

CITY OF NEWTON

BOARD OF ALDERMEN

PROGRAMS AND SERVICES COMMITTEE REPORT

WEDNESDAY, MARCH 4, 2009

Present: Ald. Johnson (Chairman), Freedman (Vice Chairman), Baker, Brandel, Hess-Mahan, Merrill, Parker and Sangiolo

Also Present: Ald. Ciccone and Lennon

Others Present: Karyn Dean (Committee Clerk)

Appointment by His Honor the Mayor

#48-09 LESLEY SCHIER, 111 Highland Street, West Newton, appointed as a member of THE NEWTON CHILD CARE COMMISSION for a term to expire on January 31, 2012 (60 days: 4/18/09) [02/06/09 @ 1:12 PM]

ACTION: **APPROVED 5-0 (Ald. Parker, Freedman, Sangiolo not voting)**

NOTE: Ms. Schier joined the committee and explained that she has been the secretary at Underwood Elementary School for 7 years. She and her husband have owned their own computer business for 16 years. Her experience is in both the academic and business sectors and she wants to join the Child Care Commission because she felt it was time to give back to the community. She understands the challenges of finding adequate child care and she sees firsthand the limitations that some families have. For example, when she worked in Chicago, she had children that could not come to class because they were home babysitting younger siblings so that parents could go to work. She noted that the Child Care Commission was a very dedicated group of people and she wanted to contribute all that she could. The Committee supported Ms. Schier's appointment and voted to approve.

Re-appointment by His Honor the Mayor

#49-09 KATHERINE DONOVAN, 46 Oakland Avenue, Auburndale, re-appointed as a member of THE NEWTON CHILD CARE COMMISSION for a term to expire on January 1, 2011 (60 days: 4/18/09) [02/06/09 @ 1:12 PM]

ACTION: **APPROVED 5-0 (Ald. Parker, Freedman, Sangiolo not voting)**

NOTE: The Committee reviewed Ms. Donovan's resume and approved her re-appointment.

#64-09 TOM SHEFF et al. filing on February 17, 2009, a group petition pursuant to Section 10-2 of the City Charter for a public hearing to discuss appointing a group of volunteers to: analyze the functions of the Board of

Aldermen; analyze the functions of employees at City Hall; and to lay the groundwork for any Charter Commission that is elected by the citizens of Newton in the near future. ***NB: Board action shall be taken not later than three months from the date the petition was filed with the City Clerk.***

[02/17/09 @ 12:09 pm]

ACTION: **HELD 7-0 (Ald. Parker not voting)**

NOTE: A public hearing and a vote by the full Board of Aldermen is required within 3 months of filing of this item. The public hearing can be in front of the full board or in front of just the Programs & Services committee according to the Charter.

Ald. Johnson would like to more fully understand what the petitioners were looking for and hoped Tom Sheff could come to the meeting the next time this is scheduled. The Committee Clerk will work with the Clerk of the Board to schedule the public hearing. The Committee voted to hold this item.

#65-09 ALD. GENTILE, SALVUCCI, LENNON, CICCONE AND JOHNSON
proposing a Resolution to His Honor the Mayor to reduce aldermanic salaries by 10% in the FY10 budget. [02/24/09 @ 9:31 AM]

ACTION: **HELD 8-0**

NOTE: Ald. Gentile was detained at a previous commitment and was unable to attend this discussion. Ald. Lennon said he felt it was important to sign on to this item because he wanted to show solidarity with the rest of the employees of the city who would be asked to make sacrifices. He worked for the state and each employee in his office has been asked to give up 7 days pay. He believed that everyone will have to feel some pain with the tough budget season coming up this year. Ald. Ciccone had the same opinion. Ald. Johnson said she had thought about proposing that aldermen do not accept any pay. She felt that if they would be asking employees of the city to freeze their salaries, they should take some measures as well. It was her understanding that this would be a one year measure.

Ald. Baker provided a copy of the Blue Ribbon Commission report from 2005 as it pertained to the salaries of elected officials. The Commission recommended that the Board's salary be increased to \$12,500 but the Board did not vote that increase. Ald. Baker noted that any member of the board can voluntarily decide to reduce or forfeit their salary at any time. He also noted that the state law says that any changes to the board's salary would be for next year's board, not the current board. Ald. Merrill said that he served several years on the board in the 1960s without any compensation and that members of the board serve for purposes of civic pride. He supported this reduction in salary.

