



THE CITY OF BOSTON FINANCE COMMISSION
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February 12, 2014

Introduction

The purpose of this report is to inform Mayor Walsh and members of his administration of areas of particular concern. While not intended as a comprehensive catalogue of our interests and concerns, we hope to initiate a dialogue with Boston's new Mayor, recognizing that the city is in a transitional period, one that presents both great challenges and great opportunities. This letter highlights areas where the FinCom believes improvements can and must be made, and in that sense we focus on shortcomings rather than on achievements.

Planning

Long-term planning has been severely lacking in Boston. All too frequently, plans have been announced only to be dramatically altered or abandoned due to a lack of carry-through. In many instances, employees tasked with working towards these goals are not made aware of the desired result or the role that they play. The consequence has been a waste of taxpayer resources and frustrated employees. Although yearly goals are part of the budgeting process, frequently the data provided fails to offer any real understanding of the planned long-term output. We will cite a few examples:

A. **Schools**

In July of 2011, Schools made the decision to close Hyde Park High School without recognizing that such a closure would require a reimbursement of up to \$12 million to the Commonwealth.

Schools later acknowledged this oversight and issued a revised plan. That second plan met with considerable public protest, which resulted in a third plan announced in October of 2011.

The final plan, in part, would relocate two school populations to allow Boston Arts Academy to expand at the 174 Ipswich Street location. In August of 2013, the City announced plans to erect a new building in downtown Boston which would become the new Boston Arts Academy location, leaving the 174 Ipswich Street building vacant. If Boston Public Schools had originally planned to move Boston Arts Academy, Fenway High School could have remained at 174 Ipswich Street. Schools has now indicated that it intends to sell the 174 Ipswich Street property without first engaging in needs assessment regarding a school site in the Fenway community.

B. Processes and Departmental Cooperation

The Department of Neighborhood Development assumes responsibility for those properties that become assets of the City of Boston through various processes including tax foreclosures. It has become the practice of the Boston Redevelopment Authority to review the list and take control of larger and more desirable properties before other city agencies can express a need. These “surplus” properties should be presented to all departments so that all future needs can be understood and prioritized. This will help to off-set acquisition costs for future city developments in all departments.

C. Placement of Trash Receptacles and Other Sidewalk Items

Public Works and the Boston Redevelopment Authority have contracted with private companies to supply public trash receptacles, street furniture, and signage. The siting of these items did not appear to have been given adequate consideration. As a result, many of these installations create hazards in the form of obscuring drivers’ views of approaching vehicles and individuals at crosswalks.

Recommendations: *The FinCom recommends that the City address these and other pressing matters by establishing yearly and five-year goals for each department, such goals to be reviewed and updated on a regular basis. Such planning cannot be done as if each department operates completely independent of the others. Department Heads should seek the cooperation and input of other Departments to utilize their expertise and avoid conflicting agendas.*

In addition, schools should utilize neighborhood demographic data and forecasting so that proposed expansion and new facilities plans will look at least ten years into the future. In that regard, we urge greater participation of neighborhood groups and increased attention to neighborhood development plans.

A committee should create a list of all city/B.R.A. owned properties to identify parcels and buildings that will accommodate future schools, community centers, housing and City of Boston administrative building needs. A moratorium should be placed on the sale, swapping, or leasing of properties until future City needs are reviewed. This will give the City time to consider sites in densely populated areas and defer land acquisition costs for future projects. It is important to identify and retain large, city-owned parcels in planned development sites such as the Fire Department Headquarters and the “Meter Shop” in the New Market area until a full neighborhood plan is developed.

Computer software and hardware citywide should be as compatible as possible. This will reduce the costs of training and the need for contracts for purchasing and maintenance, as well as enable departmental information-sharing.

Audits

The FinCom believes that insufficient attention is paid to many of the City's processes and agreements which continue without any systematic program of review and evaluation. A regular program of audits should not be seen as a negative but rather as providing the City with an established institutional opportunity to allocate taxpayers' dollars in the most effective and cost-efficient manner. We cite a few examples:

A. Developers have been given millions of dollars in tax incentives to develop properties without any public audit to gauge the promised returns or a full understanding of the value of the taxes that have been forgone. The City should review all agreements to ensure that the parties have delivered on the promised returns since, as yet, there has not been a public audit of the progress of these benchmarks. Some agreements have "loopholes" that allow properties to be leased limited liability corporations which appear to have been created to reduce the financial return to the city.

B. Complaints received from citizens regarding Inspectional Services, Building Division resulted in a Finance Commission investigation. One of the concerns was a software system installed without employees being given the proper hardware able to manage the new program, an incomplete debugging of the software, and the premature downsizing of department employees before the software was fully operational.

