

CITY OF NEWTON

IN BOARD OF ALDERMEN

FINANCE COMMITTEE REPORT

MONDAY, SEPTEMBER 22, 2008

Present: Ald. Coletti (Chair), Schnipper, Johnson, Gentile, Salvucci, Lennon and Parker

Absent: Ald. Freedman

City Staff: Susan Burstein (Chief Budget Officer), Sandy Pooler (Chief Administrative Officer), Dave Wilkinson (Comptroller), Alice Ingerson (Community Preservation Manager), Joyce Moss (Community Preservation Committee), Trisha Guditiz (Planning Department), Josephine MacNeil and Jason Rosenberg (CAN-DO)

#332-08 HIS HONOR THE MAYOR requesting authorization to appropriate \$144,040.59 from FY09 revenue to Wage Reserve, which sum was advanced from Wage Reserve in FY08 to make the initial payment to the new dental insurance vendor. [09-08-08 @ 4:22 pm]

ACTION: **APPROVED 6-0 (Ald. Freedman and Johnson not present and voting)**

NOTE: The Comptroller prepared a "First Call Report" for this item dated August 28, 2008. Dave Wilkinson, Comptroller joined the Committee for discussion on this item.

Mr. Wilkinson stated this transfer was necessary because the new dental insurer required payment of July premiums before they were funded by employees/retirees deductions and the City appropriation during July.

Ald. Coletti moved to approve the item and the Committee voted in favor without debate.

#207-07(4) ALD. COLETTI proposing that the City's Financial Management Guidelines adopted under board order #207-07 be amended to allow the adjustment of self-funded health insurance plan rates in the event that rates and any accumulated excess resources not meet actual resource requirements. [7-2-08 @ 12:12 PM]

ACTION: **HELD 7-0 (Ald. Freedman not present and voting)**

NOTE: Susan Burstein, Chief Budget Officer and Sandy Pooler, Chief Administrative Officer joined the Committee for discussion on this item.

Mr. Pooler updated the Committee stating the City tries to set the rates each year based on projected claims so that they can match the claims received. Based on the recommendation by the auditors the City has started to accrue two months for claims.

Ms. Burstein updated the Committee on Tufts and Harvard trust funds. Ms. Burstein stated this past July and August tended to be higher claim months and are running approximately seventeen percent higher than July and August 2007.

Regarding the Tufts trust fund, the City did not increase rates that were recommended by consultant to cover what would be an anticipated level this year because it may take the money out of the reserves.

Regarding the Harvard trust fund, the City is six to seven percent above the claims made last year. If the City continues to have higher claims, it will take the money out of the reserves.

Ald. Coletti made the motion to hold.

#207-07(3) ALD. COLETTI proposing that the sum of \$300,000 be removed from various municipal and school department budgets for FY09 and placed in a separate “employee compensation” reserve account until the Mayor and School Committee present to the Board of Aldermen performance pay plan policies. [7-2-08 @ 12:12 PM]

ACTION: **HELD 7-0 (Ald. Freedman not present and voting)**

NOTE: Sandy Pooler, Chief Administrative Officer again joined the Committee for discussion on this item.

Mr. Pooler stated he would be discussing the performance pay plan policies with various department heads and Dolores Hamilton from Human Resources.

Mr. Pooler has spoken with other towns and cities regarding their performance pay plans. He stated in some towns and cities it has worked well and others it has not. Mr. Pooler commented it is a difficult situation because City wages are a public record and private sectors are not.

It is the Committees hope that the Executive Department will establish a pattern inclusive of negotiations, compensation, an evaluation process, rewards, and recognition.

The Committee would like to see the compensation benchmark database, report, or demonstration from Dolores Hamilton.

Ald. Coletti made the motion to hold.

- #207-07(2) ALD. COLETTI proposing that the City's Financial Management Guidelines adopted under board order #207-07 be amended, effective FY10, as follows:
- (A) total resources devoted to all forms of employee compensation shall not exceed the estimated growth in total general fund revenue for the following fiscal year;
 - (B) funds for salary and wage adjustments shall not exceed the difference between total estimated revenue growth and resources needed to fund growth in health/dental and life insurance benefits and growth in the actuarial required contribution for the City's retirement system for each fiscal year;
 - (C) if collective bargaining contracts are not resolved at the time of budget submission, funds budgeted for such contracts shall be held in "municipal and compensation" reserve. [7-2-08 @ 12:12 PM]

ACTION: **HELD 7-0 (Ald. Freedman not present and voting)**

NOTE: After a very brief review of the item, Ald. Coletti made the motion to hold.

**ITEM RECOMMENDED ON 3-5-07 TO FINANCE COMMITTEE ONLY:
REFERRED TO PROGRAMS AND SERVICES AND FINANCE COMMITTEES**

- #23-06 ALD PARKER AND LINSKY requesting that the City adopt §19 of MGL Chapter 32B to allow retiree coalition bargaining of health care benefits.
**PROGRAM AND SERVICES NO ACTION NECESSARY 4-0-2 (Ald. Parker and Merrill abstaining; Ald. Sangiolo not voting) on 3-8-06
FINANCE NO ACTION NECESSARY 5-0-3 (Ald. Lennon, Linsky and Parker abstaining) on 2-12-07**

ACTION: **HELD 7-0 (Ald. Freedman not present and voting)**

NOTE: Sandy Pooler, Chief Administrative Officer again joined the Committee.

