



Finance Committee Agenda

City of Newton In City Council

Thursday, September 28, 2023

NOTE LATE START TIME: 7:30 pm

The Finance Committee will hold this meeting as a virtual meeting on Thursday, September 28, 2023, at 7:30 pm. To view this meeting using Zoom use this link: <https://newtonma-gov.zoom.us/j/86797284344> or call 1-646-558-8656 and use the following Meeting ID: 867 9728 4344

Items scheduled for discussion:

- #273-23** **Authorization to accept and expend the sum of five thousand dollars (\$5,000) and to accept two pieces of artwork for the Department of Senior Services**
HER HONOR THE MAYOR requesting authorization to accept and expend the sum of five thousand dollars (\$5,000) and to accept two pieces of real property (artwork) for the Department of Senior Services.
- #274-23** **Authorization to appropriate and expend \$10,831.12 from Handicapped Parking (H-P.) Fines-Disability Commission Receipts Reserved for Appropriations Account to supplement funds being used at Williams Elementary School**
HER HONOR THE MAYOR requesting authorization to appropriate and expend ten thousand, eight hundred, thirty-one dollars and twelve cents (\$10,831.12) from Handicapped Parking (H-P.) Fines-Disability Commission Receipts Reserved for Appropriations Account 5500-335518, to supplement funds being used at Williams Elementary School to purchase and install accessible play equipment and accessible picnic tables in the school playground.
- #275-23** **Requesting authorization to accept and expend the sum of \$427,454.54 from an Assistance to Firefighter Grant**
HER HONOR THE MAYOR requesting authorization to accept and expend the sum of four hundred twenty-seven thousand, four hundred fifty-four dollars and fifty-four cents (\$427,454.54) from an Assistance to Firefighter Grant (AFG) through the Department of Homeland Security/FEMA. The grant funding awarded is going to be used by the Newton Fire Department to conduct Officer Training courses, Health and Wellness, RIT Training, to purchase new RIT Packs and a new cascade breathing air system.

The location of this meeting is accessible and reasonable accommodations will be provided to persons with disabilities who require assistance. If you need a reasonable accommodation, please contact the city of Newton's ADA Coordinator, Jini Fairley, at least two business days in advance of the meeting: jfairley@newtonma.gov or (617) 796-1253. The city's TTY/TDD direct line is: 617-796-1089. For the Telecommunications Relay Service (TRS), please dial 711.

#306-23

Establish and Appropriate funds to an Operations Booster Stabilization Fund

HER HONOR THE MAYOR requesting authorization to Establish an “Operations Booster Stabilization Fund” to pay for a portion of the annual general fund appropriations for the City’s pension system; appropriate the sum of \$20,500,000 Overlay Surplus as declared by the City’s Board of Assessors to the Operations Booster Stabilization Fund; and transfer the sum of \$5,513,000 from Acct 01C10701-576300 Appellate tax Board Interest and Penalties Fund to the Operations Booster Stabilization Fund.

Finance Denied Motion to Approve Subject to Second Call 3-4-1 (Councilors Humphrey, Malakie, Oliver and Noel Opposed, Councilor Gentile Abstaining) on 9/11/2023

City Council voted to recommit to the Finance Committee 22-2-2 (Councilors Grossman and Kalis opposed and Councilors Markiewicz and Norton Absent) on 09/18/2023

Respectfully submitted,

Rebecca Walker Grossman, Chair



City of Newton, Massachusetts
Office of the Mayor

273-23
273-23

Telephone
(617) 796-1100

Telefax
(617) 796-1113

TDD
(617) 796-1089

E-mail
rfuller@newtonma.gov

RUTHANNE FULLER
MAYOR

August 4, 2023

Honorable City Council
Newton City Hall
1000 Commonwealth Avenue
Newton Centre, MA 02459

Councilors:

I respectfully submit a docket item to your Honorable Council requesting the authorization to accept and expend a gift of \$5,000 and to accept two pieces of real property (artwork) for the Department of Senior Services. These items are a gift from Melissa Brokalakis and Wayne Johnson, in honor of Phyllis Chait and Jacqueline Colby. The \$5,000 will be used to supplement our services for seniors.

Thank you for your consideration of this matter.

Sincerely,

Ruthanne Fuller
Mayor

CITY CLERK
NEWTON, MA. 02450

2023 AUG - 7 P M 4 01

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273-23
273-23

City of Newton

DEPARTMENT OF SENIOR SERVICES

Ruthanne Fuller
Mayor

To: Maureen Lemieux, Chief Financial Officer
Jonathan Yeo, Chief Operating Officer

From: Mignonne Murray, Director of Senior Services

Subject: Request to accept a gift of \$5,000 and two pieces of art

Date: August 4, 2023

I respectfully request that the Mayor docket a request to accept a donation of \$5,000 and accept two pieces of art for the Department of Senior Services from Melissa Brokalakis and Wayne Johnson in honor of Phyllis Chait and Jacqueline Colby.

Thank you for your consideration of this matter.

Mignonne Murray
Director of
Senior Services

Telephone: (617) 796-1660 • mmurray@newtonma.gov

CITY OF NEWTON

IN CITY COUNCIL

DRAFT

ORDERED:

That, in accordance with the recommendation of the Finance Committee through its Chair Rebecca Walker Grossman authorization to accept and expend the sum of five thousand dollars (\$5,000) and to accept two pieces of real property (artwork) for the Department of Senior Services.

Under Suspension of Rules
Readings Waived and Approved
DRAFT

(SGD) CAROL MOORE
City Clerk

(SGD) RUTHANNE FULLER
Mayor



RUTHANNE FULLER
MAYOR

City of Newton, Massachusetts
Office of the Mayor

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274-23
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rfuller@newtonma.gov

August 3, 2023

Honorable City Council
Newton City Hall
1000 Commonwealth Avenue
Newton Centre, MA 02459

Councilors:

I respectfully submit a docket item to your Honorable Council requesting the authorization to appropriate and expend the amount of \$10,831.12 from Handicapped Parking (H-P.) Fines-Disability Commission Receipts Reserved for Appropriations Account 5500-335518. These monies will be used to supplement funds being used at Williams Elementary School to purchase and install accessible play equipment and accessible picnic tables in the school playground.

Funds in this account are specifically set aside for the Commission on Disabilities to make recommendations to the Mayor for their use. A request from the Commission on Disabilities is attached.

Thank you for your consideration of this matter.

Sincerely,

Ruthanne Fuller
Mayor

CITY CLERK
NEWTON, MA, 02459

2023 AUG - 7 PM 4: 01

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CITY OF NEWTON, MASSACHUSETTS
Commission On Disability



Ruthanne Fuller
Mayor

Barney Heath,
Director, Planning &
Development

Amanda Berman
Director, Housing &
Community Development

Nika Sandal
Planner
Community Development

Members

Eileen Sandberg, Co-Chair
Ima Jonsdottir, Co-Chair
Jane Brown, Treasurer
Lucie Chansky
Petr Chovanec
Lakshmi Kadambi
Nyree Kibarian
Anne Marie Killilea
Nancy Kritzman
Darby Leigh
Sandra Lingley
Barbara Lischinsky
Matt Volpi

Jason Rosenberg
Chairman Emeritus

Advisor

Sergeant Michael B. Wade
Newton Police Department

Staff

Jini Fairley
ADA/Sec 504 Coordinator
617-796-1253

1000 Commonwealth Ave.
Newton, MA 02459
T 617-796-1240
F 617-796-1254
www.newtonma.gov

Date: August 1, 2023

MEMO

To: Mayor Fuller

From: Newton Commission On Disability

Subject: Request to Docket Expenditure of COD Fines Funds to Purchase and Install Accessible Play Equipment at Williams School Playground in the amount of \$10,831.12

Dear Mayor Fuller,

At the July 10, 2023 Newton Commission On Disability (COD) meeting, the members voted to approve the expenditure of \$10,831.12 to purchase and install accessible play equipment for the Williams Elementary School playground.