Ald. Brandel agreed that the 10% cut would not have a large impact on any one alderman. He felt that any measure they take should be more meaningful, for example, taking a cut to offset a cut in another area. He didn't feel \$23,500 going back to the general fund sent any particular signal. The other employees of the city were not being

required to take a cut, they were being required to freeze their current salaries. They relied on their salary as their primary source of income and the aldermen did not. He felt they needed to come up with a principle that matched what would be going on with everyone else, which would be a freeze, not a cut; or a decision in the budget process to use their own salaries to fund something they otherwise would not be able to fund.

Ald. Hess-Mahan agreed with Ald. Brandel. He would want to do something more meaningful and felt that contributing a higher percentage of their health insurance premiums might accomplish that. Instead of taking an 80/20 split on the premiums, perhaps they could look at a 70/30 split. He felt this 10% reduction was just a token. Ald. Freedman was in agreement as well. He said that the board has gone for 10 years without a pay increase. He would be in favor of a one year decrease of some percentage, but he would feel better if the money were earmarked for something in particular. He also wanted to strongly speak out about the health benefits. He felt that as “part-time” employees, receiving health benefits at such a generous rate was unusual. The cost for the health benefits was probably higher than the stipend and he felt that would be a good place to try to realize some savings.

Ald. Sangiolo looked into their contributions for health benefits. She said that she learned that they can not separate themselves from other city employees. So any changes to the split in the cost of premiums would require a majority vote by the unions. Ald. Sangiolo was in favor of forgoing pay if it could be earmarked for something specific but she didn't know if that was possible. She voluntarily gave up her salary for a month when she was out of town and knew it was possible to do that. If at any time an alderman would like to do that, they would need to write a letter to the Clerk of the Board with the amount and dates of the forfeiture. The request would be sent to the Human Resources department and the salary would be withheld.

Ald. Baker pointed out that the unchanged salary for 10 years was akin to a wage freeze or even a wage cut. He also felt that it was important to the public interest that aldermen be compensated. Individual members can make decisions about what they would like to do, but he noted that they all work very hard and put in many hours. The board has a great deal of responsibility and they vote on a \$300M budget. They are also responsible for Land Use issues. He felt it was appropriate to be compensated at the current level.

Ald. Lennon said he was aware than he could give up his individual stipend but the idea was to make the sacrifice as a body. He was not opposed to changing the insurance split, picking a different percentage, or earmarking the money. He wanted to see the board do something as a whole body. Ald. Brandel felt it was important to act as a body as well but thinks the best way to do that is by changing the policies of the city, not by giving up some percentage of their salary or health care costs. The stipend is small and he thought it would be an empty gesture on its own. Ald. Baker agreed with Ald. Brandel.

Ald. Johnson wondered if a Home Rule petition would allow them to change their own salary since state law did not allow it. As the law stands, any change they made would

affect next year's board. Ald. Lennon was concerned that the home rule petition process might take too long and would not be done in time for the beginning of the fiscal year. Ald. Sangiolo said they could decide, as a Board, on an amount to voluntarily give back to the city in order to save something else in the budget. Ald. Baker pointed out that the Mayor would still have to approve any appropriation, however.

Since this meeting, Ald. Sangiolo has gathered information from the Law Department indicating that a Home Rule petition could be employed to make a salary change. She will bring this information to the next discussion of this item.

Ald. Brandel moved to hold this item and the Committee voted in favor.

REFERRED TO PROG.& SERV., PUB. FACIL. AND LAND USE COMMITTEES

#329-08(2) ALD. JOHNSON, ALBRIGHT AND LINSKY requesting that His Honor the Mayor implement policies and procedures that engage the Ward Alderman, as appropriate, in the determination of exemptions from the noise ordinance. [02/25/09 @ 11:24 AM]

ACTION: **APPROVED 7-0 (Ald. Parker not voting)**

NOTE: Ald. Johnson spoke with Mayor Cohen and he was pleased with the Resolution proposed for this item. It is attached to this report. Ald. Baker was concerned that this might not allow for some non-emergency events that might need an exemption. Ald. Johnson said that the Mayor had spoken to Dimeo about their construction schedule and calendar. He had seen the language for this resolution and felt comfortable that it would be adequate to Dimeo's needs. The Committee voted in favor of this item.

REFERRED TO PROG. & SERV., PUB. FAC., AND LAND USE COMMITTEES

#329-08 ALD. JOHNSON, ALBRIGHT & LINSKY requesting amendment to §20-13, *Noise Ordinance*, of the City of Newton Ordinances to prohibit the City from exceeding the parameters of time and decibel restrictions unless it receives approval from the Land Use Committee of the Board of Aldermen. [09/02/08 @ 12:00 PM]

ACTION: **NO ACTION NECESSARY 7-0 (Ald. Parker not voting)**

NOTE: This item was voted No Action Necessary by the Committee because the issue was addressed in item #329-08(2).

