



## **Finance Committee** **Budget Report**

### **City of Newton** **In City Council**

**Tuesday, May 19, 2020**

Present: Councilors Grossman, Kalis, Norton, Noel, Malakie and Humphrey

Absent: Councilors Gentile and Ciccone

City staff present: Chief Financial Officer Maureen Lemieux, Comptroller Sue Dzikowski, Director of Assessment Administration Jim Shaughnessy, Chief Information Officer Joe Mulvey, Chief Procurement Officer Nick Read, Director of Planning, Project Management and Sustainability for Newton Public Schools Stephanie Gilman and Codirectors of Sustainability Ann Berwick and Bill Ferguson

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

**Assessing**  
**Information Technology**  
**Purchasing**  
**Executive/ Sustainability**

#### **Assessing**

Jim Shaughnessy, Director of Assessment Administration, provided an overview of the FY21 Budget for the Assessing Department. The department recently conducted and completed a reevaluation of all property, which is required by state law to be done every 5 years. Mr. Shaughnessy explained the department had their values certified by the Department of Revenue through their rigorous certification process and completed the process early.

Assessing has had many internal promotions, which helps with a well-rounded office. The budget is stable from previous years. Mr. Shaughnessy reviewed his goals for the upcoming fiscal year. He explained that Outcome number 1 speaks to arriving at timely, full and fair cash valuations of all real and personal property in the City and having the Department of Revenue certify their work in a timely matter. The second outcome deals with accurately calculating new growth. Additionally, Mr. Shaughnessy explained that they have inspected approximately 2,800 of the 3,100 building permits before March 1<sup>st</sup>. Outcome 3 speaks to tax assistance programs, such as the tax deferral program for seniors who qualify under the guidelines. The deadline for this program has been extended this year to June 1<sup>st</sup>. These programs are based on the applicant's 2019 finances. The fourth outcome is to

achieve a two-day turnaround on motor vehicle excise abatement requests, and the department works to have those processed as soon as possible.

The Committee asked the following questions:

Q: Does the Assessing Department generate revenue?

A: Mr. Shaughnessy explained that the Assessing Department values properties, but the taxes are determined by the Mayor's Office and the City Council.

Q: Will the COVID-19 pandemic affect the operations of the Assessing Department?

A: Chief Financial Officer, Maureen Lemieux, explained that the Assessing Department does not collect taxes. The collection goes through the Treasury Department. The Assessing Department's job is to value properties and they are not responsible for what the tax rate is. Additionally, Ms. Lemieux explained that the City will budget for the same amount of taxes with or without COVID-19. The total amount of taxes to be collected is based on a mathematical calculation. Mr. Shaughnessy explained that the department has only seen sales data through March of this calendar year -- in the first three months of the year, single-family homes in Newton are selling for higher than they have sold in the past.

Q: Was there a discussion on considering a residential exception?

A: Ms. Lemieux explained they were prepared to come to the Finance Committee for a full discussion on this matter and are still willing to do that. Mr. Shaughnessy explained that the Assessing Department can show the impact of making that decision but that is really a policy question.

Q: When is the next reassessment due?

A: Mr. Shaughnessy explained the department has to revalue properties every year. Then every five years the Department of Revenue comes in to ensure what the department is doing is correct. Additionally, Mr. Shaughnessy explained that the Department of Revenue will come back to the City during FY24.

Q: Is the Assessing Department still allowed to go into houses for interior inspections?

A: Mr. Shaughnessy explained that this is up to the resident and if they are uncomfortable than the department can do the inspection at a later time.

Q: How many residents are deferring their taxes?

A: Mr. Shaughnessy explained that last year the City had the highest amount of tax deferrals. If a resident is over 65 years old and makes less than \$86,000 than they can delay their taxes until they

pass away or sell their house. This year there have been residents asking about the program, but the deadline is not until June 1<sup>st</sup>.

The Committee took a straw vote to accept the Assessing Department's proposed Budget, the Supplemental CIP and the CIP which passed unanimously.

