

CITY OF NEWTON

IN BOARD OF ALDERMEN

FINANCE COMMITTEE REPORT

MONDAY, MARCH 26, 2012

Present: Ald. Gentile (Chairman), Ciccone, Linsky, Salvucci, Rice, Blazar, Fuller, and Lappin
Also present: Maureen Lemieux (Chief Financial Officer), Ann Cornaro (Payroll/Administration Information Systems Manager), Elizabeth Dromey (Director of Assessing), James Reardon (Treasurer/Collector), and David Turocy (Commissioner of Public Works)

#73-12 HIS HONOR THE MAYOR requesting acceptance of Massachusetts General Law Chapter 200A, Section 9A, Disposition of Unclaimed Property in order to have any unclaimed funds escheat to the City as revenue to the to the General Fund instead of allowing these funds to escheat to the Commonwealth. 03/12/12 @ 4:09 AM]

ACTION: **APPROVED 8-0**

NOTE: Treasurer Jim Reardon explained that currently any unclaimed property in the form of vendor or payroll checks revert to the State after completion of the tailings process. The city does not receive any of these funds back from the State. The acceptance of Chapter 200A, Section 9A would allow the city to retain the unclaimed property as revenue to the General Fund.

The city has not had any money revert to the State in the last few years. The tailings for unclaimed property have not been done, as the significant amount of research required to confirm that the funds are actually unclaimed is time consuming and the Treasury does not have staff to dedicate to the process. There is now a process in place to deal with the tailings and Mr. Reardon would like to do them annually. The upcoming budget will include an additional position in the Treasurer's Department. The unclaimed checks are an audit issue and are included in the outside auditor's comments and recommendations in the Management Letter dated June 30, 2011. These efforts will correct this audit issue.

It is unlikely that the city will receive a significant amount of funds related to unclaimed property. Once a company or individual is informed that there is an unclaimed check awaiting them, they claim it. There may be small additional costs to the city related to advertisement requirements for large unclaimed items. The Treasurer stated that if the cons outweigh the pros, the disposition of unclaimed property could be revisited.

Ald. Fuller moved approval of the acceptance of Massachusetts General Law Chapter 200A, Section 9A. The motion for approval carried by a vote of eight in favor and none opposed.

#74-12 HIS HONOR THE MAYOR requesting authorization to accept, appropriate, and expend the sum of fifty thousand dollars (\$50,000) received from the Town of Wellesley, as a condition of a special permit issued by Wellesley, to provide improvements at the intersection of Washington Street and Concord Street in Newton Lower Falls

ACTION: **APPROVED 8-0**

NOTE: The Town of Wellesley recently approved a special permit for the redevelopment of the Grossman's site (27 Washington Street) with a condition that the developer provides the City of Newton with \$50,000 for traffic improvements at the intersection of Washington and Concord Streets. The Board of Aldermen must accept the funds from Wellesley before they could be used for the improvements.

The improvements for the intersection include upgrades to the signal cabinet, a new mast arm over the intersection, sensor cameras for the traffic lights, improved pedestrian access ramps, and the possible bump out of the corners of the intersection. The estimated cost of these improvements is \$70,000. The Commissioner of Public Works will use Chapter 90 funds for the additional \$20,000 in improvements. The Public Safety and Transportation Committee and/or the Public Facilities Committee will review the improvements.

Ald. Linsky moved approval, which carried unanimously.

#75-12 HIS HONOR THE MAYOR requesting authorization to appropriate the sum of two million dollars (\$2,000,000) from FY12 Free Cash to provide additional funding of the Rainy Day Stabilization Fund. [10/31/11 @2:48 PM]

ACTION: **APPROVED 8-0**

NOTE: The Mayor is requesting that \$2 million from Free Cash be transferred into the Rainy Day Stabilization Fund. The city has approximately \$4.2 million in Free Cash. Two million dollars of that was set aside for snow related costs and the City still has almost \$1.5 million in Budget Reserve dedicated to snow related costs. The city has not had to spend a large amount of money on snow this year. Therefore, the Administration feels that as the winter is essentially over, it is safe to move \$2 million to the Rainy Day Stabilization Fund. It is likely that there will be a request to add an addition \$500,000 to \$1 million to the Rainy Day Stabilization Fund before the end of the fiscal year. If the city continues to have good fortune, the Rainy Day Stabilization Fund may contain over \$8 million by the end of the calendar year.

