

CITY OF NEWTON

IN BOARD OF ALDERMEN

LONG RANGE PLANNING COMMITTEE REPORT

Wednesday, January 27, 2010

Present: Ald. Linsky (Chairman), Baker, Blazar, Crossley, Danberg, Fuller, and Lennon

Also present: Malcolm Salter (Chair of the Citizen Advisory Group) and Matthew Cuddy (Newton Villages Coalition)

#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.

(a) Areas of interest.

(b) Priorities for 2010-2011 term.

NOTE: Ald. Linsky provided Committee members with a brief summary of the previous meeting. The Committee focused on the goals and structure of the Committee. The Committee decided that it would not have a set membership but a “revolving” membership that would allow Aldermen to join the Committee for discussions on items that are of interest to them. The Committee also determined that it would convene on the second Wednesday following the first Monday of the month with the fourth Wednesday following the first Monday as a secondary meeting date. The Committee will focus on items that require incubation and research before moving forward to other committees of the Board or to the Executive Department for action. The function of the Committee is to look at long-term goals and explore different objectives in order to meet that goal.

Committee members present at the last meeting were asked to submit proposals for the Long Range Planning Committee to discuss this term. Several Aldermen and one resident provided proposals in advance of the meeting, which were forwarded to the Board of Aldermen via e-mail. It is the Chairman’s intention to sort through the proposals and get a sense of how to proceed with the items and prioritize them in terms of devoting resources to the proposal and taking some type of action. The Chairman suggested that it would be appropriate to create small groups to work on proposals, which would report to the Committee on a monthly basis.

The Committee began discussion on an item that is currently before it. Malcolm Salter, Chair of the Citizens Advisory Group (CAG) joined the Committee for the discussion of Docket Item #73-09. The Committee previously discussed the item and determined that the recommendations of the CAG should be prioritized. A copy of a report (attached) from March 2009 submitted by the then Chief Administrative Officer, Sandy Pooler, was provided along with

the initial responses from Mayor Cohen regarding the CAG recommendations. Mr. Salter handed out a list of the 43 CAG recommendations and the nine CAG game changers, which are attached to the report. Ald. Fuller provided the Committee with a memo of possible Board of Aldermen initiatives for the 2010-2011 term, which was attached to the last report of the Committee. There were ten potential initiatives listed, which are intertwined with many of the CAG recommendations. The initiatives are very broad based and address CAG recommendations that are being discussed but not moving forward. It is essential to the City that the recommendations be addressed. The CAG laid out objectives, goals, and recommendations, but the City needs to pursue the actual implementation of the recommendations. Many of the CAG recommendations require a long-range plan to implement whether through the Mayor, Board of Aldermen or a combination of both. The recommendations are not short term, but if they are to be implemented, progress needs to be made. However, some of the recommendations could be done with a little more speed and are a little more discreet and manageable.

The Committee asked Citizen Advisory Group Chairman Malcolm Salter how he viewed the CAG recommendations and what he thought a useful implementation process might be going forward. Mr. Salter began by voicing his pleasure that there was a Committee that could begin to address the recommendations. He pointed out that the Committee could have some long-term impact because there are some long-term problems that the City faces.

The Mayor's Office is also working on the CAG recommendations. In the short-term, the Mayor's Office is examining the budget process. There is a lot of work going on in terms of trying to get a budget forecast that is based in reality. The Mayor's Office is doing a lot of first round and second round meetings with department heads, including the school department. Mr. Salter believes that the Executive Department is looking at making more discreet choices in terms of freezes within the budget. After the Mayor has some time to work with Department Heads and an opportunity to fully analyze the budget, he will have a tentative hypothesis on how to close the budget gap. The gap is really an abstraction because there is the question of whether to include the unfunded liabilities, such as other post-employment benefits (OPEB) within the budget. The Executive Department will have more of an opportunity to focus on the longer-range recommendations once there is a Chief Financial Officer in place.

There is currently a group working on OPEB who are highly skilled and working on a long-term investment infrastructure, which includes David Humphrey from the CAG,. Mr. Salter pointed out that there are great opportunities for complementary analysis on the recommendations from the Long Range Planning Committee and the Mayor's Office. There really has to be an enormous reengineering effort that would result in operation simplification. The reengineering would include input from the City forces. A real initiative would have to include employees and other people in City government including Aldermen, who have relative specific knowledge about these operations.

There are seven recommendations related to school cost structure. Similar to the municipal remodeling, it seems at some point the School Department operations will

need to be reengineered. The Executive Department and the School Committee should look to capture all of the specific knowledge in an initiative called Leadership and Learning. The initiative will take relative specific knowledge from the School Committee, teachers, and others.

One thing that is not apparent in the CAG recommendations and game changers is the answer to the question of why does the City have to implement the recommendations and game changers. The City has to make some very difficult choices in the future. If the City is going to face up to its liabilities in a responsible way, it will have either to curtail scope, scale, or quality of services or figure out a way to enhance revenues. If the Committee can work on determining how choices are made and what the trade-offs are depending on the choice, it would be very useful. Definitely, some of the initiatives this committee can work on will help improve the City's management.

One of the tools that the CAG developed is a forecasting model. The model gives you the ability to look at gross categories and see what happens to the categories if changes are made. It does get you to understand the impact of a specific change. The Committee requested that Mr. Salter provide a demonstration of the forecasting model. Mr. Salter was happy to comply with the request and the Chairman suggested that the next meeting might be an appropriate time for the presentation.

There seem to be two clusters of activities that are before the Committee. The first is what the Committee could do to carry forward the CAG recommendations, either formally or informally. It is important that we as a City demonstrate that we have taken advantage of the available opportunities in terms of finding additional efficiencies, before we ask for another revenue stream. The Committee cannot work on all of the CAG recommendations; therefore, the Committee needs to determine what recommendations are the best use of its time. It seems that it is most appropriate to start looking at recommendations that are related to the cost side. It would be helpful if Mr. Salter would provide some guidance in that direction.

