

CITY OF NEWTON

IN BOARD OF ALDERMEN

LONG RANGE PLANNING COMMITTEE REPORT

Wednesday, January 13, 2010

Present: Ald. Linsky (Chairman), Albright, Baker, Crossley, Danberg, Fuller, Johnson, Lennon and Shapiro

The Chairman began the discussion by explaining that the meeting was a formative meeting. He would like to determine what type of process, structure, and purpose the committee would use for the next term. Ald. Baker stated that the Long Range Planning Committee has served as an incubator for ideas that are ultimately sent to other Committees for action. The committee also discussed items that are long-term and broad based in nature. Ald. Linsky responded that he sees the Committee as a place to get ideas, or items, Board of Aldermen ready. It gives Aldermen the chance to do some homework on ideas before they are actual docket items. Ald. Shapiro envisioned the Committee as a place to discuss broad based issues, such as the finances of the city. Ald. Fuller stated that it seemed like there were categories of things that the Committee could focus on, such as guidelines, policies, organization, and processes for long-term reports or planning. The Committee members were in agreement that the focus of the Committee should be long-term with a wide scope.

There was some question as to whether items can be docketed to the Committee; however, there is less of a question that the Committee, itself, can refer items to other Committees. Ald. Baker stated that during his presidency, he felt that it was appropriate to docket some item to the Long Range Planning Committee and the Board agreed with those referrals.

The Committee discussed membership of the Committee. The Committee membership is not defined by Ward representation. There was some consideration given to including city officials and citizens. The Committee decided to keep membership to Aldermen but invite others into discussions to offer their expertise. Members will also give some thought on how to get more public input into the Committee discussions.

Ald. Linsky is aware that there are many ideas on what is appropriate for the Committee to discuss. It is his hope to give an opportunity to the Aldermen to formulate some ideas about items for discussion. The Committee would then look at the items and prioritize them in a discussion timeline, if they are appropriate for the Committee. The Committee will meet again on Wednesday, January 27, 2010 to review proposed discussions.

Ald. Fuller prepared a memo (attached) for President Lennon and the Chair of Long Range Planning regarding the work of the Long Range Planning Committee. Both the President and Chairman suggested that the memo be forward to the Board.

#72-09 ALD. PARKER AND LAPPIN requesting discussion with the administration regarding which Citizens Advisory Group recommendations are appropriate to implement as part of the Fiscal Year 2010 operating budget.

ACTION: **NO ACTION NECESSARY 9-0**

NOTE: The Committee reviewed the item and determined it was no longer relevant, as the request was related to the fiscal year 2010 operating budget that has already been determined. Ald. Fuller pointed out that the former administration did address the Citizen Advisory Group recommendations before the FY'10 budget was completed. Therefore, the Committee unanimously supported a motion of no action necessary.

#73-09 PRESIDENT BAKER, ALD. HESS-MAHAN, VANCE, ALBRIGHT, LENNON, SALVUCCI, LINSKY & SCHNIPPER requesting discussion of the recommendations of the Citizen Advisory Group as may be relevant for long-range planning for the City for coming fiscal years.

ACTION: **HELD 9-0**

NOTE: The item was held for discussion at the next meeting of the Committee.

Respectfully submitted,

Alderman Stephen Linsky, Chair

FM: Ruthanne Fuller
TO: Scott Lennon, Steve Linsky
DT: January 14, 2010
RE: Potential Board of Aldermen Initiatives in 2010 – 2011

**Potential Initiatives for the City of Newton Board of Aldermen
2010 - 2011**

I have outlined ten initiatives that the Board of Aldermen could take in the next couple of years that could make a significant difference in the life of the City.

Not surprisingly, these initiatives draw heavily on the thinking of the Citizen Advisory Group.

Given my understanding of how the Board committees operate, many of the initiatives might fall under the auspices of the Long Range Planning Committee. A few clearly come under the Finance Committee. One might be handled by the Public Safety and Transportation Committee and another by Programs and Services.

