

CITY OF NEWTON
IN BOARD OF ALDERMEN
FINANCE COMMITTEE REPORT
SPECIAL MEETING
TUESDAY, OCTOBER 14, 2003

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

Absent: Ald. Ciccone and Gentile

#422-03 HIS HONOR THE MAYOR requesting that the sum of \$10,000 be appropriated from funds paid to the City from cable companies for the purpose of supplementing the Law Department salary accounts. This appropriation will allow the Law Department to hire student legal interns for FY04.

ACTION: **APPROVED 5-0 (Stewart not voting)**

NOTE: Ouida Young, Associate City Solicitor, was present this evening. She presented some information on behalf of the City Solicitor. She provided some bills for the amount of time and cost to the City that the Law Department has spent on cable t.v. matters over the last 5 years. The amount that the City's outside counsel and consultants on cable tv matters has been estimated at over \$89,000 from 1999 to 2003.

This item seeks to approve \$10,000 (to be reimbursed by cable fees received by the City) in order to pay some of the costs associated with the work performed by the Law Department (using its interns). The Committee had no problem with using cable fees to reimburse these funds. David Wilkinson, the Comptroller, informed the Committee that the City had recently received over \$1 million from ComCast.

The Committee agreed with this proposal to reimburse the Law Department for this \$10,000 and voted 5-0, with Ald. Stewart not voting, to approve this request.

#423-03 HIS HONOR THE MAYOR requesting an appropriation in the amount of \$11,700 (to be funded equally from the Water and Sewer Surplus funds) for the purpose of funding installation of linoleum flooring in the DPW Utilities Division Office at City Hall.

ACTION: **APPROVED 6-0**

NOTE: The Committee received a letter dated September 26, 2003 from Commissioner Rooney. This letter explained that the Utilities Division of the Public Works Department. The office carpeting has surpassed its useful life and, similar to the situation in the Clerk's Office (where carpeting was removed and linoleum flooring was

installed), it needs to be removed. Initial coordination has been made with the Public Buildings Department to perform this installation. This project, like that which was done in the Clerk's office, is to remove all furnishings in the office, remove the carpeting, install the flooring, and move all furnishings back into the office.

There was some discussion in Committee about why this project was not performed as a regular building maintenance item to be paid for out of City Hall maintenance funds. The outcome was that the Committee determined that it was appropriate, at this time, to utilize water/sewer surplus funds. With that, a motion to approve this request carried by a vote of 6-0.

#419-03 DIRECTOR OF ASSESSMENT ADMINISTRATION recommending that the City of Newton reject MGL Chapter 59, Section 2D (*Supplemental Tax Assessment on New Construction*) prior to setting the FY04 tax rate.

ACTION: **APPROVED 4-0-2 (Parker, Stewart abstaining)**

NOTE: Elizabeth Dromey, Director of Assessment, was present this evening. It is expected that this item will be debated on the floor of the Board on October 20, so please refer to the attached backup information for details.

Ms. Dromey explained that, in recent years, the State Legislature has approved two Acts that, if accepted by a municipality, would allow the assessors to capture the value of new construction put in place after the January 1st assessment date a full fiscal year earlier than in the current course of events. The Acts are very specific and they require local acceptance in order for municipalities to be able to carry out this tax.

Newton is consistently updating the values of properties, sometimes even after the deadline of January 1st. It is not unusual to see the assessors out evaluating properties in April and May in regards to building projects. If the City accepts this law, it will allow building permits where the percentage completion was listed at 50% or less not to be affected. Those at more than 50% completion would have taxes assessed against them one fiscal year earlier than is currently the case.

It is the suggestion of the assessors that there is not a significant number of parcels in Newton that would fit into this category.

Ald. Parker suggested that The Ledges property (at the Newton/Andover Theological School) would fit into this category, along with certain other properties that may present the opportunity for the City to collect as much as \$200,000 in additional taxes for these properties.

It is important to note that, if accepted, this Act would affect individual homeowners and large developers.

Seeing that there would be a significant amount of administrative work involved to collect only just over \$900 in taxes this year, the Board of Assessors is recommending that the City reject acceptance of this statute.

With that understanding, the Committee voted 4-0-2, with Ald. Parker and Stewart abstaining, to approve this recommendation of the Board of Assessors for rejection of this statute at this time. It is also important to note that, since there is a requirement for cities and towns to vote these types of acceptances each year, the City can vote, at the appropriate time (when there will be opportunity for significant tax gain), to accept this statute in the future.

