



Finance Committee Report

City of Newton In City Council

Monday, March 28, 2022

Present: Councilors Grossman (Chair), Humphrey, Oliver, Norton, and Malakie

Absent: Councilors Gentile, Noel and Kalis

Also present: Councilor Laredo

City staff present: Comptroller Steve Curley, Chief Financial Officer Maureen Lemieux, Director of Cultural Development Paula Gannon, Commissioner of Parks, Recreation and Culture Nicole Banks, Assistant City Solicitor Andrew Lee, ADA Coordinator Jini Fairley and Director of Assessment Administration Jim Shaughnessy

#211-22 Acceptance of ~~\$26,800~~ \$23,800 from the Mass Cultural Council

HER HONOR THE MAYOR requesting the authorization to accept and expend grant funds from the Mass Cultural Council in the amount of ~~twenty six thousand eight hundred dollars~~ twenty-three thousand eight hundred dollars (~~\$26,800~~ \$23,800), the 2022 allocation to the Newton Cultural Council.

Action: **Finance Approved as Amended 4-0 (Councilor Norton not voting)**

Note: Paula Gannon, Director of Cultural Development presented the request to accept and expend a grant from the Mass Cultural Council. She noted that this is an annual allocation to the Newton Cultural Council. Ms. Gannon also requested that the committee amend the amount to \$23,800.

Ms. Gannon explained that in 2018 the City started to match Mass Cultural Council grants and this will help pay for 54 programs that the Newton Cultural Council approved last Fall.

Councilors thanked the Newton Cultural Council for their work.

Councilor Humphrey motioned to amend the amount to \$23,800 which passed 4-0 with Councilor Norton not voting.

Councilor Oliver motioned to approve as amended which passed 4-0 with Councilor Norton not voting.

#210-22 Request for funds for an accessible swing and additional accessible GrassMats

HER HONOR THE MAYOR requesting the authorization to appropriate and expend the sum of one thousand five hundred thirty-seven dollars (\$1,537) from HP Parking Fines Receipts Reserved for Appropriations Fund 5500, Org 5518R114 to match PTO funds at

Burr School in order to purchase an accessible swing and additional accessible GrassMats for the Burr School Playground.

Action: **Finance Approved 5-0**

Note: Jini Fairley, ADA Coordinator presented the request for an accessible swing and GrassMats at the Burr School Playground. The PTO from the Burr School requested for the COD to match the PTO funds to be able to complete this project. This will help the playground be accessible for all children, including covering the existing woodchips with the GrassMats. Nicole Banks, Commissioner of Parks, Recreation and Culture thanked the PTO and the COD for their work on this project.

Councilor Norton motioned to approve which passed unanimously.

#209-22 Request for funds for a new Rectangular Rapid Flashing Beacon

HER HONOR THE MAYOR requesting the authorization to appropriate and expend the sum of eighteen thousand dollars (\$18,000) from HP Parking Fines Receipts Reserved for Appropriations Fund 5500, Org 5518R114 for the purchase and installation of a Rectangular Rapid Flashing Beacon (RRFB) system to be installed at the intersection of Langley, Warren and Chase Streets.

Action: **Finance Approved 5-0**

Note: Jini Fairley, ADA Director presented the request for a new Rectangular Rapid Flashing Beacon at the intersection of Langley, Warren and Chase Streets. This will make the intersection more accessible, along with other improvements that will be made.

Maureen Lemieux, Chief Financial Officer explained that 10 years ago Mayor Warren established the Commission on Disability. At that time, an agreement was reached that the City would receive the first \$40,000 from the accessible parking fines revenues and then after that there would be a 60/40 split with the Commission on Disability.

Ms. Lemieux explained that going forward, starting in the FY23 budget, 100% of revenues from these fines will be allocated to the COD, and there will a future docket item to discuss this with the Council.

The COD has approximately \$58,000 currently and this request will draw from that.

Steve Curley, Comptroller explained that he has spoken to other communities about how they deal with the accessible parking fines and a majority of them either handled it 100% as general fund revenues or 100% as a revenues for the COD.

Councilors asked the following questions:

Q: Will all future RRFBs be paid out of the COD budget?

A: Ms. Lemieux explained that just this one will be paid out of the COD budget.

Q: Who makes the prioritization list for new RRFBs?

A: Ms. Lemieux noted that the Transportation Division of DPW determines the priority locations across the City. This particular location is part of a more extensive Community Development Block Grant program (CDBG) project.

Councilor Malakie motioned to approve which passed unanimously.

#212-22 Request to transfer \$50,000 from Human Resources Full Time Salaries

HER HONOR THE MAYOR requesting authorization to transfer the sum of fifty thousand dollars (\$50,000) from Acct # 0110952-511001 Human Resources Full Time Salaries to Acct #0110952-530100 Human Resources Consultants.