There is some urgency as a new program began at Williams last year (Sept. 2022-June 2023), the Reflections program, where children in grades K, 1, and 2 have significant mobility disabilities, and there is no access to the upper level play elements and very little lower level play elements. There are no swings at all, and there are developing plans for some PTO fundraising to add a swing structure, and once in place, two adaptable/accessible swings will be purchased and installed

The Williams PTO, in consultation with the school's Physical Therapist and PRC staff, researched and made a proposal to the COD for potential accessible play equipment, such as 2 accessible swings, 2 accessible picnic tables, and one adjustable basketball pole with backboard and hoop, estimated to cost approximately \$10,831.12.

The COD recognized, in their approval, that the accessible equipment may change or be switched out for a different item or model, upon approval by PRC and NPS, but wanted to contribute funding to make this playground more accessible for all the students, especially for those who have mobility disabilities.

The COD members feel this is an appropriate use of the Fines funds,

The COD respectfully requests the docketing of \$10,831.12 to be appropriated from the COD Fines account

The Fines account where these funds would be drawn from is:

Account # 5500-335518 H-P. Fines-Disability Commission
Type: Receipts Reserved for Appropriation (These funds have to go before the City Council to be appropriated before being used)
Balance: \$38,499.60 (Will increase once FY23 revenue collected is transferred)

Thank you for your consideration of this request.

CITY OF NEWTON

IN CITY COUNCIL

DRAFT

ORDERED:

That, in accordance with the recommendation of the Finance Committee through its Chair Rebecca Walker Grossman authorization to appropriate and expend ten thousand, eight hundred, thirty-one dollars and twelve cents (\$10,831.12) from Handicapped Parking (H-P.) Fines-Disability Commission Receipts Reserved for Appropriations Account 5500-335518, to supplement funds being used at Williams Elementary School Access Playground to purchase and install accessible play equipment and accessible picnic tables in the school playground is hereby approved as follows:

FROM:	Handicap Parking Fines-Disability Commission Receipts Reserved for Appropriations (5500-335518)..... \$10,831.12
TO:	Williams School Access Playground (01C60218-524090) \$10,831.12

Under Suspension of Rules
Readings Waived and Approved
DRAFT

(SGD) CAROL MOORE
City Clerk

(SGD) RUTHANNE FULLER
Mayor

275-23
275-23



City of Newton, Massachusetts
Office of the Mayor

RUTHANNE FULLER
MAYOR

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rfuller@newtonma.gov

August 7, 2023

Honorable City Council
Newton City Hall
1000 Commonwealth Avenue
Newton Centre, MA 02459

Councilors:

I respectfully submit a docket item to your Honorable Council requesting the authorization to accept and expend the amount of \$427,454.54 from an Assistance to Firefighter Grant (AFG) through the Department of Homeland Security/FEMA. The Fire Department is responsible for a 10% match of \$42,745.46 the total award amount is \$470,200.00.

The grant funding awarded is going to be used to conduct training courses for Officer Training, Health and Wellness, RIT (rapid intervention) Training, and to purchase RIT packs and a new cascade breathing air system.

The Grant is a reimbursement grant; therefore, we respectfully request authorization to expend the grant and when refunded to replenish our account of expenditure.

Thank you for your consideration of this matter.

Sincerely,

Ruthanne Fuller
Mayor

CITY CLERK
NEWTON, MA. 02459

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2023 AUG -7 PM 4: 01

275-23

275-23



CITY OF NEWTON, MASSACHUSETTS
FIRE DEPARTMENT HEADQUARTERS
1164 Centre Street, Newton Center, MA 02459-1584
Chief: (617) 796-2210 Fire Prevention: (617) 796-2230
FAX: (617) 796-2211 EMERGENCY: 911

Gregory J. Gentile
Chief

Ruthanne Fuller
Mayor

June 13, 2023

Maureen Lemieux
Chief Financial Officer
City of Newton
1000 Commonwealth Ave
Newton, MA 02459

Maureen,

I respectfully request to docket funding of \$427,454.54 from an Assistance to Firefighter Grant (AFG) through the Department of Homeland Security/FEMA. The Fire Department is responsible for a 10% match of \$42,745.46 the total award amount is \$470,200.00.

The grant funding awarded is going to be used to conduct training courses for Officer Training, Health and Wellness, RIT (rapid intervention) Training and to purchase RIT packs as well as a new cascade system.

The Grant is a reimbursement grant; therefore, we respectfully request authorization to expend the grant and when refunded to replenish our account of expenditure.

Thank you for your consideration to this request.

Respectfully,

A handwritten signature in black ink, appearing to read "Greg Gentile".

Greg Gentile
Chief of Department

Award Letter

U.S. Department of Homeland Security
Washington, D.C. 20472

Effective date: 05/25/2023



FEMA

Phillip McCully
CITY OF NEWTON, MASSACHUSETTS
1164 CENTRE ST
NEWTON, MA 02459
EMW-2022-FG-00316

Dear Phillip McCully,

Congratulations on behalf of the Department of Homeland Security. Your application submitted for the Fiscal Year (FY) 2022 Assistance to Firefighters Grant (AFG) Grant funding opportunity has been approved in the amount of \$427,454.54 in Federal funding. As a condition of this grant, you are required to contribute non-Federal funds equal to or greater than 10.0% of the Federal funds awarded, or \$42,745.46 for a total approved budget of \$470,200.00. Please see the FY 2022 AFG Notice of Funding Opportunity for information on how to meet this cost share requirement.

Before you request and receive any of the Federal funds awarded to you, you must establish acceptance of the award through the FEMA Grants Outcomes (FEMA GO) system. By accepting this award, you acknowledge that the terms of the following documents are incorporated into the terms of your award:

- Summary Award Memo - included in this document
- Agreement Articles - included in this document
- Obligating Document - included in this document
- 2022 AFG Notice of Funding Opportunity (NOFO) - incorporated by reference

Please make sure you read, understand, and maintain a copy of these documents in your official file for this award.

Sincerely,

A handwritten signature in black ink that reads "P. S. Williams".

PAMELA WILLIAMS
Assistant Administrator, Grant Programs

CITY OF NEWTONIN CITY COUNCIL

DRAFT

ORDERED:

That, in accordance with the recommendation of the Finance Committee through its Chair Rebecca Walker Grossman authorization to accept and expend the sum of four hundred twenty-seven thousand, four hundred fifty-four dollars and fifty-four cents (\$427,454.54) from an Assistance to Firefighter Grant (AFG) through the Department of Homeland Security/FEMA. The grant funding awarded is going to be used by the Newton Fire Department to conduct Officer Training courses, Health and Wellness, RIT Training, to purchase new RIT Packs and a new cascade breathing air system.

Under Suspension of Rules
Readings Waived and Approved
DRAFT

(SGD) CAROL MOORE
City Clerk

(SGD) RUTHANNE FULLER
Mayor



RUTHANNE FULLER
MAYOR

City of Newton, Massachusetts
Office of the Mayor

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rfuller@newtonma.gov

August 21, 2023.

Honorable City Council
Newton City Hall
1000 Commonwealth Avenue
Newton Centre, MA 02459

Dear Councilors:

I respectfully submit a docket item to your Honorable Council requesting authorization for three significant initiatives. The combination of these three initiatives will create an "Operations Booster Stabilization Fund" with an initial balance of \$26 million to be used to augment general fund pension appropriation increases, enabling the City to not only fully fund the pension system by FY2032, but to also "Boost" school and municipal budgets during that same period.

