

CITY OF NEWTON

IN BOARD OF ALDERMEN

FINANCE COMMITTEE REPORT

MONDAY, APRIL 11, 2005

Present: Ald. Coletti (Chair), Gerst, Linsky, Gentile, Stewart, Parker, Schnipper and Lipof

Also Present: Ald. Baker; Judy Jacobsen (CPC), Jeff Sacks (CPC), Doug Dickson (CPC), Harvey Epstein (Newton Housing Authority), Martha Horn (Conservation/Environmental Planner, Assistant Chief Proia (Fire), Commissioner Bob Rooney (DPW), Ted Jerdee (Water/Sewer Division; DPW), Sandy Pooler (Chief Budget Officer)

#125-05 HIS HONOR THE MAYOR requesting acceptance of and authorization to expend the sum of \$60,000, received as a grant from the Executive Office of Public Safety (from the Commonwealth of Massachusetts) for the purchase of approximately 25 new portable radios for the Fire Department.

ACTION: **APPROVED 7-0 (Gerst not voting)**

NOTE: Assistant Chief Proia was present this evening and indicated that the Fire Department will purchasing over 40 new large portable radios for transmissions with Fire Headquarters. This equipment allows convenient access to additional equipment when necessary. These new radios cost approximately \$3,000 each (including the base/charger). Almost all of the radios in the Department will be upgraded with the receipt of this grant.

The Committee was in full support of this item and voted 7-0, with Ald. Stewart not voting, to approve this request.

REFERRED TO PUBLIC SAFETY/TRANS. AND FINANCE COMMITTEES

#126-05 HIS HONOR THE MAYOR requesting that the sum of \$160,000 be appropriated from Parking Meter Receipts for the purpose of purchasing a bucket truck for the Fire Department Wires Division.

PS&T APPROVED 6-0 (Harney not voting) on 4/6/05

ACTION: **FINANCE APPROVED 6-0-1 (Stewart abstaining; Gerst not voting)**

NOTE: A letter dated March 29, 2005 was submitted to the Committee. This letter indicates that, as part of the FY06 proposed budget, the Fire Department Wires Division will assume the responsibility for maintenance and repairs for all street lights, traffic lights, and other specialty lighting in the City. The estimation is that, by doing this work "in house", the City will benefit by at least \$50,000 in operations costs per year.

The Fire Department will present a complete description of this transition as part of the budget review process. In order to have this bucket truck available for July 1, a 90-day lead time is necessary for delivery.

The City has agreed to temporarily extend its agreement with the Wellesley Municipal Light Plant through the end of this fiscal year.

The Committee understood that the goal here is to have the bucket truck in place and necessary personnel trained and ready to perform this work for July 1. The specifications for the truck were attached to this evening's agenda. This truck is certainly expensive, but it will carry all of the necessary equipment to meet the needs of the City as it takes over this responsibility from the WMLP.

The Committee voted 6-0-1, with Ald. Stewart abstaining and Ald. Gerst not voting, to approve this request.

REFERRED TO PUBLIC SAFETY/TRANS. AND FINANCE COMMITTEES

#127-05 **HIS HONOR THE MAYOR** requesting that the sum of \$48,330 be appropriated from the Capital Stabilization Fund for the purpose of purchasing replacement defibrillators, batteries and other defibrillator parts for the Fire, Police and Parks/Recreation departments as well as in city-owned buildings.

PS&T APPROVED 6-0 (Harney not voting) on 4/6/05

FINANCE APPROVED 7-0 (Gerst not voting)

NOTE: A letter dated March 29th was attached to this evening's agenda. It indicates that some of the equipment is in need of replacement (the replacement defibrillators will allow the operator to use them on children (whereas the current equipment does not). The City has also exhausted its supply of batteries, therefore it is necessary to purchase these new supplies. In the new fiscal year, the Fire Department will also carry a \$15,000 line item for upkeep of this equipment.

With that information, the Committee voted 7-0, with Ald. Gerst not voting, to approve this request.

REFERRED TO PUBLIC SAFETY/TRANS. AND FINANCE COMMITTEES

#128-05 **HIS HONOR THE MAYOR** requesting that the sum of \$72,000 be appropriated from the Lottery Receipts Reserved fund in order to provide supplemental funding for the Education Incentive and Shift Differential accounts within the Police Department FY05 budget.