The Rainy Day Stabilization Fund is a reserve fund that is not touched unless there is true emergency and the use of money in this fund requires a 2/3 vote by the Board of Aldermen. The Administration hopes to continue to grow this account to reach the goal of having at least 5% of the operating budget in reserve (i.e., approximately \$15 million). The Chairman added that Moody's Investor Services and First Southwest look favorably upon the City having this type of reserve account and the fact that the City is growing the account.

Chief Financial Officer Maureen Lemieux stated that the Capital Stabilization Fund contained approximately \$16 million when Mayor Warren took office. The prior Mayor's intent was to deplete the Capital Stabilization Fund over three years by using \$5 million a year to balance the budget. The Administration took a different view and felt that in that fourth year when the City no longer had the additional \$5 million, it would be detrimental to the city. The Administration has changed the slope of how those funds were, and are, being used. In Fiscal Year 2011, the Administration used \$5.8 million of the fund, and in Fiscal Year 2012, the Administration used 4.8 million for the budget. When the 5-year Financial Plan was provided in November 2011, the intent was to use \$3.7 million but because it has been such a favorable winter, the recommendation will be to take \$2.7 million. This will preserve the fund for an additional year and there will be \$2.1 million for the Fiscal Year 2014 budget. Moody's Investor Services was concerned that the city was depleting the Capital Stabilization Fund without another reserve account. Moody's is pleased that the city opted to create the Rainy Day Stabilization Fund as a reserve.

There was some concern that the Department of Public Works would need additional funds within this fiscal year. The department has been doing supplementary construction projects this winter, as there has been little snow. The additional projects require extra supplies and materials. Public Works Commissioner David Turocy stated that he is aware of a shortage in the asphalt account but it is in the range of \$100,000. Maureen Lemieux explained that she would sweep all the accounts in the Public Works Department to provide funds for asphalt. The Public Works Department has had several vacancies within the department throughout the year and there are unspent appropriations.

There was a question regarding maintaining the city's bond rating and how a change in the rating would impact the city financially. The Committee will continue the discussion regarding the importance of the bond rating and its financial impact at a later date.

Ald. Lappin moved approval, which carried unanimously.

#76-12 HIS HONOR THE MAYOR requesting authorization to appropriate the sum of two hundred fifty thousand dollars (\$250,000) from the March 12, 2012 Declaration of Overlay Surplus as declared by the Chairman of the Board of Assessors to the Assessing Department Revaluation Account to support expert services required for such items as utility valuation and testimony for cases before the Appellate Tax Board. [03/12/12 4:09 PM]

ACTION: **HELD 8-0**

NOTE: Chairman of the Board of Assessors Elizabeth Dromey has declared a total of \$750,000 surplus in the FY 2009 and FY 2010 Overlay Accounts. The Chief Financial Officer plans to use \$500,000 of that money for next year's budget. Ms. Dromey is requesting that \$250,000 of those funds be appropriated to hire expert services to provide support of the city's valuations before the Appellate Tax Board especially valuations related to telecommunications and utilities. In addition, the Assessing Department has a number of cases that have resulted in pending litigation, which will require the services of outside attorneys.

A recent court decision allows a different methodology for valuing the utility equipment of National Grid and NStar. In the past, the value was developed by using the net book value of the assets, which essentially does not reflect the real market value of the property. In addition, it allows equipment that is still in use to be depreciated completely. For example, in Newton the National Grid property is old; therefore, what would amount to approximately \$600,000 in taxes is off the books because the equipment has depreciated down to nothing. Ms. Dromey plans to hire experts to help defend the new values placed on the equipment and/or property.

Verizon appealed the back taxation by Newton and Boston of their poles and wires in the appellate court and won the appeal. Since the case began, the State has clarified the language that poles and wires are taxable. The City of Newton and Boston are proceeding with an appeal to the State Supreme Court. The Chairman asked if there was any consideration to meeting with Verizon and attempting to settle before going to court. It would limit the City's exposure and may be the best approach. Ms. Dromey agreed to discuss the option with her counterpart in Boston and the attorney. However, most of the work needed for the appeal was completed as part of the appellate case. It is expected that an additional \$10,000 is needed to appeal the decision. The City of Boston and Newton are splitting the cost of the attorney. The Committee requested information from Ms. Dromey regarding how much the city has spent on the attorney for the Verizon case.