Almost all of them require the cooperation, even leadership, of the Mayor.

When possible, I have noted current docket items that pertain (at least in part) to the potential initiatives.

The potential initiatives include:

1. Compensation Guidelines
2. Retiree Health Care Funding Task Force
3. User Fee Guidelines
4. Organizing for Effectiveness & Efficiency: Consolidation, Outsourcing and Regionalization
5. Long Term Capital Assets
6. Financial Management Guidelines
7. Vehicle Use Guidelines
8. Financial Control Procedures
9. Community Foundation Task Force
10. Fire Call Box System Review

Potential Initiatives for the City of Newton Board of Aldermen 2010 - 2011

1. Compensation Guidelines

Just as the Board of Aldermen worked closely with the Mayor and the Executive Office to create Financial Management Guidelines in January 2008, we could take the initiative to work with the Mayor and the staff to develop Compensation Policy Guidelines.

- Create Long-Term Policy Guidelines for total compensation (salaries and benefits)
 - Link to average, long-run growth rate of City revenues AND
 - Relevant market rates for benchmark communities so Newton can recruit and retain excellent personnel AND
 - Inflation rates
 - Compile information on the net present value of current compensation for all employees
 - For the compensation policy guidelines, look at both *level* of total compensation (e.g., choose a quintile compared to comparable communities) and *growth rate*
 - Include all forms of compensation including salaries (COLAs, STEPS, etc.) and benefits (eligibility, contribution rates): health care, sick time, vacation, holidays, life insurance, dental and vision benefits, short and long term disability, workers compensation, retirement benefits (pension, health care, etc.)
 - Strategize about the use of seniority and/or merit in promotion opportunities/compensation increases

Potentially relevant docket items: #273-08; 207-07(2)

2. Retiree Health Care Funding Task Force

Newton, like the vast majority of cities and towns in Massachusetts and the Commonwealth of Massachusetts itself, is facing an enormous financial issue related to the unfunded liability for retiree health care and other non-pension benefits.¹ These non-pension post-employment benefits are, in plain English, health care and life insurance coverage for retirees and their survivors.

- Create a task force to build on the work of the “Other Post Employment Benefit Study Committee.” The task force might include Aldermen, staff members and possibly citizens. The group would analyze and make recommendations on the unfunded liability for retiree health care:
 - Investment vehicle for holding the funds and the management structure for overseeing it
 - Amount of annual required contribution that should be funded now and over the next thirty years for both the annual costs and the amortized amount of the unfunded actuarially accrued liability
 - Source of funding for the annual required contribution (General Fund (specific source(s)?), debt exclusion override, general override or some combination of the three)

Background Information:

As noted by the Commonwealth of Massachusetts Special Commission on Other Non-Pension Employee Benefits in July 2008,

In order to recruit and retain public service employees, state and municipal governments across the country have for decades been offering pension and other post-employment benefits (OPEB), most notably health care. The offerings have, in general, helped state and local governments attract quality employees ...

At present, Newton pays for its retirees’ health care and life insurance coverage on a pay-as-you-go basis. In other words, Newton did not set aside money in the past when these employees were actively working in order to pay for their health care and life insurance when they retired. Nor is Newton now setting aside funds for its current employees in order to pay for their health care once they retire in the future. Rather, these “unfunded” retiree health care costs are, as a matter of policy, paid for through annual appropriations. (The health insurance contribution rates of plan members and Newton are 20% and 80%, respectively. Newton reimburses 80% of Medicare Part B premiums paid by retirees. The plan members and Newton each contribute 50% towards a \$5,000 term life insurance premium.) In FY08, the cost of the pay-as-you-go method came to \$13.4 million dollars.

New accounting standards issued by the Government Accounting Standards Board in 2004 require municipalities to disclose the total amount of these actuarially determined future liabilities and the amount required to be paid currently to cover these future health care and life insurance costs. According to the FY08 Comprehensive Annual Financial Report prepared by

¹ These retiree health care and other non-pension benefits are often labeled as “Other Post-Employment Benefits” with the acronym, OPEB.