The CAG talked about creating guidelines for level of pay and growth rate, which is very different from what the Mayor and the Executive Office is doing with actual negotiations. There is a role and a task to be done which involves thinking more broadly and strategically about what to do about compensation. The question of where the City wants to be in terms of where it wants to stand in comparison to other communities such as whether the City wants to be in the top 5% of pay, the top 20%, or at the median level. In addition what does the Committee think in terms of compensation and growth rate; how much is compensation tied to the growth in our property tax rate versus what it takes to retain people, which may require a higher growth rate. The teacher pay scale needs to be high enough to attract the top tier of the schoolteacher candidate pool. However, teacher negotiations set the pattern for all the union negotiations and the City needs to be very careful how it handles the question of compensation.

Many Committee members felt that a worthy endeavor would be to devote time and resources to working on the OPEB. There is the very real question of what the City going to do financially to address that problem. Mr. Salter pointed out that Ald. Fuller is very familiar with

the OPEB issues and that it is a huge issue. The only reason that the City has been able to balance the budget is through deferring capital maintenance and OPEB payments. There is also a moral issue related to the deferral of the OPEB. The more it is deferred and the longer it is ignored the more there is a tremendous transfer of wealth from young people to old people.

It was suggested that the Executive Office figure out a funding mechanism for the OBEP and put in between \$500,000 and \$1 million. If the City starts to fund the OPEB and makes an effort to double the funding each year, it will begin to erode the debt. There is a chance that when the economy turns around the City could request a debt exclusion override and it would be able to justify the request if it has a history of funding the OPEB.

There seems to be two different things that the Committee can think about in the area of cost. One is to recommend to the Mayor's Office that the budget should have a line item that represents some initial way of beginning the process of funding the OPEB. If the mayor felt that there was some support from the Board of Aldermen, he may be more comfortable doing that. It would be consistent with the CAG's overall thrust of asking the City to think about things, which have not been thought about before. The second piece relates to the things on the recommendation list below the level of joining the Group Insurance Commission. The City should look at risk management in terms of health insurance, as the City is self-insured. The purpose is not to cut the quality of service but determine what the City's risk pool looks like. There may be ways to enhance the risk management side so that the claims the City is facing are more manageable. It is trying to get at some of the cost questions in a way that would allow the City to turn to people and say it is really thinking of this in a way that is creative and may be helpful.

The 43 CAG recommendations are a useful template to apply to some of the proposals that the Committee has received. The Committee has to focus on discreet areas to get some sense of progress. There seems to be some sentiment that the Committee should look at the capital side as intently as others have focused on the operational side. Obviously, every budget process puts the operational side up front but elevating the capital side is achievable. One of the things that would benefit the City would be to have a study and inventory of the municipal buildings. One of the things that the Long Range Planning Committee could do to help the Mayor is work on supporting an inventory of municipal buildings. Mr. Salter added that the Mayor would like to create a Capital Asset Manager position within the Executive Department. The person in that position would drive the capital inventory.

The Committee could be really useful in working on accomplishing three things on the list of recommendations and possibly a fourth. The first is the retiree health care funding and the OPEB, which is certainly a long-range issue. The issue is affecting the City and there is a real opportunity for some beneficial work in that area. Second, on the capital side, the Committee could supplement the work of the Mayor's Office and help the Mayor's Office tremendously. There are great resources within the Committee, let alone within the Board. It could create the case for not letting further deterioration take place and determine what the capital priorities are. The third thing the Committee could look at is operational organization in terms of looking at the City departments for effectiveness and efficiencies such as: consolidation, outsourcing, and

regionalization. The fourth possible item for the Committee would be to think about what a long-range plan for the City would look like and how it should be set up to make it a useful document to the Board of Aldermen.

The idea is that the Committee is working to prioritize the recommendations in the hope that it will coincide with the Mayor's efforts. Once some of the goals are attained, the Committee will be able to hand over the work to the Executive Office and/or the Board of Aldermen. If the Committee can say that there ought to be the same kind of focus on the capital side as the operating side, and that everything should be working not just in fits and starts but in some cohesive way for the capital side, it will be an improvement in City management. Two things are really unstated and unfunded: the retirement health issue and the capital plan. If the Committee divided its work into those two categories alone and decided that is where it would like to start, and involved people who are interested in those areas to work with their counterparts in the Executive Department, the Committee might add some value to the situation including having a line item in the budget, which reflects those questions. There are members of the School Committee who are also thinking similarly and it may be appropriate to keep the School Committee apprised of the discussions concerning the capital side.

The Committee happens to have somebody that has really looked at the OPEB over a period of time. Similarly, the Committee has someone who is vitally interested in efficient design, and all that goes with contemporary design in today's world, which plays into the capital side. Alderman Crossley could bring in a perspective that may or may not exist in the capital plan. It is a great opportunity for the Board of Aldermen and the Executive Office to work together. The City is an almost \$400 million enterprise and the amount of human capital in the front office is very thin.

Alderman Crossley provided a memo (attached) that highlighted three areas of interest, two of which fit very specifically within this bigger picture. There is long range planning that is ten to twenty years out and the question arises on how do you start planning now for ten to twenty years from now. There is also long-range planning meaning an item that with a little effort could be acted upon in a fairly short timeframe. The fact that the City does not have a proper inventory of its capital assets is appalling and it is very doable in the short-term. The Board could support a budget line item to commandeer the staff resources that exist or would be needed in order to put the systems in place to do the inventory and to maintain the record of the inventory. Every building has multiple components and each one of those components has a life and has condition and maintenance requirements and a life-cycle replacement cost including the entire facility. All of those need to be recorded and organized. There needs to be a database that is easily accessible that may also mean the City needs some database management tools. The inventory is really the first step in addressing capital maintenance. Without the inventory, it is like making decision on a completely reactionary basis instead of proactively.

