



Finance Committee Report

City of Newton In City Council

April 25, 2022

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

City staff present: Comptroller Steve Curley, Chief Financial Officer Maureen Lemieux, Treasurer/Collector Ron Mendes, Chief Procurement Officer Nick Read, Assistant Fire Chief Greg Gentile, Director of the Retirement Board Barbara O'Brien and Deputy Commissioner Shawna Sullivan

#268-22 Authorization to expend a Public Safety and Security Office of Grants

HER HONOR THE MAYOR requesting authorization to accept, appropriate and expend the amount of two thousand five hundred dollars (\$2,500) from a grant through the Executive Office of Public Safety and Security Office of Grants and Research for the purpose of purchasing an Automated External Defibrillator (AED).

Action: Finance Approved 8-0

Note: Assistant Chief Greg Gentile presented the request to accept, appropriate and expend a \$2,500 grant from the Executive Office of Public Safety and Security Office for the purpose of purchasing a new Automated External Defibrillator (AED). It was asked how many AEDs the City has. Assistant Chief Gentile explained the Fire Department is responsible for purchasing the AEDs for the Police and Fire Department. They are also in charge of maintaining approximately 170 units that are scattered throughout the City. These units are in service for approximately 7 to 10 years.

Councilors thanked the Fire Department for their work in seeking these types of grants.

Councilor Humphrey motioned to approve which passed unanimously.

Referred to Public Facilities and Finance Committees

#111-22 Request for Stormwater Management and Erosion Control Ordinance

HER HONOR THE MAYOR requesting Chapter 29 to be amended by adding a new Article VIII and for Chapter 17, Sections 16 and 21 **Fees to be Paid to the Department of Public Works** and **General Fine** of the City of Newton Revised Ordinances to be amended to add defining language, provide for enforcement, establish permit fees and fines for violations of the stormwater management and erosion control ordinance established in Article VIII.

Public Facilities Held 7-0 on 01/19/22

Public Facilities Held on 03/23/22

Public Facilities Approved 7-0 (Councilor Norton not voting)

Action: Finance Approved 8-0

Note: Shawna Sullivan, Deputy Commissioner of DPW presented the request for the Stormwater Management and Erosion Control Ordinance. Ms. Sullivan explained that the Public Facilities Committee has approved the language related to the requirements for the stormwater permit. The next step is for the Finance Committee to discuss the fines and fees that will be established through the proposed ordinance. The Department of Public Works is proposing the following fees related to the three levels of the permit. The land disturbance permit would be a fee of \$50, a minor stormwater project would have a fee of \$100 and a major stormwater project would have a fee of \$300. The fine is proposed to start at \$300 per day or part of a day that the violation occurs. Ms. Sullivan noted that the department will use their construction inspectors to oversee the violations.

Councilors asked the following questions:

Q: What are the fees based on?

A: Ms. Sullivan explained that they were based on the level of review required for each permit. For the major projects category, the department used the stormwater fees that are already established. The land disturbance and minor projects do not currently have established fees. Ms. Sullivan also noted that they looked at other communities' fees to develop these fees.

Q: There have been scenarios where residents have been allowed to tie into the City's stormwater system. Under the proposed ordinance, these tie ins would likely not be allowed. Has there been any discussion regarding how the previously allowed tie ins will be handled going forward and whether these residents would be affected by the proposed ordinance?

A: Ms. Sullivan explained that this has not been discussed but that it is not the intent of the department to look back. It is through an existing ordinance that residents are allowed to connect to the system with City Council approval. She further explained that this is usually used for overflow. Ms. Sullivan further noted that the department is not looking backwards to previous residents who are already connected to the stormwater system.

Q: Are there additional consultants that residents will need to hire due to the proposed ordinance or is this work being completed already in the course of a typical project?

A: Ms. Sullivan explained that this ordinance is codifying what residents are already doing. This ensures that the City is aware of the systems and requires residents to perform routine maintenance on their systems.

Q: If this ordinance had been in place earlier, what would have been the effect on construction?

A: Ms. Sullivan explained that in areas that have a high-water table, developments in those areas may not have been able to have large basements.

Q: Is there a situation where the \$300 per day fine becomes onerous for a homeowner? For example, how will you handle a situation where a homeowner made a genuine mistake on a minor project, but will need time to correct the problem?

A: Ms. Sullivan explained that their goal is to educate the property owner first.

Councilors thanked Ms. Sullivan and her team on their work on this proposed ordinance.

Councilor Kalis motioned to approve which passed unanimously.

#266-22 Request authorization to appropriate \$800,000 for Rainy Day Stabilization Fund

HER HONOR THE MAYOR requesting authorization to appropriate and expend the sum of eight hundred thousand dollars (\$800,000) from June 30, 2021 Certified Free Cash to Acct # 5900-1040 Rainy Day Stabilization Fund. This action will bring the Rainy Day Stabilization Account to 5% of the Mayor's Proposed FY2023 General Fund Operating Budget for a total of just under \$24 million dollars.