Newton's Comptroller, the total unfunded future liability stood at \$432.9 million as of June 30, 2008.² The annual required contribution (ARC) represents a level of funding that if paid on an ongoing basis in the present is projected to cover these future liabilities. *For FY08, Newton needed to pay \$22 million dollars this year (above and beyond the current \$13.4 million that we did pay) to fund our future liability.* This \$22 million payment is not a one time payment but is needed *annually* for the next thirty years and, in fact, grows over time. *In light of Newton's current budget of approximately \$300 million in which there is considerable concern about lack of funds to pay for current level of services and such underfunded areas as capital maintenance and refurbishment, this \$22 million represents a significant area needing additional funding in the view of the Citizen Advisory Group.*

The pay-as-you-go method that Newton (like so many other cities and towns) is using is not sustainable. Because life expectancies and health care costs are rising simultaneously, the future retiree health care costs represent a significant unfunded obligation. Newton, like so many other cities and towns, has made a commitment to public service employees to provide health care benefits after they retire – these commitments are growing annually and Newton, like so many others, has not adequately saved to pay for these commitments.

Pre-funding is both prudent and necessary. By saving early, the total liability is reduced dramatically. According to an analysis by the Commonwealth, full pre-funding following the guidelines of the Generally Accepted Accounting Principles for Governments *reduces the liability by 45%.*³ Without pre-funding, Newton places on future Newton residents a crippling obligation. Without pre-funding, Newton also seriously threatens its commitment to pay former, current and future retirees health care and life insurance benefits.

Until very recently, individual cities and towns had to get legislative approval from the Commonwealth to establish a retiree healthcare trust fund. Cities and towns like Needham, Lexington and Wellesley did just that. They sought and received a home rule petition to set up a trust fund. In May 2007, Wellesley citizens voted yes overwhelmingly (a 68% yes vote) for a \$1.8 million debt exclusion override annually for ten years to fund their liability.

Newton is currently funding its pension liability. That funding will not be completed until 2028. One option is to appropriate nothing to the health care and life insurance liability until the pension obligation is fully funded or to appropriate minimal amounts until that time. The Citizen Advisory Group believed that neither strategy is appropriate. It transfers to future Newton tax payers costs that are appropriately born by the current ones and fails to take advantage of the power of compounding that pre-funding permits. While Newton has been facing difficult funding decisions for a number of years, the City has an obligation, morally and fiscally, to find the funds to pay for its commitments to retirees. Waiting until the Commonwealth passes legislation to force municipalities to fund these liabilities (as it did with pensions) simply puts off until tomorrow payments that should be made today.

² The discount rate used was 3.75%.

³ Special Commission to Investigate and Study the Commonwealth's Liability for Paying Retiree Health Care and Other Non-Pension Employee Benefits. "Reporting and Funding OPEB Liabilities." July 2008.

One of the important choices that the City of Newton has been making is to not set aside money currently for any of Newton's health and life insurance post-retirement benefits for employees that have already retired and for current employees who will eventually retire.

A Subcommittee of the City's Finance Committee, chaired by Alderman Ken Parker was appointed to study this issue. Joining Alderman Parker on the Subcommittee were Aldermen Marcia Johnson and John Freedman; Newton residents Robert Gifford and George Foord; and City Comptroller David Wilkinson. The subcommittee's report was issued in December 2009. Its recommendations were:

1. The City should accept Chapter 479 of the Acts of 2008, allowing the creation of a dedicated trust fund for advance funding of post retirement health care benefits;
2. The City should offer all employee bargaining units the opportunity to contribute to this fund up to a set amount with a match based on the current ratio of health care premium contributions;
3. The City should take all reasonable available measures to control the rate of increase in employee health care costs for current employees and retirees, while making quality health coverage; and
4. The amount of funds available for matching employee contributions should be increased in years in which the rate of increase in cost of current and retiree health care benefits is low and there is sufficient operating budget flexibility.