PS&T APPROVED 6-0 (Harney not voting) on 4/6/05

ACTION: **FINANCE APPROVED 7-0 (Gerst not voting)**

NOTE: A letter dated March 29th was attached to this evening's agenda. This letter indicates that the Police Department is reporting shortages of funds in two of its accounts. The first account is the Education Incentive account (the Quinn Bill Account), and the Shift Differential account.

The Police Department, in conjunction with the Human Resources Department, estimates what the budget should be for any given fiscal year for these accounts (taking into consideration the number of officers who have or will have completed educational requirements), as well as what the requirements for Shift Differential payments would be. Unfortunately, the estimates for both of these accounts fell short this fiscal year. Therefore, this appropriation is necessary in order to cover these payments.

With the understanding that these payments must be made, the Committee voted 7-0, with Ald. Gerst not voting) to approve this request.

REFERRED TO PUBLIC SAFETY/TRANS. AND FINANCE COMMITTEES

#129-05 **HIS HONOR THE MAYOR** requesting that the sum of \$20,817.65 be transferred within the FY05 Police Department operating budget in order to provide funds for replacement of front-line cruiser #504 (which was recently totaled in an accident).

PS&T APPROVED 6-0 (Harney not voting) on 4/6/05

ACTION: **FINANCE APPROVED 6-1 (Parker opposed; Gerst not voting)**

NOTE: A letter dated March 29th was attached to this evening's agenda. This letter indicates that police cruiser #504 was involved in a single car accident in which the vehicle was totaled. This vehicle was one of the Department's front line cruisers. Therefore, the Department requests that these funds be transferred from within the FY05 Police Department operating budget in order to fund the replacement of this vehicle as soon as possible. These funds will be transferred from the vehicle maintenance account into the vehicle purchase account.

Since this is still under investigation (within the Police Department), specific details regarding the accident could not be discussed in Committee.

With that, the Committee understood the need for replacing this front line cruiser and voted 6-1, with Ald. Parker opposed and Ald. Gerst not voting, to approve this item.

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

#130-05 **COMMISSIONER OF PUBLIC WORKS** requesting authorization to enter into an Intercommunity Agreement with the Town of Needham to use a Trommel Screen (to be used to process approximately 13,000 cubic yards of compost to be used for resale in the coming year).

PUB. FACILITIES APPROVED 7-0 (Mansfield not voting) on 4/6/05

ACTION: **FINANCE APPROVED 6-0-1 (Parker abstaining; Gerst not voting)**

NOTE: A letter was submitted indicating that the Town of Needham has a Trommel Screen (which is used to sift and screen various types of dirt, loam and mulch). If this agreement moves forward, the City's composting program will improve greatly. The Town of Needham has agreed to rent the screen at a rate of \$1,850 per week, plus \$150 for transportation and instruction. A comparable commercial rate would be approximately \$3,000 per week.

The City intends to use this Trommel Screen for 2-3 weeks. The composted materials will be free for Newton residents. Others will be able to purchase these materials.

Without debate, the Committee voted 6-0-1, with Ald. Parker abstaining and Ald. Gerst not voting, to approve this item.

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

#109-04(2) **COMMISSIONER OF PUBLIC WORKS** requesting that the City's Inter-Municipal Agreement with Wellesley Municipal Light Plant (approved as a one-year agreement expiring on 2/16/05) be extended through June 30, 2005. (NOTE: The FY06 will provide for the transfer of this function to the Fire Department Wires Division)

PUB. FACILITIES APPROVED 7-0 (Mansfield not voting) on 4/6/05

ACTION: FINANCE APPROVED 7-0 (Gerst not voting)

NOTE: A letter dated March 29th was attached to this evening's agenda. It explains that the agreement which the Board approved during 2004 expired on February 16th of this year. Since the Fire Department will assume this function during FY06, it is necessary to extend the WMLP agreement until June 30th.

The Fire Department has worked on transferring this responsibility to the Wires Division, which will result in a cost savings for the City.

The Committee saw the need for extending the agreement through the end of FY05, and voted 7-0, with Ald. Gerst not voting, to approve this request.

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

#131-05 **HIS HONOR THE MAYOR** requesting that the sum of \$50,000
(514-99(2)) be appropriated from funds held by the City from Bradford Development, Inc. under the terms of Special Permit #514-99(2) (granted July 18, 2000) for the purpose of designing and purchasing a sedimentation basin at the Hampton Place condominiums on Florence Street.