1. Establish an "Operations Booster Stabilization Fund" to pay for a portion of the annual general fund appropriations for the City's pension system, known as the Newton Retirement System Funding Schedule;
2. Appropriate the sum of \$20,500,000 Overlay Surplus as declared on this date by the City's Board of Assessors to the Operations Booster Stabilization Fund; and
3. Transfer the sum of \$5,513,000 from Acct 01C10701-576300 Appellate Tax Board Interest and Penalties Fund to the Operations Booster Stabilization Fund.

1. Establish the Operations Booster Stabilization Fund

The Operations Booster Stabilization Fund, including interest proceeds earned throughout the next eight years from investment income, will be utilized in conjunction with the General Fund appropriation to provide funding necessary to comply with the Newton Retirement Board Funding Schedule, thereby enabling the City to "Boost" appropriations to the Newton Public Schools, as well as other departments, while continuing to move toward full funding of the pension system. It is our intent and expectation that this fund will be depleted over the course of the next eight years when we anticipate that the City will attain full funding of the pension system.

Currently, the Newton Retirement Board has approved a funding schedule that increases by 6.6% per year through Fiscal Year 2032, the year we are projected to attain full funding. We will continue this funding amount and funding schedule. To meet this funding schedule, we will increase funding by 5.0% each year from the General Fund and utilize funds from this "Booster" Fund to supplement the remaining 1.6% annual increase. In so doing, we will be able to repurpose the value of the 1.6% to allow us to fund necessary operational needs. We intend to appropriate 70% of the "savings" generated by this fund to the Newton Public Schools each of the next years.

2. Appropriate \$20,500,000 from Overlay Surplus to the Operations Booster Stabilization Fund

On June 27, 2023, the City of Newton was notified that Eversource had withdrawn their Appellate Tax Board Filings for Fiscal Years 2012 through 2020. They declined to withdraw their appeals for FY2021 and FY2022.

Eversource had been appealing their assessed value from the City of Newton (as well as Boston, Brookline, Cambridge, and Springfield) since FY2012. Eversource had lost cases with Boston and Springfield but had continued to withhold payment and appeal to higher courts. In April 2022, the City received full payment of the principal and interest for Fiscal Years 2013 through 2022 from Eversource, totaling approximately \$12.7M. However, we were required to hold these funds in reserve until the appeal process was resolved.

The Eversource withdrawal of their appeals for FY12 – FY20 has enabled the Board of Assessors to declare more than 80% of the \$12.7M Eversource payment as surplus. (Funds are still being held for the remaining appeal of 2021 and 2022.) Additionally, as cases have resolved, and the ATB filing deadline of August 1 has passed, the Board of Assessors has been able to declare a surplus of \$20,500,000.

3. Transfer \$5.5 million from ATB Interest & Penalties Account to Operations Booster Stabilization Fund

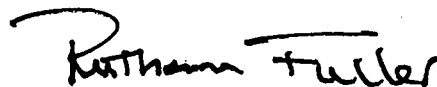
In addition to the funds held in the Overlay Account, there is \$5.5M held in the Appellate Tax Board (ATB) Interest & Penalties Account. The State allows municipalities to have a single overlay reserve (rather than requiring a separate overlay balance for each particular year) to cover the costs of potential abatements.

The Board of Assessors has determined that \$11M is the appropriate level to keep in the Overlay account for both abatements and any interest and penalties. Therefore, we no longer need an ATB Interest & Penalties Account and an additional \$5.5M is now available.

Attached you will find an analysis of the Operations Booster Stabilization Fund over the next eight years as well as the financial benefits it will provide to the Newton Public Schools and the City of Newton while we attain full funding of our Pension System in FY2032.

We look forward to discussing this important work with you. Thank you for your consideration of this matter.

Sincerely,



Ruthanne Fuller
Mayor

	Free Cash from FY18	Free Cash from FY19	Free Cash from FY20	Free Cash from FY21	Free Cash from FY22	Free Cash from FY23**
Revised Revenue Budget	\$ 394,361,438	\$ 412,457,674	\$ 429,629,606	\$ 436,050,274	\$ 463,823,290	\$ 478,981,145
Actual Revenues	\$ 404,965,063	\$ 424,438,459	\$ 435,779,981	\$ 447,324,111	\$ 493,466,882	\$ 499,323,238
Difference	\$ 10,603,625	\$ 11,980,785	\$ 6,150,375	\$ 11,273,837	\$ 29,643,592	\$ 20,342,093
Use of Fund Balance*	\$ 30,798,742	\$ 29,223,016	\$ 27,524,518	\$ 26,197,906	\$ 32,141,560	\$ 50,219,125
Revised Operating Budget	\$ 425,160,180	\$ 441,680,690	\$ 457,154,124	\$ 462,248,180	\$ 495,964,850	\$ 529,200,270
Actual Expenses	\$ 404,843,437	\$ 420,437,201	\$ 433,674,874	\$ 437,829,563	\$ 466,305,286	\$ 493,930,373
Encumbrances carried forward	\$ 17,714,513	\$ 18,773,007	\$ 17,729,941	\$ 19,121,129	\$ 26,642,603	\$ 30,274,964
Unobligated Balance	\$ 2,602,230	\$ 2,470,482	\$ 5,749,309	\$ 5,297,488	\$ 3,016,961	\$ 4,994,933
Free Cash Certified for following 7/1	\$ 11,909,715	\$ 11,706,532	\$ 7,381,282	\$ 12,931,618	\$ 28,860,460	~\$22M estimate
DETAIL OF FIGURES OF NOTE:						
City Turnback	\$ 2,601,881	\$ 2,468,955	\$ 5,748,833	\$ 5,297,252	\$ 3,016,841	\$ 4,994,705
School Turnback	\$ 349	\$ 1,527	\$ 476	\$ 236	\$ 120	\$ 228
Unobligated Balance Turned Back	\$ 2,602,230	\$ 2,470,482	\$ 5,749,309	\$ 5,297,488	\$ 3,016,961	\$ 4,994,933
City Revised Operating Budget	\$ 182,379,095	\$ 190,343,079	\$ 200,861,281	\$ 205,189,188	\$ 221,401,219	\$ 244,909,220
School Revised Operating Budget	\$ 219,850,596	\$ 231,383,410	\$ 238,065,689	\$ 244,455,563	\$ 254,508,285	\$ 261,552,696
Special Appropriations	\$ 22,930,489	\$ 19,954,201	\$ 18,227,154	\$ 12,603,429	\$ 20,055,346	\$ 22,738,354
Revised Operating Budget:	\$ 425,160,180	\$ 441,680,690	\$ 457,154,124	\$ 462,248,180	\$ 495,964,850	\$ 529,200,270

In FY22, we received \$29.6M over budgeted revenues. The main drivers were the Eversource/NStar personal property tax payment (\$7.2M personal property tax, \$4.6M interest) as well as other prior year tax payments coming in higher than normal. This brought our Property Taxes in at \$13.1M over budget and Interest and Penalties in at \$5.1M over budget. SPED Medicaid reimbursements came in about \$1.8M higher than budgeted. Licenses and Permits also had a record year and came in at \$4.2M over budgeted. There was also a \$2.1M payoff of a deferred Pilot program (unbudgeted), as well as a few other revenue sources coming in over budget, but also some categories under budget.