There is currently \$200,000 in the revaluation revolving fund but given the cases that are on the horizon and the types of experts that will need to be hired; the Assessing Department will need the additional requested \$250,000. The Committee requested the following information: the initial amount of money budgeted to the revaluation account, a history of budget to actuals for the revaluation account, a breakdown of how much has been appropriated, when it was appropriated and how much is being spent, and how much money is left in the 2009 and 2010 overlay surplus accounts. In addition, the Committee would like a breakout of all the overlay accounts for the past ten years.

Ald. Lappin moved hold on the item until the requested information is available, which carried unanimously.

REFERRED TO PUBLIC FACILITIES & FINANCE COMMITTEES

#89-11 FINANCE COMMITTEE recommending that **Sec. 29-72(b) Same— Assessments upon owners of estates passed by new sewers.** of the City of Newton Rev Ordinances, 2007, be amended to increase the fixed uniform rates assessed upon owners of all estates passed by new sewers to rates that more accurately represent the estimated average cost of installing such sewers.

PUBLIC FACILITIES APPROVED 8-0 on 03/21/12

ACTION: **APPROVED 7-0 (Gentile not voting)**

NOTE: The item was recommitted by the Board of Aldermen in order to include further language within the ordinance amendment to exclude estates already connected to the city's

sewer system from assessment. The new draft language is attached. Ald. Rice moved approval, which carried unanimously.

Public hearing assigned for April 9, 2012:

#77-12 HIS HONOR THE MAYOR proposing pursuant to Sec. 6-2 an amendment to Chapter 9 of the City of Newton Revised Ordinances, 2007 by creating Article II to establish a Financial Information Systems Department. [03/12/12 @ 4:09 PM]
N. B. The Board shall not more than 30 days from 03/19/12 hold a public hearing on the proposed new city agency and shall report no later than the second regular meeting of the Board of Aldermen following the hearing either that it approves or that it disapproves of the plan; said reorganization shall become effective ninety days after the date it is received by the Board unless the Board has prior to that date voted to disapprove the plan or unless a later effective date is specified in the plan.

ACTION: **HELD 7-0 (Gentile not voting)**

NOTE: The Mayor is requesting the establishment of a new Financial Information Systems Department. The department should fall under Chapter 2 of the Ordinances instead of Chapter 9 as originally requested. Chapter 2 would allow the proposed department to report to the Executive Department, which is the appropriate location. The new department will be a resource dedicated to the financial groups and the financial personnel throughout the city. The department will be responsible for the processing of all payrolls for the city, processing the city's receivables, and providing support and training related to financial software to other City departments. It is important to have a separate department staffed with the appropriate personnel to improve the City's payroll and billing processes thereby reducing errors and creating efficiencies.

The new department will be headed by Ann Cornaro. Ms. Cornaro has already been working on the responsibilities outlined in the attached draft ordinance. The Administration will be moving the part-time person in the IT Department, a position in Human Resources, and eventually a person in the Utilities Division, who works in water/sewer billing, into the new department. The personnel for the department will be established through the budget. The person from the Utilities Division will not be moved until all issues with the water meter replacement project have been resolved. It is yet to be determined where the new department will be physically located but the Administration is looking at a variety of options.

Ald. Ciccone moved hold on the item in order to hold the required public hearing on April 9, 2012, which carried unanimously. Acting Chairman Fuller requested that Committee members submit any questions before the public hearing.

REFERRED TO ZONING AND PLANNING AND FINANCE COMMITTEES

#102-11 ALD. HESS-MAHAN, JOHNSON, COMMISSIONER LOJEK & CANDACE HAVENS requesting an amendment to Chapter 17 to establish a fee for filing a notice of condo conversion. [03-29-11 @ 4:55PM]
ZAP APPROVED 7-0 on 06/13/11

ACTION: **REFERRED TO ZONING AND PLANNING COMMITTEE 7-0 (Gentile not voting)**

NOTE: During the Committee's last discussion on this item and the below item, members raised concerns that the draft ordinance requires a physical inspection of the condominium conversion at the time of sale. It is the only type of residential property that would be subject to this type of inspection. There was concern that condominiums are being singled out. The Committee felt that the discussion regarding inspections should be discussed by the Zoning and Planning Committee. Therefore, the two items were referred back to the Zoning and Planning Committee.

