

CITY OF NEWTON
IN BOARD OF ALDERMEN
FINANCE COMMITTEE REPORT
JOINT MEETING WITH AD HOC COMM. PRES. COMMITTEE
MONDAY, OCTOBER 27, 2003

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

Ad Hoc Committee members present: Ald. Sangiolo (Chair),

Also Present: Sandy Pooler (Chief Budget Officer), David Wilkinson (Comptroller), David Naparstek (Public Health Commissioner)

REFERRED TO AD HOC COMM. PRES. AND FINANCE COMMITTEES

##227-03(2) COMMUNITY PRESERVATION COMMITTEE recommending that the sum of \$1,018,500 be appropriated to be expended under the direction and control of the Mayor for purposes of funding a portion of the acquisition of the property known as Kessler Woods (parcels #82-41-22 and #82-37-3) and that the Mayor be authorized to borrow said amount for a term of 10 years under and pursuant to Chapter 44, Section 7(3) of the General Laws.

AD HOC COMM. PRES. MOTION TO APPROVE FAILS TO CARRY 2-2-3 (Lappin, Linsky opposed; Basham, Sangiolo, Merrill abstaining)

ACTION: DENIED 4-2-2 (Schnipper, Lipof opposed; Stewart, Gentile abstaining)

NOTE: The Committee spent approximately 1 hour discussing this item jointly with the Ad Hoc Community Preservation Committee. The purpose of this evening's discussion was to come to the conclusion of whether the City should continue to move forward with the \$5 million bond authorization in order to purchase a large open space separate from the construction to be done on the Kessler Woods site.

Jennifer Goldson and Mike Kruse were present from the Planning Department this evening. They provided two updated subdivision plans (a 13-unit cull-de-sac plan, and the Mayor's preferred 11-unit plan which has larger lots).

The Committees had lengthy discussion of the public benefit in spending this additional money on the 11-unit plan (as opposed to the 13-unit plan). This goes beyond the original 21 acres that the City purchased for \$5 million. Many of the Aldermen present

this evening indicated that they prefer the 13-unit conventional plan to be used at this location.

The Chair will not give a detailed report on this item, since it is anticipated that this item will be placed on Second Call on November 3rd. Please refer to the Ad Hoc Community Preservation Committee report (prepared by Ald. Sangiolo) for further details.

After the Committee debated this issue, Ald. Parker moved Denial of this item. That motion carried by a vote of 4-2-2, with Ald. Schnipper and Lipof opposed to denial and Ald. Stewart and Gentile abstaining.

#444-03 HIS HONOR THE MAYOR requesting acceptance of and authorization to expend the sum of \$500,000, received as a grant from the Massachusetts Technology Collaborative, to fund the installation of solar panels at Newton South High School and an associated education program.

ACTION: **APPROVED 8-0**

NOTE: David Tannozini was present this evening. He presented a letter from Nick Parnell, Public Buildings Commissioner, dated October 3rd. This letter indicates that the City had received a \$500,000 grant from the Mass. Technology Collaborative to fund the installation of solar panels at Newton South High School. These funds will also be used to fund an education program at Newton South relative to solar energy. \$470,000 will be used to purchase and install the hardware, and the remaining \$30,000 will be used for the educational program.

Mr. Tannozini explained that these solar panels are to be installed on the field house (where the gymnasium is located). The energy generated by these panels will save the City an annual electricity cost of approximately \$10,000 per year.

The Committee reviewed the grant information, including the budget for these funds that was attached to this evening's agenda. The Committee fully supported this grant acceptance and expenditure and, therefore, voted 8-0 to approve this request.

#445-03 HIS HONOR THE MAYOR requesting an appropriation in the amount of \$772,167 from FY04 estimated revenue for the purpose of supplementing health insurance costs for all municipal departments to cover the full cost of health insurance throughout FY04.