In FY23, we received about \$20.3M over budgeted revenues. The main drivers were \$8.4M in interest/investment income over budget as interest rates skyrocketed from the prior years' rates. We also received about \$5M more in Property Taxes over budget, as the result of prior year taxes being paid. Licenses and Permits had a another record year, exceeding the budgeted revenues by \$4.6M. Meals, Hotels and Cannabis taxes also came in \$1.7M over budgeted revenues.

Free Cash is determined by a multitude of things, but excess revenues and turned back money from the Operating budget are the key drivers. Accounts Receivable, Deferred Revenues, and cash deficits in other accounts (i.e. Grant accepted, meaning we can spend funds, but the City was not in receipt of that Cash at year end) also play a major roll in determining the Free Cash

*Use of Fund Balance includes the use of Free Cash, Overlay Surplus and Fund Balance Reserved for Encumbrances carried forward to balance the Operating Budget. For example, FY19's Use of Fund Balance figure is a combination of the \$17.7M of encumbrances carried forward from FY18 plus \$11.4M used in Free Cash

**FY23 Figures in RED will change as we work through the year end close process

information

Susan Albright <salbright@newtonma.gov>

Sat 8/19/2023 9:43 AM

To: Stephen Curley <scurley@newtonma.gov>

Cc: Rebecca Walker Grossman <rwgrossman@newtonma.gov>; Deborah J. Crossley <dcrossley@newtonma.gov>

Good morning Steve,

The Mayor's announcement of her new plan has stirred up a lot of interest in the budget again. There are two pieces of information that we really need. The first is with respect to ARPA, the second about free cash.

1.
 - a. How much of the ARPA money is left unboligated if any?
 - b. home much of the ARPA money is unspent?
 - c. How much of that unspent ARPA ,money is to projects that have not yet begun?
2. Free Cash
 - a. Are you able to provide us a spreadsheet of where the free cash came from? We know that the Mayor held out about 6 million from last year's free cash to drop to this year but what caused the rest of the free cash?I'm fairly certain that the Council will want to understand how we generated so much free cash.

Are you able to get us this information and by when?

Thanks for your help with this,
Susan

Susan Albright, President
Newton City Council
Councilor-at-Large, Ward 2

RE: information

Stephen Curley <scurley@newtonma.gov>

Tue 8/22/2023 8:25 AM

To: Susan Albright <salbright@newtonma.gov>

Cc: Rebecca Walker Grossman <rwgrossman@newtonma.gov>; Deborah J. Crossley <dcrossley@newtonma.gov>

Hi Susan,

In FY20, we came in about \$6.1M over budgeted revenues. Current Year taxes actually came in under budget by \$2.2M, while prior year taxes collected \$4.5M, bringing property taxes in over budget by \$2.3M net. Motor Vehicle came in \$500K under budget, as well as Hotel and Meals combining for another \$500K under budget. Licenses and Permits came in about \$4.5M over budget as we saw a lot of work being done during the pandemic as people spent time at home. At that point, it was the highest licenses and permits we have likely ever been.

In FY21, we came in about \$11M over budgeted revenues. This was largely made up of old Property tax revenues and associated interest coming in at \$5.1M over budget, and \$800K more in Motor Vehicle than budgeted. We were above budget in Licenses and Permits by about \$2.1M, which the following year the Administration then budgeted the Permits to be higher than what came in in FY21, but as I mention below, they blew well past that increased budget figure. We were below budget in items like Hotel tax, Charges for Service, and fines by a combined \$1.5M as some items took longer to bounce back from Covid.

In FY22, we came in almost \$30M over budgeted revenues. We had the unique year of the NStar payment (\$7.2M personal property tax, \$4.6M interest) as well as other old tax payments. This brought our Property Taxes in at \$13.1M over budget and Interest and penalties in at \$5.1M over budget. These two accounts sort of go hand in hand when old taxes are paid off, higher penalties and interest are also collected. Property taxes are budgeted for current year taxes and restricted through the calculation related to prop 2.5.

Also in FY22, SPED Medicaid reimbursements came in about \$1.8M higher than budgeted, which typically it comes in around the budgeted figure. Licenses and Permits also had a record year and came in at \$4.2M over budgeted. There was also a payoff of a deferred Pilot program (\$2.1M unbudgeted), as well as a few other things coming in over budget, but also some categories under budget.

Steve

From: Susan Albright <salbright@newtonma.gov>

Sent: Monday, August 21, 2023 1:50 PM

To: Stephen Curley <scurley@newtonma.gov>

Cc: Rebecca Walker Grossman <rwgrossman@newtonma.gov>; Deborah J. Crossley <dcrossley@newtonma.gov>

Subject: Re: information

Thank you Steve - this is very helpful. One more question for you.

There is so much more revenue than Maureen projected. Has this been a common occurrence? Has it happened in the last several years?

Susan Albright, President
Newton City Council
Councilor-at-Large, Ward 2

From: Stephen Curley <scurley@newtonma.gov>

Sent: Monday, August 21, 2023 11:53 AM

To: Susan Albright <salbright@newtonma.gov>

Cc: Rebecca Walker Grossman <rwgrossman@newtonma.gov>; Deborah J. Crossley <dcrossley@newtonma.gov>

Subject: RE: information

Hi Susan,

For ARPA:

- A. There is \$25,238.98 that is unobligated at this time. There is also \$575,000 set aside in a Contingency account with no specific projects tied to them. There may be other items that the Executive Office is discussing that I'm not aware of for these funds.
- B. To date, there is \$21,359,467.25 in unexpended, unencumbered funds and \$8,845,446.71 in funds encumbered in Contracts and Purchase Orders for various projects.
- C. Of the \$21.4M that is unexpended, unencumbered funds, \$10.3M is for projects that do not have any expenses or encumbrances tied to them. That does not mean that the projects have not yet begun, but it means there has not been anything paid, or in a contract.

For Free Cash:

- A. It is difficult to put a spreadsheet together with where I am in the close process for Free Cash. I cropped an image of my quick calculation that I sent to Maureen that is the basis for Free Cash, but there are still a lot of moving parts at this time. The General Fund is the last piece of work for the Year-End close so there is still a bit of movement to it.

Hi Maureen,

My quick Free Cash Estimate is around \$22.5M. It could change maybe about \$500K each way, but don't picture it being off by much more than that.

Its basically:

Undes FB:	54,634,416
(A/R):	(22,789,054)
Def Rev:	(8,790,977)
Deficits other funds	(500,000) This is a complete estimate, but should be general ball park based off of history

Estimate Free Cash: \$22,554,385

All of these figures will move slightly when reclassing stuff to GF, reconciling receivables with Treasury, and getting grant revenues that we can accrue back.

Steve

- B. To give you a bit of explanation on why the Free Cash number is a quite a bit higher than historical norms:
- a. Undesignated Fund Balance is the fund balance amount from the prior year plus revenues, minus expenses and encumbrances, plus the unused Free Cash. The numbers that follow help to explain the UFB figure.
 - b. We spent/obligated \$4.9M less than the FY23 General Fund operating budget
 - c. We took in \$20.1M in revenues in excess of estimated Revenues, largely made up of the following:
 - i. Took in \$4.6M in licenses and permits over budgeted
 - ii. Got \$446K in Opioid funds, unbudgeted
 - iii. Took in \$2.4M in Property Taxes (RE and PP) over budgeted
 - iv. Took in \$513K in Motor Vehicle Excise taxes over budgeted
 - v. Took in \$1.7M in Meals, Hotels, and Cannabis taxes over budgeted
 - vi. Took in \$8.4M in investment income/interest revenue over budgeted
 - vii. Took in \$744K in Intergovernmental revenue over budgeted

Again, a lot of these numbers are not quite final as we still work our way through the closing of the Fiscal Year, but they are all relevant ball park figures.