REFERRED TO PROGRAMS & SERVICES AND FINANCE COMMITTEES

#207-08 ALD. BRANDEL AND SANGIOLO proposing that the following question be put before the Newton voters:
 "Shall the City of Newton be allowed to exempt from the provisions of Proposition 2 ½ the amounts required to pay for the bond issuance in order to fund Newton North High School?" [05/21/08 @ 12:58 PM]

ACTION: **HELD 7-0 (Ald. Parker not voting)**

NOTE: Ald. Sangiolo said she had received inquiries from the newspaper about what was happening with this item. She felt that this issue merited some further discussion. Because they know that \$10M in interest payments are going to come due.

Ald. Sangiolo thought the question would have to be dealt with before the tax rate was set, which was generally around November 15th. She thought it would be a good idea to have the referendum question during the municipal election.

Ald. Baker did not feel it was an appropriate time to put this on the ballot and organizing a campaign around it would be difficult. Ald. Brandel agreed that it was not a good time to be asking the public for this, but he understood the City was going to be facing financial constraints and it was a problem that needed to be wrestled with. He felt they should be thinking about whether a debt exclusion was necessary, would it be a good solution to the problem, and would it be a good time to be dealing with this politically and financially. He explained that an override is an increase to the levy that gets circulated on every one's tax base incrementally, and a debt exclusion gets amortized simply so the largest payment comes first. He didn't feel the timing was right for a debt exclusion because of that. He said they needed some clarification on how a debt exclusion operates. He also felt there might be some other smaller projects that might be a better test for the debt exclusion concept. He noted that the type of overrides that passed in the last elections around the state were almost all debt exclusions. Many communities were doing multi-question ballots. It gave people the ability to pick what they would like to support. Ald. Sangiolo felt that the Newton North project was a perfect opportunity for a debt exclusion. It would free up the \$10M from the operating budget and pay the Newton North debt separately.

Ald. Johnson said that the Blue Ribbon Commission had suggested an override in the past and that the Citizen's Advisory Group recommended increasing the revenue stream but she wasn't sure if overrides were part of that. Ald. Johnson said that there is huge debt from the Newton North High School project and there are a number of elementary schools that are in need of renovation or replacement. The CAG has noted that the infrastructure, capital planning, and budgeting processes in the City are not working. The budgeting process should include this concept of debt exclusion as a topic of conversation. All things need to be looked at carefully.

Ald. Hess-Mahan suggested having David Wilkinson or Susan Burstein, Craig Manseau and somebody from the Law Department come in to establish how this would be set up and how it would work if they decided to move forward with a debt exclusion. Ald. Merrill thought it was important to educate the public on the differences between a debt exclusion and an override.

Attached is an excerpt from the March 15, 2006 Committee of the Whole meeting at which former Associate City Solicitor, Gayle Smalley, explained overrides and debt exclusions. Also attached are explanations of the same from the Massachusetts Department of Revenue website.

The Committee voted to hold this item.

March as Alternatives to Pesticides Month

The Committee put forth a Commendation to the dedicate March 2009 as Alternatives to Pesticide Month. It will be presented at the next Board of Aldermen's meeting.

Motion to adjourn.

Respectfully Submitted,

Marcia Johnson, Chairman

RESOLUTION

WHEREAS, the Board of Aldermen would like to ensure that reasonable efforts are made to abate noise resulting from public buildings projects; and

WHEREAS, the current Noise Ordinance provides that exemptions from the Noise Ordinance are determined only by the His Honor the Mayor;

NOW THEREFORE, BE IT RESOLVED that the Board of Aldermen hereby request His Honor the Mayor to implement policies and procedures that engage the Ward Alderman, as appropriate, in the determination of exemptions from the noise ordinance;

AND FURTHER, that the policies and procedures should include, but not be limited to: a high-level timeline of construction activities that might need exemptions from the Noise Ordinance; recommended remediation efforts; and language expressing that exceptions would be allowed for emergencies, defined as any instance when imminent risk of harm to the welfare of persons or property would result due to the failure to undertake corrective action within a twenty-four hour period or more.