Newton should address the commitments it has made to its employees for non-pension post-employment benefits with planning, prudence and fiscal responsibility. Just as Newton has been funding its pension liabilities, so too it should be funding its retiree health insurance liabilities.

3. User Fee Guidelines

A “big question” facing Newton’s decision makers is whether or not to transfer some of the services currently paid for by taxes into fee-based services, and to increase fees for local services, in order to reduce projected budget gaps.

Just as the Board of Aldermen worked closely with the Mayor and the Executive Office to create Financial Management Guidelines in January 2008, we could take the initiative to work with the Mayor and the staff to create User Fee Guidelines.

- For what types of services is it appropriate to charge user fees?
- What logic should govern the amount of user fees?
- What guidelines would be used for determining who receives waivers/scholarships and for what amount?

In one sense, this “game changer” is an additional tax on those residents who currently use the newly mandated fee-for-service programs. A more nuanced and economically accurate interpretation of this change is (a) that current tax-based revenues will be used to cover the costs of presently underfunded, broadly used public services and (b) that the user fees will be employed to cover the *selective* use of services outside the boundaries of core community services – with waivers and scholarships available for low-income residents. The increased use of users fees is an acknowledgement of the idea that, in the absence of new tax-based revenues, which are extremely unlikely in the near term, Newton faces inevitable choices and trade-offs pertaining to reductions in the scope, scale and quality of municipal and school services.

The possible introduction of service fees of course raises important issues regarding what principles should guide the replacement of tax-based funding with introduction of user fees. It will be important to understand the actual costs of relevant services and the market prices for comparable services. Most importantly, it will require a judgment of what services are core to Newton and essential to the community as a whole (even if only used by a small group of individuals).

Newton is very likely to adopt these strategies selectively in the next few decades in order to fill its growing budget gap. More specifically, Newton may want to explore converting to a “Pay As You Throw” trash collection regime requiring residents to pay cash only for trash services they use (and encouraging increased recycling). We may also support increasing user fees to cover more fully the costs of recreational, community educational, and cultural programs with appropriate abatements for low income residents including, but not limited to, Gath Pool and Crystal Lake, summer camps, and playing fields.

Therefore, the Board of Aldermen could proactively create guidelines on the appropriate application of user fees versus taxes.

The decision about using user fees versus taxes to pay for an activity is typically analyzed from four perspectives: cost, beneficiary, usage, and rationing:

Cost: What is the full cost of providing these government services, including direct effort, indirect supporting activities, and organizational overhead?

Beneficiary: Who benefits from these services? In other words, to what degree does the community as a whole benefit, and to what degree does it benefit the individual using the service? Is this a core service essential to Newton as a whole or does it benefit a limited number of users?

Usage: Can a core service can be linked directly to individual users and charged by volume? For example, communities like Newton charge homeowners for sewage and water services based on volume of use. In recent years, some cities and towns have also begun charging for solid waste collection (i.e., trash) based on volume.

Rationing: Is it a service for which a price signal affects a desired outcome? Services that are free, even if they are core (such as water, sewer and trash) may still justify a fee if there is sufficient variability in use among the citizens and cost can be related closely to the “volume” of use. Thus those who generate more trash create more cost and there is far more sense in apportioning the cost over the specific use than apportioning the cost based on the assessed value of the home. Charging in this case has the corollary benefit of reducing volume of use, as those charged will act in their self-interest to reduce their costs.

The answers to these questions will result in user fees that are not only cost-based but policy-based too. Once the full costs are known, then citizens and elected officials need to enter into a dialog about the public and private benefits of different government services and the appropriate funding sources for those mixed benefits (e.g., fees from the private citizen or general tax revenues from the community at large.) This leads to the fundamental question:

Does the general public benefit in part for a service provided and thus, should general resources, such as taxes, pay for part of the full cost of service, or does the private citizen solely benefit from the service provided, and thus, should bear more, if not all, of the costs incurred?

