



Finance Committee Report

City of Newton In City Council

Tuesday, May 23, 2023

Present: Councilors Grossman (Chair), Malakie, Humphrey, Kalis, Norton, Gentile, Oliver and Noel

Also Present: Councilors Bowman, Leary, Downs, Lucas, Albright and Crossley

City staff present: Comptroller Steve Curley, Deputy Chief Operating Officer Jonathan Yeo, Director of Assessing Jim Shaughnessy, Deputy Director of Human Resources Francoise Charlot, Human Resources Director Michelle Pizzi O'Brien, Energy Coach Liora Silkes, Director of Community Engagement & Inclusion Hattie Kerwin Derrick and Co-Directors of Sustainability Ann Berwick and Bill Ferguson, Chief Financial Officer Maureen Lemieux, Fire Chief Greg Gentile, Superintendent of Police George McMains, Payroll Manager Allison Quach, Manager of Financial Planning and Analysis Perry Rosenfield, and Senior Financial Analyst Connor Roach

Referred to Public Facilities and Finance Committees

#166-23

Appropriate funds for Phase III of the Gath Memorial Renovation Project

COMMUNITY PRESERVATION COMMITTEE requesting authorization to appropriate and expend the sum of five million eight hundred thirty-four thousand three hundred and sixty-two dollars (\$5,834,362) to the control of the Planning & Development Department and authorize a general obligation borrowing of an equal amount for Phase III of the Gath Memorial Renovation Project and authorization to apply any premium received upon the sale of the bonds or notes, less the cost of preparing, issuing, and marketing them, and any accrued interest received upon the delivery of the bonds or notes to the costs of the project and to reduce the amount authorized to be borrowed for the project by like amount.

Public Facilities Approved 5-0 on 05/04/23

Action: **Finance Approved 6-0 (Councilor Gentile and Norton not voting)**

Note: Lara Kritzer, CPA Program Manager and Eliza Datta, Vice Chair of the CPA joined the Committee to discuss the Community Preservation Committee's request to appropriate and expend the sum of five million eight hundred thirty-four thousand three hundred and sixty-two dollars (\$5,834,362) for Phase III of the Gath Memorial Renovation Project. The Committee was also joined by the Commissioner of Parks, Recreation and Culture Nicole Banks, who thanked all who have worked to get this project started.

Ms. Datta provided the attached presentation regarding the project. She noted that the Community Preservation Committee fully supports this project. Ms. Kritzer stated the bond will be paid through the

undesignated fund for the CPA. The other project that is bonded through these funds is Webster Woods but that is paid out of the open space fund through the CPA.

Councilor Kalis motioned to approve which passed 7-0 with Councilor Gentile not voting.

#184-23 Acceptance of a donation from the Friends of Wellington Park

HER HONOR THE MAYOR requesting authorization to accept and expend an amount up to one hundred thirty-five thousand dollars (\$135,000) from the Friends of Wellington Park to add a sensory dome play structure for children of all abilities within the Wellington Park playground

Action: **Finance Approved 6-0 (Councilor Gentile and Norton not voting)**

Note: Nicole Banks, Commissioner of Parks, Recreation and Culture and Luis Perez Demorizi, Director of Parks & Open Space joined the committee to discuss the acceptance of a donation from the Friends of Wellington Park to add a sensory dome play structure for children of all abilities within the Wellington Park playground. Mr. Perez Demorizi provided the Committee with the attached image showing the location of the new play structure and the structure itself.

Councilors thanked the Friends of Wellington Park for their donation to for this project.

Councilor Malakie motioned to approve which passed 6-0 with Councilor Gentile and Norton not voting.

Referred to Public Safety & Transportation and Finance Committees

#164-23 Appropriate \$1,500,000 for Fire Rescue Overtime

HER HONOR THE MAYOR requesting authorization to appropriate and expend the sum of one million five hundred thousand dollars (\$1,500,000) from June 30, 2022 Certified Free Cash to Acct # 0121022-513010 Fire Rescue Overtime.

Public Safety & Transportation Approved 6-0 on 05/18/23

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

Note: Greg Gentile, Fire Chief presented the request for one million five hundred thousand dollars (\$1,500,000) for Fire Overtime. Chief Gentile explained that the Fire Department incurs overtime on some of the larger emergencies, special events, training and minimum staffing requirements that are contractual. There is a staffing shortfall in the department. It was noted that the request for overtime has decreased since last year.

Councilors noted the importance of getting the Fire Department fully staffed to reduce the costs of overtime.

Councilor Kalis motioned to approve which passed 6-0 with Councilors Gentile and Norton not voting.