The next proposal related to comprehensive zoning reform. The Committee could look at the zoning ordinances, determine if they are consistent, and support the goals of the City's Comprehensive Plan. There are a number of people within the community that have been working a long time to bring clarity and consistency to the City's zoning ordinances. If the City

is revising the zoning ordinances to achieve those broad goals, the City needs to establish the broad goals and implement them, such as whether the City is achieving diversity through its housing plan or making Newton a more walkable City. The Committee could investigate the tools needed to revitalize our village centers and encourage the kind of development it would like in commercial corridors. Chairman's note: Ald. Johnson, chair of the Zoning and Planning Committee, who was unable to attend the meeting, indicated her interest in this item and requested this committee hold any further consideration at this time.

The third suggestion was to investigate the possibility of earning a "Green Community Badge" from the state. There are five criteria that the City would need to meet to receive the badge. The first is to allow by-right siting of renewable or alternative energy generating facilities and /or a research and development facility in designated areas. The second criterion relates to the first, it requires an expedited permitting process for those facilities. Third, the City would need to establish an energy-use baseline inventory for public buildings, streetlights, and vehicles and put in place a plan to reduce that baseline by 20% over five years. Fourth, the City would need to purchase fuel-efficient vehicles; however, it would not include emergency vehicles, as they are currently not manufacturing fuel-efficient emergency vehicles. The fifth is to pass the "stretch code," which the City has already done. The Green Community Badge is an opportunity for the City but not quite ready to go through the Board of Aldermen process. When the "green communities act" was passed by the state it included the opportunity for municipalities that pass the five bars and earn the badge to become eligible for up to \$1 million of funding for energy efficiency projects. There is a May 14, 2010 deadline for earning the Green Community Badge. The Board of Aldermen needs to act quickly to execute the necessary changes to the zoning ordinances and City policies. The Committee could be very useful in facilitating the work necessary to achieve the badge. In addition, the committee could define what the long-term picture of Newton as a green community would look like, and make a case for Newton being a green community. Chairman's note: Alderman Johnson also indicated interest in this item.

The Committee members began discussion on what CAG recommendations and proposals were most appropriate to begin to focus on. There seem to be three primary threads that might be discussion points for the next meeting: the deferred health liability, the capital stock inventory, and the Green Community Badge. The Committee needs to determine if the Green Community Badge has the potential to move forward. Ald. Fuller was not sure if she was ready to commit to the three items as the focus of the Committee's work at this point. Although, she is willing to work on them, there seem to be much more work that can be accomplished regarding the other recommendations. Ald. Baker responded that he is not taking any of the other initiatives off the table, but the budget line items for the capital inventory and OPEB and the Green Community Badge give an opportunity to accomplish short-term objectives within long-range goals. The Committee would continue to work on all of the CAG recommendations, as well.

Matthew Cuddy, Laudholm Road, who is a member of a coalition to improve Newton's village centers, joined the discussion. He provided a handout of the coalition's goals and approach, which is attached. The Coalition is made up of residents, business owners and City

officials, who are working on creating thriving village centers. Although this is not an immediate action item, Mr. Cuddy feels that it is an appropriate item for the Long Range Planning Committee to discuss. The attached e-mail details Mr. Cuddy's proposal for discussion in the Long Range Planning Committee. Ald. Albright submitted a similar proposal for discussion, which dovetails with Mr. Cuddy's goals. It is Mr. Cuddy's hope that in the future the Board of Aldermen will support changes to the ordinances that will enhance the village centers. If the village centers are improved, it will provide a better commercial tax base for the City. The Chairman invited Mr. Cuddy to join the Committee for further discussion on his proposal at a later date.

The Committee adjourned at approximately 10 PM.

Respectfully submitted,

Stephen Linsky, Chairman

CITY OF NEWTON

IN BOARD OF ALDERMEN

LONG RANGE PLANNING COMMITTEE REPORT

WEDNESDAY, MARCH 11, 2009

Present: Ald. Hess-Mahan (Chairman), Vance (Vice Chairman), Albright, Baker, Danberg, Johnson, Linsky, and Parker

Absent: Ald. Freedman

Also present: Ald. Lappin, Mansfield, Sangiolo and Fischman

Others: Malcolm Salter, Chair, Citizens Advisory Group

Meeting commenced at 7:45 p.m.

#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: **HELD 7-0**

NOTE: Ald. Lappin explained that she co-docketed the item because she felt frustrated after the most recent Citizen Advisory Group (CAG) update to the Board. At that meeting, School Committee Chair, Marc Laredo, indicated that the School Committee had taken action on some of the CAG recommendations regarding the School Department; recommendations that will influence the upcoming budget. Ald. Lappin feels that the Board's hands are tied in terms of implementing the recommendations into the municipal side of the budget, as it always feels that the budget process is rushed. She realizes that many of the recommendations are long-term issues but some could influence the upcoming budget. She would like to know if the Administration is planning to incorporate any of the CAG recommendations into this budget. Ald. Parker would like to look at the FY 2010 budget and determine which recommendations could realistically be implemented. Mr. Pooler joined the discussion. The Executive Office is very aware of the CAG recommendations. The Mayor has directed the Department Heads to look at the CAG reports and recommendations, as they relate to their respective departments. There are several ongoing discussions with various departments regarding the recommendations. The Executive Department is still a little over a month away from putting things into the budget as the department heads are still working on their budgets and the Executive Department is still looking at options. Mr. Pooler provided the Committee with a chart that was included in the summary of the previously released CAG reports and a synopsis of the recommendations that includes a status line, which are attached. In addition, Mr. Pooler spoke on each of the line items included in the synopsis, as follows:

1) Control employee compensation costs – This item is both an FY 2010 and a long-term strategy issue. The Mayor, School Superintendent, and School Committee have stated that it is their intention to put a 0% Cost of Living Adjustment increase for FY 2010 on the table. The City has a legal obligation to bargain in good faith; therefore, if there are alternatives or other

ideas the City is obligated to discuss them. Every 1% increase in compensation has a \$1.7 million dollar impact, which means that this has the biggest impact on the budget.