### **Information Technology**

Joe Mulvey, Chief Information Officer, provided an overview of the FY21 Budget for the Information Technology (IT) Department. Mr. Mulvey explained that in his department two employees have been working from home full-time and he has seen an increase in productivity. This could lead to employees continuing to work from home even once City Hall reopens. Mr. Mulvey explained that they were supposed to go live with the new payroll database on July 1<sup>st</sup> but because of COVID-19 they have decided to push the live date to October 1<sup>st</sup>. This decision was made to allow for the proper training of staff on the new system. The department has put the phishing tests on hold because of COVID-19. Additionally, Mr. Mulvey explained that they are still working on the website and will start training on June 29<sup>th</sup>. Another large project was the large screen in the Council Chambers, which has been completed. Mr. Mulvey is confident that his department will continue to function even with the budget cuts. The department has agreed to keep an open position vacant for one year. One of the biggest goals for the department was to replace the storage area network but that will be delayed at least a year. In the meantime, the department will be enhancing their existing system.

The Committee asked the following question:

Q: How effective were the phishing tests when they were happening? How is the general security?

A: Mr. Mulvey explained that the City is doing well on security. The next step is to use a different type of phishing testing. Additionally, Mr. Mulvey explained that when they renewed their annual contract with Microsoft they added on advance protection. Ms. Lemieux explained that the Microsoft upgrade is a line item where the administration decided to increase the budget.

Q: What has the City done about "Zoom-bombing"?

A: Mr. Mulvey explained that they do recommend that staff stay up to date on the updates that Zoom offers. Additionally, Mr. Mulvey explained that there are many options for the host of the meeting to utilize to help prevent and stop "Zoom-bombing." Mr. Mulvey has also been working with the School Department on preventing "Zoom-bombing."

Q: Has municipal WIFI been considered?

A: Mr. Mulvey explained that they had discussed with the Newton Housing Authority some years ago putting WIFI in common areas but is currently cost prohibitive. It would be a lot cheaper if the City could partner with a utility. Comcast does have a network throughout the City and it does not end at

the City line. If the City were to get a municipal WIFI than this network would end at the City line.

Q: Why is there a difference in funds in the Systems Program line item?

A: Ms. Lemieux explained that the Financial Information Services department is where the City used to carry the maintenance line item from FinancePlus. This use to be at approximately \$200,000 but has decreased as a result of the City moving to Munis. For FY21, the administration decided to carry those costs in the IT Department. This is a movement of funds.

The Committee took a straw vote to accept the Information Technology Department's proposed Budget, the Supplemental CIP and the CIP which passed unanimously.

### **Purchasing Department**

Nick Read, Chief Procurement Officer, provided an overview of the FY21 Budget for the Purchasing Department. Mr. Read explained that he oversees the mail, print shop and purchasing departments. Additionally, Mr. Read explained that they work with every department in the City and that the budget stays stable throughout the years. The main costs are salaries, equipment and discretionary funds. There was a retirement in the department, so the department needed to replace a budget specialist. The full department consists of five employees who can help in every aspect of the department. Mr. Read explained that they have done 4,000 requisitions and 84 bids which is the same place where the department was last year. The biggest difference is the conversion to Munis which forced the department to reorganize the vendor numbers. Mr. Read explained that next year he would like to switch from paper purchase orders to electronic purchase orders. Additionally, Mr. Read explained that he does have quarterly meetings with the Mayor to go over what the department is doing.

The Committee asked the following questions:

Q: When does the City print in-house versus out-of-house?

A: Mr. Read explained that very little is printed out-of-house; only specialty items get printed out-of-house. These items include tabs for books, some business cards and water bills. Additionally, some items are printed at the High School.

Q: Please share more about Outcome 4 (promotion of bids from minority & women owned businesses).

A: Ms. Lemieux explained that by state law, the City is required to take the lowest responsive and responsible bid; state statute does not permit the City to express a preference for businesses owned by minorities & women. When all other aspects of the bids are equivalent, the City may take it under consideration.

Q: Have any of procedures for the City to go to bid changed or evolved in the past year?

