



# Finance Committee Budget Report

## City of Newton In City Council

**Monday, April 29, 2024**

Present: Councilors Gentile (Chair), Grossman, Lipof, Bixby, Malakie, Greenberg, and Humphrey

Also Present: Councilor Block, Wright and Albright

Absent: Councilor Micley

City staff present: Manager of Financial Planning & Analysis Perry Rosenfield, Senior Financial Analyst Connor Roach, Comptroller Stephen Curley, Chief Financial Officer Maureen Lemieux, Chief Operating Officer Jonathan Yeo, Treasurer/Tax Collector Ron Mendes, Chief Procurement Officer Nick Read, Director of Human Resources Michelle Pizzi O'Brien, Commissioner of Public Works James McGonagle, and Commissioner of Public Buildings Josh Morse

*Please Note: Budget materials can be found on the City's website at the following link:*

<https://www.newtonma.gov/government/comptroller/budget>

### **DEPARTMENT BUDGET & CIP DISCUSSIONS:**

**Comptroller/Retirement**

**Treasurer**

**Purchasing**

**HR**

### **Referred to Finance and Appropriate Committees**

- #8-24            Submittal of the FY2025 to FY 2029 Capital Improvement Plan**  
HER HONOR THE MAYOR submitting the Fiscal Years 2025 to 2029 Capital Improvement Plan pursuant to section 5-3 of the Newton City Charter.
- #194-24        Submittal of the FY2025-FY2029 Supplemental Capital Improvement**  
HER HONOR THE MAYOR submitting the FY25 – FY29 Supplemental Capital Improvement Plan.
- #195-24        Submittal of the FY25 Municipal/School Operating Budget**  
HER HONOR THE MAYOR submitting in accordance with Section 5-1 of the City of Newton Charter the FY25 Municipal/School Operating Budget, passage of which shall be concurrent with the FY25-FY29 Capital Improvement Program (#8-24). EFFECTIVE DATE OF SUBMISSION 04/16/24; LAST DATE TO PASS THE BUDGET 05/31/24

## Comptroller/Retirement

**Note:** Steve Curley, Comptroller joined the Committee to discuss the Comptroller/Retirement budget. Mr. Curley explained that there are 6 and a half full-time employees that work in the office and this is the first time in a year the office has been fully staffed. The Comptroller's office function is using proper accounting standards and bring transparency to the public. The focus is on timely reporting and following local and state laws. They work on several financial reports and timelines throughout the year. Mr. Curley also explained their day-to-day duties which include taking in all receipts, processing all payroll, vendor warrants and any other accounting related transactions. The goal for this office is continuing cross training both internally and within other departments regarding Munis. The staff in the office is also working on certifications including for procurement officers.

The Comptroller's office holds the budgetary funds that have restrictions, interfund transfers, workers comp, and budgetary reserves. Mr. Curley explained that there is a large increase in the current year wage reserves by approximately \$2.5 million and that money is set aside for expected costs related to unsettled union contracts. This is since most if not all union contracts are set to end this fiscal year. The Comptroller's office also holds insurance for all of the city's buildings and crime relating to employee theft. There was an increase of \$25,000 because of the insurance market but the increase is still under the market rate.

It was questioned why the workers comp line item is set at \$800,000. Mr. Curley explained that this is the city's portion of the transfer into that fund to support worker's comp claims. Maureen Lemieux, Chief Financial Officer explained that the City is self-insured for our worker's compensation and the fund is analyzed each year by an actuary to evaluate what needs to be added.

A councilor questioned how much the city takes in when residents pay a fee for something like a mattress pick-up. Mr. Curley explained that those figures are kept and he can send that to the Council.

A councilor asked for the amount of money available in revolving funds each year. Mr. Curley explained that he does post this monthly on the comptroller's page.

A councilor raised questions regarding the Rainy-Day Fund. Ms. Lemieux explained that they will not be at the 5% of the City's budget at this time due to the interfund transfer for the NPS stabilization fund and within the budget the administration has added \$1.7 million of interest income because of the bans that have been sold. She noted that this is not normal revenue for the City but by the time the City goes out to bond the Rainy-Day fund will be at the full 5%.

A councilor questioned how the Retirement Board staff is paid. Mr. Curley explained that they are paid through the pension trust fund.

It was noted that besides the Comptroller no member of the Retirement Board was present for the meeting. The Chair stated that the budget could be hold if Finance members have further questions.

Mr. Curly explained that the retirement pension contribution from all of the funds for FY25 is \$46.4 million of that the general fund is responsible for \$43.995 million which is approximately a 6.6% annual increase from the prior fiscal year. This is the increase for the foreseeable future or until the Retirement Board votes to make a change.

