

CITY OF NEWTON

IN BOARD OF ALDERMEN

FINANCE COMMITTEE REPORT

MONDAY, OCTOBER 27, 2008

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

Absent: Ald. Salvucci

City Staff: Amy Yuhasz (Planning Department), Susan Burstein (Chief Budget Officer), Daniel Funk (City Solicitor), Sandy Pooler (Chief Admin. Officer), James Reardon (Acting Treasurer/Collector), Angela Smagula (Assistant City Solicitor), Arthur Cabral (Buildings Department), Nick Parnell (Commissioner of Public Buildings), Cindy Stone (Newton History Museum), Tom Daley (Commissioner of Department of Public Works) and Dave Turocy (Department of Public Works)

TWO FIRST CALL ITEMS (ATTACHED REPORT FROM COMPTROLLER):

#374-08 HIS HONOR THE MAYOR requesting authorization to expend an additional seven thousand dollars (\$7,000) received as part of the State Traffic Safety Grant, which has increased from \$15,234 to \$22,234. [10-14-08 @ 4:40 PM]

ACTION: **APPROVED 5-0 (Ald. Schnipper and Johnson not voting)**

#372-08 HIS HONOR THE MAYOR requesting authorization to appropriate ten thousand nine hundred twenty-five dollars and fifty cents (\$10,925.50) from funds received from LM Holdings, LLC, which will reimburse the City for the cost of work performed as part of the traffic mitigation related to the reconstruction of the Church Street Bridge. [10-14-08 @ 4:39 PM]

ACTION: **APPROVED 5-0 (Ald. Schnipper and Johnson not voting)**

NOTE: The above listed items were contained in the attached First Call Items Report, prepared by David Wilkinson, Comptroller. The Committee, after reviewing said report, along with submitted backup information, voted, without debate, to approve these items 5-0.

Ald. Parker made the motion for approval of these two items.

#373-08 HIS HONOR THE MAYOR requesting authorization to transfer twenty four thousand dollars (\$24,000) from payroll to expenses within the Treasury Department for the purpose of paying consultant to assist with the FY09 Receivables reconciliation. [10-14-08 @ 4:40 PM]

ACTION: **APPROVED 6-0 (Ald. Schnipper not voting)**

NOTE: James Reardon (Acting Treasurer/Collector) joined the Committee for discussion on this item.

Mr. Reardon reported to the Committee that the City has hired a consultant to work with the Treasurer's office to resolve problems associated with the reconciliations of the receivable accounts in their office.

Mr. Reardon indicated the reconciliation problems are in the Water Receivables Department. The Treasurer's office came to the conclusion that the Munis software which tracks these reconciliations was not properly installed. The consultant is working with Mr. Reardon to resolve some of the issues and to re-establish the Treasurer's office ability to use Munis for these projects.

The Treasurer's office has also had problems catching up with the reconciliation of retired employee's bank accounts from July to October 2008.

Since Mr. Spellman's departure in July 2008, the cash reconciliation operations in the department are struggling but moving along. There are two temporary employees. There is also a vacancy for the Treasurer/Tax Collector position and one possibly two other vacancies in the department.

As a result, this \$24,000 will cover approximately another month of the consultants work, at which time the Executive Department will have to request a new appropriation, which will require the City to go out to public bid for any extension of the consultants' contract.

Ald. Gentile made the motion for approval.

#354-08 ALD. COLETTI requesting monthly report on cash and receivable reconciliations by Treasurer and status of Consultant work in Treasurer's Office. [09-30-08 @ 1:54 PM]

ACTION: **HELD 6-0 (Ald. Schnipper not voting)**

NOTE: James Reardon (Acting Treasurer/Collector) once again joined the Committee for discussion on this item.

Mr. Reardon updated the Committee on the status of the reconciliation work being performed in the Treasurer's office.

After receiving the update, the Committee recommended to hold this item for future meetings.

Ald. Gentile made the motion to hold.

#370-08 HIS HONOR THE MAYOR requesting authorization to appropriate and expend fourteen thousand four hundred fifty-five dollars and fifty-six cents (\$14,455.56) from Budget Reserve for the purpose of settling a claim that arose out of a motor vehicle accident in which a City truck struck another vehicle causing damage to the private vehicle. [10-14-08 @ 4:40 PM]

ACTION: **APPROVED 6-0 (Ald. Schnipper not voting)**

NOTE: See same note as below (#369-08)

#369-08 HIS HONOR THE MAYOR requesting authorization to appropriate and expend fourteen thousand three hundred thirty-six dollars (\$14,336) from Budget Reserve for the purpose of settling a claim that arose out of a motor vehicle accident in which a City truck struck another vehicle causing damage to the private vehicle.
[10-14-08 @ 4:40 PM]

ACTION: APPROVED 6-0 (Ald. Schnipper not voting)

NOTE: Daniel Funk (City Solicitor) and Angela Smagula (Assistant City Solicitor) joined the Committee for discussion on these two accident items.

