

CITY OF NEWTON
IN BOARD OF ALDERMEN
FINANCE COMMITTEE REPORT
MONDAY, MAY 12, 2003

Present: Ald. Coletti (Chair), Gerst, Ciccone, Bullwinkle, Stewart and Schnipper

Absent: Ald. Parker and Lipof

Also Present: Ald. Basham; David Wilkinson (Comptroller), Re Cappoli (Chief Procurement Officer), Dolores Hamilton (Director of Human Resources), Ed Spellman (Treasurer/Collector), Elizabeth Dromey (Director of Assessment Administration), Sandy Pooler (Chief Budget Officer), Jeffrey Young (Superintendent of Schools), Jennifer Goldson (Community Preservation Planner), Doug Dickson (Chair, Community Preservation Committee), Jose Cordero (Chief of Police), Superintendent McDonald (Police Department), Fran Zalonis (School Department) and Marc Laredo (School Committee)

Chairman's

Note: The Committee met first in a budget session. The Committee reviewed the Purchasing Department, Human Resources Department, Treasurer/Collector/Parking Clerk Department and the Assessing Department budget. The Committee moved the various budgets without modifications and they were all approved by the Committee.

#195-03 IRVING FRED KOFFMAN, Constable for the City of Newton, submitting annual CONSTABLE BOND in the surety amount of Five Thousand Dollars (\$5,000), pursuant to MGL Ch.41, Sec.92,93.

ACTION: **APPROVED 6-0**

NOTE: Attached to the agenda was a copy from Western Surety of the bond for Mr. Koffman, who has been a long time constable for the City. The Committee reviewed the bond and indicated that Mr. Koffman met the requirements for reappointed. A motion was made to approve and Mr. Koffman's reappointment was approved unanimously.

#196-03 HIS HONOR THE MAYOR requesting an appropriation in the amount of \$5,000 from Budget Reserve for the purpose of supplementing the FY03 appropriation for veterans' benefits.

ACTION: **APPROVED 6-0**

NOTE: A letter dated April 29, 2003 was submitted to the Committee by Fred Guzzi indicating that Account #5709 will need an additional \$5,000 to pay

for benefits for veterans or spouses of veterans through the end of June. It was followed up by a letter to the Board from the Mayor indicating that the City provides eligible veterans under criteria determined by state law certain benefits. The payment of these benefits is mandatory. The City receives reimbursement of %75 of those payments from the state in the fiscal year following the payment of these dollars. The payments that the Veterans' Agent authorizes fluctuate each year depending on how many veterans apply. In FY'01 the Veteran's Department increased from \$11,500 to \$25,000, which has been sufficient during FY'01 and FY'02 but this year there has been a request for additional \$5,000, which brings the account up to \$30,000. The Committee understood the need for these funds for the veterans and their spouses. A motion was made to approve, which carried unanimously.

#197-03 HIS HONOR THE MAYOR requesting acceptance of and authorization to expend the sum of \$12,600, received as a grant from the Governor's Highway Safety Bureau. These funds will be used to fund overtime costs for additional traffic safety enforcement, specifically targeting seatbelt enforcement. Two hand-held radar units will be purchased.

ACTION: **APPROVED 5-0-1 (Gerst abstaining)**

NOTE: Police Chief Cordero and Superintendent McDonald presented the Committee with a copy of the grant, which is an enforcement grant that will be used to encourage the use of seatbelts. A letter dated May 1, 2003 was submitted to the Committee. The funds are to be used for traffic enforcement and an education program specifically targeting seatbelt use. Three thousand dollars of the award is intended to be used for buying the radar guns. The funds are awarded on a reimbursement basis. Officers must keep complete the overtime activities and reports of the activities are forwarded to the Governor's Highway Safety Bureau. Upon approval the funds are reimbursed to the department. In addition, the equipment must also be purchased than the cost will be reimbursed.

The Committee reviewed with the Chief how he intended to implement the measures, which would involve stopping citizens. It was understood that many of the checks for seatbelt use would be done during holidays. The Chairman brought up a consideration that unfortunately during holiday times there may be necessity to stop and determine whether people are driving under the influence. It was hoped that enforcement of the seatbelt law would not be used as a method to stop people for determining whether they are driving under the influence. The Committee was told that this would not provide a substantial amount of money in overtime for doing the checking. At the same time, it was worthwhile to continue to push the use of seatbelts as a mandatory safety enhancement.

After making the Committee's feelings known to the Chief, a motion was made to approve, which carried by a vote of five in favor and one abstention.

REFERRED TO PROGRAMS & SERVICES AND FINANCE COMMITTEES

#198-03 **HIS HONOR THE MAYOR** requesting an appropriation in the amount of \$230,101.64 for the purpose of making the first of three payments on a lease of technology equipment for Newton North High School. The source of funding will be \$69,840 from the E-rate account and \$160,261.64 from Free Cash. Future lease payments will be made from Free Cash.