PUB. FACILITIES APPROVED 7-0 (Mansfield not voting) on 4/6/05

ACTION: FINANCE APPROVED 7-0 (Gerst not voting)

NOTE: A letter from Commissioner Rooney was attached to this evening's agenda. This letter indicated that the City proposes to hire an engineering consultant firm to design this project. The Public Works Department would perform the actual installation using its own work force. The engineering consultant will design and locate the proposed sedimentation basin either on the Hampton Place property or in Florence Street. The consultant will review all aspects of drainage in this area to determine which is the best location for installation of this basin. The consultant will also draw up complete plans for this project.

Upon completion of the design phase, the Engineering Division of DPW will install the basin. It is estimated that this project will be completed prior to October 15, 2005.

The referenced Special Permit contained a provision for funds to be set aside for this use.

The Committee voted 7-0, with Ald. Gerst not voting, to approve this item.

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

#132-05 **HIS HONOR THE MAYOR** requesting that the sum of \$158,000 be appropriated from Water Surplus for the purpose of supplementing the Water and Sewer Division overtime accounts for FY05.

PUB. FACILITIES APPROVED 8-0 ON 4/6/05

ACTION: FINANCE APPROVED 7-0 (Gerst not voting)

NOTE: A letter dated March 15th was attached to this evening's agenda. This letter indicated that there has been additional overtime needed (nights and weekends) for water treatment security checks. There was also overtime worked to ensure that proper water meter readings were submitted for billing purposes. Due to the poor weather conditions this winter, and the fact that overtime was needed to provide ample coverage of vacation and/or sick time, longer hours were necessary in order to get the job done.

First shift employees were asked to work overtime to accomplish these tasks because the City found difficulty in hiring qualified candidates for the second shift. It is important to note that most non-emergency costs (for service installations) are recovered through direct billing to the property owner. These revenues, however, are deposited into the Water Surplus fund for future appropriations, such as this request that the Committee was reviewing this evening.

Ted Jerdee informed the Committee that he has recently set up a detailed account for billing charges in order to revolve this money back into salary accounts in order to expedite these processes.

The overtime account was budgeted with \$92,790 for FY05. The actual expected expenditures through the end of FY05 are estimated at \$250,790. The expenditure from this fund during FY04 was over \$273,000.

The Committee voted 7-0, with Ald. Gerst not voting, to approve this request for appropriation.

#123-05 HIS HONOR THE MAYOR requesting that the sum of \$6,089 be transferred within the FY05 Comptroller's department operating budget for the purpose of fully funding the annual financial audit.

ACTION: **APPROVED 6-0 (Gerst, Gentile not voting)**

NOTE: A letter dated March 3rd was attached to this evening's agenda. It indicated that the audit fee budgeted for this fiscal year was based upon the City's multi-year contract that it held with KPMG. The fact that the City had to pick up a new Audit firm (Rogers, Sullivan & Co.) calls for a 5-year fixed contract rate of \$69,500. Therefore, in order to properly fund that portion of the audit work (which is expected to be completed prior to June 30th), it is necessary to transfer the amount requested this evening.

The Committee voted 6-0, with Ald. Gerst and Gentile not voting, to approve this item.

#124-05 HIS HONOR THE MAYOR requesting that the sum of \$1,200 be transferred within the FY05 City Clerk department operating budget in order to cover overtime costs incurred during the annual dog license renewal process.

ACTION: **APPROVED 6-0 (Gerst, Gentile not voting)**

NOTE: A letter dated March 28th was attached to this evening's agenda. The letter from the City Clerk indicates that these funds are needed in order to cover the costs associated with the annual dog license renewal process. This function is performed in a very short (turnaround) period. As always, the Clerk's staff does its best to accomplish as much of this project as possible during regular business hours, but, unfortunately, there is a need for some of the work to be done after hours.

The overtime account for the City Clerk's division was not funded in the FY05 budget. Therefore, the Clerk is requesting that these funds be transferred from the Office Equipment account into the Overtime account for this purpose.

Without debate, the Committee voted 6-0, with Ald. Gerst and Gentile not voting, to approve this request.

ITEM RECOMMENDED TO FINANCE BY FULL BOARD ON 2/22/05:**REFERRED TO COMMITTEE ON COMM PRES & FINANCE COMMITTEE**

#32-05 COMMUNITY PRESERVATION COMMITTEE recommending that the sum of \$1,000,000 be appropriated from the Community Preservation Fund to create ten units of low-income housing at 52-54 Wyman Street, Waban.