#420-03 HIS HONOR THE MAYOR requesting an appropriation in the amount of \$500,000 from Overlay Surplus for the purpose of funding the triennial revaluation for Fiscal Year 2005.

ACTION: **APPROVED 6-0**

NOTE: The Committee had a presentation made by Elizabeth Dromey. A letter dated September 26th was presented to the Committee. This letter explains that, in preparation for the City's tri-annual re-evaluation, this appropriation is being requested to update the computer assisted mass appraisal system. This will require conversion of the City's database, staff training, and the purchase of new computer hardware and software. A list of equipment to be purchased and legal expenses was attached to this evening's agenda. Also attached was a letter from Ms. Dromey declaring an additional \$500,000 in Overlay Surplus for FY2003. These funds will cover the cost of this request for appropriation.

After reviewing the list of equipment to be purchased, the Committee voted 6-0 to approve this request.

#421-03 HIS HONOR THE MAYOR requesting a that the sum of \$13,640 be transferred within the FY04 Inspectional Services operating budget in order to cover the costs associated with hiring temporary staff to fill gaps in personnel created by the retirement of one clerical staff person and the extended medical leave of another.

ACTION: **APPROVED 5-0 (Gerst not voting)**

NOTE: Mark Gilroy, Commissioner of Inspectional Services, was present this evening. He informed the Committee that he has had a temporary clerical worker in the office in order to make up for the staffing shortage created by these two unanticipated staff changes.

Without debate, the Committee voted 5-0, with Ald. Gerst not voting, to approve this request.

#424-03 HIS HONOR THE MAYOR requesting that the sum of \$1,150 be transferred within the FY04 Planning Department operating budget in order to allow the department to provide matching funds (for those received from Department of Urban Studies and Planning) for a Master's level intern from MIT to assist with the update of the City's Comprehensive Plan.

ACTION: **APPROVED 4-0 (Coletti, Gerst not voting)**

NOTE: Mike Kruse was present this evening. He presented a proposal dated September 30th. He explained that this request is being made in order to put funds into a professional & technical services line item account to cover the expected employer contribution to a stipend for a graduate student. MIT Department of Urban Studies and Planning will provide a matching grant in the amount of \$1,150. This student will be retained to assist in the update of the City's Comprehensive Plan. Funds are available within the department due to the resignation of the Transportation Planner. Therefore, the Planning Department is simply seeking to transfer these surplus funds for this purpose.

Without debate, the Committee voted 4-0, with Ald. Coletti and Gerst not voting, to approve this request.

#397-03 KPMG AND COMPTROLLER submitting status report on completion of the financial audit for the City's fiscal year ending 6/30/03.

ACTION: **HELD 6-0**

NOTE: The financial audit team from KPMG made a 75-minute presentation to the Committee this evening. They indicated that they are running on schedule for the anticipated November 15th completion of the City audit. At that time, they will prepare a management draft letter and final report and present it to the Committee and the Board.

It was brought to the Committee's attention this evening that the Treasurer/Collector's office is still closing out and balancing the city's cash reconciliation through May of 2003. They have not yet turned over their final financial documents to the Comptroller's office for review and submittal to the auditors for evaluation. That is not necessarily problematic at this time, but, on top of the fact that they are behind on FY2003 reconciliation, they have not closed out the monthly cash accounts since the start of FY04. There are various issues relating to the untimely billing of water/sewer. The auditors are proposing that the Board of Aldermen review these issues in order to more accurately assess, bill and collect these charges.

It was clear to the Committee that there was more work to be done on the audit. Therefore, the Committee voted 6-0 to hold this item until such time as the final report and management letter are ready for presentation.

The Committee did not take action on the following item, but it is possible that there will be a motion on the floor of the Board on 10/20 for No Action Necessary in order to discharge the item:

REFERRED TO PROG. & SERVICES AND FINANCE COMMITTEES
#96-01(2) **PROGRAMS & SERVICES COMMITTEE** requesting discussion of the budget deficit in the School Department.
PROG. & SERV. NAN 5-0 ON 09/17/03

All other items were held. The Committee adjourned at approximately 9:30 p.m.

Respectfully Submitted,

Paul E. Coletti, Chairman