Action: Finance Approved 5-0

Note: Maureen Lemieux, Chief Financial Officer presented the request to transfer \$50,000 from the Human Resources full time salaries to hire a consultant. Ms. Lemieux explained that the City has been impacted by labor shortages. There has been a deputy director position budgeted for the HR Department, which they have not found a suitable candidate for. Additionally, there was the creation of the Financial Services Department which they still have openings for. Ms. Lemieux explained that they are looking to hire a consultant to help deal with some of these issues. The consultant has had their own consulting firm and has been working with the city for the past few years.

Ms. Lemieux noted that they have recently hired a financial analyst and the intent is pull some of the analytical work out of HR so that they can focus on the administration of the health insurance program.

Councilor Humphrey motioned to approve which passed unanimously.

#208-22 Authorization to settle a claim

HER HONOR THE MAYOR requesting authorization to settle a claim regarding a broken water pipe that flooded a resident's basement in the amount of thirty-two thousand dollars (\$32,000).

Action: Finance Approved 5-0

Note: Andrew Lee, Assistant City Solicitor presented the request for the authorization to settle a claim in the amount of \$32,000 regarding a basement that had flooded. This incident occurred in August 2019, where the owner was installing a 2nd meter. When the owner's hired plumber had shut off the water inside the house, the shut-off valve had been broken. The City was contacted to go to the street level shut off so that the owner's plumber could replace the meter. DPW responded immediately and turned off what they thought was the correct shut off for the water. However, DPW shut off the incorrect valve and the basement was flooded. The owner has been paid out by their insurance company and now the City is seeking a settlement with the insurance company.

Atty. Lee further explained that the wrong valve was shut off due the fact that when the water line was replaced years ago, the new shut off valve was not documented correctly by the City. The DPW workers then had to work to find the correct water valve, which was not directly next to the incorrect shut off valve. This is what caused the extensive damage. Atty. Lee also stated that this situation is atypical for the DPW department.

Councilor Humphrey motioned to approve which passed unanimously.

#207-22 Discussion on the City's capital and operating costs vs. revenue earned

COUNCILORS MARKIEWICZ, OLIVER, LAREDO AND WRIGHT requesting a discussion with Assessing, the CFO, and COO regarding a comparison of the City's capital and operating costs vs. revenue earned, by zoning district type/use class. An objective of the discussion is to understand whether generally the land use provided for a given parcel or district tends to generate a surplus or deficit from operations given a conforming use of the land.

Action: Finance Held 5-0

Note: Maureen Lemieux, Chief Financial Officer and Jim Shaughnessy, Director of Assessment Administration joined the Committee for this discussion. The Chair noted that this will be a preliminary discussion so that the docketers can explain the objective for this item to the administration, who will then come back to the Committee with further information.

Councilors made the following comments and questions:

It is important to understand the financial impact when there is a change of zoning district type/use class. The goal is to open a dialogue around how the City should start thinking about these impacts and to understand the primary drivers of these impacts. Councilors are looking for some data around this topic as well.

The City can tax commercial properties higher than residential properties. It was noted that even if this is a landlord with 10 units on the property, such a property would still be taxed at the residential rate. In the example of 50 Jackson Road, this was a project where there were two commercial properties that were not generating a large amount of tax revenue but now this will be changed to a residential space with multiple units. The idea is that the residential property will create more revenue than existing commercial property. It was questioned what would have happened if the City decided to keep this property commercial and brought in new businesses to fill the space. There has also been the thought that there are additional expenses that the City acquires when there are additional residential properties. There has been similar analysis completed when discussing the larger developments like Riverside, Trio and Northland. The goal is to understand this financial analysis in an unbiased way and what measures would be used to conduct the analysis and evaluate the result.

Mr. Shaughnessy explained that apartment buildings get taxed at the residential rate due to state law.

Ms. Lemieux explained that there has been a push and a pull between how the city thinks about the development of a property and how it is assessed. She further explained that there was a consultant a number of years ago that tried to help the City with this type of analysis. She noted that after budget season is over, her team can go back and see what that reports have beenm done for the City and then provide further information to the City Council as a guide for when projects are before them.

Councilors gave some examples of the types of scenarios they would like tools to analyze in the future. One example was given as follows: If a one-story building in Newtonville can be built out to three stories, what would that do economically and what difference would it make if it was mixed use? It was also questioned what measures are used to determine this?

Councilors would like to see how recent developments that have been approved would have impacted the City's finances differently if the uses were different. These numbers should come from an independent source and not a developer or a consultant that the developer has hired.

It was noted that there are impacts to other projects in the City when the tax revenue decreased and the Council needs to understand these impacts.

Ms. Lemieux noted that she and her team will go through the reports they have now and then see what the next steps are.

Councilor Oliver agreed as one of the co-docketers and members of the Committee to touch base with Ms. Lemieux after the budget process to maintain the dialogue.

Councilor Oliver motioned to hold which passed unanimously.

The Committee adjourned at 8:33 p.m.

Respectfully submitted,

Rebecca Walker Grossman, Chair