



# Finance Committee Budget Report

## City of Newton In City Council

**Monday, April 25, 2022**

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

City staff present: Comptroller Stephen Curley, Treasurer/Collector Ron Mendes, Chief Procurement Officer Nick Read, Chief Financial Officer Maureen Lemieux and Assistant Manager for Financial Planning and Analysis Perry Rosenfield

### DEPARTMENT BUDGET & CIP DISCUSSIONS:

**Comptroller/Retirement**

**Treasurer**

**Purchasing**

### Referred to Finance and Appropriate Committees

**#213-22**

**Submittal of the FY23 to FY27 Capital Improvement Plan**

HER HONOR THE MAYOR submitting the Fiscal Years 2023 to 2027 Capital Improvement Plan pursuant to section 5-3 of the Newton City Charter.

### Referred to Finance and Appropriate Committees

**#213-22(2)**

**Submittal of the FY23 Municipal/School Operating Budget**

HER HONOR THE MAYOR submitting in accordance with Section 5-1 of the City of Newton Charter the FY23 Municipal/School Operating Budget, passage of which shall be concurrent with the FY23-FY27 Capital Improvement Program (#213-22).

**EFFECTIVE DATE OF SUBMISSION 04/19/22; LAST DATE TO PASS THE BUDGET 06/03/22**

### Referred to Finance and Appropriate Committees

**#213-22(3)**

**Submittal of the FY23 – FY27 Supplemental Capital Improvement Plan**

HER HONOR THE MAYOR submitting the FY23 – FY27 Supplemental Capital Improvement Plan.

### **Comptroller/ Retirement**

**Note:** Steve Curley, Comptroller joined the Committee to discuss the Comptroller's FY23 Budget. Mr. Curley explained that the Comptroller's Office is the center for financial compliance in the City of Newton. They are in charge of maintaining, preparing and distributing the financial statements for the City Council, the State and external auditors. The Comptroller's Office also works with the State

during the year-end process to certify free cash, along with assisting the Assessing Department in setting the tax rate.

Mr. Curley explained that their goals for this fiscal year include making sure requirements are being met and trying to beat historical deadlines in terms of financial statements, which can help with the certification of free cash. He also noted that he is continuing to work on hiring and succession planning. There is still one opening in the office and he is looking to fill this by the end of the fiscal year.

In the Comptroller's budget there is a line item for worker's comp transfer which is at \$800,000. There is \$150,000 for public safety purposes and the \$650,000 remaining is more generalized. The property insurance is all of the building insurance for the city and schools. The reserve funds are budgeted reserves that Maureen Lemieux, Chief Financial Officer and her team put together. There are the snow and ice reserve, the salary reserve, and the regular budgeted reserve line. Mr. Curley explained that to spend these funds the Mayor does need to make a recommendation to the City Council for their final vote.

The retirement line is \$52 million which is made up of the \$38.6 million pension contribution, \$12.5 million in retiree health insurance, and Medicare part B reimbursements. This is a reimbursement that the city makes to retirees that are enrolled in Medicare part B. There is an additional \$2.5 million that is spread through various accounts. Ms. Lemieux explained it includes the enterprise funds and CBDG funds.

Mr. Curley also discussed the operational budget. He noted that his office is made up of 6 full-time employees and 1 part-time employee. When Mr. Curley became the Comptroller, he was able to promote from within for the Deputy Comptroller position. In addition, an accountant role opened up which was filled by a current employee of the department. The part-time position is in charge of doing the payables for the City.

The salaries for these positions accounts for \$577,000. Mr. Curley also explained that the auditing expenses are \$88,000 and actuarial services are \$40,900. The Comptroller's Office has also increased the training line item this year.

## Q&A

Q: How much is the Medicare part B reimbursement?

A: Mr. Curley explained that there is \$875,000 in that line item which is a part of the \$52 million.

Q: Does the pension number include police, fire and the school departments?

A: Mr. Curley explained that it doesn't include teachers but does include the police and fire department.

Q: What is the ratio between what the City is putting aside for future pensions and actual spending on current retirees?

A: Ms. Lemieux explained that this year they will be crossing over into putting more into the pension trust fund than what is being taken out. The numbers should be at approximately 62.8% funded at this point.

Q: Is the administration comfortable with how much is being allocated to the pension fund and what can't be spent on other projects due to the allocation?

A: Ms. Lemieux explained that they have worked closely with the retirement board and everyone is committed to the increase of 9.6% each year. In her view, the City is not able to go lower than that percentage.

Q: Are there any revolving accounts in the Comptroller's Budget?