ACTION: **APPROVED 8-0**

NOTE: This is a budget item that requires action by the Board of Aldermen prior to the setting of the FY04 tax rate. Sandy Pooler, Chief Budget Officer, was present this evening. He and Comptroller David Wilkinson explained that this additional money is necessary in order to bring the operating budget for health insurance up to the level that is

now required since changes in health insurance have been implemented (as part of the collective bargaining process). The City has maintained the 20-80 split, but some co-pays have changed. The revenues that will be generated by employee contributions will not be sufficient in order to cover the expenditures from the health insurance trust for both the municipal and school budgets for FY04.

This was discovered by David Wilkinson when he analyzed the current status of the health insurance trust fund. In order to bring the fund to the necessary operating level, this appropriation is necessary at this time. The funding source for this appropriation is FY04 revenue (i.e. taxes collected, state reimbursements, fees) that will be placed into the Human Resources department employee benefits account for this purpose. The funds requested at this time will cover the shortfall on the municipal benefits. It is expected that the School department will make similar adjustments when they settle collective bargaining issues.

With that understanding, the Committee voted 8-0 to approve this item.

REFERRED TO PROGRAMS & SERVICES AND FINANCE COMMITTEES

#425-03 **HIS HONOR THE MAYOR** requesting acceptance of and authorization to expend the sum of \$175,751.50, received from the Massachusetts Department of Public Health as the Enhanced School Health Services Grant. As in the past, these funds will be used to supplement school nurse staffing.

PROG. & SERV. APPROVED 4-0 ON 10/8/03

ACTION: **APPROVED 7-0-1 (Gerst abstaining)**

NOTE: David Naparstek joined the Committee this evening. He explained that the Health Department has, once again, received a School Health Services Grant from the Massachusetts Department of Public Health. These funds represent the City's share of tobacco funds collected in taxes at the state level. The City has received these funds in prior years and they have been used to provide school nurse coverage (at least one nurse at each school). The City is also required to use some of these funds for educational programs (tobacco and health and wellness) in the private schools in Newton (Fessenden, Trinity Catholic High School).

The Committee supported the importance of continuing to provide coverage (at least one nurse per school) throughout the City. The Committee voted 7-0-1, with Ald. Gerst abstaining, to approve this grant acceptance and expenditure of these funds for the intended purposes.

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

#427-03 HIS HONOR THE MAYOR requesting authorization to appropriate the sum of \$144,168 from the Parking Meter Receipts Fund to the Department of Public Works street light account prior to the setting of the FY04 property tax rate.

PUBLIC FACILITIES APPROVED 7-0 ON 10/22/03

ACTION: APPROVED 8-0

NOTE: This is another bookkeeping item that needs to be attended to prior to the setting of the FY04 tax rate. A letter dated September 29th was submitted to the Committee from the Mayor. This letter indicates that these funds are needed to supplement the street lighting account. As in the past, using Parking Meter Receipts funds is an appropriate action. Back in June (when the FY04 budget was approved), not all funds had been collected, therefore, they could not be appropriated for this purpose at that time. It was understood at that time, that when these funds had been collected by the City, the Mayor would come to the Board of Aldermen to request that the funds be transferred. This request will make the appropriation complete.

The Committee fully supported this item and voted 8-0, without debate, to approve this request.

REFERRED TO PROG. & SERV., PUB. FAC. AND FINANCE COMMITTEES

#113-01(9A) HIS HONOR THE MAYOR requesting authorization to expend \$80,085 from the High School Debt Reserve fund for the purpose of funding the first year debt service costs of the \$5.7 million permanent bonds issued for the high school renovation projects.

PROG. & SERV. APPROVED 5-0-1 (Gentile abstaining) on 10/22/03

PUB. FAC. APPROVED 6-0-1 (Linsky abstaining) on 10/22/03

ACTION: APPROVED 8-0

CHAIRMAN'S NOTE: Please refer to the attached letter from His Honor the Mayor, dated October 1, 2003, which explains the issues related to these items. These are actions that are needed prior to the setting of the FY04 tax rate.

NOTE: At the suggestion of many members of the Board of Aldermen, the Mayor has decided that is appropriate, since interest rates are so low at this time, to sell permanent bonds for the high school renovation project. It is in the City's best interest, at this time to convert these Bond Anticipation Notes (BANs) into permanent financing.