2) Group Insurance Commission (GIC) - Due to the timing, the first year that the City could get into the GIC is FY'11; therefore, there is no immediate impact to the FY 2010 budget. The City is in active conversations with the unions regarding this issue. The Governor proposed a bill to change the percentage of union votes through coalition bargaining needed to join the GIC. Right now, a community has to have 70% of the coalition of unions agreeing to enter into the GIC before a community can become part of the GIC. The Governor is proposing a 50% agreement. The Governor is also proposing that cities and towns would have the option of either joining the GIC or demonstrating that their per member cost for health insurance is equivalent to the GIC per member cost. If the cities and towns could not do either of those two things, then State aid would be reduced, which means that if the unions were not to agree with the City, then the City would lose money. The Legislature has not acted on these proposals and Mr. Pooler does not have a read on the direction the proposals will go.

Some of the benefits of joining the GIC include no bargaining over benefits such as how much the co-pay is or prescription costs. The GIC has also created tiered levels for doctors and hospitals. It encourages members to use community hospitals by providing a lower co-pay if they choose a local hospital. It is controversial and the Massachusetts Medical Association is suing them over that issue. It is one of the ways that the GIC feels it can structure things to achieve greater savings. The GIC is the largest health insurance purchaser in the State and is able to bargain effectively due to their size. They have forecasted a 4% increase for the next fiscal year.

The City has looked at the City plans and the GIC plans and most of the plans are comparable to plans offered by the City. As a general matter, all plans offer a wide array of choices in physicians. Some of the co-pays are higher, although as a municipality the City has more aggressive co-pays than other municipalities. There is some concern that the GIC offers indemnity plans, which could be very expensive to the City. If a significant number of employees choose the indemnity plan versus an HMO (Health Management Organization), PPO (Preferred Provider Organization), or EPO (Exclusive Provider Organization), it will cut into any real savings. The City has contacted Harvard Health Plan and Tufts Health Plan to ask what their GIC plan design is and how it compares to the City's plan designs. The issues are going to relate to tiering, and pricing based on the tiering.

There are four main reasons that there is union resistance to entering the GIC. First, unions like to be able to bargain over things. Second, there is an increase in co-pays to union members. Third, they are concerned about certain things that the City provides now like the Canadian drug importation program, which has been very beneficial to employees and retirees. Fourth, there is concern about the loss of flexibility; because the City self-insures it has the ability to determine whether to pay a medical bill where Tufts or Harvard has denied payment. Although, it does not happen often, it provides a safety blanket to union members. The City has talked to the unions about getting GIC type benefits through the City's own providers without being in the GIC. The City is still investigating the possibilities.

3) Fund Other Post Employment Benefits (OPEB) – This item is a recommendation to set money aside for the City’s long-term retiree health insurance benefits in a manner similar to the way the City puts money aside for pensions. It may be a long-term cost saver but in the short-term, it would require a \$22 million increase in funding. It is a long-term issue that is not going to have any impact in FY 2010, as the City does not have \$22 million to fund the recommendation.

4) Consolidate Parks and Recreation and Public Works – This recommendation was studied a couple of years ago. One of the models suggests that the parks portion of Parks and Recreation could be consolidated within the Department of Public Works. The Executive Department is still looking at the possibilities. Mr. Pooler would expect that there would be a determination of whether to consolidate by budget time.

5) Biweekly payroll - A memo from David Wilkinson, Comptroller, and Ann Cornaro, Information Technology Director, was attached to the agenda regarding the bi-weekly payroll recommendation. The City has spoken with some of the unions regarding a bi-weekly payroll. The memo states that estimated savings are lower than projected; however, the change would create more effective and efficient use of staff.

6) Life-cycle costing – The City currently does life-cycle costing for large scale projects. The City does do a cost analysis for most projects. It is a long-term issue and does not affect this budget.

7) Outsource – The City has outsourced a number of functions over the years, such as trash collection, parking ticket collection and tax bills (lock box), two-thirds of snow removal operations and some building maintenance. Further outsourcing requires a full cost analysis that includes employee costs. Some of the departments are looking at the possibility of outsourcing for the upcoming budget. As departments have not determined if, and what, could be outsourced and may have an impact on union contracts, Mr. Pooler was hesitant to elaborate on some of the ideas.

8) Procurement costs – Mr. Pooler believes that the CAG’s recommendation addresses how the City could write RFPs to reduce the number of change orders. It is a long-term issue and a matter of continuing education with departments and project managers. There are thin margins because the City does a lot of bidding. One of the things that would be good to see would be further reforms to the procurement laws. There was a suggestion that the Executive Department should investigate what other communities are doing in terms of procurement. It would be helpful to work with other communities to purchase on a larger scale creating some savings and efficiencies. In addition, it was suggested that the City investigate e-procurement software in order to purchase on-line and force the work flow.

9) Winter manning – This item pertains to the Fire Department’s requirement for additional manning on pumpers in the winter. Newton is the only community in the State that by contract requires more people to be on the fire trucks in the winter. The issue is whether that is necessary for public safety. It is a cost issue because the City tends to staff up to the maximums. Therefore, if there are more than a few people out, the City must use overtime money to keep the

staff level at its maximum. During arbitration, the issue was put on the table but the arbitrator did not award that change to the City. The City is willing to have a system where when the weather merits it, at the Chief's discretion, additional staff could be added.

There was some discussion with Mr. Pooler regarding the necessity of sending fire trucks to routine emergency calls. Mr. Pooler stated that the City does not send fire trucks to every call and there are protocols that are being developed through an EMS Committee that includes fire representatives, police representatives, the city's medical director, Newton-Wellesley employees, and AMR representatives. The Committee is working to prevent unnecessary sirens and tying up of equipment.

