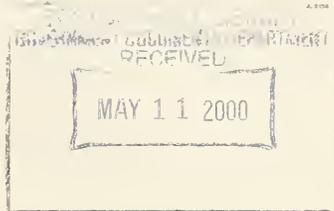


CITY OF BOSTON  
FINANCE COMMISSION  
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Dr. John de Jong, Chairman  
Esq.

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Cheryl M. Cronin, Esq.

Robert Franklin

Fred W. Conley

Executive Director

1992

January 31, 1993

The Honorable the Senate and  
House of Representatives  
State House  
Boston, Mass. 02133

The annual report of the Finance Commission of the City of Boston is submitted to your Honorable Bodies in accordance with the provisions of Section 18 of Chapter 486 of the Acts of 1909. The membership and term expiration dates of the Commissioners is as follows:

Dr. John de Jong, Chairman	7/28/96
Dennis A. Quilty	10/19/94
Tyra B. Sidberry	9/19/95
Cheryl M. Cronin	7/17/93
Robert Franklin	8/9/97

During the year the Commission continued its longstanding practice of:

- 1) investigating and issuing reports upon matters affecting the methods of administration and finances of the City of Boston;
- 2) reviewing all contracts awarded which were not publicly advertised (over 1400 such contracts during the year);
- 3) investigating and responding to complaints from the public and providing information to the public upon request.

The staff of the Commission included three full time employees. The Fiscal Year 1993 budget of the Commission was \$125,100. The Commission has its office at 152 North St. The budget impacts have limited the ability of the Commission to undertake additional work because there are no funds for additional help of any kind. Additionally, the permanent

staff did the work of the Commission without any added compensation for the third year in a row.

The Commission for the past several years has spent time monitoring the various revenues of the Transportation Department, particularly parking meter receipts and the income from the ticketing operation. Further, the Commission reviews the leases of the Real Property Department, reviews all contracts awarded without formal public advertising and looks into every complaint received. All records of the Commission are made available to the public as are all matters of City business. The Commission has for many years issued this annual report in summary form. Due to limited resources the Commission has complied with its annual reporting requirement economically although all its records, reports, letters etc. are available for review.

The Commission issued several reports during the year. It reviewed the lease of the Old City Hall, and a report that resulted in a more reasonable interpretation. There is a ninety-nine year lease agreement between the Boston Redevelopment Authority and the Old City Hall Landmarks Corporation. It provides for payments based on comparable market rents in existence in the City at ten year intervals. The Commission found that the payments were less than were set forth in the lease, thus costing the City revenue. Due to the length of the lease, the financial loss was significant to the City because the lease runs through the year 2069. The Commission convinced the Assessing Department, the agency responsible for monitoring the lease, of the need for closer scrutiny resulting in the proper rents being paid.

The Old City Hall lease was reviewed by the Assessing Department at the urging of the Commission. The unique lease had terms unfavorable to the City and allowed only one review every ten years. That review was in April, 1992. The changes effected as a direct result of the Commission's analysis brought added revenue to the City. It amounted to \$50,000 annually. The lease runs through 2069.

The management of the City's motor vehicle fleet was an issue of constant attention during 1992. An investigation found that many city vehicles were unmarked and in several other ways not in compliance with City policy. The Commission also found that too many employees were taking cars home at night and the cars were subject to excessive personal use. The City responded by properly identifying all vehicles and enforcing use regulations. The Chairman worked out an arrangement with the

Registrar of Motor Vehicles whereby all city cars would be reregistered and replated. This process would also enable the Transportation Department to inventory the fleet. A complete set of new license plates was prepared by the Registry. All City places have MB as the identifying letters followed by a sequential numbering system for each department. All city vehicles will have the new plates. Once the process is completed in March 1993 the Commission will investigate the process of surplus city vehicles. The Commission has found that surplus vehicles have been disposed of in ways contrary to policy.

The Commission also reviewed a bidding irregularity for a telecommunications key system for the Boston Public Schools. The system was to be installed at the direction of the City's Management Information Department. The Commission found that the low bidder was improperly denied the contract, a decision which cost the City \$283,000. In fact, the City made the award to the fifth lowest bidder. Due to the Commission's investigation, the bid award was negated and the contract re-bid saving the City almost \$300,000.

The Commission conducted a study of financing the insurance of the City's school bus fleet. The fleet is owned by the City and managed by an outside vendor. The Commission found that the most cost effective course of action was a self insurance self retention plan. It would save the City between \$600,000 and \$800,000 less than a fixed cost policy. Unfortunately, the City's Law Department ruled that the City could not indemnify the school bus vendor resulting in the self insurance plan's termination and the retention of a fixed cost plan.

The Commission issued a comprehensive report on Boston School Bus Drivers. The issue was the financial consideration of the driver workforce becoming public employees. It was found that it would be more costly to have the drivers become public employees. During the current year the operational cost was \$27,857,000. As a city operation that cost would rise by \$1 million to \$28,864,000. Furthermore the Commission found that any potential long term savings would be negated by such a change. The Commission is a strong advocate for having the operation privatized except for routing. By doing so the City could sell the bus fleet and save additional monies.

The Commission intervened in a dispute between the Fire Department and the School Department regarding the fueling of

school buses. The School Department had ignored demands by the Fire Department to cease the practice of fueling diesel powered buses directly from a tank truck. As a result the Fire Department ordered them to stop that practice and required the buses to fuel at gas stations until adequate diesel storage could be provided. The Commission organized a meeting to reach a compromise. Fueling at gas stations would cost \$200,000 to \$300,000 more per year. Further the Commission found that other large fleet operations in the City were fueling directly and had not been subject to such scrutiny. An agreement was reached to provide for the continued fueling while above ground tanks were being installed.

The Commission met with Police Department officials concerning administrative changes suggested by the Commission in past reports. Superintendent in Chief William Bratton provided an update and schedule of implementation that he was working on, particularly in administrative and personnel matters. Supt. Bratton asked the Commission to look into the delays in Retirement Board in terms of acting on disability pensions. The Commission initiated such an inquiry and it was ongoing at years end.

As a result of an inquiry into a contractual matter in the Election Commission Chairman de Jong offered the services of the Finance Commission in assisting that department in some contractual review. Issues to be resolved were possible violations of Chapter 30B and a financial decision on how to proceed with the annual listing of residents. The Commission resolved the 30B matter and after review voiced support for the cost savings in doing the annual listing.

The Commission was also engaged in the following matters:

An inquiry into the delays in processing retirement applications for Police Officers;

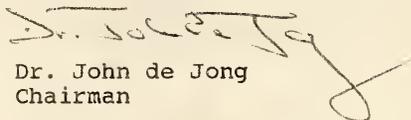
It investigated the hiring of people for summer employment who falsified residency applications for employment. Two employees were terminated following the inquiry and new policies adopted calling for strict adherence to residency for summer jobs and a policy which would provide that relatives of departmental employees could not be hired for temporary summer work in the same department;

The Commission reviewed a number of bid complaints received from the public, companies doing business with the City and from the Office of the Inspector General.

Every matter that comes before the Finance Commission is reviewed and the disposition is a matter of public record. The files of the Commission are available to the public.

Over the past few years the Commission has suffered from limited fiscal resources as has the City. Its budget has been reduced thus limiting the ability of the Commission to fulfill its statutory mandate. Over the years the Commission has performed a considerable service to the City and annually its work has led to financial savings. The Commission has been reluctant to promote those savings yet believes it important at this time. The above matters led to a financial savings to the City of \$2 million.

Respectfully submitted,

  
Dr. John de Jong  
Chairman