

CITY OF NEWTON

IN BOARD OF ALDERMEN

FINANCE COMMITTEE BUDGET REPORT

MONDAY, APRIL 26, 2010

Present: Ald. Gentile (Chairman), Ciccone, Linsky, Rice, Danberg, Fuller and Freedman

Absent: Ald. Salvucci

Also present: Ald. Blazar, Crossley, and Lappin

Staff present: Dolores Hamilton (Director of Human Resources), Ann Cornaro (Director of Information Technology), and Robert Rooney (Chief Operating Officer)

**REFERRED TO FINANCE AND APPROPRIATE COMMITTEES**

#121-10 HIS HONOR THE MAYOR, in accordance with Section 5-1 of the City of Newton Charter, submitting the FY'11 Municipal/School Operating Budget totaling \$340,073,328, passage of which shall be concurrent with the FY'11- FY'15 Capital Improvement Program. [04-13-10 @ 7:09 PM]  
**EFFECTIVE DATE OF SUBMISSION: 04/20/10; LAST DATE TO PASS BUDGET 06/4/10**

**REFERRED TO FINANCE AND APPROPRIATE COMMITTEES**

#376-09 HIS HONOR THE MAYOR submitting the FY11-15 Capital Improvement Program, totaling \$140,377,285 and the FY10 Supplemental Capital budget, which require Board of Aldermen approval to finance new capital projects over the next five years.

**HUMAN RESOURCES DEPARTMENT**

Dolores Hamilton joined the Committee for discussion of the Human Resources Department's budget. She reviewed her goals and accomplishments for the past year. She stated that her Department worked with the City's health insurers to identify costly areas related to chronic diseases. Diabetes was the most costly and a diabetes management program was added to the City's health care program. Part of the program provides employees and retirees with their diabetes supplies for free in the hope to increase compliance with diabetes management and reduce hospitalization. Ms. Hamilton is hoping to see that there is a reduction in cost once the City receives its utilization report. In addition the department identified an increase in the number and the cost of injuries in the library. The Human Resources Department applied for a grant from the Department of Industrial Accidents, which it received to provide training to library employees. Library employees are in the process of receiving training from a physical therapist to prevent injuries particularly to reduce hand, wrist, shoulder, and back injuries. Ms. Hamilton is hoping that some savings will be realized as a result of the training.

The Human Resources Department issued employees a benefit statement that provided the total compensation. It showed each employee what their pay was as well as what the costs of their benefits were to the City. One of department's goals next year is to add pension costs to the

statement. Ald. Gentile requested that the Aldermen also receive a benefit statement this year. Ms. Hamilton stated that she would be happy to provide the statements.

The Human Resources Department assisted the Health and Human Service Department with the flu clinics this past year. The staff helped the employees and some residents fill out all the required forms for vaccination. One of the Human Resources Department staff is a nurse and she drew up needles for the Health Department nurses to keep the vaccination line moving. Ms. Hamilton was amazed at how quickly the clinics were accomplished with just a little extra help.

One of the things the department looked at was updating how the City does pre-employment background checks. Ms. Hamilton wanted to really make the background checks more efficient and effective. The department joined a web site that will verify what education people put on their applications and resumes. The department is now checking social web sites to see what people are on there and what type of information is provided. She worked with the City's labor counsel to ensure that if anything was found in the background check that disqualified someone from employment that the City could use it as a reason for not hiring someone. In addition, she consulted with Social Services to make sure that the City could use the information.

Another department goal was to provide all staff with FMLA, COBRA and privacy law training. The state recently instituted a new data security law, which the department focused on instead on the privacy law piece. There was a significant amount of time dedicated to training staff on what databases held confidential information and how to work with them to make sure data is secure. The department worked closely with the Information Technology Department throughout the training. The Human Resources Department also worked with School Department to make sure that their data was compliant. The City was in compliance by the implementation of the law on March 1, 2010. The department also worked closely with the Information Technology Department and Law Department to comply with the State's new Ethics Policy training, which is well underway.

One of the things the Department is focusing on this upcoming fiscal year is creating electronic files that are secure. A huge part of that is a result of the flooding that the Human Resources Department's vault experienced during the March storms. The department lost a tremendous amount of paper data that the City is supposed to keep for thirty years. The City's worker compensation files are required to be maintained for thirty years after the employee terminates employment. The records that were damaged were ink and handwritten and could not be saved. All of the damaged records were sent to be shredded. The department also lost all of the data on the City's seasonal employees. The department is in the process of creating electronic files. The department is working to make sure that the transition occurs smoothly, easily and also helps the department with the scheduled destruction of documents that can be removed from the vault and secure database site. This is a big piece of the department's goals this year and will also be green and save space in City Hall.

