue Ribbon Commission's final report should be complete within six months of its formation.

Under Suspension of Rules
Readings Waived and Approved

(SGD) DAVID A. OLSON, City Clerk