10) Fire call-box – The Fire Chief has been asked to look at the possibility of removing the call boxes. The Chief will speak to the recommendation as a public safety issue when the time comes. The City has a system of copper wires that run under the street that go to the call boxes and a number of different alarm systems around the City. The Fire Department responds to alarms generated by that system. The call boxes located on the street are no longer used to summon the Fire Department. It is the system of last resort and it is often cited that it was the only system that worked after the San Francisco earthquake of 1985. Mr. Pooler expects a response for the Board of Aldermen, the CAG, and the Mayor's Office from the Chief.

11) Snow plowing standards – The Department of Public Works is working on a response to the recommendation. The recommendation merits more discussion and the Commissioner of Public Works is better prepared to speak to it.

12) Increasing IT spending – The City has spent funds to improve software. It is a general area that needs additional funding as better technology creates greater efficiency. The Information Technology Director has tried to hire a programmer but has been unable to do so. The department is now looking at the possibility of outsourcing the programming through a contract.

13) Consolidate IT spending – This recommendation focuses on how to spread information technology resources throughout the City. There are pros and cons to having IT people in various departments. It is essential that somebody oversees and coordinates the purchase of equipment and software with each IT person. There was a suggestion that perhaps a full-time IT person in the Police Department is not necessary and that that person can take on different responsibilities. Mr. Pooler stated that the Police Chief is evaluating that possibility and he would expect the issue would be revisited during budget discussions.

14) Allow intradepartmental transfers – State law does not allow intradepartmental transfers.

15) Hire budget analyst – The Executive Office is looking at the recommendation for an additional staff person. It is unlikely that the position will be funded in the upcoming budget. The CAG is discussing different ideas regarding the possibility of a Finance Office, as part of the upcoming Performance Management Report.

16) Energy efficiency – Many of the energy efficiency programs suggested by the CAG are in place. The City has contracted with an energy service company and should see savings in the

next budget cycle. The City is working on eliminating gas lights throughout the City. There was a suggestion to investigate energy audits offered by the Department of Energy Resources. The City's Energy Officer has looked at those audits but they are not as in depth as the ESCO audits.

17) Increase appropriate user fees – Each department that charges any fees has been asked to look at their fees to determine if an increase is justified.

18) Pay as you throw trash fee – Although it is not a pay as you throw program, the automated trash program, if approved, offers significant savings to the City. A pay as you throw program is a major policy discussion and is not part of the FY10 budget. The implementation of an automated trash pick-up does not negate the implementation of a pay as you throw program.

19) Increase parking revenue – There is an item currently before the Board of Aldermen, which will increase parking revenue. If the Board approves the item, it will have an impact on the FY 2010 budget.

20) Increase building permit fees – The Inspectional Services Department is looking at the building permit fees and other permit fees for possible increases.

21) Increase fees for Parks & Recreation and Community Education – There have been discussions between the Parks and Recreation Department and the Community Education Program to determine what efficiencies can be created and to eliminate any duplicate efforts in terms of programs and services offered. Mr. Pooler does not see large fee increases in FY 2010; however, the departments have taken the initiative to begin discussions and if it is possible to consolidate duplicate programs under Community Education, there could be some savings. Mr. Pooler will be discussing the possibilities with both departments. Whether or not to require that these programs be self-sustaining is one of the choices that Newton faces in deciding what type of community it chooses to be.

22) Increase cell tower revenue – An item has been docketed requesting authorization to lease locations on two city-owned sites for wireless communication equipment. Mr. Pooler is working in conjunction with Maurya Sullivan, Telecommunications Planner, on an RFP for the two sites and a citywide RFP. There is a question regarding what buildings to include as part of the RFP. There is significant revenue in leasing space for wireless equipment.

23) Increase giving – This recommendation is a long-term issue.

24) Sell or lease municipal property – The recommendation is a long-term item.

25) PILOTS and SILOTS – Discussion on this recommendation is ongoing in the Post Audit & Oversight Committee.

26) Increase capital spending – This is a long-term issue.

27) Institute a new capital investment rule – This is a long-term issue.

28) New process for prioritizing capital investments – This is a long-term issue.

29) Inventory municipal capital assets – An item was docketed requesting funding to take an inventory of capital assets, which was not approved by the Board of Aldermen. It is something that the City needs to do at some point.

30) Hire a Capital Assets Manager – This is part of the ongoing discussion on management and control. It is very unlikely that this position would be created and included in the FY 2010 budget.

31) Harvest short-term savings – This is very similar to Item 16. There was a question whether additional parking control officers would have an effect on ticket revenue. Mr. Pooler stated that it has been looked at for many years. In the past, the Police Department has said they do not believe it made sense to hire more parking control officers. Last year, through negotiations, there was an increase in the hours that the parking control officers work and that has resulted in an increase in ticket revenue. The new Police Chief may take a different view and it is being discussed.

32) Life-cycle costing – See Item #6.

32) Consolidate municipal and school maintenance – There are ongoing discussions about other ways to extend consolidation. Most building maintenance is already consolidated within the Public Buildings Department. It was suggested that the School Department should have more control over their own maintenance. Mr. Pooler does not believe that splitting crafts people between departments is efficient.

Ald. Baker suggested that the Clerk's Office break out the items by Committee, so each of the substantive Committees could address ideas and concerns related to the items during budget deliberations. Malcolm Salter provided the Committee with a draft document entitled "FY 2010 Budget Options" created by Mr. Salter and Ruthanne Fuller, which is attached to the report. He pointed out that the CAG will be releasing the Performance Management Report on March 31, 2009. Ald. Albright pointed out that one of the first things the CAG recognized was that the City lacked goals and she recommended that there be discussion on what the goals might be.