CMTE ON COMM PRES APPROVED 7-0 ON 1/25/05

ACTION: FINANCE APPROVED 7-0-1 (Linsky abstaining) SUBJECT TO SECOND CALL

NOTE: For details regarding this item, please refer to the attached memo received from the Community Preservation Committee.

Judy Jacobsen was present this evening, along with Jeff Sacks and Doug Dickson. Representatives of the Newton Housing Authority (the petitioner) were also present this evening.

It is the Chairman's intention to place this item on Second Call on the floor of the Board on April 19th (a full, detailed summary of this evening's discussion will be given at that time). In brief summary, this item was previously discussed by the Finance Committee.

The Newton Housing Authority, through the inclusionary zoning ordinance, has received close to \$3 million in discretionary housing funds from the Bradford Development project as well as The Ledges project. They have been looking in the open market for the purchase of multi-family housing to be transferred into the Newton Housing Authority's jurisdiction for subsidized Section 8 and permanent housing for Low and Moderate Income residents in Newton.

At the time that the Housing Authority had these funds, a proposal was made by a Newton businessman (who had recently purchased two 10-unit condominium properties on Wyman Street in Waban. One of these properties, which he had intended to turn into condos, he offered for sale as a 10-unit project. All of the units inside are 2 bedrooms, 2 bathrooms (between 800 and 950 square feet). The property is on a half acre lot and the total area of that lot is approximately 10,000 sq. ft. This property was carried in the Newton Assessors' records as 52-54 Wyman Street, valued at \$1.4 million. Back in December of 2004, the owner offered to sell this property to the Housing Authority for \$4 million. When the owner had purchased these two properties in 2003, he paid \$2.7 million for each of them.

This seemed like an excessive amount of money, and the Housing Authority went back into negotiations and ultimately settled on a purchase price of \$3.55 million. The NHA is looking to take a \$1 million 30-year, fixed rate mortgage on this property. The additional \$1.8 million of financing necessary to do this conversion was sought from the future proceeds from the inclusionary zoning ordinance, and this \$1 million in Community Preservation funds. This would allow the rents to offset the \$1 million mortgage.

The problem that the Committee ultimately had with this request was that the bank appraisals for this property came in significantly lower than the asking price by the seller. The income approach (a typical appraising approach) assessed this property at \$2.1 million. The bank's appraisers went back and appraised the property (using comparable sales from Brookline, Arlington, Somerville and Cambridge) at \$3.1 million for condo use. Unfortunately, there had never been a sale in Newton of apartment-style units of this size in excess of \$270,000.

The NHA had no idea that this was the case because they had not utilized the expertise of the Assessing Department staff to check the validity of the appraisal. Ultimately, they moved forward and purchased this property by leveraging the deal with future funding from the inclusionary zoning ordinance.

Members of the Committee were concerned that the NHA paid an excessive amount for this property (in the amount of \$500,000-\$900,000 too much).

Ultimately, the Committee was persuaded by the Housing Authority that this is a long-term investment that will remain in the City's housing stock in perpetuity. Therefore, the cost to acquire this property becomes less important than the fact that the City will now have these units, and managed to acquire them in a very competitive market.

After the debate was concluded, the Committee voted 7-0-1, with Ald. Linsky abstaining, to approve this item.

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

#130-04(2) COMMUNITY PRESERVATION COMMITTEE recommending that the sum of \$50,000 that was appropriated through Board Order #130-04, pertaining to the Houghton Garden Fence Project, be converted to a grant (with no repayment).

CMTE. ON COMM. PRES. APPROVED 7-0 (Parker not voting) on 3/29/05

ACTION: FINANCE APPROVED 7-0 (Gerst not voting)

NOTE: There was substantial backup information attached to this evening's agenda. Basically, there was a letter from the Community Preservation Committee to the

Board of Aldermen that indicated that they are willing to recommend that the loan that was originally authorized for this project be converted to a grant.

Ultimately, the determination was made that these funds should, in fact be converted to a grant (which would not be required to be paid back). Without debate, the Committee voted 7-0, with Ald. Gerst not voting, to approve this request.

REFERRED CMTE. ON COMM. PRESERV. AND FINANCE COMMITTEE

#111-05 COMMUNITY PRESERVATION COMMITTEE recommending that the sum of \$30,700 be appropriated from the Community Preservation Fund for purposes of funding the Flowed Meadow Improvement Project, Phase 3 (Planning and Design).