Referred to Public Safety & Transportation and Finance Committees**#189-23 Appropriate \$250,000 for Police Patrol Overtime**

HER HONOR THE MAYOR requesting authorization to appropriate and expend the sum of two hundred and fifty thousand dollars (\$250,000) of June 30, 2022 Certified Free Cash to Acct 0120103-513010 Police Patrol Overtime

Public Safety & Transportation Approved 6-0 on 05/18/23

Action: Finance Approved 7-0 (Councilor Gentile not voting)

Note: Superintendent of Police George McMains joined the Committee to discuss the appropriation of \$250,000 for Police Patrol Overtime. Superintendent McMains explained that they have had a number of injured on-duty staff which has caused a significant amount of overtime. There is also an open lieutenant position which is adding to these costs as well. In addition, there are 13 school traffic posts open, along with openings in dispatch. It was noted that the lieutenant position continues to be open due to Tatum v United States which invalidates the civil service exam. The department will have to wait for a new civil service exam to be able to promote anyone to that position.

Councilor Oliver motioned to approve which passed 7-0 with Councilor Gentile not voting.

Referred to Public Safety & Transportation and Finance Committees**#188-23 Appropriate \$640,000 for the Newton Police IT Department**

HER HONOR THE MAYOR requesting authorization to appropriate and expend the sum of six hundred forty thousand dollars (\$640,000) from June 30, 2022 Certified Free Cash to a Newton Police Department Capital Account to fund several technology initiatives, including a Storage Area Network and significant technology infrastructure improvements.

Public Safety & Transportation Approved 6-0 on 05/18/23

Action: Finance Approved 8-0

Note: Superintendent of Police George McMains and IT Director for the Police Department Matthew Tocchio joined the Committee to discuss the appropriation of six hundred and forty thousand dollars for the Newton Police IT Department. Mr. Tocchio is new to the department and is recommending significant technology updates for multiple aspects of the Police Department.

Councilor Malakie motioned to approve which passed unanimously.

#193-23 Discussion regarding property tax overlay surplus

COUNCILORS GENTILE, GROSSMAN, CROSSLEY, LUCAS, LAREDO, LIPOF, BOWMAN, RYAN, DANBERG, ALBRIGHT, MALAKIE, BAKER, KALIS, KRINTZMAN, WRIGHT, NOEL, LEARY, AND DANBERG requesting a discussion with Director of Assessment Administration James Shaughnessy and City Comptroller Steve Curley regarding the status of the property tax overlay surplus account including an estimate as to how much money is available to be declared surplus, and eventually free cash, as of 5/1/2023.

Action: Finance voted No Action Necessary 7-1 (Councilor Gentile opposed)

Note: Jim Shaughnessy, Director of Assessing joined the committee to provide further information regarding the status of the property tax overlay surplus account including an estimate as to how much money is available to be declared surplus, and eventually free cash, as of 5/1/2023. Mr. Shaughnessy provided the attached breakdown of the overlay surplus. The overlay surplus includes the amount of money that the City would owe if they were to lose their pending case against Eversource, which is approximately \$9.9 million.

Councilors asked the following questions:

Q: When will the surplus funds be released?

A: Maureen Lemieux, Chief Financial Officer explained that Mass General law Chapter 59 section 25 states that any balance that is in excess of what they may need shall be transferred by the Board of Assessors upon their own initiative or within 10 days of a written request by the Chief Executive Officer. She noted that the administration does not have a plan transfer any excess overlay surplus in the near future.

Q: Why are the funds are being held in this account?

A: Ms. Lemieux explained that there are a number of things that the City may need contingencies for and there are also a number of large projects that are currently going out to bid that may need additional funding. The administration is currently comfortable with where the funds are.

Q: Why is the unpaid property tax shown in the breakdown for overlay surplus? It was noted that the City does have liens on these properties and the City should be receiving these funds at some point but the Department of Revenue requires that the City includes this into the calculation for overlay surplus.

A: Mr. Shaughnessy explained that the Department of Revenue counts the unpaid property taxes as potential exposure to the overlay surplus. He noted the case of a property on Newtonville Ave that the City has acquired but may not see profit for the unpaid taxes.

Q: How are the overlay funds being managed?

A: Ms. Lemieux explained that with respect to any funds that are not in a stabilization fund or a trust fund, all of the interest earned on that money goes to the general fund interest income number.

Councilors made the following comments:

Councilors raised concerns that there is approximately \$8 million in funds that are not being utilized in overlay surplus. The larger projects that are being discussed including NewCal are being bonded so any additional costs would be spread over 30 years. There are a number of projects that the City could be using these funds for. It was asked that the administration release a portion of this money now.

Ms. Lemieux explained that if the projects come in significantly higher than expected that still may choose to use the overlay surplus to supplement these projects. In the past, the City has used overlay surplus to supplement the Rainy Day fund and paving projects.

It was noted that the City does sometimes face high settlements for lawsuits and that's why it can be important to keep a larger number in this account.

Councilor Kalis motioned for a vote of no action necessary which passed 7-1 with Councilor Gentile opposed.

The Committee adjourned at 11:30 p.m.

