



THE CITY OF BOSTON FINANCE COMMISSION
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Annual Report

Fiscal Year 2017

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Introduction:

The City of Boston Finance Commission is an independent watchdog agency, established by Massachusetts Acts and Resolves of 1909, Chapter 486, Section 17, to monitor the administrative and financial activities of the City of Boston. The Commission reviews all unadvertised contracts over \$50,000 issued by city departments, as well as other documents pertaining to city operations, investigates complaints of potential wrongdoing, undertakes research projects to identify municipal efficiencies and reports the findings of any irregularities to the Administration and to the public.

The Boston Finance Commission promotes transparency, accountability and the application of proven good governance practices with the focus on acting in the best interest of the taxpayers. To assist in accomplishing this task, the Commission is empowered with subpoena powers, which can be utilized when necessary. The Commission's independence allows it to operate free of political pressures and to focus on policies and procedures that will lead to efficient and responsible governing practices for the City of Boston.

I. GENERAL INFORMATION ABOUT THE COMMISSION

1. Membership

Commission members are appointed by the Governor of Massachusetts for terms of five years. All appointees must have resided in the City of Boston for at least three years at the time of the appointment.

Commission members and their term expiration dates are as follows:

Margaret Mainzer-Cohen (Chair) (7/17/2020)

Matthew Gorzkowicz (8/9/2017)

Richard Iannella (10/9/2019)

Patrick Sarkis (9/18/2020)

Jake Sullivan (7/28/2021)

2. Executive Director

Matthew A. Cahill serves as Executive Director of the Finance Commission. Mr. Cahill began with the Finance Commission in 1998 and became Executive Director in 2009.

3. Budget

The Commission is an independent agency, funded by the City of Boston. The Commission received an appropriation of \$268,474 for Fiscal Year 2017.

4. Meetings

The Commission convenes monthly and meetings are open to the public. In Fiscal Year 2016, the meetings were held at the Curley Conference Room at 43 Hawkins Street, Boston. Meetings are publically noticed through the Office of the City Clerk at least 48 hours prior.

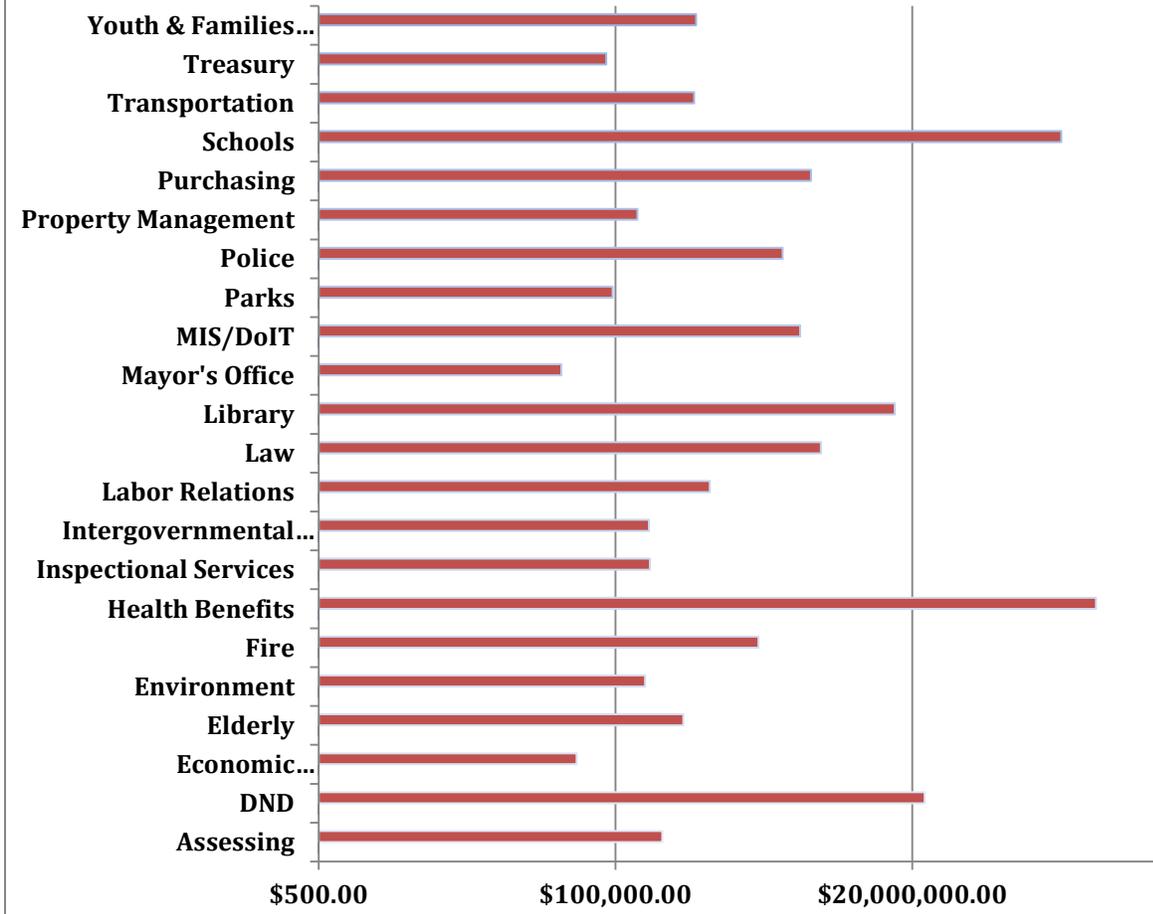
**Summary of Commission
Activity in Fiscal Year 2016**