**CMTE. ON COMM. PRES. APPROVED 7-0 (Parker not voting)
ON 3/29/05**

ACTION: FINANCE APPROVED 7-0 (Gerst not voting)

NOTE: After reviewing the backup information regarding this request, the Committee voted, without debate, 7-0, with Ald. Gerst not voting, to approve this item.

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

#112-05 ALD. LAPPIN requesting discussion of policy guidelines/conditions for the approval of CPA projects involving matching grants in the event that the grants are not obtained.

CMTE. ON COMM. PRES. NAN 8-0 ON 3/29/05

ACTION: FINANCE HELD 6-0 (Gerst, Gentile not voting)

NOTE: Due to the late hour and its heavy workload this evening, the Committee voted 6-0, with Ald. Gerst and Gentile not voting, to hold this item.

REFERRED TO PROG. & SERV. AND FINANCE COMMITTEES

#105-05 HIS HONOR THE MAYOR requesting that the sum of \$20,000 be appropriated from the Cable Franchise Administrative Overhead Account for the purpose of supplementing the Law Department part-time salary account to employ Attorney Catherine Farrell on a part-time basis for the remainder of this fiscal year.

**PROG. & SERV. APPROVED 6-0 (Merrill, Baker not voting) ON
4/6/05**

ACTION: FINANCE APPROVED 6-0 (Gerst, Gentile not voting)

NOTE: The Committee reviewed the backup information that was attached to this evening's agenda. This appropriation is necessary because of the retirement of Assistant City Solicitor Michael Baseman. He will continue to receive his salary between now and the end of this fiscal year. The fact that Mr. Baseman is no longer working for the department requires that Catherine Farrell be kept on through June (on a part-time basis) in order to complete some cases that Mr. Baseman was working on.

Without debate, the Committee voted 6-0, with Ald. Gerst and Gentile not voting, to approve this request.

REFERRED TO PROG. & SERV. AND FINANCE COMMITTEES

#106-05 HIS HONOR THE MAYOR requesting that the sum of \$100,000 be appropriated from the Cable Franchise Administrative Overhead Account for the purpose of supplementing the Law Department Legal Assistance Account.

PROG. & SERV. APPROVED 6-0 (Merrill, Baker not voting) ON 4/6/05

ACTION: FINANCE APPROVED 5-0-1 (Linsky abstaining; Gerst, Gentile not voting)

NOTE: The Committee reviewed the backup information on this item. The Law Department has had to work with the Executive Department regarding municipal wage agreements. Half way through FY05, the amount budgeted for Labor Counsel (\$100,000) was depleted. There have also been several items dealing with arbitration and FLSA cases, which has created a deficit in the Labor Counsel account.

The money from the Cable Franchise Overhead Account is money given to the City for the services used by the Law Department in the approval and negotiation of the cable contracts with the City. Therefore, these funds are needed to complete this type of work through the end of FY05.

The Committee voted 5-0-1, with Ald. Linsky abstaining, and Ald. Gerst and Gentile not voting, to approve this request.

#64-05 HIS HONOR THE MAYOR requesting an appropriation in the amount of \$122,224 for the purpose of paying retroactive overtime payments owed to Police Department staff as calculated under the rules of the FLSA. These rules differ in certain key aspects from the City of Newton's overtime policies. In some cases, they require the City to pay more than it would otherwise under the overtime provisions of our collective bargaining agreements and, in other cases, less. The funding source for this appropriation will be \$95,065 from Water Surplus and \$27,159 from Salary Reserve.

#64-05 (continued)

NOTE: Letter dated 4/6/05 submitted from Mayor requesting that this appropriation be reduced; new appropriation total is \$71,135.

ACTION: **APPROVED AS AMENDED @ \$71,135 6-0 (Gerst, Gentile not voting)**

NOTE: Some of the contributing factors to this issue were details (sometimes forced details) at the Waban Reservoir, BC Football Game traffic/crowd control, and other details where officers from neighboring communities were brought in to work for City officers, etc.

This item was originally requesting over \$120,000, but the Mayor has submitted a letter (after the Comptroller's office verified the validity of the various payments under the FLSA) requesting that this amount be reduced to \$71,135.

Some of these funds will come from the Water Surplus fund (over \$57,000), the Elections Department (for polling location coverage) and others will come from the accounts relating to the Boston College football game coverage. The total amount will not exceed \$71,135.

With that understanding, the Committee voted 6-0, with Ald. Gerst and Gentile not voting, to approve this item **as amended**.

All other items were held. The Committee adjourned at approximately 10:45 p.m.

Respectfully Submitted,

Paul E. Coletti, Chairman