The answer to the question above helps determine the level of the user fee and tax subsidization. There are a number of options:

Full cost reimbursement: To determine the full cost, Newton should include the direct and indirect costs associated with providing the service. In calculating direct costs, Newton should include costs for staff salaries and benefits, supplies and materials, capital facilities and equipment, depreciation in equipment value, and any other costs attributable to the production and delivery of a service. Equipment and facility costs may include cash purchases, debt service costs, or maintenance costs. Indirect costs may include a portion of management and administrative costs for personnel to administer or provide services. Newton can decide which programs should have fees set to recover the full cost.

Partial cost reimbursement: Newton can decide that some activities and services, such as bus transportation for public school students should be, in part, supported by Newton’s

tax dollars, but that users of these activities or services should also pay a charge. Newton can then set the fee at a level lower than the full cost.

No cost reimbursement: Newton can also decide that some activities and services should be provided with no user fees.

Waivers or Scholarships: Generally, it is more efficient and equitable to subsidize directly and explicitly low-income households than to fix an artificially low charge for all. Scholarships can be funded by tax dollars, by private-public partnerships, by higher user fees or some combination of the three.

Competing with the Private Sector: User fees may be particularly appropriate when a local government like Newton provides services that also are provided by the private sector, particularly if they are not core government services. Using general fund taxes to subsidize such services poses two problems. First, the benefit principle might be violated if taxpayers citywide fund a service they do not receive if the service does not benefit the community as a whole. Second, subsidies allow the government provider to undercut the prices of private sector providers, leading to unfair competition. But, user fees may not be appropriate to finance core government services, particularly social services and education programs where services and benefits are provided based upon social objectives.

Fee increases: Because the costs of providing a service may vary from year to year, user fee levels should be reviewed annually and, if needed, revised to reflect changes in costs.

Tax Implications: A final consideration is the very real drawback of shifting from property tax funding of services to user charges is the lack of federal deductibility. User charges are not deductible, while local property taxes are deductible.

4. Organizing for Effectiveness & Efficiency: Consolidation, Outsourcing and Regionalization

Over the years, a number of services done by the City of Newton have been tentatively identified as potential areas to reorganize to increase effectiveness and efficiency. This might lead to different management processes, including consolidation of departments, outsourcing of services to contractors, or regionalization of services.

The Long Range Planning Committee of the Board of Aldermen, working with the Mayor and City staff, could make a comprehensive list of services and functions that could be reorganized, prioritize the list, and determine if City staff could do the analysis or seek funding for an outside professional group to do it.

The in-depth analysis might include a process known as value engineering. Value engineering seeks to systematically improve the "value" of products and services and/or reduce the cost. The team identifies the function of a product or service, generates alternative ways to provide that product or service, and suggests the best way to provide the needed functions reliably, and at the lowest life-cycle cost, without sacrificing safety, necessary quality, and environmental attributes of the project. The steps typically follow the following sequence:

- Gather information (What is being done now? Who is doing it?)
- Analyze (What must be done? What does it cost?)
- Measure (How will the alternatives be measured?)
- Generate alternatives (What are the alternate ways of meeting requirements?)
- Evaluate (Which ideas are the best?)
- Develop and expand ideas
- Choose best alternatives

Value engineering can result in consolidation or separation of functions, outsourcing or regionalization.

Outsourcing: Outsourcing can provide a very effective, inexpensive, and flexible option to providing a service internally. Since market pressures influence outsourced services, it ensures that the City is getting services for the rate that the market demands. It also allows the City to manage fluctuations (seasonal or otherwise) in workforce needs without having to manage excess resources during slow times or to pay excessive overtime during busy periods. Finally, outsourcing allows the City to capitalize on technology improvements without having to actually invest in the technology directly. For example, the City recently moved to automated trash collection. If the City had been collecting trash internally with its own employees and trucks, it probably would not have had the capital to invest in this technology. However, since it is an outsourced service, the City can realize the benefits without having to invest directly in the technology.