PROG. & SERV. APPROVED 6-0 ON 5/7/03

ACTION: **APPROVED 6-0**

NOTE: Fran Zalonis and Marc Laredo were present to review this item with the Committee. The Committee had substantial backup and the Committee reviewed the equipment list and the letter sent from the Executive Department. This surrounds the requirement that some new technology enhancement be included in Newton North High School. It is very similar to what is being done at Newton South High School. This would involve the purchasing of over 250 laptop computers for the faculty at Newton North High School, which would allow them to prepare lessons shown on networks and equipment installed in the building. There would be professional development for the people who would be using the equipment, projection and system multimedia cards, which would be setup, cyber cafes for teaching offices, network infrastructure and administrative computers for guidance counselors.

Ultimately, the total cost of this project will be over \$724,000. Right now, because of the limited funds available in the school budget we are looking at a novel approach in terms of funding these. Apple Computer has agreed to enter into a lease purchase over three years with a \$1 buyout in order to supply this equipment to the City so that it can be implemented as quickly as possible. The funding schedule shows that there will be approximately \$230,000 in year one, \$230,000 from free cash in FY'04 and \$230,000 from free cash in FY'05. The Committee reviewed the cost of the equipment and then went into a review of the lease document that was provided by Apple Computer. At the request of the Chairman, a copy of the proposed Board Order stipulating the lease purchase proposal was included as a requirement to be sent to Apple Computer to be implemented in the lease proposal to be prepared and signed by the School Committee. Upon agreement of that, the Committee was ready to move approval of the item and it was voted unanimously.

#155-03 COMPTROLLER requesting that the Board of Aldermen appoint the City's Independent Financial Auditor for fiscal years 2003-2007.

ACTION: **APPROVED SELECTION OF AUDIT FIRM KPMG 6-0**

NOTE: The subcommittee of the Finance Committee made a brief report to the Committee. The subcommittee along with Ed Spellman and Dave Wilkinson has sent out an RFP, which was included in the packet a couple of weeks ago. The RFP encouraged people to apply and submit proposals for a five year contract to audit the City's books. The auditing company does report through the Comptroller's Office to the Finance and ultimately to the Board of Aldermen. The proposal involves the preparation of a comprehensive annual financial plan, a single audit function, the auditing of the Community Development Block Grant and the pass through operation for the Home Consortium, which includes five other communities that receive federal funds through the City of Newton. It also involves an accounting of the securities, which are in the custody of the City of Newton Retirement Fund.

In the past the City has allocated approximately \$55,000 for the audit function. This year we were anticipating increasing that amount to \$63,000 due to higher than anticipated bids by companies that may respond to the RFP. To the contrary, the City received four bids in response to the RFP. The one from our current company, which is Powers and Sullivan, who has audited the City's books for the last five years, was the most expensive proposal. The second is from Rogers and Sullivan, which is a new company that is a spin-off from Powers and Sullivan and this would be their first large contract from a municipality. The third is from O'Connor and Drew, which is a firm that has bid before for the City's audit function. They are a very capable company and were the second low bidder. The last firm is KPMG, which is the new company derived from the original Peter Marwick Accounting Firm. They are one of the big four accounting firms and are an internationally known firm. They do a significant amount of auditing throughout Massachusetts including the City of Boston, the Town of Brookline and the City of Cambridge. Basically, KPMG submitted the lowest bid to the City, at \$45,000 for the City's audit function.

The subcommittee did invite all four candidates in to be interviewed and it was very interesting to see that the number of hours required for the audit ranged between 420 hours (KPMG) and over 1,000 hours (Powers and Sullivan). As the subcommittee met and talked with the various firms, it became clear that under the way in which the RFP was drafted with the City of Newton preparing the financial statements to then be reviewed by the auditors it was very clear that KPMG had the most aggressive

proposal. Assuming that the three people who were present and listed in the RFP as the engagement partners the City had no reason to believe that the audit could not be completed within the hours within the scope of their bid. Therefore, with that understanding the subcommittee recommended to the Finance Committee subject to the contract including language that the three engagement partners who were present and listed in the initial proposal, unless for some reason relating to Health or continued employment with KPMG, be required to perform the City's audit for the next five years. Conditioned on that the Finance Committee recommended that KPMG be awarded the auditing of the City's books on the schedule that they submitted for the next five years.