A: Mr. Curley explained that they only have one revolving account. This is the Nathan Alden-Robinson gift account. He was a student of Newton Public Schools that passed away and the family created a gift account. The family donates funds each year and will make recommendations on how the funds should be spent. In the past the funds have been used as a donation to the Newton Food Pantry, Newton Pride and to the Make-a-wish Foundation. There is currently over \$4,400 in the account.

## **Retirement**

Barbara O'Brien, Director of the Newton Retirement Board and Thomas Lopez, Chair of the Newton Retirement Board joined for this discussion. Ms. O'Brien noted that she has recently joined the City of Newton but has previous retirement board experience. There are three employees in the office who report directly to the Retirement Board. The department is paid out by the City but the City is reimbursed so the operating expenses are not shown in the City's budget.

Mr. Lopez explained that they have added the position of Deputy Director in the past fiscal years. They have also recently received back an audit which had a positive outcome. He explained that the board continues to work with the administration on the unfunded liabilities and to meet the objective of 2030 which will benefit the members and the City financially.

The Finance Committee took a straw vote to accept the Comptroller's office proposed budget of \$57,816,826 which passed 6-0 with Councilors Gentile and Norton not voting.

With that, all items are held until the Committee of the Whole deliberations.

## Treasury

**Note:** Ron Mendes, Treasurer/Collector joined the Committee for the discussion on the Treasury budget. The Treasury department is responsible for three main functions of the financial administration of the City. They manage all of the City's banking and investment accounts, collection of all of the receivables and managing the City's debt. There are 11 full-time employees. Mr. Mendes explained that a focus he had this year was to review the banking relationships and see where efficiencies can be achieved. He has worked on restructuring the relationship with Village Bank by scanning checks instead of having to physically transport them to the bank. He noted that with these changes and a number of other ones the Treasury Department has reduced their banking services line item by about half. The state assessments are also under the Treasury budget along with cost of issuing the tax bills.

The goals for the next year also include converting vendor payments to electronic payments instead of physical checks which would provide for more security. There will also be an increase in the training budget so that there will be the opportunities for the staff to be able to attend classes. Mr. Mendes also explained that they would like to consolidate the invoices for city departments.

## Q&A

Q: Why are there intergovernmental line items in the Treasury budget that are for the Newton Public Schools?

A: Mr. Mendes explained that these are State assessments, these accounts are used as a pass through from the Newton tax payer to the State.

Q: In regards to the MBTA assessment, are there specific benefits the City receives?

A: Mr. Mendes explained that these are payments that fund the MBTA. The amount assessed to a community depends on a number of factors and a formula that the MBTA calculates.

Q: Is there any way to save money on the issuing of tax bills?

A: Mr. Mendes explained that they are allowed by law to establish a volunteer program for taxpayers to receive their bill electronically. The issue is getting the technology up and running to do this. There will be an upgrade to Munis within the next year and Mr. Mendes explained that he will be discussing this with the IT Department.

The Finance Committee took a straw vote to accept the Treasury's office proposed budget of \$32,892,224 which passed 7-0 with Councilor Gentile not voting.

With that, all items are held until the Committee of the Whole deliberations.

## **Purchasing**

**Note:** Nick Read, Chief Procurement Officer was present for the discussion on the Purchasing Department's Budget. Mr. Read explained that there are 4 total employees in his department -- 3 employees in Purchasing and 1 employee in the print shop and mail room. He further explained that they handle all of the procurements for the City to ensure that they comply with Massachusetts Procurement Laws. They do approximately 6,000 requisitions a year and approximately 100 bids. The discretionary spending in this budget is only about \$17,000 and there are commitments on equipment. Mr. Read explained that he does publish a newsletter and a procedures book. The procedures book is provided every year. He also noted that there are certain bids that go to the Law Department.

## **Q&A**

Q: Has there been any thought to outsourcing the printing needs?

A: Mr. Read explained that it is hard to judge the printing needs during the pandemic and what will be needed afterwards. The price that can be achieved for printing in-house is also less expensive than what the City can get when outsourcing.

Q: Are there any examples of the City using Diversity, Equity and Inclusion during the bidding process?

A: Mr. Read explained that many communities are trying to figure out how to approach this. Currently, the department is trying to gather data on who is bidding on the projects and who is being awarded the projects. The plan is to create a booklet of the most purchased items and a list of vendors that fit this profile. Mr. Read explained that his goal is to make this process as easy as possible for the department.

The Finance Committee took a straw vote to accept the Purchasing's office proposed budget of \$562,021 which passed 7-0 with Councilor Gentile not voting.

With that, all items are held until the Committee of the Whole deliberations.

**Respectfully submitted,**

**Rebecca Walker Grossman, Chair**