Malcolm Salter pointed out that the CAG was set up to look at the "big choices" and along the way look at efficiencies and effectiveness. The introduction to the CAG's Municipal Report contains a history of the efficiency measures being taken on the municipal part of government. There has been a lot of effort placed in this by the Board and by the Administration over the last several years. Most of the low-lying fruit under the current structure has already been looked at. The next question is how to organize differently, which will be where the biggest reductions will be generated.

Ald. Lappin is pleased that the Executive Department is working on the recommendations. However, there are only two things that are going to affect the FY 2010 budget. Ald. Lappin asked that the item be held as there are several items that are still in

discussion and she would like an update on the discussions. Ald. Parker moved hold on the item, which carried unanimously.

#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 7-0**

NOTE: Ald. Baker stated that he and his co-docketors felt that the item is complementary to the item requesting discussion of the Citizen Advisory Group (CAG) recommendations that could be implemented in the FY 2010 budget. Many of the CAG's recommendations are long-term issues and Ald. Baker's concern is that these items need immediate further work and discussion even though they are long-term. Malcolm Salter informed the Committee that on March 31, 2009 the CAG will release the draft Performance Management and Control Report. The CAG is currently revising all of the previously released reports and creating a synthesis with a helicopter view of what the reports recommend, which will also include some "what if" scenarios. The CAG expects to complete the reports and synthesis by April 15, 2009. Ald. Baker suggested waiting until the CAG finishes its work before continuing the discussion of long-term items. The Committee agreed that the discussion should be delayed.

Ald. Sangiolo felt that the Board could start laying the groundwork for some of the long-term recommendations to be implemented. Ald. Johnson was disappointed that there was no bold action on the part of the Administration that would influence the upcoming budget. She suggested that the Committee look at making an innovative move. Mr. Salter agreed with the concept but felt it must relate to a fundamental economic budget issue.

Ald. Albright raised the question on how to have community conversations around what the City's goals should be. Ald. Johnson pointed out that the original plan was to have Ward based meetings to discuss the CAG recommendations with the community. Mr. Salter stated that Ward forums were a good way to determine what the community values are and what the community thinking in terms of preferences and goals. These types of forums give Aldermen an idea of what the community wants and what the values are. There needs to be a connection with the community if there is going to be support for changes. Ald. Albright suggested looking at how other communities set up meetings with the community to have goal discussions. Mr. Salter offered to work with the Committee to facilitate.

Meeting adjourned at 10:20 p.m.

Respectfully submitted,

Alderman Ted Hess-Mahan, Chair

Staff hour savings in operating departments also appear to be possible, however, these savings would likely be enhanced most significantly by further automating the collection of time and attendance data, particularly in the larger departments with sizable numbers of hourly employees.

Although it's not specifically addressed in the CAG recommendation, additional investment income earning would accrue to the City from a change to a bi-weekly payroll since cash that would otherwise be paid to employees would remain in the City treasury and could be invested at money market rates. Based upon a typical weekly payroll of \$1.3 million, earning 2%, the City should be able to add \$13,000 per year to its investment income earnings.

As noted previously, there are collective bargaining and human resources implications, as well as economic ones, associated with the transition from a weekly to a bi-weekly payroll cycle. The City's Chief Administrative Officer and Human Resources Director are in the best position to address these points.

The final point that needs to be made about implementation of this recommendation is that given continuing staff reductions, particularly in the City's Information Technology Department, adding a bi-weekly payroll cycle to the existing weekly cycle during a transition period will most certainly create a real hardship in the City's Information Technology Department and to a lesser degree in the Comptroller and Treasury Departments. If the powers that be determine that the transaction is in the best interests of the City, the best course of action would be to negotiate the changes as they can be made, but hold up implementation until the weekly payroll can be replaced in its entirety with a bi-weekly payroll.

Cc: Board of Aldermen
Chief Administrative Officer
Human Resources Director

#	Proposal	Status
1	Control employee compensation costs	Wage freeze in FY10. Long-term strategy
2	GIC	Discussing with unions
3	Fund OPEB	Long-term issue
4	Consolidate P&R and DPW	Studying
5	Bi-weekly payroll	Proposed to some unions. Savings smaller than projected per Dave W and Ann C memo.
6	Life-cycle costing	Long-term issue
7	Outsource	Researching
8	Procurement costs	Researching
9	Winter manning	Evaluating. Needs to be negotiated with union.
10	Fire call-box	Evaluating
11	Snow plowing standards	DPW is preparing an analysis
12	Increasing IT spending	Needs more money N.B. We spent \$43,150 on Comm. Plus, Munis/Office, and Fin. Plus upgrades this year.
13	Consolidate IT spending	Evaluating
14	Allow intradepartmental transfers	Check on state finance law
15	Hire a budget analyst	Evaluating.
16	Energy efficiency: 1) Light bulbs, 2) EnergyStar appliances, 3) life cycle costing, 4) energy training program, 5) increased recycling, 6) eliminate gas lights, 7) peak demand provider.	Many of these programs are in place, such as contracting with ESCO, changing light bulbs, converting gas lights. Others are long-term issues.
17	Increase appropriate user fees	Case-by case consideration
18	Pay as you throw trash fee	Automated trash proposal
19	Increase parking revenue	Item is before BOA
20	Increase building permit fees	ISD is looking at fees
21	Increase fees for P&R and Community Education	P&R is evaluating fees and discussing coordination with Community Education
22	Increase cell tower revenue	Developing RFP/Docketed item
23	Increase giving	Long-term issue
24	Sell or lease municipal property	Long-term issue
25	PILOTs and SILOTs	Ongoing discussions
26	Increase capital spending	Long-term issue
27	Institute a new capital investment rule	Long-term issue
28	New process for prioritizing capital investments	Long-term issue
29	Inventory municipal capital assets	Had docketed previously
30	Hire a Capital Asset Manager	Evaluating.
31	Harvest short term savings	See above
32	Life-cycle costing	Long-term issue
33	Consolidate municipal and school maintenance	Discussing internally

CAG Recommendations (43)

Revenues (\$2 - \$10 million in non-tax based opportunities)

1. Pay-as-you-throw trash collection program
2. Increased parking fees
3. Increased building permit fees
4. Introduce higher user fees for selected recreational/educational/cultural programs
5. Pursue enhanced cell tower rental income
6. Sales/lease of underutilized municipal buildings
7. More aggressive PILOT and SILOT negotiations
8. Streamline zoning approval process
9. Launch new community philanthropic programs

Municipal Cost Structure (employee costs dominate municipal economics; limited cost efficiencies remaining in the absence of major restructuring; some new funding required for long-term savings.)