To be referred to Zoning and Planning Committee for further discussion

REFERRED TO ZONING AND PLANNING AND FINANCE COMMITTEES

#95-11 **ALD. HESS-MAHAN** proposing an ordinance requiring that a notice of conversion to condominium ownership be filed with the Inspectional Services Department and that the property be inspected to determine compliance with all applicable provisions of the state and local codes, ordinances and the rules and regulations of all appropriate regulatory agencies. [03-24-11 @ 9:30AM]
ZAP APPROVED 7-0 on 06/13/11

ACTION: **REFERRED TO ZONING AND PLANNING COMMITTEE 7-0 (Gentile not voting)**

NOTE: See above note for information on this item.

REFERRED TO PUBLIC SAFETY & TRANS. AND FINANCE COMMITTEES

#262-11 **HIS HONOR THE MAYOR** requesting amendments to Chapter 17 of the City of Newton Ordinances, 2007 to increase fees for permits issued by the Fire Department. [08/29/11 @ 3:50 PM]
PUBLIC SAFETY VOTED NO ACTION NECESSARY 5-0 ON 3/21/12

ACTION: **NO ACTION NECESSARY 7-0(Gentile not voting)**

NOTE: The Mayor will be submitting a new docket item that includes the increase in permit fees issued by the Fire Departments and additional amendments to Chapter 17. Therefore, the above item can be voted no action necessary. It is expected that the new request will be filed in the near future. With that, Ald. Linsky moved the item no action necessary, which carried unanimously.

The Committee adjourned at 8:35 p.m. and all other items before the Committee were held without discussion. Draft Board Orders for the above items that are recommended for Board of Aldermen action are attached.

Respectfully submitted,

Leonard J. Gentile, Chairman

CITY OF NEWTON

IN BOARD OF ALDERMEN

2012

ORDERED:

That in accordance with the recommendation of the Finance Committee through its Chairman, Alderman Leonard J. Gentile, the City of Newton hereby accepts the provisions of Sections 9A of Chapter 200A of the Massachusetts General Laws, in order to have any unclaimed funds escheat to the City of Newton as revenue to the General Fund instead of allowing these funds to escheat to the Commonwealth of Massachusetts.

Under Suspension of Rules
Readings Waived and Approved

(SGD) DAVID A. OLSON
City Clerk

(SGD) SETTI D. WARREN
Mayor

Date: _____

CITY OF NEWTON

IN BOARD OF ALDERMEN

2012

ORDERED:

That in accordance with the recommendation of the Finance Committee through its Chairman, Alderman Leonard J. Gentile, the sum of fifty thousand dollars (\$50,000) received from the Town of Wellesley as a condition of a special permit issued by the Town of Wellesley Planning Board for 27 Washington Street, be and is hereby accepted, appropriated is and expenditure authorized for the purpose of providing traffic improvements at the intersection of Washington Street and Concord Street in Newton Lower Falls as follows.

FROM:	Receipts Reserved: Traffic Mitigation (14K101V-5901)\$50,000
TO:	Washington/Concord Intersection Improvements (C401072-58508)\$50,000

Under Suspension of Rules
Readings Waived and Approved

(SGD) DAVID A. OLSON
City Clerk

(SGD) SETTI D. WARREN
Mayor

Date: _____

CITY OF NEWTON
IN BOARD OF ALDERMEN

2012

ORDERED:

That, in accordance with the recommendation of the Finance Committee through its Chairman Leonard J. Gentile, , an appropriation of two million dollars (\$2,000,000) from FY2012 Free Cash to the Rainy Day Stabilization Fund be and is hereby approved as follows:

From:	Free Cash (01-3497).....	\$2,000,000
To:	Transfer to Rainy Day Stabilization Fund (0110499-5922A).....	\$2,000,000

Under Suspension of Rules
Readings Waived and Approved

(SGD) DAVID A. OLSON
City Clerk

(SGD) SETTI D. WARREN
Mayor

Date: _____

CITY OF NEWTON

IN BOARD OF ALDERMEN

ORDINANCE NO.