Mr. Funk informed the Committee these appropriation requests are for settlements of damage to privately owned vehicles in the City because of a collision with a City snowplow.

The accident occurred on California Street, Newton, MA on January 2, 2008, when a City of Newton Department of Public Works employee parked the City snow plow truck but did not set the parking brake or secure the vehicle by turning it off. As a result, the truck engaged in its gear, rolled down the street and struck these two un-occupied vehicles.

One vehicle was a 2006 Lexus; the other was a 1999 BMW.

Both claimants' insurance companies settled on the damages to both vehicles. There was no defense for the City's responsibility in this accident.

The Department of Public Works employee was reprimanded, required to take additional training and become re-certified to drive the City plow truck.

Ald. Gentile made the motion for approval.

CLERK'S NOTE: The following item was docketed on October 6, 2008 and referred to both the Public Facilities Committee and the Finance Committee. After discussion with the Chief Budget Officer, it was determined that the item should only be referred to the Finance Committee.

#356-08 HIS HONOR THE MAYOR requesting authorization to appropriate and expend four million nine hundred fourteen thousand seven hundred sixty-eight dollars (\$4,914,768) from General Revenue – MSBA Reimbursements to the Capital Stabilization Fund for a portion of the long-range capital plan. [09-30-08 @ 4:15 PM]

ACTION: APPROVED 6-1 (Ald. Parker opposed)

NOTE: Sandy Pooler (Chief Admin. Officer) and Susan Burstein (Chief Budget Officer) joined the Committee for discussion on this item.

This item was re-docketed in the Finance Committee. The item was altered to remove any reference to any specific capital plan. The original plan included the statement of money used

for the Turf, Newton North and Fire Stations, but because there are other important capital projects which should have been included in the docket item an agreement was reached with the Executive Department to re-write the docket item and specifically transfer these funds into capital stabilization.

This item has had long discussions since the budget about ways in which the Board can influence the FY 2009 budget. Currently there is approximately 7.2 million dollars of re-imbursements from the MSBA that is required to be transferred. There is approximately 2.3 million from free cash and this additional \$4,914,768 from revenue into various accounts before the setting of the tax rate on November 12, 2008.

In the event the Board does not take these actions, these items would remain in the revenue fund and close out to free cash at the end of the fiscal year.

If the Board fails to take this specific action, the \$4,914,768 from general revenue, it is possible that the Board could actually levy below the limit allowed under Proposition 2 ½ which in effect would raise less money than this years operating budget in taxes. If so, the City would be allowed to raise under Proposition 2 ½.

Some Committee members indicated that they would look favorably on carrying over some reserve tax incapacity to give the City taxpayers a reduction in taxes this year.

Other Committee members felt that the Mayor has refused to perpetuate on adjustments to this years budget by refusing to take this action. The Executive Department position was that the State and federal situations and developing the way the City needs all of its local and reimbursement revenues to be included in the reserve accounts in order to provide stability for the City in these uncertain times relating to state aide and government funds being received from Community development block grants and other federal public funds.

Ald. Coletti's expectation is that this item will be on 2nd call at the November 3, 2008 Board of Aldermen meeting.

Ald. Gentile made the motion for approval.

#351-08 ALD. COLETTI requesting discussion on the status of School Building Authority reimbursements to the City of \$46.6 million for the Newton North High School project. [09-30-08 @ 1:54 PM]

ACTION: **HELD 7-0**

NOTE: Sandy Pooler once again joined the Committee for discussion on this item.

Mr. Pooler indicated to the Committee that as of October 23, 2008, the City has made some progress in discussing with the representatives from the SBAB the process that has to be finalized in order for the State to approve reimbursing the City this \$46.6 million.

The Committee was informed that within the next two weeks the Executive Department expects

to come to an agreement on the submission of the necessary paperwork to release these funds.

Ald. Coletti made the motion to hold this item, in order to continue to track it.