I wouldn't want to have a conversation about how much Free Cash was actually generated until we have our Free Cash certified by the DOR in early to mid-October.

Thanks,
Steve

Stephen Curley | Comptroller | Ex-Officio Member NRB
Comptroller's Office | City of Newton
1000 Commonwealth Ave, Newton, MA 02459
617-796-1301

From: Susan Albright <salbright@newtonma.gov>
Sent: Saturday, August 19, 2023 9:44 AM
To: Stephen Curley <scurley@newtonma.gov>
Cc: Rebecca Walker Grossman <rwgrossman@newtonma.gov>; Deborah J. Crossley <dcrossley@newtonma.gov>
Subject: information

Good morning Steve,

The Mayor's announcement of her new plan has stirred up a lot of interest in the budget again. There are two pieces of information that we really need. The first is with respect to ARPA, the second about free cash.

1.
 - a. How much of the ARPA money is left unobligated if any?
 - b. home much of the ARPA money is unspent?
 - c. How much of that unspent ARPA ,money is to projects that have not yet begun?
 2. Free Cash
 - a. Are you able to provide us a spreadsheet of where the free cash came from? We know that the Mayor held out about 6 million from last year's free cash to drop to this year but what caused the rest of the free cash?
 3. I'm fairly certain that the Council will want to understand how we generated so much free cash.
- Are you able to get us this information and by when?

Thanks for your help with this,
Susan

Susan Albright, President
 Newton City Council
 Councilor-at-Large, Ward 2



To: Finance Committee
From: Council President Albright
Date: September 7, 2023
RE: Background on Free Cash

Since the Mayor announced her proposed long term funding plan for the overlay funds, I have heard many questions about the extraordinary amount of free cash both this year and last. I think that facts are better than rumors, so I asked Mr. Curley to prepare information for the Council on the history of free cash. My emailed questions and his responses are attached.

At first, we had an email exchange regarding the free cash projected for this year and then I asked him to follow up with a chart on the history of free cash. I also asked him to explain the anomalies if possible. I offer this information (my email exchange with our Comptroller and the subsequent exhibit he developed on the 5 years history) as additional back up for the Finance Committee as they deliberate the Mayor's plan under this docket item, #306-23 Establish and Appropriate funds to an Operations Booster Stabilization Fund

Operations Booster Stabilization Fund
as Proposed by
Mayor Ruthanne Fuller



City Council Finance Committee
September 11, 2023

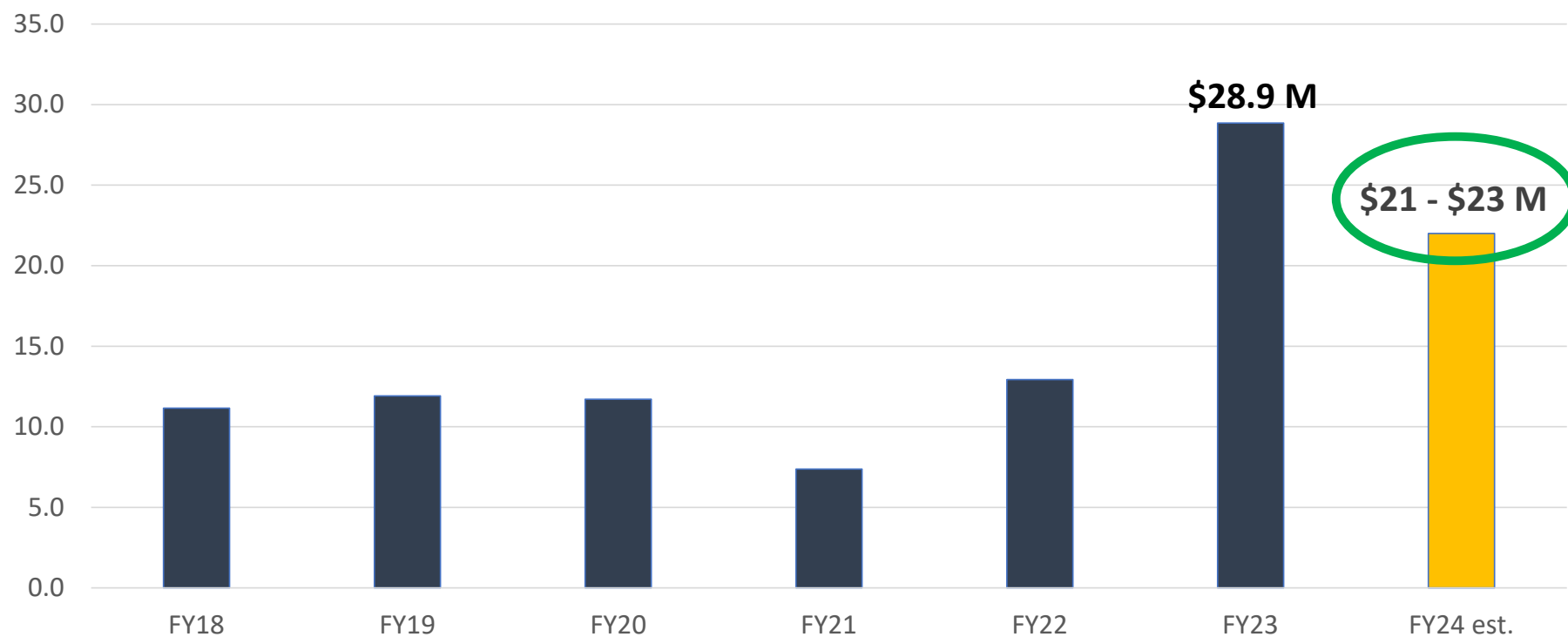
Recent Financial Developments - Overlay Surplus & Free Cash

Overlay & ATB Interest Funding

☐ Overlay Surplus declared by Board of Assessors	\$20.5 M
☐ ATB Interest released	\$ 5.5 M