A: Mr. Read explained that the City does have a waiver process available for certain bids, which can include not having to go out to bid. There are certain services that are exempt from the procurement laws. However in Newton, our policy is that even if a certain service is exempt under state law, it must go out to bid if the value is over \$50,000 unless it receives a waiver from the Mayor's office. Mr. Read explained that the number of waivers given in the past 10 months is approximately 34. Ms. Lemieux explained that she is the one that decides which projects receive waivers. This happens for vehicles where the City will waive the policy and go with a State contract. Additionally, Ms. Lemieux explained that the City's procurement policies tend to be stricter than the State's policies.

Q: If State Law states that the City must go with the lowest bidder, then does the City have to buy products from the State's prisons if they are the lowest bidder?

A: Mr. Read explained that the City does buy items from the Massachusetts Correctional Industries (MassCor). Ms. Lemieux explained that the City would need to buy from MassCor if they brought the most responsive and responsible bid back to the City. This is a state statute.

Q: What have been the procedures for procuring items during the COVID-19 pandemic?

A: Mr. Read explained that many items that the City was looking for were not available to purchase. Through 30B, the City was able to make emergency procurements during this time. Additionally, Mr. Read explained that for the most part the City has stayed close to the procurement process.

The Committee took a straw vote to accept the Purchasing Department's proposed Budget, the Supplemental CIP and the CIP which passed unanimously.

### **Sustainability Department**

Maureen Lemieux, Chief Financial Officer, along with Ann Berwick and Bill Ferguson, Co-Directors of Sustainability, provided an overview of the FY21 Budget for the Sustainability Department. Ms. Lemieux explained that the funding for an Energy Coach is in the Budget starting on January 1<sup>st</sup>, 2021. Ms. Berwick explained that most of the items being discussed tonight are in the Climate Action Plan. Additionally, Ms. Berwick explained that most of these projects either cost the City very little or make money for the City. These projects include Solar Phase 3, Newton Power Choice, the Heat Smart Program, LED lighting, Electric Vehicle (EV) Charging Stations and preferential parking spots, Building Codes and the electrification of buildings. Ms. Berwick explained that the implementation of the Climate Action Plan is continuing to move forward even with City Staff working remotely. Mr. Ferguson explained that Solar Phase 3 projects are scheduled for this summer at 14 locations, and three roof projects have been completed. The contractors on these projects are Ameresco and Macquarie. In FY19 the projects from Phase 1 and 2 saved the City approximately \$750,000. The City will not see the same savings in Phase 3 because of the changing incentives from the State. Additionally, Mr. Ferguson explained that the City has been receiving grant funding from Green Communities for about 10 years and most of those grants have gone to the LED lighting project. The City has installed 11 EV charging stations and the City is expecting to install 40 more over the next 3 to 4 years. Mr. Ferguson explained that the City has signed a new natural gas contract which is expected save the City approximately

\$247,000 in FY21. The City is expected to save \$466,000 in FY20 with the existing electricity contract. Ms. Berwick noted that with respect to Newton Power Choice, on average residents will save money even if they opted up to 100%.

Director of Planning, Project Management and Sustainability for Newton Public Schools Stephanie Gilman explained that she works with Ms. Berwick and Mr. Ferguson to coordinate the School Sustainability projects.

The Committee asked the following questions:

Q: Will newer schools have rainwater harvesting?

A: Ms. Gilman explained that every project will be looked at to maximize the sustainability efforts.

Q: How will the City handle the preferential parking and the charging stations for EVs?

A: Mr. Ferguson explained that there may be funds in FY22 to add charging stations to Washington and Walnut, but Ms. Lemieux explained that many projects have been pushed back due to COVID. Additionally, Mr. Ferguson explained that Eversource pays for the infrastructure, but the City needs to pay for the chargers which cost approximately \$10,000. Ms. Lemieux explained that the City intended to use Free Cash to begin this project but that is no longer a possibility. Ms. Berwick explained that the implementation of preferential parking should still move forward since this has a lower cost to the City. Mr. Ferguson explained they have decided on locations and signage. The decision was made not to have residents come to City Hall to get permits for these spots and there would be no enforcement at this time. This can be revisited later. Mr. Ferguson explained that through the Solar Phase 3 project there will be EV charging stations as a part of the project at Newton North High School and the Newton Free Library.