This request is for preliminary debt service costs associated with the first year issuance of the bonds. The principal and interest on the bonds will not be paid back until one year after they are sold. At this time, there is only a smaller amount of money required in order to support the sale of the first \$5.7 in permanent financing. These bonds will be ten-year bonds and will be sold at an interest rate of approximately 3.65%.

The Committee was pleased that the Mayor has decided to move to permanent financing at this time, and voted 8-0, to approve this request.

REFERRED TO PROG. & SERV., PUB. FAC. AND FINANCE COMMITTEES

#113-01(9B) HIS HONOR THE MAYOR requesting authorization to expend the sum of \$193,206 from the High School Debt Reserve fund for the purpose of funding the first year debt service costs of the two year Bond Anticipation Note (BAN) issued for the high school renovation projects.

PROG. & SERV. APPROVED 5-0-1 (Gentile abstaining) on 10/22/03

PUB. FAC. APPROVED 6-0-1 (Linsky abstaining) on 10/22/03

ACTION: **APPROVED 8-0**

NOTE: Unlike the previous item, the City is also selling approximately \$50 million of Bond Anticipation Notes (BANs), or short-term financing, to allow for the continued construction at Newton South High School, along with some of the work included in the Newton North project. For these notes, the interest rate is between 1.4 and 1.5%. The City pays interest only (not principal) on funds borrowed.

This is an appropriate tool to use for short-term financing. The Mayor is requesting that these funds be appropriated from the High School Debt Reserve fund in order to cover the first year debt service costs for this two year BAN (that will be renewed this month).

The Committee understood the appropriateness of this item at this time, and voted 8-0 to approve this request.

REFERRED TO PROG. & SERV., PUB. FAC. AND FINANCE COMMITTEES

#113-01(9C) HIS HONOR THE MAYOR requesting authorization to expend the sum of \$23,700 from the High School Debt Reserve fund for the purpose of funding the legal costs associated with the ten year bond issuance for the high school renovation projects. These costs were over and above the funds previously appropriated in the Treasurer/Collector's budget for debt issuance costs.

PROG. & SERV. APPROVED 5-0-1 (Gentile abstaining) on 10/22/03

PUB. FAC. APPROVED 6-0-1 (Linsky abstaining) on 10/22/03

ACTION: **APPROVED 8-0**

NOTE: This request is made in order to pay for a legal opinion for the bond prospectus in order to qualify the \$5.7 million in bonds being sold this month for the permanent financing of the high school projects. This is a typical requirement for the City in the preparation of large bond packages so that investors can better understand exactly what the funds are to be used for.

The Committee understood the need for this service, and voted 8-0 to approve this item.

REFERRED TO PROG. & SERV., PUB. FAC. AND FINANCE COMMITTEES
#113-01(9D) **HIS HONOR THE MAYOR** requesting an appropriation in the amount of \$2,289,771.35 from FY04 estimated revenue (\$1,926,544 School Building Assistance Program funds and \$363,227.35 from recent sale of BANs) for the purpose of adding funds to the High School Debt Reserve in the Capital Stabilization Fund.

PROG. & SERV. APPROVED 5-0-1 (Gentile abstaining) on 10/22/03

PUB. FAC. APPROVED 6-0-1 (Linsky abstaining) on 10/22/03

ACTION: **APPROVED 8-0**

NOTE: Sandy Pooler explained that the \$363,227.35 came from premiums (reverse points) paid by the institutions that purchased financial instruments that the City was selling. This provides the City with income, up-front, on the sale of these BANs, which the City can put into the general fund. In this case, it is requested that the funds be put into Debt Reserve to help in the payment of the interest costs associated with the selling of the BANs. The other funds referenced in this item, \$1,926,544, is money that the City has received as reimbursements from the School Building Assistance Program for the projects at the middle schools. These funds will also be transferred into the debt service reserve fund in order to pay for future expenses associated with the sale of bonds.

The Committee agreed that this item is also necessary (as are the previous 3 items) at this time, and voted 8-0 to approve this request.

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

Respectfully Submitted,

Paul E. Coletti, Chairman