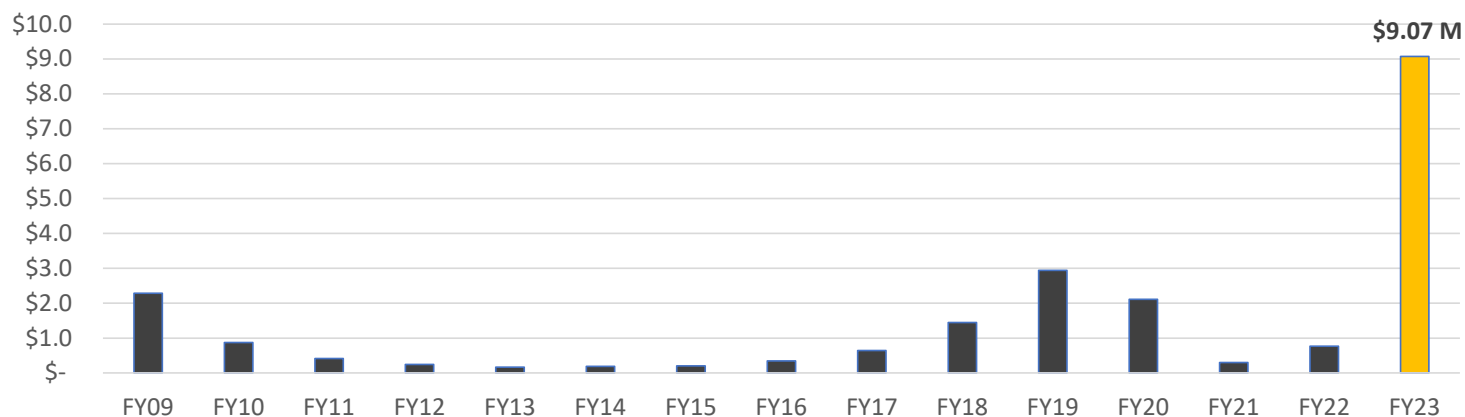
Operations Booster Fund - \$26.0 M

Free Cash (\$ Millions) FY2024 Forecast \$21 - \$23 M



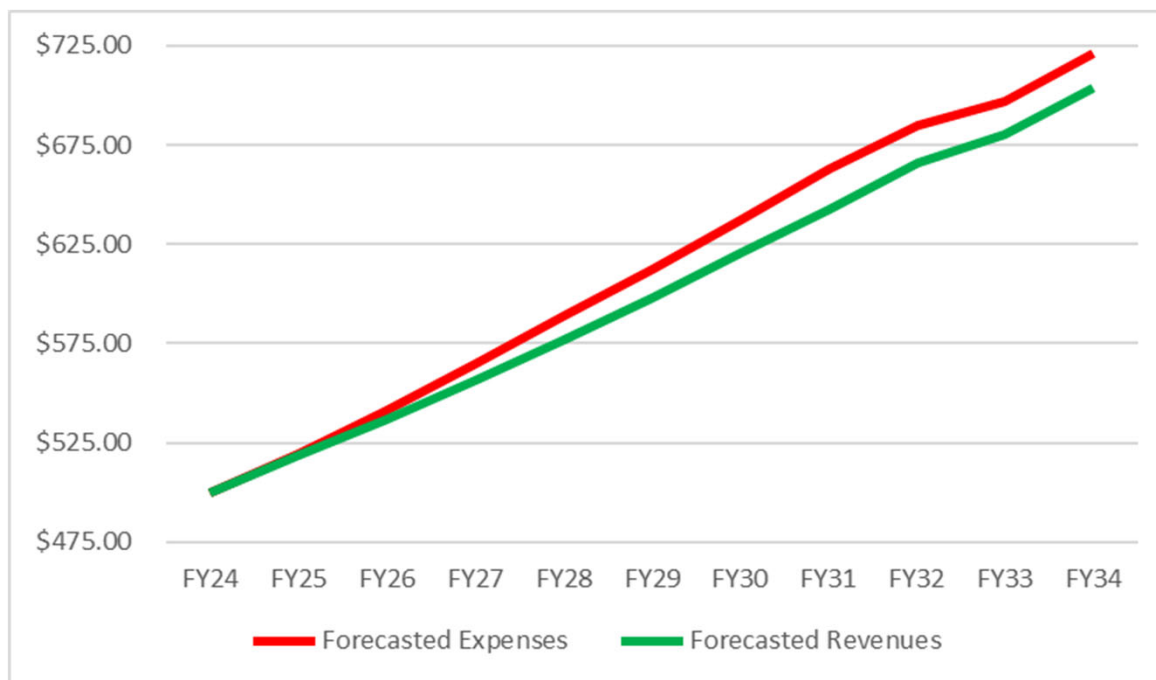
Sources of FY2024 Free Cash

- ☐ FY2023 Carry Forward – Retroactive Wages, Legal Settlements \$5.4 M
- ☐ FY2023 Interest Income – Actual to Budget Variance \$8.4 M



FY2025 – FY2034 Projected Revenue & Expense Forecast

Projected General Fund Revenues & Expenses FY25 – FY34 Long Range Plan September 5, 2023



Projected GAP Grows to \$19.9 M in FY2031

Our Pathway Forward

Operations Booster Stabilization Fund

Operations Booster Stabilization Fund
Allows us to Accomplish 3 Things Simultaneously