1. Control employee cost escalation
2. Decide whether to join Group Insurance Commission (GIC)
3. Implement remaining operating efficiencies (\$1.3 - \$1.4 million potential)
 - a. Consolidate Parks and DPW
 - b. Improved payroll management
 - c. All capital expenditures to be analyzed/approved on life-cycle cost basis
 - d. Exploit outsourcing opportunities
 - e. Reduction of procurement costs
 - f. Regionalize selected services
 - g. Review snow plowing standards
 - h. Resolve staffing of fire engines
 - i. Review fire call box system
 - j. Invest in long-run energy efficiencies
4. Begin funding health care obligations (\$22 million annually)

School Cost Structure (salaries and benefits rising faster than funding; limited opportunities to decrease expenses painlessly in absence of major restructuring)

1. Develop an explicit philosophy of teacher compensation and reconsider current compensation strategy
2. Review special education cost structure
3. Decide whether to join Group Insurance Commission (GIC)
4. Continuing assessment of METCO costs
5. Transportation cost reduction
6. Food services cost reduction
7. Create a CFO position to oversee long-range planning and budgeting for existing and alternate educational models

Capital Infrastructure and Planning (significant underfunding of capital and maintenance; enormous backlog of capital projects; a very weak capital planning process)

1. Substantially increase annual spending on capital maintenance and renewal (\$32 million)
2. Institute new "capital investment rule"
3. Introduce new process for prioritizing capital investments
4. Complete detailed inventory of City's stock of capital assets
5. Create capital asset manager position
6. Harvest savings from increased attention to capital renewal and maintenance
7. Consolidate municipal and school maintenance operations

Performance Management (involves a systematic and explicit process for linking strategic planning and goal setting with performance assessment; ensures that in day-to-day operations of city departments maximum attention is being paid to the achievement of specified goals of the department and the city)

1. Develop a strategic plan for Newton
2. Introduce a PerformanceStat process as the principal execution/ monitoring/control process
3. Revise/reintroduce performance appraisal and development process
4. Create/staff new CFO, PerformanceStat officer, capital budgeting analyst positions
5. Redesign capital planning and budgeting process
6. Link compensation growth to City's revenue growth
7. Encourage citizen participation in all aspects of performance management

CAG Game Changers (9)

- 1. Reformulate Newton's educational model (the "Leadership in Learning" initiative)**
- 2. Re-engineer municipal operations (the "Operation Simplification" initiative)**
- 3. Limiting the average, long-run growth of employee salaries and benefits to the average, long-run growth rate of City revenues, while maintaining a level of total compensation sufficient to recruit and retain excellent personnel**
- 4. Reduce scope and scale of selected services and programs**
- 5. Introduce user fees for selected programs**
- 6. Take on more funded debt**
- 7. Increase revenues through tax overrides or debt exclusions**
- 8. Introduce new performance management system**
- 9. Enhance citizen communication**

From: DEBORAH CROSSLEY [mailto:djcrossley26@verizon.net]
Sent: Thursday, January 21, 2010 5:57 PM
To: Stephen Linsky
Cc: lennon scott
Subject: LONG RANGE PLANNING

Steve,

To respond to the call for items for the LRP committee to consider, I submit the following:

Facilities Operations Management: Maintenance and Capital Needs Planning

This item may belong in PF and then Finance, but it would be good to get a clear idea of what we need to do to develop the comprehensive assessment of municipal facilities that we need to get started.

No matter how city departments are restructured so as to provide ongoing maintenance and replacement, Step One is to compile good data on the condition and needs over time of each and every facility and all of its components. The school department has begun to do this in its work with HMFH Architects several years ago - and we will gain some information from the ESCO project. However, to efficiently and proactively take care of a large physical plant like we have in Newton - especially with scarce resources - we need better tools. Once we can put together a strategy that would keep what we own well maintained and working efficiently, then the struggle is to identify the resources needed. In some cases, we may be better positioned to take advantage of resources we discover.

Comprehensive Zoning Reform

- a. for clarity and consistency (ZAP)
- b. to support community housing, transportation and other development objectives per the Comp Plan'

Ultimately this all belongs in ZAP, but we could discuss both the goals and objectives as well as the practical matters of how to move this forward successfully, what professional expertise to engage, how to write the RFP for the service we need in order to assure the result works for Newton - and how to pay for the investment. The latter could be related to the next item....

What is the relationship of this exercise to:

- achieving a housing plan that provides for a diverse population?
 - transportation planning, including bike and pedestrian travel?
 - revitalizing our village centers
 - encouraging mixed use development along commercial corridors
- etc.

Green Communities Act

I suggest we use the LR committee to investigate what it would take to merit a "Green Community" badge from the state.

There are five requirements to meet,; alternatives exist within each one. Newton has met one by adopting the Stretch code. The other four are doable, especially if we act expeditiously.

There are lots of particulars.... but to oversimplify :

1. Enact by-right siting of renewable or alternative energy generating, and/or R&D, and/or manufacturing facilities in designated locations.
2. Re #1, adopt an expedited permitting process (not to exceed one year)
3. Establish an energy use baseline inventory for all public buildings, streetlights and vehicles (we have _____ this), and put in place a program to reduce the baseline by 20% over five years....(we've begun..)
4. Purchase only fuel efficient city vehicles... (there are exceptions) can do this.
- 5 Stretch code. DONE

One reason to explore/ understand this SOON is that designated municipalities are eligible for grants from a fund identified as having seven million dollars in it for FY 2010. No community has yet received the designation.