The Human Resources Department runs a health and wellness day every year that is very successful with employees and retirees. The department is working to come up with a way to get the School Department employees more involved. The department will be doing a survey at the

next health and wellness day to see if the program is meeting needs or what other ideas people may have because the City needs to get employees focused on staying well. The department would like to negotiate five collective bargaining agreements this year. The department is looking at a grant through the federal government for improving labor and management to be a little more innovative with bargaining and create better will. Ms. Hamilton is working with health insurers to review data to prioritize where the City is spending the most money and what it can do to address those areas and try and reduce costs.

The Human Resources Department budget is almost level funded and there is not much change from last year. The department has the same number of positions. There has been a little bit of turnover; therefore, full-time salaries went down a little bit. One employee has qualified for longevity for the first time resulting in a slight increase in that account. There is a slight reduction in fringe benefits account, as a new employee took individual benefits whereas the previous employee chose a family plan. The change that stands out the most is within the training budget. It appears it is being increased by \$7,344, but in fact it is level funded. Last year, Ms. Hamilton transferred money out of the account to pay for a City attorney to participate in a special education conference and there was also another conference for the City attorneys funded through the Human Resources Department. The City is no longer funding out of state travel and has actually have been cutting back on out of state travel over the years. It was not funded last year or this year. However, there was a specific course that was being offered that was very specific to legal cases in the Newton schools and it was beneficial that our lead counsel participate in an out of state conference. Money was moved from the training account into the out of state travel account. There was also \$2,400 moved to fund medical expenses that are not related to workers compensation, which required some type of expert medical exam.

Ald. Gentile stated that the one thing that jumps out is the unemployment account. It is being funded at the same level as original appropriation from last year, but during the fiscal year the department received an additional \$125,000. Ald. Gentile asked if there is enough money in the unemployment account to fund unemployment benefits. Ms. Hamilton is a slightly concerned about the funding because after the new budget was finalized, the federal government extended unemployment benefits again. The benefits were only extended another month but they did extend for the full 73 weeks again, which means that the employees laid off this month are eligible for up to 73 weeks of unemployment. The job market does seem to be turning around. Of the 9 employees that were laid off in January, three already have jobs; one retired which leaves only leaves a handful still unemployed. Ms. Hamilton does not think the department will use the full additional \$125,000 that was appropriated this year. The department was hit hard this past fall, when the federal government further extended unemployment benefits and the employees who were laid off in April of 2008 qualified for all those benefit extensions retroactively. The September 2009 unemployment bill was over \$32,000; however, Ms. Hamilton does not believe that the City will receive that type of bill again. Unemployment is unpredictable but she is optimistic that with the help of placement services some of the former employees will be employed.

Ald Fuller applauded Ms. Hamilton's goals and objectives especially for adding the pension costs to the total compensation statement. She asked Ms. Hamilton to consider also including the other post employment health care costs in the statement. Ald. Danberg moved approval of

the budget, which carried by a vote of five in favor and one abstention. Ald. Freedman abstaining in order to further review the Human Resources Department's budget.

### **INFORMATION TECHNOLOGY DEPARTMENT**

Director of Information Technology Ann Cornaro stated that the overall goal in the Information Technology Department (IT) is to bring City Hall into the era of 24/7 service and information availability. Ms. Cornaro reviewed some of the things the IT Department accomplished last year. The department introduced more city departments to the City's web-based calendar. There is more and more calendar information on the City's website and the Board of Aldermen has an excellent example of calendar utilization. The software was recently used for the road race where individuals can up date the calendar themselves and it is automatically published to the website. In the past, the IT Department had to have somebody on-call to respond to requests to update the calendar.

The IT Department upgraded two pieces of the City's financial software last year. The Community Plus piece is positioning the IT Department to accomplish one of the department's FY'11 goals, which is to have more web-based functionalities. The upgrade allows the city to take web payments for permits next year. The Finance Plus upgrade came at just the right time, as it gave added security that is needed for personnel data. For example, if an inquiry was made for an employee record their social security number was seen, as well as their direct deposit information, their bank account number, and a routing number. With the implementation of the upgraded software, only employees that need to know the information can access it. It helped to make the City compliant with the new State law pertaining to privacy.

The IT Department played a role in the Utilities Department's selection of the meter replacement software and vendor. The department is currently working with the Utilities Division to create a mass meter replacement program within MUNIS, which is the city's financial software that does the utility billing. The goal is to create a mass meter replacement program to eliminate the necessity of data entry, as it will be done automatically.