Q: Have there been any lessons learned from a climate perspective during this pandemic that can help us achieve our climate goals in the future?

A: Ms. Berwick explained that airplane flights have a huge carbon footprint and they have been reduced during this time. For business travel, this has taught companies to have virtual meetings instead of flying. Additionally, Ms. Berwick explained that more people are buying bicycles instead of taking public transportation.

Q: When will the new State Building Code take effect?

A: Ms. Berwick explained there was a vote on the International Code Council's 2021 Code, which the City was involved with. Additionally, Ms. Berwick explained that this code is far more progressive than prior building codes and this will be used as the basis for the State's Building Code. The Sustainability team will advocate for the most progressive Stretch Code. Ms. Berwick explained that the Code should go in effect in 2021-2022. The permits that come in after the date of implementation will need to

follow this code. Ms. Berwick explained that the City is moving forward with being more progressive with the requirements to Special Permits.

### **Executive Department**

Maureen Lemieux, Chief Financial Officer, provided an overview of the FY21 Budget for the Executive Department. Ms. Lemieux explained that, regarding the budget, last year the Council moved a part-time position from the HR Department into the Executive Department. The money for this position has been moved into the Executive Department's budget this year. Another difference in the FY21 Budget is the six months' worth of salary for the Energy Coach. As of the now the Budget is printed to have the Energy Coach as part of the Executive Department. Regarding healthcare, the Fire Department had an increase of 1.8% because of their new contract and the rest of the departments on the municipal side were increased by 4%. Ms. Lemieux explained that due to the pandemic the City went to the Retirement Board and requested to only increase the City's Pension appropriation by half of what the City usually does. Additionally, Ms. Lemieux explained that at the moment that decision did not increase the amount of years the City needs to achieve a fully-funded pension system. Ms. Lemieux explained that the budget for snow has been level-funded for FY21 but there are other ways to add funds for snow removal. This includes the funds in the Inclement Weather Account. Additionally, the City has not used the full amount allocated for snow this year. The City will be starting the year with \$6.1 million for snow and ice removal. Additionally, Ms. Lemieux explained that the City has added zero dollars to the Rainy Day fund in this Budget. However, the City will still maintain the level of 5% of the operating budget in the Rainy Day fund. The City needs to be prepared for unexpected events and have the Rainy Day funds available.

Additionally, Ms. Lemieux explained that in the proposed budget the administration took 25% off restricted aid. Additionally, Ms. Lemieux explained that they do not know what the State Aid will be and tried to reflect a conservative estimate in the proposed budget. During this time, the City does need to plan for increased need by the residents.

#### **The Committee asked the following questions:**

Q: With Boston College having classes on campus in the fall, will water rates change?

A: This is unlikely. The impact on Boston College coming back in the Fall is unknown currently. Additionally, Ms. Lemieux noted that they will try to find a way to get more information about the water rates to residents.

Q: Is there a five to ten year forecast on how COVID-19 will affect the City financially?

A: Ms. Lemieux explained that in October the City put together the City's long-range plan. That document has completely changed but Ms. Lemieux explained that she does not know how long COVID-19 will affect the finances of the City. Ms. Lemieux explained that the FY22 revenues will change. Additionally, Ms. Lemieux explained that she would not recommend numbers that would prolong a structural deficit. At the beginning of next year there will be a better idea of what new

growth looks like. In January, the City will be notified what the first commitment for excise bills are and the City should know what State aid will look like within the first 3 months of the year. These numbers are important to know where the City is at financially.

The Committee took a straw vote to accept the Executive/Sustainability Department's proposed Budget, the Supplemental CIP and the CIP which passed unanimously.

The Committee thanked all the department heads for the work they have done for the City.

The Committee adjourned at 10:04 p.m.

**Respectfully submitted,**

**Rebecca Walker Grossman, Chair**