For these reasons, Newton should rigorously pursue opportunities to outsource when the financial or operational benefits outweigh the costs and when the quality of the work can still be ensured with contractors. To do this effectively, the City must first develop and maintain a financial framework/tool to help its managers effectively estimate the complete cost of its

employees. This financial framework would account for benefits, pensions, overhead, and any other associated costs that would be incurred now or in the future by the City employees for the work. It would also account for the full cost of assets including maintenance, utilities, storage, and disposal costs of the asset. This would ensure that the two options must be compared on equal footing to ensure that all costs are being considered.

Over time, certain services have been outsourced by the City of Newton (e.g., trash management, cleaning catch basins, and forestry services). These decisions have been made primarily as cost reduction efforts but also to increase service quality.

Regionalization: Newton has a large enough population and City government to typically realize economies of scale within the City's own operations. However, there are likely to be opportunities to realize efficiency gains by consolidating certain functions with surrounding communities. Some activities may lend themselves to this type of regionalization to drive down the cost of the service.

Some potential areas to consider include property assessments, dispatching, tax collection, and health services. The City should be in regular communication with other communities to investigate potential opportunities. For some services, Newton may be in a position to provide the function to other cities and towns for a profit.

Role of the Board: It is notable that the Charter in Section 6-1, Reorganization Plans by Board of Aldermen, states: *Except as otherwise provided by law or the charter, the Board of Aldermen may by ordinance reorganize, consolidate, or abolish any existing City agency in whole or in part; establish new City agencies; and prescribe the functions of any City agencies. All City agencies under the direction and supervision of the Mayor shall be headed and administered by officers appointed by him.*

Areas that have already been identified to be studied, possibly leading to consolidation, outsourcing or regionalization, include:

- Snow removal
- Parks, recreation, community education and community affairs
- Building maintenance
- Street light maintenance
- Custodial services
- Public safety: dispatching
- Vehicle management
- Parking meters collection
- Information technology
- Human resources
- Health services
- Property assessments

Docket items that may be related to these ideas include: #35-04; #271-08; #152-06; #147-09; #174-08(3); #270-08; #272-0(2))

5. Long Term Capital Assets

The City of Newton faces quite a few challenges with the condition of its capital assets. In addition, the capital planning and budgeting processes by which these capital assets are maintained, renewed, improved and replaced do not serve as effective resource allocation tools. What actions can the Board of Aldermen take to:

- Get a comprehensive inventory of maintenance, renewal and replacement needs of current assets (last done for City buildings in 1986)
- Create a comprehensive maintenance and replacement plan for capital assets
- Rethink the process of how municipal and school maintenance is done and by which departments and personnel
- Rethink the communication process between the Board of Aldermen and the School Committee and the Newton Public Schools for decisions about the replacement and renewal of school buildings and investment in school capital assets (including modulars)
- Rethink the Capital Improvement Plan, the Supplemental Capital Budget, the Capital Stabilization Fund, the Mayor's periodic submissions to the Board of Aldermen for appropriation of funds for capital projects, and the capital budgeting process to allow the Aldermen, the Mayor and the executive staff a realistic, serious, well thought out, and holistic view of all capital projects with explicit investment priorities
- Set up a funding mechanism to pay for both maintenance and replacement linked to both the operating budget (e.g., reserve for depreciation) and to a bonding/capital budget
- Increase spending on capital assets
- Revise guidelines for percent of revenues devoted to debt service to increase the amount of funded debt and thus redress the persistent bias against infrastructure spending.
- Improve analysis of potential capital expenditures including analyzing all capital investments on a life-cycle cost basis
- Improve process of oversight of new building construction

Related docket items include: #76-07; #89-08; #54-07; #376-09; 206-09(3); #207-08; #207-07(5); #253-07.