Action: **Finance Approved 8-0**

Note: Maureen Lemieux, Chief Financial Officer presented the request to appropriate \$800,000 for the Rainy Day Stabilization Fund. Ms. Lemieux explained that when she began with the City there was no money in the fund. At that time, the City began to add money to this fund so that eventually the City would reach 5% of each year's General Fund Operating Budget. This goal has been reached and with this \$800,000 the City will continue to maintain the 5% ratio for FY23.

Councilors asked the following questions:

Q: Why is the percentage set at 5% and how does this affect the City's bond rating?

A: Ms. Lemieux first explained that the City has a limited list of what they can invest in which keeps the returns low for the Rainy Day Fund. Due to this fact, the City does need to reach the amount of 5% by transferring these funds from Free Cash. The City does have a AAA bond rating but the 5% ratio is at the low end for a AAA rated community. If the City were to drop below the 5% this would put the bond rating at risk.

Q: What is the fund typically used for?

A: Ms. Lemieux explained that most recently other communities have used this fund during the pandemic. The City of Newton has not spent any of the money out of this fund. One future example for its use could be a severe weather event where federal relief funds were not immediately available.

Councilor Kalis motioned to approve which passed unanimously.

#267-22 Requesting authorization to amend a policy, between the City and the COD

HER HONOR THE MAYOR requesting authorization to amend a policy, the purpose of which was to set forth an allocation of the Revenue between the City and the Commission on Disability by deleting language apportioning most of the revenue from parking violations in handicap accessible spaces to the City and adding language that would have 100% of said revenues allocated to the Commission on Disability effective FY2023.

Action: **Finance Approved 8-0**

Note: Maureen Lemieux, Chief Financial Officer and Steve Curley, Comptroller joined the Committee to discuss amending the policy which allocates the money collected from parking violations in handicap accessible spaces between the City and the Commission on Disability. The proposed change deletes language previously apportioning more of the revenue from parking violations in handicap accessible spaces to the City and adding language that would have 100% of the revenue allocated to the Commission on Disability instead, effective FY2023. Ms. Lemieux explained that when the COD was created, the City was operating in a particularly difficult economic climate and wanted to ensure they had funds to spend. At the time, an agreement was made that the City would keep the first \$40,000 from the parking violations in handicap accessible spaces. Then they would split any additional funds with the COD. When Mayor Fuller took office, she realized the COD was only receiving small amounts of funds for them to allocate as needed. The COD has worked on multiple accessibility issues in the City including signalized intersections. This docket item will reallocate all of the funds to the COD so that they can recommend how the City spends those funds.

It was also noted that there is some disagreement with state entities regarding whether a split in the revenues between the City and the COD should ever take place. Mr. Curley explained that through his research on the topic, he found that there are a number of communities that either allocate all of the funds to the City's general fund or a COD organization. Only one community that he contacted allowed a split.

Councilors asked the following question:

Q: Is this a revolving fund?

A: It is not. The Chair noted that this fund exists under a separate statute. In this case, the Mayor would like to allocate more funds to the COD. There are also only specific projects these funds can be spent on. Mr. Curley explained that this is a receipts reserved account, meaning receipts go in and no money can be spent or moved without Council approval. In a revolving account, the department has authorization to spend the funds on the program the account was created for without Council approval.

Councilor Kalis motioned to approve which passed unanimously.

#269-22 **Requesting authorization to expend \$250,000 to fund City's upgrade from Finance Plus**
HER HONOR THE MAYOR requesting authorization to appropriate and expend the sum of two hundred fifty thousand dollars (\$250,000) from June 30, 2021, Certified Free Cash to fund the final invoices for the City's upgrade from Finance Plus as well as continuing modifications to the Payroll/Human Resources sections of our financial system.

Action: **Finance Approved 8-0**

Note: Maureen Lemieux, Chief Financial Officer explained that the City has been taking on the task of moving all financial documents from FinancePlus to Munis. Though this the City was able to transfer the general ledger to Munis relatively easily, there was more difficulty with the payroll system transfer. The payroll transfer went live a full year later than expected, meaning the City incurred continued maintenance cost with FinancePlus, as well as accrued extra costs with the consultants helping with Munis. Finally, the City still needs to upgrade to the latest version of Munis. The requested funds will help pay for these costs.

Councilors asked the following question:

Q: Will these funds be used for costs that have already been accrued?

A: Ms. Lemieux explained that approximately half of these funds would be used for costs that have already been accrued, but there is also \$130,000 remaining in IT's budget from the original allocation to pay for some of these costs. The additional funds will be used to finish the transfer and complete the upgrade to the latest version of Munis.

Q: Will these funds be transferred to the IT budget?

A: Ms. Lemieux explained that these will go into a project account specifically for the purpose of the Munis implementation.

Councilor Humphrey motioned to approve which passed unanimously.

The Committee adjourned at 9:38 p.m.

Respectfully submitted,

Rebecca Walker Grossman, Chair