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

#355-08 **HIS HONOR THE MAYOR** requesting authorization to appropriate and expend seventy five thousand dollars (\$75,000) from Budget Reserve to the Public Building Department Accounts for the costs related to the conversion of the boilers at City Hall and the Carr School from oil to natural gas. [09-30-08 @ 4:16 PM]

PUBLIC FACILITIES APPROVED 6-0 on 10-22-08

ACTION: APPROVED AS AMENDED 7-0 @ \$175,000

NOTE: Nick Parnell (Commissioner of Public Buildings) joined the Committee for discussion on this item.

The Committee was informed; bids have been received by the City and are in excess of \$600,000 for the conversions. As a result, there is not enough money in the amount originally requested (\$75,000).

It is clear, the Board of Aldermen decided to allocate \$475,000 from the reduction in the Assessors overlay abatement reserve from 1.4% to 1.25%, which generated \$475,000 that was put into the budget reserve account for overtime or energy expenditures. Therefore, this request of \$175,000 is an appropriate use of these funds.

The City has locked in a price of \$4.28 per gallon of oil until June 30, 2009.

It is anticipated because of the conversions and the significantly higher cost for fuel oil this year that it would be more advantageous that a comparable cost of \$2.84 to use natural gas instead of oil for this year.

It is likely with the unfortunate circumstances of locking in the cost of oil this year that by April 2009 the City would recover the expended funds for the conversion because of the ability to burn a less expensive fuel. Also in years to come, this flexibility will save the City millions of dollars.

The additional money required for the conversion at the nine schools will be funded out of the School Department's budget later to cover the costs of installing dual burn burners. This will allow the City at different times to be able to burn oil, natural gas or the combination of both in order to conserve money.

Ald. Coletti made the motion for approval as amended.

RECOMMITTED TO FINANCE AND PUB. FACILITIES COMMITTEES on 10-20-08
REFERRED TO PUBLIC FACILITIES & FINANCE COMMITTEES

#265-08 HIS HONOR THE MAYOR requesting authorization to appropriate and expend one hundred fifty thousand five hundred eighty seven dollars (\$150,587) from capital stabilization for the purpose of restoration of the exterior of the Jackson Homestead. [7-8-08 @ 5:17 PM]

PUBLIC FACILITIES APPROVED 4-1-1 on 7-21-08

FINANCE APPROVED 5-1 on 7-21-08

PUBLIC FACILITIES APPROVED 1-0-3 (Ald. Lennon, Albright and Mansfield abstaining, Salvucci and Gentile not voting) on 10-22-08

ACTION: **APPROVED AS AMENDED 4-2-1 @ \$122,976 (Ald. Lennon and Gentile opposed; Johnson abstaining)**

NOTE: Nick Parnell (Commissioner of Public Buildings) joined the Committee for discussion on this item.

The Committee debated about which fund the City shall be using to support these requested modifications for the Jackson Homestead which include the removal and replacement of the roof, gutter work, facial work and soffit work, scraping, preparation, painting and the replacement of the antique shutters. Because of the extent of the restoration work and the specialized shutters and shutter holder hardware there was a belief amongst the Board that this expenditure was allowable under Community Preservation money for the renovation of this historic structure.

Unfortunately, the Community Preservation Committee, which is the first Committee to review applications for the Community Preservation Act (CPA) expenditures refused to take this item up as early as April and May of this year and failed to act on this item over the summer. They have now indicated it will not be discussed until early 2009. This frustrated many members of the Finance Committee and it is Ald. Coletti's belief at some point the Community Preservation Committee will be discussing and scheduling activities regarding the review of some of these items and requests that are made by the Board of Aldermen.

In the mean time, the specifications were ready and put out to bid in the October 29, 2008, edition of the Newton TAB newspaper in order to have this contract be awarded for work to begin and be completed by the Jackson Homestead Birthday in May 2009.

Ald. Coletti's expectation is that this item will be on 2nd call at the November 3, 2008 Board of Aldermen meeting due to the change in the amount of money requested.

Ald. Parker made the motion for approval as amended in order to accomplish the first phase of the renovation and repair work as it was imperative that this item move forward.

#353-08 ALD. COLETTI requesting monthly report by Executive Office before Post Audit and Oversight Committee on snow and salt expenditure from November 2008 through April 2009. [09-30-08 @ 1:54 PM]

ACTION: **HELD 6-0 (Ald. Gentile not voting)**

NOTE: Tom Daley (Commissioner of Department of Public Works) and Dave Turocy (Department of Public Works) joined the Committee for discussion on this item.