**ITEM RECOMMENDED BY FULL BOARD ON 4/22/03:
REFERRED TO AD HOC COMMUNITY PRESERVATION AND FINANCE
COMMITTEES**

#119-03 COMMUNITY PRESERVATION COMMITTEE recommending that the sum of **\$23,718** be appropriated from the Community Preservation Fund in order to continue improvements to an 8,000 square foot parcel of unimproved land at the Memorial-Spaulding School. This land will serve as an outdoor classroom, "Kayla's Garden" and will be used by teachers, school staff, and students to enhance classroom curriculum and by the neighborhood to enjoy passive recreation.
AD HOC APPROVED 2-0-3 (Lappin, Linsky, Sangiolo abstaining; Baker not voting) ON 4/3/03
FINANCE APPROVED 8-0 ON 4/14/03

ACTION: **APPROVED 6-0**

NOTE: The item was recommitted because the Committee was waiting for some direction from the School Department and Parks and Recreation about the requirement in the docket item that the outdoor classroom be named in memorial to Kayla Rosenberg, who was unfortunately killed in the bus accident in Canada last year. The Committee had no problem with the naming of it but unfortunately the process had not been completed in that the appropriate proposals put before the School Department, who under a memorandum sent to the Committee by Gayle Smalley needed to be done. Since that time they have begun the process through the local school administration to begin the naming of the park and the outdoor classroom. At this point, it is necessary for the Board to vote the monies to begin the construction of the outdoor classroom and hopefully, the naming will be done before the conclusion of construction. Therefore, the Committee amended the item by removing the words "Kayla's Garden" temporarily from the docket item and voted to approve the item.

REFERRED TO AD HOC COMM. PRES. AND FINANCE COMMITTEES

#162-03 COMMUNITY PRESERVATION COMMITTEE recommending that the sum of \$96,200 be appropriated from the Community Preservation Fund for the purpose of funding the restoration of sixteen (16) historic interior light fixtures in the main corridors of City Hall.

AD HOC COMM. PRES. APPROVED 4-0-2 (Linsky, Sangiolo abstaining; Lappin not voting) on 5/8/03

ACTION: APPROVED 5-0 (Schnipper not voting)

REFERRED TO AD HOC COMM. PRES. AND FINANCE COMMITTEES

#163-03 COMMUNITY PRESERVATION COMMITTEE recommending that the sum of \$175,660 be appropriated from the Community Preservation Fund for the purpose of funding the completion of the restoration of the exterior balustrade and cupola of City Hall with historically appropriate finishes.

AD HOC COMM. PRES. APPROVED 4-0-2 (Linsky, Sangiolo abstaining; Lappin not voting) on 5/8/03

ACTION: APPROVED 5-0 (Schnipper not voting)

REFERRED TO AD HOC COMM. PRES. AND FINANCE COMMITTEES

#125-03 COMMUNITY PRESERVATION COMMITTEE recommending that the sum of \$119,400 be appropriated from the Community Preservation Fund for the purpose of funding the rehabilitation of the historic windows in the Aldermanic Chamber and Memorial Hall at City Hall (but not including the restoration of light fixtures or the exterior balustrade and cupola finishes).

AD HOC COMM. PRES. APPROVED 4-0-2 (Linsky, Sangiolo abstaining; Lappin not voting) on 5/8/03

ACTION: APPROVED 5-0 (Schnipper not voting)

NOTE:

The above items were discussed jointly as they are a series of restorations, which involve the cupola, the lighting fixtures and the historic windows at Newton City Hall. The Committee had no problems with the proposal to modify the lighting fixtures in the building. The Committee moved on to the next request, which is consistent with the CPA criteria. It involves the rehabilitation of windows in the Aldermanic Chamber and Memorial Hall by appropriating and transferring \$119,400 to be expended under the direction and control of the Commissioner of Public Buildings in consultation with the Public Buildings Taskforce. The funding is for rehabilitation and replacement of the windows with new double pane, wood clad restorations, which will maintain the windows historic integrity. The work will commence no later than December 31, 2003 and should be completed by December 31, 2004. A Board Order was prepared for the Committee indicating that these windows would be replaced similarly to the window replacement that has been carried out through the

rest of the building over the past five years. The Committee had no questions on the window replacements.

The last request is a recommendation from the Community Preservation Committee for the restoration of the balustrade and cupola because the unfinished material detracts from the beauty and historic integrity of the building. On March 19, 2003 the preservation voted seven in favor with two opposed to recommend funding this application for completion of the restoration by appropriating \$175,660 to be expended under the direction and control of the Commissioner of Public Buildings. It will involve the painting, chemical treatment of the lead balustrade around the building and appropriately painting it with a white finish, and completing some renovation of the cupola, which has developed leaks. The Committee discussed each of the three items with Ald. Basham and Larry Bauer and although some Committee members felt that the work was maintenance of the building by nature, it was determined that it met the requirements of the Community Preservation Act. Therefore, the Committee having reviewed these three items, a motion was made to approve the items, which carried.

All other items were held. The Committee adjourned at approximately 10:00 p.m.

Respectfully Submitted,

Paul E. Coletti, Chairman