The IT Department provided employees with the ability to check their emails from home. If you have Internet access at home, you are able to check your email at home, which allows employees to keep abreast of information while not in the office. The department has received more and more requests for access to work files from people working at home. In response the City bought more licenses for virtual private networks. It proved to be a good investment. It is a nice feature that allows people who are at home for a few days to still do a little bit of work from home.

The IT Department also provided support to the Department of Public Works to aid them in the transition from their old gas monitoring system into the new state of the art system. They were previously using a DOS based procedure, which worked but was something that could not be upgraded any longer. In addition the IT Department trained the Fire Department to use Community Plus for their inspections and their code enforcement permits. The Fire Department is using the software primarily for code enforcement. The Community Plus software allows departments to issue permits on-line. For example, people can get their plumbing permits, their building permits and electrical permits through the web. People can pay for the permits and print

certificates on-line. It gives contractors the option of requesting permits on a Sunday morning and pay for it with a credit card. This is a step towards a 24/7 City Hall, as people would not have to come into City Hall to pay or pick up permits.

Ms. Cornaro updated the Committee on its plans to improve Internet speed. Right now the City has a T1 line for its Internet access, which is very old technology. The City has used that since day one and has not invested any money to upgrade the connection. As it is, right now all of the files that are sent to banks and insurance companies are done through the internet. The City even does money wire transfers over the Internet and it is extremely slow. IT receives many complaints from other departments because it is so inefficient. The City is increasing the connection to a 15 MEG capacity, which will be 10 times faster than what is currently being used. The new connection should be available by the end of May. The increase will allow the City to implement a 311 system and the new meter reading equipment, which requires use of the Internet and 3 MEGs of capacity. IT will transfer bill the utilities division 20% of the cost for the connection.

There are a few changes to the IT department's budget. The department has two capital accounts within the budget, one for hardware and one for software. Between the two accounts there is an addition of \$17,500. The additional money will be used to outfit at least Room 209 with presentation equipment, whether it be a stationary projector, smart boards, or portable media carts has yet to be determined. The equipment will eliminate handouts and give people the ability to use something that is comparable to a smart board to download presentations. One of the things that the IT Department encounters on a regular basis is a shortage of presentation equipment. Department's often obtain laptops and projectors from the IT Department and sometimes the department runs out of projectors or laptops. If the department can invest a little more funding into equipment, it will make it a lot easier to ensure that when people need the presentation equipment it is available.

The IT Department will also use a portion of the money to address issues related to Microsoft Office compatability. The City has not upgraded the Microsoft Office software in many years. There are several different versions of Office that employees are using, which creates compatibility issues when departments attempt to share files or receive outside files in a different version of Microsoft Office. An additional \$10,000 will be used to create a unified version of Microsoft Office throughout the workforce. The City needs to spend a little bit of money to get the workforce up to the same level to allow different departments to share documents. Most of the information that the City receives from outside agencies is in Microsoft Office 2007 and only about 5% of the workforce has Microsoft Office 2007. Microsoft Office 2010 was just released and Ms. Cornaro is not advocating that the City purchase Office 2010 at the present time because she would like to be sure that the software is tried and true. Ms. Cornaro will investigate Office 2010 but has some hesitation, as the City would then be ahead of other agencies creating compatibility issues. The \$10,000 will not get everyone to Office 2007; however, it would be a start. Will look at the 2010 but don't think good idea will be ahead of other agencies. There is also \$22,500 dedicated to the purchase of a module within the MUNIS Suite for the Treasury Department. The modular is called MUNIS Citizen Self Service and will allow residents and property owners to check the payment status of any municipal bill at anytime

through the web. It is hoped that this purchase will solve some of the problems that Treasury has with a large volume of phone calls that are basically these types of inquiries.

There is also \$65,000 to look at, evaluate, and implement a reverse 911 system. The IT Department is looking at different software to determine which one best serves the City's need. The \$65,000 would be an annual cost for maintenance of the software. The last item is adding \$9,271 to the budget for the increased 15 MEG bandwidth for internet capacity. It is going to allow the departments to do their jobs when they use the internet much more quickly. It will allow the City to implement the 311 system and it is going to facilitate the automatic meter readings. All of the other accounts are level funded for the fiscal year. The IT Department has the same number of positions within the department. There are currently two funded vacant positions. Ms. Cornaro is actively seeking resumes for the two vacancies. The programming position has been vacant for a year, as most of the resumes received are from people interested in working from home.