BE IT ORDAINED BY THE BOARD OF ALDERMEN
OF THE CITY OF NEWTON AS FOLLOWS:

That the Revised Ordinances of Newton, Massachusetts, 2007, as amended, be and are hereby further amended with respect to Chapter 29 Water Sewer and Drains as follows:

In Section 29-72(a), relative to sewer assessments delete the following portion of the second sentence: "The assessment shall be at a fixed uniform rate based upon the estimated average cost of such sewers, both according to the frontage of such estates which is passed by the sewer and according to the area of such estates within a fixed depth of one hundred twenty-five (125) feet from such street or way"

AND insert in place thereof the following provisions:

The assessment shall be made by a uniform unit method which shall be based upon sewerage construction costs divided among the total number of existing and potential sewer units to be served, after having proportioned the cost of special and general benefit facilities. Each sewer unit shall be equal to a single-family residence. Potential sewer units shall be calculated on the basis of zoning then in effect. Existing and potential multi-family, commercial, industrial, and semipublic uses shall be converted into sewer units on the basis of residential equivalents

AND in Section 29-72(a), delete, in their entirety, the third and fourth sentences which provide as follows:

"Where such estates abut upon more than one street or way, such assessments shall be assessed upon one such street or way, and upon so much of such other street as is not exempted by the board of aldermen. The board may exempt from assessment so much of the frontage on such other street as it deems just and equitable."

AND insert in place thereof, the following provision:

Estates which are presently connected to city sewers shall not be counted as existing or potential sewer units in the uniform unit method calculation.

AND delete in its entirety Section 29-72(b) which provides the following:

"(b) The fixed uniform rate to be assessed upon estates is established at one dollar (\$1.00) upon each foot of frontage on any street or way where a sewer is constructed, and twenty-five cents

(\$.25) upon each square foot of area within a fixed depth of one hundred twenty-five (125) feet from such street or way, the same having been so found and determined.”

AND change the heading of Section 29-72 “(c)” to “(b).”

Approved as to legal form and character:

DONNALYN LYNCH KAHN
City Solicitor

Under Suspension of Rules
Readings Waived and Adopted

EXECUTIVE DEPARTMENT
Approved:

(SGD) DAVID A. OLSON
City Clerk

(SGD) SETTI D. WARREN
Mayor

March 16, 2012
Item #77-21 DRAFT FOR DISCUSSION PURPOSES:

CITY OF NEWTON
IN BOARD OF ALDERMEN

ORDINANCE NO.

March , 2012

BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF NEWTON
AS FOLLOWS:

That the Revised Ordinances of Newton, Massachusetts, 2007, as amended, be and are hereby further amended with respect to Chapter 2 ADMINISTRATION as follows:

1. Insert, after Article VI in Chapter 2 ADMINISTRATION, a new **Article VII, Financial Information Systems Department** as follows:

ARTICLE VII. FINANCIAL INFORMATION SYSTEMS DEPARTMENT

Sec. 2-363 Established.

There is hereby established a financial information systems department in the city.

Sec. 2-364 Director, authority.

The financial information systems department shall be headed by a director who is appointed by the mayor. The director shall be responsible for planning, organizing and controlling the overall activities of financial information systems, and shall act as liaison between the department of financial information systems and other departments of municipal government.

Sec. 2-365 Functions of department.

The financial information systems department shall:

- (1) Process payroll for the city, including the school department and including retirees;

- (2) Provide to city treasurer data necessary to prepare reporting required by state and federal agencies;
- (3) Generate receivables for the city, including but not limited to real estate, excise, and personal property tax billings;
- (4) Support and train other city departments, including the school department, in use of financial software;
- (5) Implement new financial modules as needed.

Approved as to legal form and character:

DONNALYN LYNCH KAHN
City Solicitor

Under Suspension of Rules
Readings Waived and Adopted

EXECUTIVE DEPARTMENT
Approved:

(SGD) DAVID A. OLSON
City Clerk

(SGD) SETTI D. WARREN
Mayor

CITY OF NEWTON

IN BOARD OF ALDERMEN

, 2012

ORDERED:

That, in accordance with the recommendation of the Public Safety and Transportation Committee through its Chairman Allan J. Ciccone and the Finance Committee through its Chairman Leonard J. Gentile the following item be and is hereby voted NO ACTION NECESSARY:

REFERRED TO PUBLIC SAFETY & TRANS. AND FINANCE COMMITTEES

#262-11 HIS HONOR THE MAYOR requesting amendments to Chapter 17 of the City of Newton Ordinances, 2007 to increase fees for permits issued by the Fire Department. [08/29/11 @ 3:50 PM]

Under Suspension of Rules
Readings Waived and Item Voted NO ACTION NECESSARY

(SGD) DAVID A. OLSON, City Clerk