6. Financial Management Guidelines

The Board of Aldermen worked closely with the Mayor and the Executive Office to create Financial Management Guidelines in January 2008. The guidelines should be reviewed and updated.

Two examples of areas that could be re-considered are:

- **Funding Retiree Health Care Benefits:** The guidelines are silent about the policy for funding retiree health care benefits. In contrast, the financial management guidelines say that the policy for funding the *pensions* for retirees “shall not be less than the annual required contribution (ARC) prescribed by the Retirement Board’s actuary.”
- **Funding Capital Assets:** The guidelines set a floor of 3% of General Fund revenues for financing capital assets. To quote the guidelines on capital outlay and improvements: “... the difference between budgeted debt service and a minimum of 3% of total estimated revenues for the year will be budgeted for future capital outlay and improvements.” Is this the appropriate guideline? Interestingly, Brookline has as a financial policy to spend 5% of revenues on long-term capital assets.

The last policy in the ten page financial management guidelines report says: “It shall be the practice of the Mayor to inform the Board of Aldermen whenever these guidelines, goals, policies and practices need to be modified in a particular instance.”

7. Vehicle Use Guidelines

Just as the Board of Aldermen worked closely with the Mayor and the Executive Office to create Financial Management Guidelines in January 2008, the Long Range Planning Committee could take the initiative to work with the Mayor and the staff to create a more robust and comprehensive set of Vehicle Use Guidelines:

- For what types of functions is it appropriate to provide City vehicles?
- In what circumstances, is the use of a City vehicle an appropriate compensation technique?
- What vehicle use guidelines do comparable cities and towns have?
- What union agreements affect vehicle use currently?
- Who currently receives City vehicles?
- Are there are opportunities to split the cost of City vehicles between the City and the drivers (e.g., gas, insurance, etc.)?
- Are there opportunities for multiple people to share City vehicles?

8. Financial Control Procedures

The City's independent auditors flagged a number of financial procedures that need improvement. The most critical ones included:

- Implementation of a risk assessment program to anticipate, identify, analyze and manage the rise of asset misappropriations and the development and implementation of a monitoring program to evaluate the effectiveness of internal controls
- Timely and accurate accounts receivable reconciliations to the general ledger
- Timely and accurate reconciliations of inspectional services permits to the general ledger

What actions can the Board of Aldermen take to ensure these financial procedures are implemented?

9. Community Foundation Task Force

The Board of Aldermen could take the initiative to create a Community Foundation Task Force that includes Aldermen, staff members and possibly citizens to:

- Look at community foundations in other communities
- Assess the need for one in Newton
- Determine if it is feasible to create one here
- Create a plan for starting one if appropriate

Background: In addition to revenue from taxes, fees, and inter-governmental transfers, the City of Newton has the potential of additional revenues from foundation, nonprofit and public-private partnership organizations for “public” or “community” purposes. Currently, Newton has a number of institutions that are defined as nonprofits with the mission of raising funds for purposes of this type. One example is the Newton Pride Committee, a nonprofit volunteer organization created in 1988 which provides support for Newton cultural and arts programs and organizes family-oriented activities (including the Fourth of July festivities and the Halloween Window Painting Contest). The Newton Pride Committee works with individual and business donors to augment programs in the Mayor's Office of Cultural Affairs, the Newton Cultural Council, and the Newton Parks and Recreation Department. Examples of other important nonprofits include the Newton Community Service Center (which works with the City to enhance and deliver a variety of social services to residents, the Newton Historical Society, and the Friends of Newton Free Library. These nonprofits, and numerous others, generate revenues for various public and quasi-public purposes and programs.