The program is being rolled out shortly. We could learn more at MMA tomorrow. Time may be of the essence as we have to earn the badge before we can apply for the grant and we want to capture some of the work we have ongoing.

There are many citizens interested in this last item, including the energy commission, Green Decade coalition and High Performance Buildings coalition.

Thank you,

Deborah J. Crossley

A L D E R M A N

dcrossley@newtonma.gov

TO: Alderman Stephen Linsky
FM: Matt Cuddy
DT: 22 January 2010
RE: A Proposal for this Year's Agenda for the Long-Range Planning Committee--
Village-Centered Revitalization

Village economic development will take on new importance in Newton this year. The Board of Aldermen should be involved in shaping village development activities. It may be in the interest of the Long Range Planning Committee to conduct preliminary planning to identify and develop village initiatives that the BOA could docket.

A number of factors come together this year to make economic development a priority for Newton this year. The recession, coupled with Proposition 2-1/2, has put significant strain on municipal budgets everywhere. The CAG report released last year explains Newton's structural deficit, which exacerbates our situation. In response, the City of Newton levied a meals tax on restaurants and created a Senior Economic Development planner position. Finally, Mayor Warren is committed to economic development, as signaled by his moving the planning department in that direction.

Economic development is most effective through public-private partnerships, and a new sense of such partnership is in evidence in Newton. For example, a fledgling nonprofit, Newton Villages, is working to create a coalition of residents and businesses to improve Newton's village centers. (Full disclosure: I co-founded Newton Villages.) Related and more important, the economic development planner position was created through an agreement between the City and the Chamber of Commerce. Building partnerships between the public and private sector is at the core of that new position's responsibilities (taken from the job posting, emphasis added):

- **Serve as the City's business liaison....**
- **Work with the Newton-Needham Chamber of Commerce and Newton businesses** to organize and promote a "Shop Newton First – Buy Local" program, with a mission of building a vibrant Newton community....
- **Participate in village-centered planning process[es] working with local Aldermen, appointed officials, business owners, residents and other stakeholders....**

Although the Mayor's office will take the lead, many of these partnerships must also involve the Board of Aldermen.

Before turning to the BOA's involvement, we should consider one last aspect of the upcoming economic development activities: they will be focused on the village centers. On the campaign trail, Mayor Warren repeatedly pronounced his commitment to village development. The 2007 Comprehensive Plan, in the first bullet of its economic development action program, calls us to "[p]lan the renewal of village centers, aiming to provide attractive village centers serving the adjacent residential communities." (p. 6-7)

The citizens' group referenced earlier, Newton Villages, the only "good development" advocacy group in the city, is explicitly focused on village centers. Finally, the creation of a vital system of village-centered Neighborhood Area Councils is a citizen engagement strategy that Mayor Warren is preparing to pursue vigorously. Why this emphasis on village centers? To oversimplify, village-centered development tends to reduce automobile use, increase walking, help preserve neighborhood character and historic assets, and build a stronger sense of community among residents.

For all its benefits, village development is a complicated undertaking, requiring coordinated efforts in a number of arenas. The city government is uniquely positioned to facilitate this coordination. In particular, the BOA might consider:

- Developing a comprehensive parking management strategy. Managing parking supply and demand is a perennial challenge that has important implications for the retention, expansion, and recruitment of businesses in all our village centers. A successful strategy would build on recent initiatives by the Public Safety & Transportation Committee to consider accepting fees in lieu of required parking, and also to create shared resident/employee permit parking zones. The strategy would also integrate these steps with the related issues of:
 - parking meter rates, technology, and placement;
 - employers' parking demand management strategies such as parking cash-out, where employees who don't use parking spaces receive a cash benefit; and
 - parking garage construction.
- Developing zoning changes that would encourage more compact development in our village centers. Increasing the number of people living and working near the village center tends to increase retail activity, property values, and tax revenues.
- Identifying ways to support citizen involvement in the creation and management of village-based partnerships between residents and businesses, aimed at improving village business districts. Such partnerships typically conduct a wide range of improvement activities such as streetscape beautification and facade improvements; district marketing, events and promotions; and business retention, expansion, and recruitment programs. (Newton Villages is beginning work in all of these areas.) Possible steps for the BOA to support these partnerships include establishing Business Improvement Districts; offering technical assistance to village partnerships; or providing seed funding.
- Creating a pilot revitalization program in one or more village centers. Village center revitalization is best accomplished by progress in a number of areas including those listed above. However, citywide adoption of any of these policy changes will be difficult, and getting them all done together would be all the more so. Creating a revitalization laboratory might allow us to evaluate and prove out regulatory changes before attempting to adopt them across all Newton's villages.

If I can be of any assistance in evaluating this proposal, please let me know.



NEWTON VILLAGES

A CITY-WIDE COALITION TO IMPROVE OUR VILLAGE CENTERS

OUR GOALS

- Make all of Newton's village centers better places to walk, live, work, play, eat, shop, and gather.
- Engage more Newton citizens and businesses in shaping the future of our village centers.

JOIN US

<http://www.newtonvillages.org>

CONTACT US

John Sisson
(781) 929-6621 (cell)
john.sisson@newtonvillages.org

Matt Cuddy
(847) 903-4770 (cell)
matt.cuddy@newtonvillages.org

OUR APPROACH

Improve the villages through both talk and action:

- education,
- advocacy, and
- hands-on projects.

Work with all Newton stakeholders:

- individuals and groups;
- young and old;
- new and longtime residents;
- merchants and landowners; and
- city agencies and elected officials.

Foster participatory planning based on:

- guidance from residents, merchants, landowners, and city government,
- the Newton Comprehensive Plan, and
- the Boston Metropolitan Area Planning Council.