Ald. Parker and Mr. Pooler provided a brief update to the Committee. Ald. Parker stated this item was filed due to the retirees stating they would like coalition bargaining. The concerns raised by retirees were that if they did not have health care benefits could they be given a lower rate. The City was informed that coalition bargaining does not just lower the insurance rates there are also other items.

Ald Parker suggested that perhaps the City could develop procedures and draft guidelines providing the retirees the correct steps to follow if their rates were to change.

Mr. Pooler stated according to the accepted statute, the City pays at least 50% and one statute allows the City to pay more than 50%. The two main issues are the contribution rate retirees are paying for and what are the benefits. Both are subject to negotiation.

Ald. Coletti made the motion to hold.

#246-08 ALD. COLETTI proposing a RESOLUTION to His Honor the Mayor and the School Committee to prohibit immediately the use of any City-owned vehicle for commuting purposes in excess of ten miles from the physical boundaries of Newton and to limit use of City-owned vehicles to circumstances where an emergency response is likely during non-business hours and in which the necessary equipment is carried for such emergency response. [7-2-08 @ 12:12 PM]

ACTION: **HELD 7-0 (Ald. Freedman not present and voting)**

NOTE: Sandy Pooler, Chief Administrative Officer once again joined the Committee for discussion on this item.

Mr. Pooler informed the Committee that his goal is to complete a written policy regarding the use of City-owned vehicles including liability information.

Mr. Pooler has formed a Sub-Committee with five department heads. The Sub-Committee is using the guidelines from the State and policies used in other cities and towns to draft a policy. The Sub-Committee is discussing what position requires a car, leasing options and transitioning employees who use a City-owned vehicle.

Mr. Pooler stated there are sixty-one vehicles who are on call in which the employee takes the vehicle home. He has asked department heads for a list of vehicles, which employee uses them, which vehicles go to their home based on the criteria for using them.

Mr. Pooler will return to the Committee for another discussion when the policy is completed.

Ald. Coletti made the motion to hold.

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

#319-08 HIS HONOR THE MAYOR in accordance with the recommendation of the Traffic Council requesting authorization to appropriate and expend from Parking Meter Receipts one hundred thousand dollars (\$100,000) to fund construction of up to five pedestrian-activated warning signals at (1) Crafts Street and Linwood Avenue, (2) Washington Street and Harvard Street, (3) Waverley Avenue and Franklin Street, (4) Waverley Avenue near Arlington Street, and (5) Centre Street near Pleasant Street. [08-26-08 @ 3:45 PM]

PUBLIC FACILITIES APPROVED 5-0 (Ald. Yates not voting) on 9-3-08

ACTION: **APPROVED 7-0 (Ald. Freedman not present and voting)**

NOTE: Ald. Parker presented this item to the Committee. The Committee was provided with photos of pedestrian crossing signals in Wellesley. The Traffic Council discussed and approved a number of locations for pedestrian activated signals and this request will fund the signals. The pedestrian-activated warning signals have been shown to improve pedestrian safety at a much lower cost than automated traffic signals. The installation of the pedestrian warning signals would include signage warning drivers that they are approaching a crosswalk and if lights are flashing, a pedestrian is in the crosswalk.

Ald. Salvucci moved approval, which carried unanimously.

REFERRED TO PROGRAMS AND SERVICES AND FINANCE COMMITTEES

#315-08 HIS HONOR THE MAYOR requesting the establishment of a revolving fund to be used for receiving and expending up to \$150,000 annually for the purpose of collecting fees and supporting the cost for the elementary music program. [08-26-08 @ 3:48 PM]

PROGRAM AND SERVICES APPROVED 7-0 on 9-17-08 (Ald. Freedman not voting)

ACTION: APPROVED 6-0 (Ald. Freedman and Johnson not present and voting)

NOTE: Ald. Parker informed the Committee stating paying part of the salaries of the music teachers could be done by charging each family in the system \$25. A general activity fee is not legal. The legal opinion was that a City/town was allowed to charge for the least expensive activity that was run in the system. That would generate only pennies when divided among all families in the system.

The instrument fee would help defray some of the salary costs of the teachers. They made it very clear that there would be a waiver for anyone who could not afford the fee. A revolving account is necessary to collect these fees.

The Committee felt that music education was important in public schools and supported this item in order to keep the music lessons available.

Ald. Coletti moved to approve the item and the Committee voted in favor.