C. Technological advances should trigger the City to review city operations. The Fire Department has employees who maintain fire alarm boxes though cell phones are commonplace and the number of employees working in Human Resources at Boston Public Schools, has changed little though currently recruiting is conducted mostly on-line.

D. The Boston Redevelopment Authority has been entering into agreements with developers that result in revenues being earmarked for projects to benefit the citizens of Boston. The agreements at Hayward Place on Washington Street and Millennium Place on Tremont Street resulted in \$23 million that was deposited for a future school in the Chinatown district. There has been no public accounting of where these taxpayer dollars were deposited and no proof of how much interest has been generated.

E. School Department employees have managed several cash operations including ticketing for athletic events, concession stand sales, and a parking lot in the Fenway neighborhood. These operations are not reviewed with any regularity and are particularly vulnerable to corruption.

F. Many vendors repeatedly obtain yearly contracts, and over time, these contracts increase in hourly rate and total cost for services. These services need to be reviewed regularly for need and success.

Recommendations: *Audits are a management tool that should become a regular business practice in the City of Boston. The data provided will indicate successes, point to failures, and indicate where changes are needed. Audits ensure that policies have value, public revenues are being protected, city resources are being maximized, and agreements are being upheld.*

Duplication of Effort

There are several areas where city departments waste resources due to duplication of efforts. These duplications are the result of lack of communication among departments, an unwillingness to cede control, and fear of change. We cite a few examples:

A. In 2013, the School Department issued a request for proposals for reprographic services that included language which required that the winning vendor be located within one mile of the Court Street building. This specification resulted in a bidder filing a complaint with the Finance Commission and the State Office of the Inspector General. Subsequently the bid was revised and reissued twice more due to faulty language created by the School employee charged with managing this bid. The Finance Commission informed the employee that similar services were already secured through the City's Purchasing Department; however, the employee insisted that Schools have their own contract.

B. Several City of Boston agencies have separate Human Resources, Purchasing, and Management Information Departments.

C. The Technology Department at Schools hired a software developer to create a program similar to one that already existed and could be purchased for approximately \$100,000. The vendor was paid approximately \$800,000 over several years and was found to be inaccurately reporting billable hours.

Recommendations: *City of Boston functions should be centralized. Doing so will lead to decreased need for additional software, office space and employee time. All departmental contracts should be reviewed by central Purchasing with the intent of identifying duplicated goods and services and decreasing per unit costs. Merging city departments with similar functions and specializing employees within the department will increase shared knowledge and decrease the need for space. Reducing the number of employees with the ability to write contracts will result in fewer errors and duplication. Communication and cooperation among Department Heads is vital to eliminate duplication of work.*

Innovation

The City has been reluctant to introduce new ideas or approach difficult issues, which has, in some cases, led to stagnation and missed opportunities. We cite a few issues worth review:

A. Parking meters can produce more revenues by increasing hours of operation and charging “event rates” in the areas around Fenway Park, TD Garden, and theaters and nightclubs during peak hours.

B. City owned properties around school yards and underutilized streets in downtown areas can produce revenues during nights and weekends by profit-sharing agreements with local businesses that allow them to manage parking operations on these parcels. This will allow local businesses to increase sales and the City will see new revenue streams.

C. The Cummings Trust land owned by the City of Boston, but located in the towns of Burlington and Woburn needs a resolution. This parcel consisting of approximately 200 acres, left to the City of Boston by Mary Cummings in 1930, is slowly being taken over by the towns in which the land is located. Boston should begin conversations with Woburn, Burlington, and possibly the State to find a resolution to this issue.

D. Encourage partnerships between schools and private industries to increase outside funding sources, classroom innovations, and relationships that can assist Boston students in gaining internships and jobs.

E. Future development plans in areas such as the Newmarket District and Dudley Square should include low and middle income and family housing. Several parcels in Newmarket, including Fire Headquarters and the “Meter Shop” would be good starting points for these plans. Development in areas such as the Seaport District did not include this planning has resulted in lost opportunities.

Conclusion

These are some of the FinCom’s concerns, areas where the city can do better than in the past. No doubt some of them are more easily addressed than others, nonetheless, we are confident that the administration will consider these important issues and establish priorities that are consistent with the public’s need. The staff and members of the Finance Commission stand ready to participate actively in this process, in order to carry out the FinCom’s statutory mandate to serve the interests of the residents of the City of Boston by ensuring that taxpayer resources are managed honestly and efficiently.

Very Truly Yours,

Matthew A. Cahill
Executive Director
City of Boston Finance Commission