Ald. Gentile asked how much the 311 system costs, as it does not appear in the budget. Ms. Cornaro responded that the 311 system is not part of the IT Department's budget. The Purchasing Department is paying for the phone line and the Department of Public Works is going to pay for the software and monthly charge. Ald. Fuller stated that the computer projection equipment is integral to the performance management positions and it would be used on a daily basis. The presentation is not just for performance management but will be very helpful to those people. Ald. Fuller inquired if the IT Department's budget was way too low. Ms. Cornaro responded that for many years she has asked for money in the Capital Improvement Plan and has not received any funding since FY04. Basically, the City's network infrastructure is very slow and needs to be upgraded. Personal Computers run at gigabit speed and most of the City's routers have 100 megabits, which is like driving a Ferrari around City Hall Drive. You are not going to get the full impact of driving the Ferrari. Ms. Cornaro is not saying that the City has to have the top of the line but gigabit is standard and the City is just not there. If the City were to invest money into those types of upgrades it would make each employee's work much faster and much more efficient and when you take that collectively it adds up to money. Ms. Cornaro's long-term goal is to eventually upgrade the infrastructure so that the network is where it should be. Ald. Rice asked if there was any integration with School Department's Reverse 911 System. She will re-evaluate the Reverse 911 System to determine if there is any benefit to integrating the systems; however she believes the systems do not need to be integrated. Ald. Rice inquired if there was discussion about providing wireless devices to certain employees. The IT Department is currently in the process of setting up laptops with wireless cards from Verizon for Inspectional Services Department inspectors. Inspectors will have the ability to download the department's entire database, go do their inspections and update the database at the site. Ald. Crossley asked if there were budget line items in other departments that dovetail with the IT Department. The money for the laptops was in the Inspectional Services Department's budget in FY10. It is one of the things that the department is discussing. The department would like to try to consolidate all software purchase into the IT Department. Many departments have money for the purchase of hardware and they do have to come through IT to get pricing and IT tries to standardize the hardware purchased by departments. The department is also trying to centralize funding for equipment purchase to provide funding to those departments that really need to upgrade their equipment.

Ald. Fuller moved approval of the IT budget, which carried unanimously 6-0

### **Executive Department**

Chief Operating Officer Robert Rooney presented the Executive Department's Budget. The Executive Office has been restructured to include a Chief Operating Officer, Chief Financial Officer, Director of Community Affairs, a Performance Management Director, and a Performance Management Analyst. Mr. Rooney thinks the addition of these positions indicates the direction the administration wishes to go. These positions provide the tools and the skill sets necessary to drive performance, measure productivity, and output in the City. The new Chief Financial Officer brings a wealth of knowledge and experience. The key is to hire good people and to include the key positions on performance management. There is a search committee for a Performance Management Director, which has looked over 30 resumes and brought it down to two candidates but has recast the net to make sure that the Mayor's Office has the right person for the job. Mr. Rooney pointed out that in reality the goals of all of the departments in this budget reflect the goals of the Executive Office. The Board of Aldermen heard the Mayor's vision in his budget address and Mr. Rooney believes the structuring of the Executive Office reflects the ability to execute that vision. The budget is level funded as compared to the 2010 budget.

Ald. Gentile stated that the Finance Committee spent a considerable amount of time on the Executive Department's budget when the restructuring and addition of two new positions within the Mayor's Office was discussed on February 8, 2010. The Committee discussed the Mayor's salary, as he will not be taking the full salary. Ald. Fuller suggested a resolution to the Mayor urging him to take the full salary. Ald. Gentile does not feel the Aldermen should be urging mayor to take the full salary, although he believes the position is certainly worth the full salary. Ald. Gentile suggested discussing a proposed resolution during the budget discussion to take place in the Committee of the Whole. He also suggested that Ald. Fuller talk with Mayor regarding his decision to not take the full salary. Ald. Fuller stated that it is important to encourage the Mayor to take full salary, as it is better for the City as a whole. A larger salary would attract more mayoral candidates in the future. While it is politically difficult for any sitting mayor to take an increase in pay, she wants to encourage it. It is a position that warrants the \$125,000 salary, and it is better for the City to have the Mayor actually taking that money. Ald. Gentile pointed out that the Board of Aldermen would appear to be encouraging the Mayor to take an increase in salary after laying off employees. Although the job is certainly worth the \$125,000 salary, if the Mayor does not want to take the increase, Ald. Gentile does not want to encourage him to take it. Ald. Danberg agreed with Ald. Gentile's points.

Ald. Freedman moved approval of the Executive Department's budget, which carried unanimously.

Respectfully submitted,

Leonard J. Gentile, Chairman