I. Unadvertised Contracts

It is the business of the Finance Commission to review all unadvertised contracts over the \$50,000 dollar value set forth by M.G.L. 30B, to assure Commonwealth of Massachusetts Bidding Law compliance. This dollar value was increased by the City of Boston from \$35,000 on January 1, 2017. The review process allows the Commission to consider the need for the services, review the qualifications of the vendor, and monitor the provider's hourly/daily rate and the total cost of the contract. **In fiscal year 2017, the Finance Commission reviewed 374 unadvertised contracts issued by various city departments, having a total value of \$795,474,555. The charts below detail contracts reviewed data:**

<u>Department</u>	<u>Number of Contracts</u>	<u>Total Value</u>
Assessing	3	\$230,080.00
DND	73	\$24,985,741.15
Economic Development	1	\$50,000.00
Elderly	2	\$335,000.00
Environment	1	\$169,373.00
Fire	11	\$1,282,840.55
Health Benefits	9	\$532,943,000.00
Inspectional Services	1	\$184,542.00
Intergovernmental Relations	2	\$181,516.00
Labor Relations	7	\$539,000.00
Law	41	\$3,902,300.00
Library	10	\$14,613,072.00
Mayor's Office	1	\$37,974.00
MIS/DoIT	13	\$2,711,783.57
Parks	1	\$95,000.00
Police	16	\$1,973,717.73
Property Management	2	\$147,770.00
Purchasing	13	\$3,275,000.00
Schools	161	\$286,504,239.00
Transportation	2	\$407,068.00
Treasury	1	\$85,000.00
Youth & Families (BCYF)	4	\$420,538.00
	375	\$875,074,555.00

FY2017 Contracts



The vertical data represents City of Boston departments. The horizontal data represents the total dollar value of each department's M.G.L. 30B exempt contracts reviewed for FY2017.

I. INVESTIGATIONS/REPORTS/ACTIVITIES

Investigations were generated from complaints, media reports and first-hand observations of City of Boston activities. Activities of the Finance Commission in Fiscal Year 2017 were:

Executive Summary Reports

The Finance Commission met nine times in FY17. Members were informed of the office staff activities between meetings, through a series of executive summaries that included a sampling of contracts reviewed, the number of complaints received and additional information that may be of interest to Commission members.