COMMITTEE OF THE WHOLE
EXCERPT
WEDNESDAY, MARCH 15, 2006

Debt Exclusions, Overrides, and Voter Involvement

Gayle Smalley presented information from her memo of March 10, 2006. She addressed how to calculate the amount of debt exclusion. She stated that the calculation is the total principal and interest payment due net of any reimbursement received from the state or federal government for the project.

On the question of who can docket a Proposition 2 ½ Debt Exclusion, Ms. Smalley found that the provisions of Proposition 2 ½ do not specify who may place a Debt Exclusion proposal before the Board. Thus, it is left to Newton's local rules, which allow that any person may docket an item to propose that the Board approve a debt exclusion. The Mayor, however, must submit the subsequent bond authorization, to the Board.

Ms. Smalley reported that according to the Mass. Department of Revenue, either the city can approve a debt exclusion before, or after, the debt is authorized and issued. The City may also place a package of bond projects in a single ballot question, but according to the Department of Revenue, it is more typical to see a city or town use separate ballot questions for each project.

Alderman Sangiolo asked if the City decided to do an override after the project was underway, could that new money go to pay the bill for Newton North or anything else we need? Ms. Smalley stated that this could be done. Her response was supported by Mr. Pooler who stated that it could go to pay whatever bills the City wanted to pay.

Alderman Mansfield stated that he felt that doing a debt exclusion after the project had started was not a wise course of action. If the City were faced with the need for additional funds after the project had started, an override would be the better way to go. Alderman Mansfield then stated that if a debt exclusion was passed by the voters before the beginning of the project, and the Mayor chose not to exercise that debt exclusion, which is his prerogative, then the options would become very limited.

Alderman Coletti commented that he saw quite a few options. Unfortunately, some of them were not that great. He believes that this project will have to go forward with a funding source that is accurate. That means that the Mayor will have to request an entire bond for everything less the money that we are going to get from state reimbursement. He cannot come forward with a proposal that talks about the use of new growth, because if it does not materialize then we have to do tax anticipation notes (TANs), bond anticipation notes (BANs), or revenue anticipation notes (RANs). The City will have to borrow money depending on how the Executive Department expects to

pay for the project. The board could go forward and approve up to \$80 million in bonds; it does not matter what type, to construct this project and four years down the road the City can be in a position where there is no growth and will have to sell some short term revenue notes to generate the funds to build the building while we wait for the revenue to come in - whether it is tax, state aid, bonds or revenue notes. If none of those materializes, and you now have a debt payment, you can request a debt exclusion override to raise the money to make that payment. It is a fifth way, and the best way, for the city to raise the money. It is pay as you go, so you do not have to pay it down in the future. You can begin raising the money immediately through that capacity. It gives the City some flexibility.

Alderman Coletti went on to say that he would like to see a funding mechanism that is hooked to the hotel/motel tax because that is a known \$1.4 million a year. You could easily sell tax anticipation notes in order to generate the money that is offset by that hotel/motel money as it comes in. We have the debt exclusion option to bridge the gap so that we can continue to move forward.

The Mayor is going to have to ask for the full complement of funding. He cannot come in with a plan to build a new school and build it with 30-years of new growth. That is not a legal funding mechanism because it is invisible money at this point. Aldermen Coletti hopes that the Mayor is not going to try to do that and that the Law Department can clarify that statement. It is impossible to do a project with the financing that way. We are going to have to approve the entire amount in bonds.

Alderman Albright asked if we could do a debt exclusion on some of the bonding and not all of the bonding.

Ms. Smalley emphasized that the ballot question is prescribed by law. The ballot question is about the particular project not the amount - there is no dollar amount on the ballot. Mr. Pooler added that the Department of Revenue also states that if you vote the debt exclusion, but the community has other resources that you want to use to pay the interest and principle payments, the city is not obligated to use property taxes to the full extent.

Alderman Albright asked how you explain to the voters what the impact might be if you cannot include a number?

Mr. Pooler responded that you do a projection of the debt overtime and you assume that the exclusion is going to cover the full cost of it.

President Baker asked if there were any further questions for Assistant City Solicitor Smalley and seeing none, he thanked her and allowed her to depart the meeting. He then introduced Building Commissioner Nick Parnell and Cost Estimator Craig Holmes from Rider, Hunt, Levett and Bailey to discuss cost estimation.

The Official Website of the Department of Revenue (DOR)

Mass.Gov

Department of Revenue

Home > Local Officials > Municipal Data and Financial Management > Municipal Knowledge Base > Levy Limits >

What is a Debt Exclusion ? What is a Capital Outlay Expenditure Exclusion ?