#264-08(2) HIS HONOR THE MAYOR requesting that the Board authorize the transfer of five thousand dollars (\$5,000) from Retirement Board expenses to Public Buildings Department expenses to supplement the original appropriation for the renovation of the Retirement Board's office. [09-09-08 @ 4:22 pm]

ACTION: APPROVED 6-0 (Ald. Freedman and Johnson not present and voting)

NOTE: Ald. Coletti stated this \$5,000 is an additional request for the purchase and installation of carpeting in the Retirement office. This money was not originally requested in the cost of \$40,000 approved for the renovations to Retirement office.

Ald. Salvucci made the motion for approval and the Committee voted in favor.

REFERRED TO PROGRAMS & SERVICES AND FINANCE COMMITTEES

#260-08 ALD. SANGIOLO proposing the establishment of a revolving account to receive contributions and rental income to go directly to fund branch libraries for each individual branch. [07-08-08 @ 1:29 PM]

PROGRAM AND SERVICES APPROVED AS AMENDED 5-0-3 (Ald. Baker, Freedman, Hess-Mahan abstaining) on 9-3-08

ACTION: NO ACTION NECESSARY 6-0 (Ald. Freedman and Johnson not present and voting)

NOTE: Ald. Parker stated the idea was to contribute to support the fund. A Resolution was made in Program & Services Committee so trustees would not feel responsible. This would only happen if receive donations to establish a revolving account and to provide the types of services that we cannot provide in the operating budget.

Ald. Parker moved to approve this item as a resolution; the Committee voted no action necessary.

#260-08(2) FINANCE COMMITTEE proposing a resolution to His Honor the Mayor requesting the establishment of a revolving account to receive contributions and rental income to go directly to fund community library services in the former branch library buildings.

ACTION: APPROVED 6-0 (Ald. Freedman and Johnson not present and voting)

NOTE: Committee members were satisfied with this Resolution. Ald. Parker moved to approve this item, the Committee voted in favor.

REFERRED TO COMM. ON COMM. PRES. AND FINANCE COMMITTEES

#229-08 THE COMMUNITY PRESERVATION COMMITTEE recommending that the sum of \$968,800, including \$2,800 for legal expenses, be appropriated from the FY'09 Community Preservation Fund's housing and general reserves for a third round of the Newton Homebuyer Assistance Program, to help 8 or more households with incomes up to 80 percent of the area median purchase homes in Newton, and in the process to acquire deed restrictions making the homes purchased with this assistance permanently affordable to such households, and therefore qualified for inclusion in the Commonwealth's Subsidized Housing Inventory. [6-8-08 @ 1:28 PM]

COMM. ON COMMUNITY PRESERVATION APPROVED 5-0 on 6-24-08

ACTION: APPROVED 7-0 (Ald. Freedman not present and voting)

NOTE: Joyce Moss, Community Preservation Committee and Trisha Guditz, Planning Department presented this item. There have been twenty- three projects to date. The average subsidy was \$85,000 per unit of housing produced. The maximum for this round was \$115,000 per-unit, which was the same as the last round, but they ended up, in only one instance, going up to \$95,000 for a subsidy.

Of the twenty-three units in the Homebuyer Program, sixteen units have gone to people with a Newton connection.

Affordability was defined as people who were at 80% of median area income looking for properties that they could afford. That was at a 33% front end ratio which meant the applicant was not to spend more than 33% of their gross monthly income on principle, condo fees, taxes, insurance and interest.

The Committee asked about the terms of resale. Ms. Moss and Ms. Guditz answered upon resale, if the qualified buyer complied with the terms and conditions of the deed restriction; they

were not required to pay back the subsidy. The terms and conditions were primarily to notify the City of their intention to sell. A lottery is later held and the unit is sold at a low price based upon a formula in the deed restriction.

Ald. Gentile made the motion for approval and the Committee voted in favor.

REFERRED TO CMTE. ON COMM. PRES. AND FINANCE COMMITTEE

#383-07 **THE COMMUNITY PRESERVATION COMMITTEE** recommending that the sum of \$498,500 be appropriated from the FY08 Community Preservation Fund's community housing and general reserves for development and associated legal costs of a community housing project proposed at 29 Coyne Road, Waban, by CAN-DO (Citizens for Affordable Housing in Newton Development Organization). [11-13-07 @ 5:09 PM]

NOTE: This item was amended to \$576,000 for a three-unit community housing project.

CMTE.ON COMM. PRES. APPROVED 3-1-2 (Ald. Yates opposed; Ald. Ciccone and Parker abstaining) on 5-27-08

HELD 7-0 on 6-23-08 (Ald. Schnipper not present and voting)

ACTION: MOTION TO APPROVE FAILED TO CARRY 3-3-1 (Ald. Gentile, Salvucci and Parker opposed; Ald. Lennon abstaining)

NOTE: The Committee had a discussion with Josephine MacNeil, CAN-DO, and after reviewing the information, the item failed to carry. Chairman Coletti will give a full report Monday night, October 6, 2008 before the Board of Aldermen meeting.

Ald. Schnipper made the motion to approve which failed to carry.

At approximately, 11:10 pm Ald. Parker moved for adjournment, which was approved 7-0.

Respectfully Submitted,

Paul E. Coletti, Chairman