Winthrop Square Garage

The Winthrop Square Garage was a City of Boston owned parking structure located at 115 Federal Street that was open to the public. Due to its location in the Financial District, the land that the garage was sited became a very valuable piece of real estate. The Finance Commission has been advocating for the sale of this property since the early 2000's, including a report advocating for the sale of the property in 2007, titled "The Winthrop Square Garage Development Process." The Commission has written several other reports and letters to the Mayor, City Council and Boston Planning & Development Agency, to assure that appraisals of the garage were performed and the property would be sold to the highest bidder. The City chose to utilize the Boston Planning and Development Agency (BPDA), formerly known as the Boston Redevelopment Authority, to act as an agent to sell the property, signing a document that stated that proceeds, after reasonable expenses, were to be deposited with the City of Boston. The garage was publically advertised to be sold and developed with the highest bid by Millennium Partners, offering \$100 Million for the site and up to an additional \$52 million based on planned condominium sales. Two potential issues for developers that were noted on the Request for Proposals were: 1. State law, Boston Common Shadow Law (Chapter 362, 1990) that restricted shadows on the Boston Common and Boston Public Garden; and 2: concerns by the Federal Aviation Administration regarding building heights that would potentially impede airplane flight patterns. Joe Larkin, a representative of the developer Millennium Partners, attended the January 2017 meeting of the Boston Finance Commission, to discuss the shadows that the proposed development would cast on the Boston Public Garden, and their efforts to seek an exemption. Millennium Partners was able to successfully lobby for an exemption but will need to lower the height of the building, from as much as 775 feet to 702 feet, due to the Federal Aviation Administration's concern regarding flight patterns out of Logan International Airport. The Boston Finance Commission did not take a position about either issue. The contract with the developer stated that Millennium Partners, doing business as

MCAF Winthrop LLC, was to pay the BPDA (acting as an agent of the City of Boston) a preliminary payment of \$10 Million, of which \$2.5 million was to be made available to the developer for costs to demolish the existing garage. The developer did not meet this deadline but continued to move forward with the BPDA, due to the fact that the developer desired to seek exemption from the shadow law that prohibits the casting of shadows on public parks. The Finance Commission will continue to monitor the process and keep the public informed regarding this matter.

School Department Contract Investigation

The Finance Commission received a proposed \$98,000 contract for review, which stated that a vendor would be paid \$2,100 per day, to provide professional development for district and school leaders. In the course of researching the history of the vendor, the Commission discovered that the vendor had a previous contract for similar services that paid \$40 per hour. The difference in rate of pay resulted in the Commission requesting several years of invoices and payments related to this vendor. The investigation found that the vendor had provided bills to BPS at both an hourly rate and a day rate, which is not contractually allowed. Several employees at BPS had been paying the vendor at a much higher daily rate that was not authorized under the contract. A report was created outlining specific infractions which was sent to the Administration at the Boston Public Schools. As a result, a meeting was held with employees of Boston Public Schools Special Education and Legal Departments, to discuss the investigation and findings. The contract was nullified and three BPS employees were referred to the Office of Human Resources for further investigation of their actions and potential punitive sanctions.

Contract Management Report

A contract management report was created to inform the Administration of departmental contract management over two and a half Fiscal Years. The information provides a comparative review of FY15, FY16, and the first six months of 2017, and shows an improvement in contract management. The report was designed to be a tool to help improve City of Boston departmental contracting processes.

Boston Public Schools Ten Year Facilities Master Plan

In prior years, the Finance Commission suggested that the Boston Public Schools create a plan for inventorying the conditions of school buildings and having a master plan for long-term usage incorporating demographic trends. BPS Facilities Department created a master plan with the assistance of Margaret Wood, Project Director of Pinck & Company. The Commission invited Ms. Wood and City of Boston Director of Strategic Initiatives, Ben Vainer, to present the report and its findings at a Finance Commission meeting held in March of 2017. The report can be found at www.bostonpublicschools.org/buildbps.

Enhancing City Hall Plaza Request for Proposals Review

Chief of Operations, Patrick Brophy, was invited to a Finance Commission meeting to discuss various city issues including events held on City Hall Plaza and planned renovations to City Hall. The search for a vendor to hold events on the Plaza was advertised through a Request for Proposals and vendor submissions included ideas for skating rinks, beer gardens and a Ferris wheel, which were rated by an evaluation committee. The Boston Garden Development Corporation, managed by Delaware North, was awarded the contract. The company will include programming on City Hall Plaza at various times of the year and will pay \$50,000 to the City of Boston yearly.

Boston Public Schools Vended Meals Request for Proposals

Boston Public Schools publically advertised for their meal services for a three year term to begin on September 1, 2017. BPS requested that Executive Director, Matt Cahill, participate as a member of the non-price submissions review committee, as well as part of the price proposal review committee, which took place over six months beginning in March of 2017. Three vendors' submitted proposals and Superintendent Chang awarded Revolution Foods as the new vended meals contractor. The contract will cost the taxpayers of Boston \$38 million over three years.

Very Truly Yours,

Matthew A. Cahill
Executive Director
City of Boston Finance Commission