

CITY OF NEWTON

IN BOARD OF ALDERMEN

FINANCE COMMITTEE REPORT

MONDAY, NOVEMBER 26, 2007

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

Also Present: Ald.-Elect Freedman, David Wilkinson (Comptroller), Susan Burstein (Chief Budget Officer), Cindy Stone (Director, Newton History Museum)

**CHAIRMAN'S NOTE:** The following items were taken up on First Call, according to the recommendations made by Comptroller David Wilkinson in his attached First Call Items Report (without debate, all of the items were approved, as noted):

#354-07      HIS HONOR THE MAYOR requesting that the sum of \$19,600 be transferred from the DPW snow and ice capital account for the purpose of purchasing new calcium chloride storage tanks to replace those at the Crafts and Elliott Street yards. [10-30-07 @ 5:17 P.M.]

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

#355-07      COMMUNITY PRESERVATION COMMITTEE recommending that the sum of \$40,122.22 be appropriated from the Community Preservation Fund's general reserve, for interest on the bond anticipation notes issued for the acquisition of 20 Rogers Street for recreational use. [10-17-07 @ 1:12 P.M.]

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

#356-07      HIS HONOR THE MAYOR requesting that the Comptroller be authorized to transfer quarterly the interest income attributable to the \$2.6 million Starck Loan to the long-term capital projects fund within the Capital Stabilization Fund. The purpose of this transfer is to offset a portion of the debt service costs for the renovation of Fire Station #4. [10-30-07 @ 5:17 P.M.]

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

#380-07      HIS HONOR THE MAYOR requesting an appropriation in the amount of \$5,150 from Budget Reserve for the purpose of employing a part-time temporary replacement for the administrative support person at the Newton History Museum during a maternity leave. [11-13-07 @ 3:27 P.M.]

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

**The Committee also discussed the following:**

#357-07      HIS HONOR THE MAYOR requesting that the sum of \$4,729,429 be appropriated from FY08 estimated revenue to the General Fund for the purpose of adding funds to the Long-Term Capital Projects Fund within the Capital Stabilization Fund as well as providing funds for FY08 interest payments and issuance of bonds associated with the November 1, 2007 bond sale. [10-30-07 @ 5:17 P.M.]

**ACTION:**      **APPROVED 6-0-1 (Ald. Gentile abstaining; Ald. Parker not voting)**  
**SUBJECT TO SECOND CALL (See attached letter dated 11/21 from the Mayor as well as additional draft board orders)**

**NOTE:**      Susan Burstein, Chief Budget Officer, presented the attached letter from the Mayor (dated November 21, 2007) which indicates that the figures for this item have been amended since the item was originally docketed. The Committee members anticipated that this item would be placed on Second Call, since there was interest among members to have separate votes on the exact division of the allocation of these funds. Therefore, the attached proposed additional drafts (prepared by the Comptroller) will be the topic for discussion at the Full Board meeting on December 3<sup>rd</sup>.

These funds normally would be returned to the general fund and released to Free Cash at the end of the fiscal year. Subsequently, there would be a need for re-appropriation for capital projects. However, the original proposal for this item attempts to separate out the funds to be placed into the Capital Stabilization Fund and earmarking them for specific purposes.

There was a concern, mostly by Chair Coletti, that the manner in which this item was proposed, provides a way to put aside funds without having them closed out to Free Cash, which under-states the City's Free Cash position and emphasizes any claims that the City is in greater need for funding for capital projects.

Comptroller Wilkinson informed the Committee that there is currently \$10.6 million in this fund, which is designated for just high school financing purposes. The current policy of the administration has been to use these funds for other purposes than just financing the high school projects.

On a motion to approve the item, with the attached amended amount included, the Committee voted 6-0-1, with Ald. Gentile abstaining and Ald. Parker not voting. This item will be SUBJECT TO SECOND CALL on the floor of the Board on December 3<sup>rd</sup>.

#207-07      ALD. COLETTI (FINANCE COMMITTEE CHAIR) submitting City of Newton Financial Policies draft, prepared by the Comptroller, for review and adoption by the Board of Aldermen. [06-12-07 @ 5:50 PM]

**ACTION:**      **HELD 8-0**

**NOTE:**          This item has been discussed and held at previous meetings. It was hoped that the Committee would take final action on this item this evening, but there was a request to hold this item. One concern raised (as the result of the snow and ice item above, was that there is a need to address the financial policy of under-budgeting for snow and ice, equipment rental and the like each year. It is hoped that this and other issues can be addressed with the passage of the Newton Financial Policies document. On the motion to hold this item, the Committee voted 8-0.

**CHAIRMAN'S NOTE:** The Committee also held a brief, informal discussion related to reporting inaccuracies and budget issues associated with the Newton North High School Construction Project. It was clear in the report distributed by the Public Buildings Department at the Public Facilities Committee meeting on 11/14, that there were significant deficiencies in various soft costs for architectural fees, construction management fees and legal fees.

The Executive Department is preparing an amendment to the Newton North Construction Plan and contract to change the funding amounts in various accounts to reflect a potential increase in the overall cost of the school project. Many Committee members were concerned that the Executive Department is already prepared to break its commitment to accurately report expenditures and stay within the budgets set aside when the original funding requests were approved by the Finance Committee and Board of Aldermen.

The Chairman indicated that on November 21<sup>st</sup>, a letter went out to members of the Board, Comptroller and Executive Department requesting weekly expenditure updates for this project, as well as notification to the Board as soon as current allocations are expended in any of these accounts for the high school project. There was also a request that the Board of Aldermen receive immediate notification of any incoming future requests for further appropriations for this project.

There was a request by Ald. Gentile that a subcommittee be established to conduct in-depth oversight of expenditures on this project. Therefore, Ald. Gentile, Coletti, Linsky, Salvucci and Ald.-Elect Freedman all volunteered to work on this subcommittee.

All other items were held. The Committee adjourned at approximately 9:45 p.m.

Respectfully Submitted,

Paul E. Coletti, Chairman