Relieve Pressure on City Finances

so that we can

Boost Funding for NPS Operations

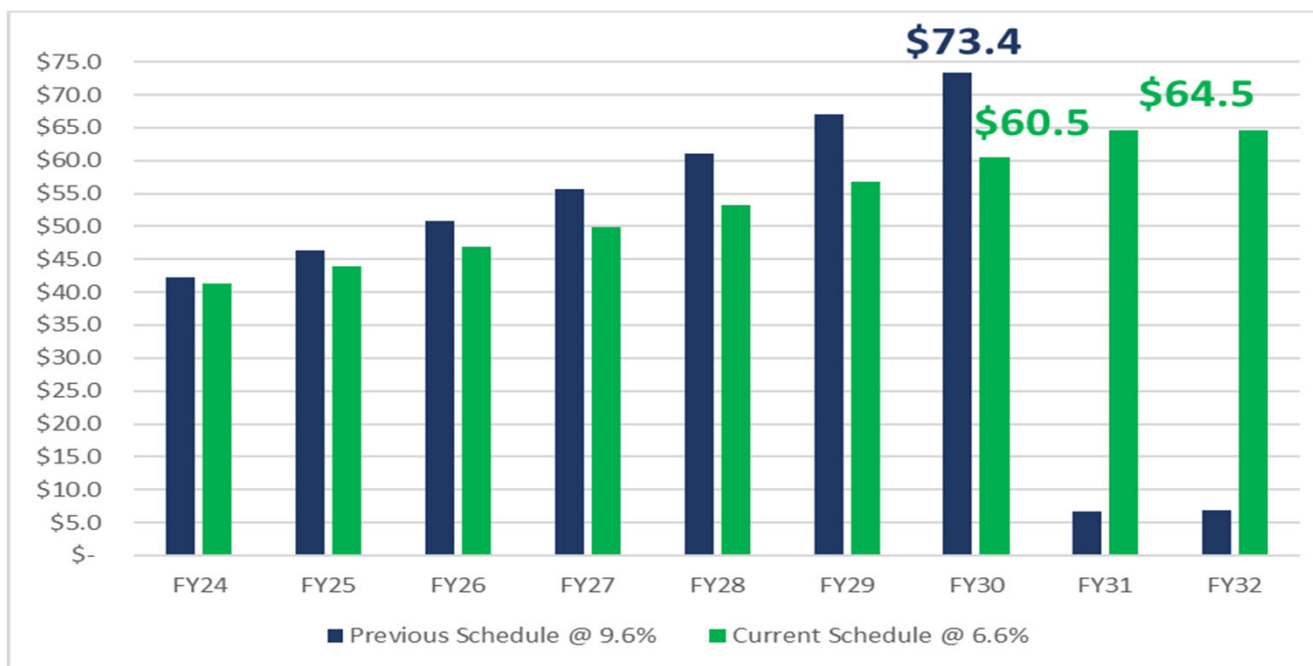
while

Maintain Current Pension Funding Schedule

Relieving Pressure on City Finances

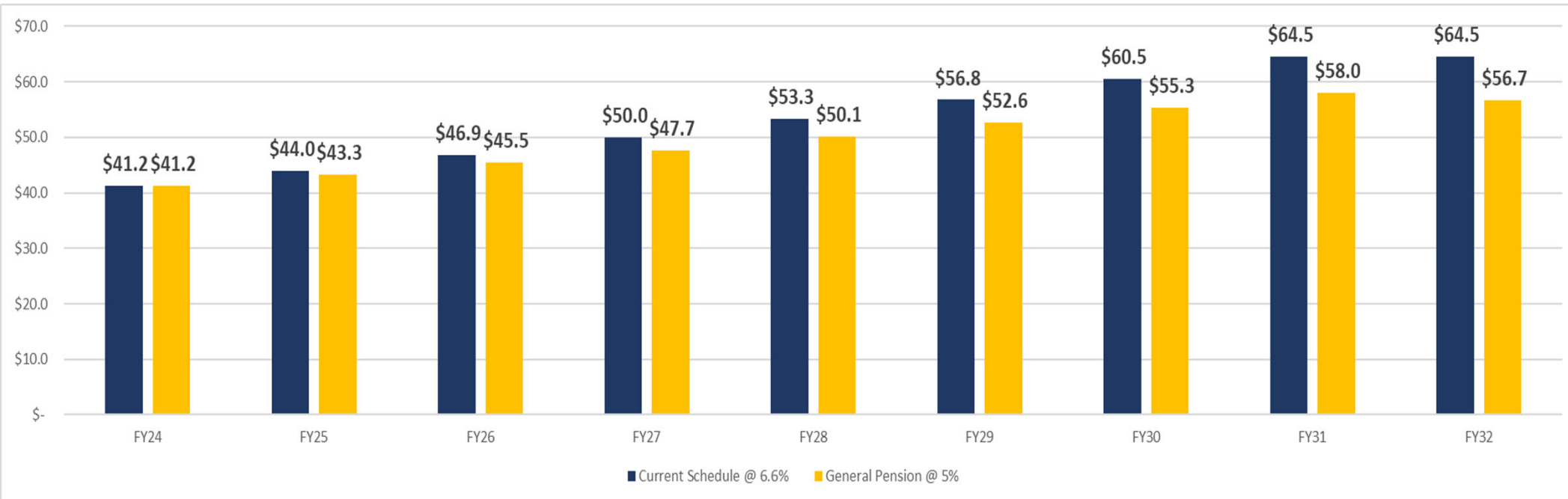
Comparison of Pension Funding Schedules

(\$ millions)



Request to Relieve Pressure on City Finances

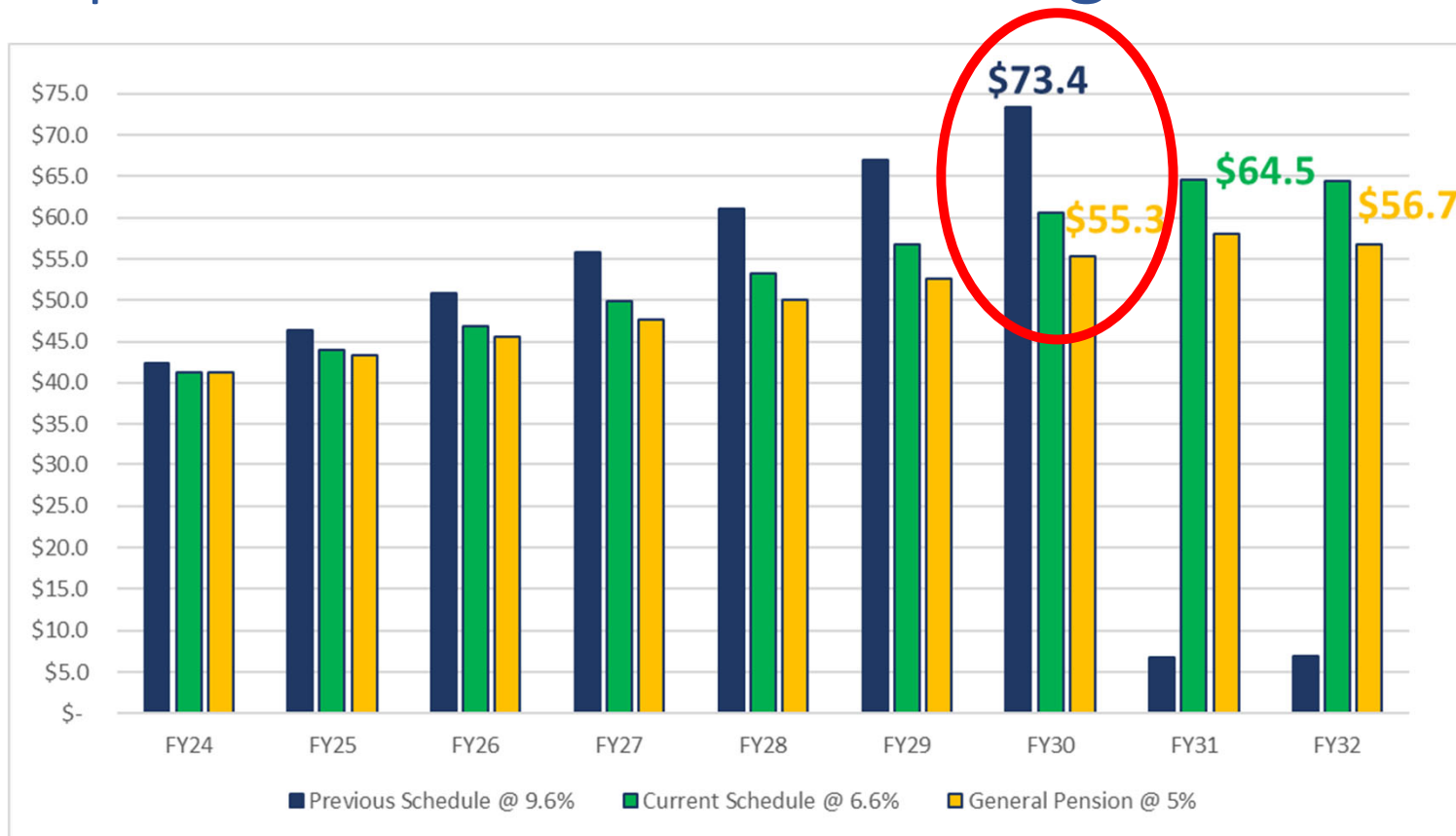
(\$ millions)