Proposition 2½ allows a community to raise funds for certain purposes above the amount of its levy limit or levy ceiling. A community can assess taxes in excess of its levy limit or levy ceiling for the payment of certain capital projects and for the payment of specified debt service costs. An exclusion for the purpose of raising funds for debt service costs is referred to as a debt exclusion, and an exclusion for the purpose of raising funds for capital project costs is referred to as a capital outlay expenditure exclusion. Both exclusions require voter approval with very limited exceptions. These exceptions are explained in the topic entitled What is a Special Exclusion.

The additional amount for the payment of debt service is added to the levy limit or levy ceiling for the life of the debt only. The additional amount for the payment of the capital project cost is added to the levy limit or levy ceiling only for the year in which the project is being undertaken. Unlike overrides, exclusions do not become part of the base upon which the levy limit is calculated for future years.

Reimbursements such as state reimbursements for school building construction are subtracted from the amount of the exclusion.

A capital outlay expenditure exclusion or debt exclusion is effective even in the rare case when the exclusion would bring the community's levy above its levy ceiling.

Both of these exclusions require a two-thirds vote of the community's selectmen, or town or city council (with the mayor's approval if required by law) in order to be presented to the voters. A majority vote of approval by the electorate is required for both types of exclusion.

Questions presented to exclude a debt obligation must state the purpose or purposes for which the monies from the debt issue will be used. Questions presented to exclude a capital outlay expenditure exclusion must state the amounts and purposes of the expenditure.

Below we highlight how exclusions are added to the levy limit:

Taking the previous year's levy limit and increasing it by 2.5%.

A. FY2000 Levy Limit	\$1,000,000
B. (A) x 2.5 %	\$25,000

Adding to the levy limit amounts of certified new growth added to the community's tax base:

C. FY2001 New Growth	\$15,000
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Adding to the levy limit amounts authorized by override votes:

D. FY2001 Override	\$100,000
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E. FY2001 Subtotal (A + B + C + D)	\$1,140,000
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Comparing the FY2001 levy limit to the FY2001 levy ceiling and applying the lesser number (compare E and F)

F. FY2001 Levy Ceiling \$2,500,000

\$1,140,000
Applicable FY2001 Levy Limit
(lesser of E and F)

Calculating FY2001 levy limit with debt exclusion or capital outlay
expenditure exclusion:

H. FY2001 Levy Limit \$1,140,000

I. Add FY2001 Debt Exclusion or
Capital Outlay Expenditure Exclusion \$50,000

\$1,190,000
Applicable FY2001 Levy Limit with Debt Exclusion
or Capital Outlay Expenditure Exclusion

In FY2001, this community can levy up to \$1,190,000, its applicable levy limit with this debt exclusion
or capital outlay expenditure exclusion.

The Official Website of the Department of Revenue (DOR)

Mass.Gov

Department of Revenue

Home > Local Officials > Municipal Data and Financial Management > Municipal Knowledge Base > Levy Limits >

What is an Override?

Proposition 2½ allows a community to assess taxes in excess of the automatic annual 2.5 percent increase and any increase due to new growth by passing an override. A community may take this action as long as it is below its levy ceiling, or 2.5 percent of full and fair cash value. An override cannot increase a community's levy limit above the level of the community's levy ceiling.

When an override is passed, the levy limit for the year is calculated by including the amount of the override. The override results in a permanent increase in the levy limit of a community, which as part of the levy limit base, increases at the rate of 2.5 percent each year.

A majority vote of a community's selectmen, or town or city council (with the mayor's approval if required by law) allows an override question to be placed on the ballot. Override questions must be presented in dollar terms and must specify the purpose of the override. Overrides require a majority vote of approval by the electorate.

Below we highlight where the amount of an override is added in the calculation of the levy limit:

Taking the previous year's levy limit and increasing it by 2.5%.

A. FY2000 Levy Limit	\$1,000,000
B. (A) x 2.5 %	\$25,000

Adding to the levy limit amounts of certified new growth added to the community's tax base:

C. FY2001 New Growth	\$15,000
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Adding to the levy limit amounts authorized by override votes:

D. FY2001 Override	\$100,000
E. FY2001 Subtotal (A + B + C + D)	\$1,140,000

Comparing the FY2001 levy limit to the FY2001 levy ceiling and applying the lesser number (compare E and F)

F. FY2001 Levy Ceiling	\$2,500,000
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\$1,140,000
Applicable FY2001 Levy Limit
(lesser of E and F)

The community can levy up to its levy limit of \$1,140,000 in FY2001.