Respectfully submitted,

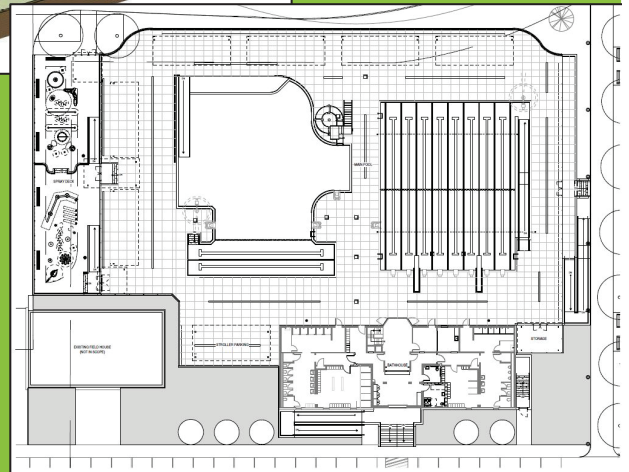
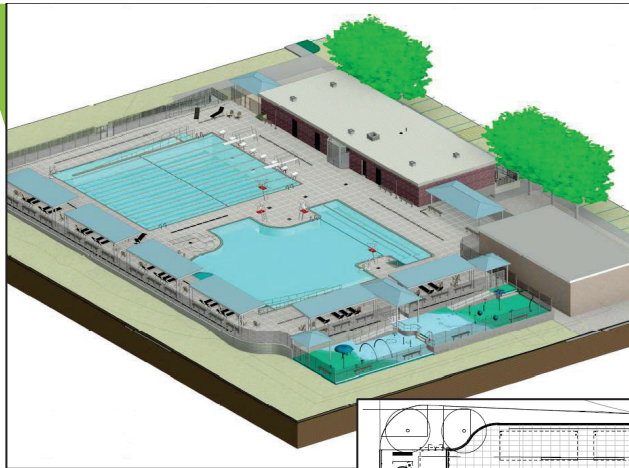
Rebecca Walker Grossman, Chair

Gath Memorial Pool Renovation Project - Phase III Funding Recommendation

Community Preservation Committee
Presentation to Public Facilities Committee
May 11, 2023

Project Overview

- ▶ Previous CPA funding used to hire consultants Bargmann Hendrie + Archetype (BH+A) to complete Phase I and II of the Gath Memorial Pool Restoration Project
- ▶ BH+A has spent the last year working with City staff and the public on the pool facility design which now includes two separate pools, a renovated pool house, and a new splash pad area
- ▶ Phase II work is nearly complete with work underway to finalize plans, complete necessary permitting requirements, and develop the bid documents for construction



Current Funding Request

CPA funding is requested to complete Phase III of the Gath Memorial Renovation Project which includes:

- ▶ Construction of two new swimming pools and their associated decks
- ▶ Reconstruction and renovation of the existing bathhouse
- ▶ Installation of all new mechanical and support equipment for the facility
- ▶ Construction of a new accessible spray deck
- ▶ Redesign of the overall facility for improved accessibility and useability

Recommended CPA Project Funding

The CPC recommends that:

- ▶ A debt authorization be approved for the full funding of the project in the amount of \$5,834,362
- ▶ That the bonds be issued for 30 years
- ▶ That future payments for the bonds be taken from the CPA Current Year Undesignated Fund

CPA Funding is recommended to be Recreation category funding.

Phase III Project Funding Sources

Funding Sources	Amount
CPA Funds (30 Year Bond)	\$5,834,362
Commonwealth of Massachusetts Earmark	\$400,000
City of Newton ARPA Funds	\$1,000,000
City Staff Time for Oversight and Management of Phase III Construction	\$39,200
TOTAL PROJECT COST:	\$7,273,562

Timeline

Phase I - Existing Facilities Study - Complete

Phase II - Completion of Construction Documents

- ▶ Currently completing final design documents
- ▶ Bidding Process Anticipated to begin Spring-Summer 2023

Phase III - Construction to begin Fall 2023 with anticipated completion in May 2024

Questions & Discussion

► Thank you!



LOCATION OF PROPOSED STRUCTURE WITHIN THE PARK



Wellington Park Sensory Dome, West Newton
In partnership with Friends of Wellington Park



Overlay Account Analysis
as of 5/23/2023

193-23

Overlay Balance **\$31,946,568.26**
OL-1 FY2023

Overlay Charges After 10/1/2022

Exemptions	\$129,021.00
Real Estate	\$255,202.57
Personal Property	\$21,442.32
Senior Work-Off	\$27,802.39

Overlay Balance as of 5/23/2023 **\$31,513,099.98**

<u>Exposure</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>	
Eversource	\$9,954,658.83	\$796,372.71	\$10,751,031.54	
All Others	\$6,493,789.79	\$658,015.48	\$7,151,805.27	
Unpaid Real Estate	\$5,490,000.00	\$0.00	\$5,490,000.00	Estimate based upon 5 year average
Unpaid Personal	\$400,000.00	\$0.00	\$400,000.00	Estimate

Total Exposure as of 5/23/2023 **\$23,792,836.81**

Overlay Surplus **\$7,720,263.17**

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Eversource is accumulating approximately \$800,000 per year in interest.