Mr. Turocy provided Committee members with an informational package for tracking purposes to show the amount that will be budgeted once transfers are made into the snow and ice account from free cash. The Committee also received copies of the snow policy and night watch provisions that are in the contract. The contract specifies two employees will be on night watch from the months of November to April to be on call in order to be prepared to go out and perform snow removal, salting, and sanding that is required as an initial force to deal with deteriorating weather in the evenings.

After reviewing all information provided, the Committee agreed they would utilize the documents provided as a review tool during this winter with the hopes that the City can get through the winter with the 2.5 million dollars that will be allocated for snow funding and salt operations.

Ald. Coletti made the motion to hold to in order to continue reviewing the operations of the Department of Public Works operation over the next five months.

#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 6-0 (Ald. Gentile not voting)**

NOTE: Sandy Pooler (Chief Admin. Officer) once again joined the Committee for discussion on this item.

Mr. Pooler informed the Committee that his Sub-Committee of five department heads is continuing to work on this item. It is Mr. Pooler's anticipation that the work may be completed in the next few weeks and he will be prepared to make some recommendations on the appropriate policy.

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

Ald. Parker made the motion to hold.

REFERRED TO PROGRAMS & SERVICES AND FINANCE COMMITTEES

35-06 ALD. JOHNSON AND HESS-MAHAN requesting discussion with the School Department and School Committee members regarding the results of the studies addressing compensation for management and executive personnel and organizational structure of central administrative salaries.

PROGRAM & SERVICES NO ACTION NECESSARY 6-0 on 4-18-07

ACTION: **HELD 6-0 (Ald. Gentile not voting)**

NOTE: Members from the School Department could not attend tonight's meeting due to a conflicting schedule.

Therefore, Ald. Coletti made the motion to hold.

#371-08 **HIS HONOR THE MAYOR** requesting authorization for the School Department to enter into a three-year lease for laptop computers to be used at Newton South High School with the first payment of \$75,000 funded through the School Department's FY'09 budget. [10-14-08 @ 4:40 PM]

ACTION: **HELD 6-0 (Ald. Gentile not voting)**

NOTE: The Comptroller, Dave Wilkinson made a written request to the Committee to hold this item pending specifics relating to the numbers and types of equipment being purchased from Apple Computer by the School Department and an appropriate amount of funds in order to reimburse the lease fees associated with the lease purchase agreement for the next three years on this contract.

When the information is received from the IT Department at the School Department this item will be discussed.

Ald. Coletti made the motion to hold made by the recommendation from the Comptroller.

REFERRED TO PUB. FAC., PROG. & SERV. AND FINANCE COMMITTEES

#357-08 **HIS HONOR THE MAYOR** requesting authorization to appropriate and expend twenty-five thousand dollars (\$25,000) from Budget Reserve for additional design options for the City properties at Crystal Lake. [09-30-08 @ 4:16 PM]

PROGRAMS & SERVICES APPROVED 5-0 (Ald. Freedman, Sangiolo and Merrill not voting) on 10-22-08

PUBLIC FACILITIES APPROVED 4-1 (Ald. Salvucci opposed, Gentile not voting) on 10-22-08

ACTION: **APPROVED 4-0-2 (Ald. Freedman and Johnson abstaining; Gentile not voting)**

NOTE: Nick Parnell (Commissioner of Public Buildings) again joined the Committee for discussion on this item.

Mr. Parnell informed the Committee he presented this item to the Public Facilities and Program & Services Committees at their last meeting regarding the different options that are currently being discussed by the Crystal Lake Task Force.

Finance Committee members are concerned over the fact that the City has now spent approximately \$50,000 and perhaps should move into the phase where the City settles on one or two options.

The City shall begin to look at a full package of information to be presented by the Crystal Lake

Task Force to the Executive Department and the Board of Aldermen which would allow the Executive and legislative departments to come up with a capital spending plan to implement any renovations or additions to Crystal Lake.

At this time, there is an expectation based on the options which are being developed by the task force. These Crystal Lake improvements could be in excess of 2.5 million.

There was further discussion on the purchase of land at 230 Lake Ave. and the purchase of the easement along Crystal Lake that could add additional concerns to how much money will be required to be spent in order to upgrade this facility.

With the understanding that the Public Buildings Commissioner will submit to the Finance Committee Report a chart showing the monies that have been expended to date, to whom those funds have gone to a motion was made for approval by Ald. Parker.

Ald. Coletti's expectation is that this item will be on 2nd call at the November 3, 2008 Board of Aldermen meeting.

At approximately, 10:30 pm, Ald. Freedman moved for adjournment, which was approved 6-0.

Respectfully Submitted,

Paul E. Coletti, Chairman