The next major item is the retiree health benefits, which is declining significantly. This was due to the fact that the city was self-insured and has moved to a fully insured plan. Medicare Part B has also been declining each year. The OPEB contribution line item is strictly the schools OPEB contribution, the city's contribution can be found within each department's budget.

Councilors raised concerns regarding the pension contributions each year and how those funds could be used for other parts of the city that are in need of further funding.

Councilors thanked the Comptroller's Office for their work.

The Committee took a straw vote to accept the Comptroller's/Retirement Budget of \$68,519,241, the supplemental CIP, and the CIP which passed 6-0-1 with Councilor Grossman abstaining.

### **Treasurer**

**Note:** Ron Mendes, Treasurer/Tax Collector, joined the Committee to discuss the Treasury Department's budget. Mr. Mendes explained that his department manages all of the city's bank and investment accounts. They also work with trust fund boards including the Chaffin fund to work on the investment portfolio. The office collects all of the account receivables that are due to the city, which includes taxes and parking violation fines. Mr. Mendes also noted that they are in charge of issuing bonds.

This year they have implemented a service called Pay Mode X which assists with paying vendors electronically. They also help with fraud prevention. Mr. Mendes explained that they have worked with Eastern Bank to automate payments that are received in the mail. Through this automation, the Treasury Department was able to defer one of their open positions. The department is also working on different trainings for their staff. It was noted that they will be implementing a new module that is modeled after Find MassMoney to help with uncashed checks in the amount of approximately \$3 million.

Regarding parking ticket revenues, Ms. Lemieux explained that they are investigating why the City is not back to pre-pandemic numbers.

A councilor raised questions regarding fees and process for the off-leash dog licenses. Cassidy Flynn, Deputy City Clerk explained that this is run by the Clerk's Office. The Clerk's office is working on upgrading the system that we currently use for dog licenses to make it easier for residents.

Councilors thanked the Treasury department for their work.

The Committee took a straw vote to accept the Treasury Budget of \$35,101,549, the supplemental CIP, and the CIP which passed unanimously.

## Purchasing

**Note:** Nick Read, Chief Procurement Officer, joined the Committee to discuss the Purchasing Department's budget. Mr. Read explained that he is also responsible for the mail room and print shop. This department deals with about 100 bids a year and 5,000 requests. He explained that each year his department develops a book of the procurement laws that other cities use as well. The budget is level from last year besides a piece of equipment that was purchased for the mail room.

The projects for this year included scanning old files and executing bids electronically, which they are working with the IT Department on. The goal is always to achieve more diversity in purchasing.

A councilor questioned if there have been any changes at the state level regarding procurement rules. Mr. Read explained that there have been no changes.

A concern was raised regarding the use of prison labor. Mr. Read explains that this makes up a small percentage of their purchasing each year.

It was noted in the budget that the print shop and mail room employee will be retiring in the next fiscal year. Mr. Read explained that they will be rethinking this position once he retires. He noted that Newton North does have a print shop that city staff can utilize.

Councilors thanked the Purchasing department for their work.

The Committee took a straw vote to accept the Purchasing Budget of \$623,679, the supplemental CIP, and the CIP which passed unanimously.

## Human Resources

**Note:** Michelle Pizzi O'Brien, Director of Human Resources, joined the Committee to discuss the Human Resource Department's budget. Ms. Pizzi O'Brien explained that the focus for HR in FY24 was growth. They have filled both of the HR generalists positions and the HR coordinator position. The department has also been increasing employee engagement including revamping the on boarding process, enhance the social media presents and training for current employees. She noted that there has been improvement in the job market besides public safety. Ms. Pizzi O'Brien explained that last year they also worked on making the change in healthcare as seamless as possible. Each year the department does have a health and wellness fair for employees.

She noted that they will be beginning the collective bargaining process for all of the unions in the weeks ahead.

A councilor raised concerns regarding the pay structure in the city. This can keep Newton from being competitive. It is also a concern for current employees being paid at a lower rate and people leaving which tends to lead to burn out for the employees that have to pick up the work for prolonged periods.

Ms. Pizzi O'Brien explained that there are certain jobs that they are always looking at for salaries. They also look at retention benefits to keep employees long term. She also noted that she is continuing to work with the unions.

Councilors thanked the Human Resources Department work.

The Committee took a straw vote to accept the Human Resources Budget of \$1,311,303, the supplemental CIP, and the CIP which passed unanimously.

**Respectfully submitted,  
Leonard Gentile, Chair**