

CITY OF NEWTON

IN BOARD OF ALDERMEN

FINANCE COMMITTEE REPORT

MONDAY, FEBRUARY 27, 2006

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

Absent: Ald. Lipof

Also Present: David Wilkinson (Comptroller), Sandy Pooler (Chief Administrative Officer), William Chenard (Board of Assessors), Chief Joseph LaCroix (Fire)

Re-appointment by His Honor the Mayor

#115-06 WILLIAM CHENARD, 7 Stillman Circle, Natick, reappointed on February 3, 2006 to the Newton Board of Assessors; said term to expire on February 1, 2009.
(60-day Board action date: 4-22-06)

ACTION: **APPROVED 7-0**

NOTE: Mr. Chenard was present this evening. He had a brief discussion with the Committee regarding his responsibilities as the Chief Residential Assessor. He originally worked for the Town of Natick (where he was the overseer of all Assessing valuations and abatements for the Town, including commercial and residential properties). Mr. Chenard came to the Newton Board of Assessors as a replacement for Bill Figler (who retired after 25 years of service to the City). He has served one full term on the Board of Assessors. He discussed his beliefs relative to the issue of new growth as well as his success rate with the Appellate Tax Board.

The Committee was pleased to support Mr. Chenard's re-appointment and, therefore, voted 7-0 to approve this item.

#116-06 HIS HONOR THE MAYOR requesting that the sum of \$10,000 be appropriated from the Cable Franchise Administrative Overhead Account for the purpose of procuring the consulting service of Doug Ferguson to work with City departments in understanding wireless technology and the improvements it provides.

ACTION: **APPROVED 7-0**

NOTE: The Committee reviewed the backup information which was attached to this evening's agenda. This included a proposal entitled "E-mobilizing the City of Newton". The goal is to enable various City Departments to understand emerging wireless technologies and to sufficiently develop and prioritize a set of practical

applications. This would enable City officials to make informed decisions in selecting applications based on using the technology feasibility and deployment and impact costs. The first phase of this program will entail education of decision-makers of City Departments and the second phase will entail the development of proposed applications.

No one present this evening, including Sandy Pooler, Chief Administrative Officer, had ever met Mr. Ferguson. It was suggested that, since the only person that had information about Mr. Ferguson was Mike Rourke (who has now retired), Mr. Pooler should interview Mr. Ferguson prior to the Board's approval of this item.

Committee Clerk's note: Mr. Pooler has since provided the attached additional information regarding Mr. Ferguson and this proposed program.

Ultimately, the Committee voted 7-0 to approve this request, with the understanding that Mr. Pooler would meet with Mr. Ferguson.

#117-06 ALD. PARKER, COMPTROLLER AND ROB GIFFORD requesting that Medicare Part D reimbursements received by the City be set aside in a fund to pay for post-retirement health benefits.

ACTION: **HELD 7-0**

NOTE: there was a very brief discussion this evening to begin the process of understanding a new Act which has been passed by the State Legislature (House Bill #4655), which establishes retiree health care liability funds for the Commonwealth and its Municipalities. This is an amendment to MGL Chapter 32A, which allows cities and towns to begin the process of setting aside funds to cover future health insurance costs for their retirees.

Previously, the independent financial auditors hired by the City came in and informed the Committee that the City is now required to carry a liability for future medical payments for retirees. The current liability for the City is somewhere in the \$600 million range, which is an incredible amount of money for the City to even comprehend. Under a funding schedule, it could be determined now that the City could be required to set aside as much as \$20 million per year in order to reach a fully funded status on this fund within the next 30 years.

Apparently, no other municipality in the Commonwealth has this type of fund; they are all on a "pay as you go" system for retiree medical payments. The funds are appropriated each year for that year's payments for active employees and retirees. Retirees have coverage under Medicare and a supplemental coverage under (usually) Tufts Secure Horizons.

The goal would be to begin discussion with the Executive Department and all union representatives to come up with a mechanism for funding this long-term liability for the City. This might include a change in the payment formula (i.e. from 80/20 to 75/25 or 70/30) with the savings being directed into a special liability account. The issue of increased co-payments could also be looked at, but at this time, there are no real answers.

With the understanding that there is a need for lengthy outside discussions between the Executive Department and the union representatives, the Committee moved hold on this item. It was understood that it might be possible to discuss this item again in April. The motion to hold carried by a vote of 7-0.

REFERRED TO PUB. SAFETY/TRANS. PROG.& SERVICES & FINANCE

#273-04(2) ALD. GENTILE requesting home rule legislation to reclassify the two "dedicated fire apparatus mechanic" positions from Group 1 to Group 2 in the State Retirement System.

PS&T DENIED 5-1-1 (Lennon opposed; Samuelson abstaining) on 2/8/06

ACTION: HELD 7-0

NOTE: The original proposal for change (item #273-04) sought to move these positions from Group 1 to Group 4 in the State Retirement System. The Retirement Board did not approve of that change, and the Finance Committee and Public Safety/Transportation Committee at the time also did not approve, as the financial impact of making such a change would be far too large to justify. Therefore, the original item was voted NO ACTION NECESSARY by the Full Board back in December of last year, and the Committee will now consider this new proposal to change the designations from Group 1 to Group 2.

The Group 2 classification, under the State Retirement System, would allow these employees to retire at age 60 and will also provide similar coverage for them that firefighters get, but it would not be as comprehensive as what firefighters get, and firefighters can retire at age 55. If these employees remain in Group 1, they are able to retire at the age of 65.

The Committee held discussion with Ald. Gentile, and it was determined that additional cost evaluation needs to be done on this item. Ald. Gentile also indicated that he would like more time in order to secure additional information regarding the Home Rule Legislation aspect of the process.

Therefore, at the request of Ald. Gentile, the Committee voted 7-0 to hold this item.

REFERRED TO PROGRAMS AND SERVICES AND FINANCE COMMITTEES

#94-06 **HIS HONOR THE MAYOR** requesting an appropriation in the amount of \$280,000 from Budget Reserve for the purpose of supplementing the FY06 School Department budget . The School Department will use these funds to supplement its various energy accounts.

PROG. & SERV. APPROVED 5-0-1 (Sangiolo abstaining) on 2/22/06

ACTION: APPROVED 7-0

NOTE: Sandy Pooler was present this evening. He presented this item on behalf of Nick Parnell, Public Buildings Commissioner. A letter dated January 31, 2006 was attached to this evening's agenda. This letter indicates that the proposal is to set aside the sum of \$280,000 from the \$400,000 of new growth money (which was set aside back when the tax rate was set in November of 2005) to assist the School Department in supplementing their school gas, electricity and fuel oil accounts. The total deficit in the School Department FY06 budget is somewhere in the range of \$880,000 (on the municipal side, the deficit is in excess of \$600,000), but these funds will be used to supplement the energy accounts only, in the hopes that through the rest of the year there will be some additional savings to make up for these deficits.

The Committee reviewed the attached document to gain an understanding of where this shortfall is coming from. After looking closely at these usage patterns, the Committee voted 7-0 to approve this request.

All other items were held. The Committee adjourned at approximately 9:35 p.m.

Respectfully Submitted,

Paul E. Coletti, Chairman