Annual General Fund Relief to be Re-Purposed

\$0M \$0.7M \$1.4M \$2.3M \$3.2M \$4.2M \$5.2M \$6.5M \$7.8M

Comparison of Pension Funding Schedules

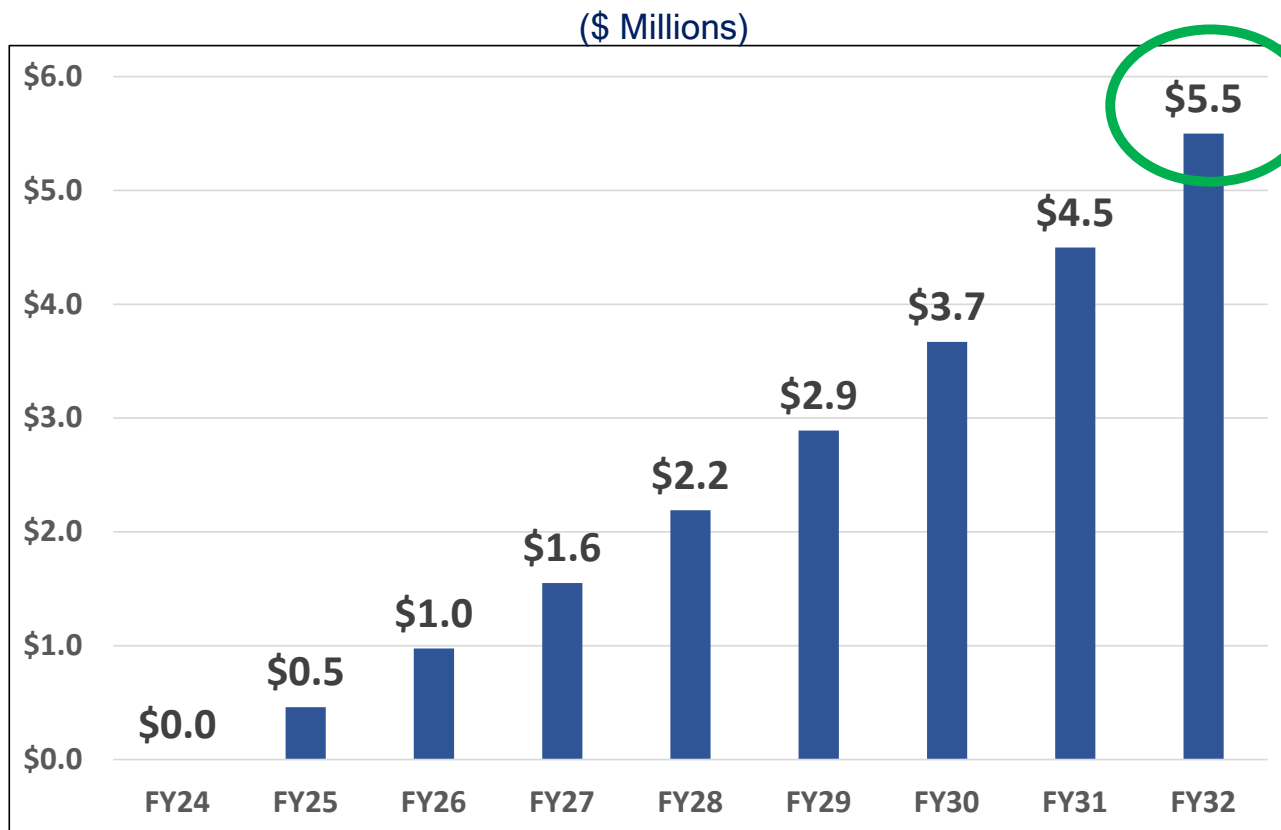


Supporting the NPS Budget

Commitment to Newton Public Schools FY2024 Budget Initiatives

	<u>One-Time</u>	<u>Permanent</u>
<input type="checkbox"/> \$10 M Free Cash - reduce Lincoln-Eliot required debt service		\$ 600,000
<input type="checkbox"/> \$1.4 M “Bridge Grant” increase cost of out-of-district placements	\$1,400,000	
<input type="checkbox"/> \$580 K Free Cash - NPS legal settlements	\$ 580,000	
<input type="checkbox"/> Extended pension system full-funding date by 1 year to free up funding for Horace Mann add/reno – debt service budget		\$ 1,300,000
<input type="checkbox"/> Reduced Medicare Part B Expenses for NPS in FY2024		\$ 650,000
<input type="checkbox"/> Transferred \$3.182 M OPEB costs from NPS budget, saving 2% incr/yr		\$ 60,000++
<input type="checkbox"/> Allocated \$410,000 ARPA funds for FY24 NPS facility maintenance projects	\$ 410,000	
<input type="checkbox"/> TOTAL FY2024 ONE-TIME AND PERMANENT BUDGET ENHANCEMENTS	\$ 2,390,000	\$ 2,610,000
<input type="checkbox"/> Additional Medicare Part B reduction of \$325,000 in FY2025		\$ 325,000
<input type="checkbox"/> Transferred \$3.182 M OPEB costs from NPS budget, saving 2% incr/yr		\$ 60,000++
<input type="checkbox"/> TOTAL FY2025 PERMANENT BUDGET ENHANCEMENTS	\$ 2,390,000	\$ 2,995,000

Newton Public Schools Additional Funding Operations Booster Stabilization Fund



Additional Funds to NPS \approx \$21.7 M

Operations Booster Stabilization Fund
Allows us to Accomplish 3 Things Simultaneously

Relieve Pressure on City Finances

so that we can

Boost Funding for NPS Operations

while

Maintain Current Pension Funding Schedule

Discussion

Evan Cudmore

From: LENNY GENTILE <lennypmgi@aol.com>
Sent: Thursday, September 28, 2023 10:12 AM
To: Evan Cudmore
Subject: Fwd: Interest

[DO NOT OPEN links/attachments unless you are sure the content is safe.]

Evan
Please send this to the Finance Committee members in advance or tonight's meeting
Thanks
Lenny

Sent from my iPhone

Begin forwarded message:

From: LENNY GENTILE <lennypmgi@aol.com>
Date: September 27, 2023 at 1:32:11 PM EDT
To: Ron Mendes <rmendes@newtonma.gov>
Cc: Stephen Curley <scurley@newtonma.gov>
Subject: Re: Interest

Perfect
Thank you

Sent from my iPhone

On Sep 27, 2023, at 10:52 AM, Ron Mendes <rmendes@newtonma.gov> wrote:

Good Morning Councilor:

The budget amount for FY24 interest is \$2.5M for the general fund only.

As of August 31st, we have taken in a total of just over \$2.6M. We have been averaging between \$1.2-\$1.3 per month, so we will likely gross about \$3.8M at the end of the July-September 2023 quarter.

However, that is the gross interest amount for all funds. The Comptroller's Office has to then apportion that between the general fund and the other funds, such as CPA, water, sewer, etc., which they do quarterly. That amount tends to be about 5% that gets apportioned to other funds, so the general fund should net approximately \$3.5M-\$3.6M for this calendar quarter (July-Sept, 2023).

Thanks,

M. Ronald Mendes, Esq. CMMT, CMMC

City Treasurer/Collector
City of Newton
1000 Commonwealth Ave.
Newton Centre, MA 02459
Pronouns: He/Him/His
Email: rmendes@newtonma.gov
Office: (617) 796-1336
Cell: (617) 680-0629

Please be advised that the Massachusetts Secretary of State has advised that any communication to or from this email address may be deemed a public record.

-----Original Message-----

From: LENNY GENTILE <lennypmgi@aol.com>
Sent: Wednesday, September 27, 2023 9:50 AM
To: Stephen Curley <scurley@newtonma.gov>; Ron Mendes <rmendes@newtonma.gov>
Subject: Interest

[DO NOT OPEN links/attachments unless you are sure the content is safe.]

I believe the FY 2024 budget included 2.5M in interest income. Please confirm. Also please provide the amount of interest income YTD including an estimate for September Thank you Lenny

Sent from my iPhone

When responding, please be aware that the Massachusetts Secretary of State has determined that most email is public record and therefore cannot be kept confidential.

CITY OF NEWTON

IN CITY COUNCIL

, 2023

In accordance with the recommendation of the Finance Committee through its Chair Rebecca Walker Grossman, it is hereby ORDERED:

- I. That there shall be a stabilization fund established under Massachusetts General Laws Chapter 40, Section 5B, called the "Operations Booster Stabilization Fund." The purpose of the Operations Booster Stabilization Fund shall be to relieve pressure on the City of Newton's finances, boost funding for Newton Public School's operations, and free up general funds to assist the City with fully funding the pension system over the next eight (8) fiscal years by: 1. Funding the Newton Public Schools budget each year for the next eight (8) fiscal years in an amount equal to seventy percent of 1.6% of the City's annual general fund increase in pension appropriations; and 2. Transferring into the City's general fund appropriation each year for the next eight (8) fiscal years an amount equal to thirty percent of 1.6% of the City's annual general fund increase in pension appropriations.

Any alteration of the purpose of the Operations Booster Stabilization Fund set forth herein shall require a two-thirds (2/3) vote of the City Council.

- II. That the sum of five million five hundred thirteen thousand dollars (\$5,513,000) be and is hereby transferred from the Appellate Tax Board Interest and Penalties account and the sum of twenty million five hundred thousand dollars (\$20,500,000) is appropriated from the Overlay Surplus as declared by the City's Board of Assessors to the Operations Booster Stabilization Fund.

FROM:	Overlay Surplus (0001-3220)	\$20,500,000
	ATB Interest and Penalties..... (0110701-576300)	\$5,513,000
TO:	Operations Booster Stabilization Fund (5910-490001)	\$26,013,000

Under Suspension of Rules
Readings Waived and Adopted

EXECUTIVE DEPARTMENT

Approved:

(SGD) _____
City Clerk

(SGD) RUTHANNE FULLER
Mayor