The Citizen Advisory group came to a number of conclusions concerning revenues from these types of quasi-public nonprofits. First, little effort has been made to take a full inventory of the number, role, and impact of these nonprofit organizations. Second, there has been little effort to assess whether existing nonprofits have heretofore untapped potential, or whether there are significant areas or functions where additional potential might exist, or whether there might be value in developing a higher level of fundraising coordination among these organizations to, for example, ensure that existing organizations are not competing, rather than cooperating, with each other in their fundraising activities. Third, there has been little effort to encourage new nonprofits that could help the City. Superficially, at least, it would appear that Newton's nonprofit sector is somewhat under-developed, especially with respect to partnering with the private and commercial sectors in the city, to achieving a high level of coordination, and for raising significant donations for public purposes.

There have been discussions from time to time about the potential for the development of a broad-based Newton Community Foundation. Such a foundation might serve as a central, community-wide, multi-purpose, mediating institution to raise funds, operate programs, support nonprofits and distribute small grants. (This might be similar to the Brookline Community Foundation. With a six person staff, the Brookline Community Foundation strengthens and sustains local nonprofits, organizations, and initiatives through grant-making and administrative and organizational support.) When considered in the past, the difficulties of creating and maintaining such a foundation were thought to be prohibitive, and they may still be. Yet, Newton would seem to have an abundance of residents and friends who have both the capacity and desire to make voluntary contributions to the community.

The central question is whether the Newton's nonprofit sector currently provides sufficient opportunities to potential individual and business contributors. The Citizen Advisory Group Revenue Committee recommended that a significant effort be made to assess the potential for an expanded nonprofit sector to generate revenues and support programs in a way or at a level not possible through current revenue sources. This effort should be sensitive to the accomplishments of existing nonprofit organizations and strive to strengthen those accomplishments. If promising, City leaders should help incubate a Newton Community Foundation.

10. Fire Call Box System

Should the Board of Aldermen ask the Fire Department and/or create a Fire Call Box System Task Force (comprised of members of the Board of Aldermen, staff and possibly citizens) to determine:

- What is the purpose of the fire call box system?
- What is the cost of maintaining the fire call box system?
- How often and for what purposes is it used currently?
- In what circumstances might it be used?
- What are other possible uses of these funds for public safety?
- Should the fire call box system be continued?

Background: Newton has a fire box system that enables residents to contact the Newton Fire Department in an emergency even if phone lines or cell phone service is not working. The system is a series of red boxes each with a pull-handle that, when pulled, transmits a signal via telegraph to the Newton Fire Department.

The fire call box system was first mass-produced in the 1860's by Gamewell Company, which was based in Newton (and is now owned by Honeywell International). In the early 1900's, these systems were installed in 500 cities or towns across the country. More recently, however, because of the prevalence of other forms of communication and the 911 communications system, many municipalities have chosen to dismantle or stop supporting the systems (as described in a *Boston Globe* article called "Boston Stands by its Fire Alarm System" on January 6, 2008, from which we have borrowed some of the history). Atlanta, Baltimore, Chicago, Dallas, Los Angeles, Philadelphia, Pittsburgh, Sacramento, St. Louis and Washington D.C. have all retired their systems along with several smaller towns in Massachusetts including Cohasset, Foxborough, Franklin, Scituate, Weymouth and Wrentham. Although Honeywell no longer manufactures the systems, it will support existing ones and several cities do continue to use their systems, including Boston, Cambridge, Brookline, Providence and New York City.

The systems are very costly to maintain. The employee time used for maintenance, the cost of rare replacement parts and the possible increase in false alarms may cost Newton several hundred thousand dollars a year. Sacramento estimated that they saved up to \$500,000 per year by retiring their system and Boston estimates that they spend \$1.8 million per year to maintain their system. Newton does receive fees from many buildings to offset the costs of maintaining these fire boxes. If Newton decides to consider retiring its fire call box system, the City should undertake a full costing analysis to determine how much money would be saved if the system were to be taken out of service. The potential savings is approximately \$200,000.

These boxes do provide added safety in the event of a cell phone, telephone or power outage. As a result, we consider this item as a choice facing the city - money could indeed be saved by eliminating the system, but an extra layer of service and security would be eliminated as a result.