

Citizens' Advisory Group

Capital Structures Committee

7-21-08 Update

Our committee has pursued the agenda set out in our initial statement of identifying the extent and source(s) of the capital structure deficit described earlier by the Blue Ribbon Commission. For this purpose, we have divided our efforts along two parts: one focusing on the capital structure of the schools and the other addressing the city's remaining municipal capital assets.

The committee has determined that a necessary first step in determining Newton's public capital needs is an assessment of the current stock of capital assets. Not only would this help decision-makers understand better the most urgent infrastructure needs, it would also illuminate the full costs of public programs; and facilitate an accurate comparison between communities. In this respect, the recent School Committee study of the city's long-range needs for educational facilities is a very great help. Unfortunately, no similar recent study exists documenting the condition and needed maintenance for the remaining municipal assets. However, Newton does compile a rough set of annual spreadsheet workbooks, and including the insured value of land and buildings that should serve as a start. The Committee has arranged with the Comptroller's office to obtain copies of the most recent edition of these workbooks when they are available at the beginning of August.

In addition to its internal meetings, the committee has held interviews with Sandy Pooler, the city's Chief Administrative Officer, and David Wilkinson, the city Comptroller. It has also scheduled an interview with A. Nicholas Parnell, the head of the Public Buildings Department, and plans to meet as well with meet Mike Cronin, Chief of Operations at Newton Public Schools. When these interviews are concluded and the above-mentioned data on non-educational capital assets is made available, the committee has determined that it will then pursue the following four-point agenda:

- 1) try to identify the areas of most severe capital under funding;
- 2) attempt to calculate the difference between current maintenance program (really non-existent) and an investment program based on some depreciation or reinvestment guidelines (using the insured value of capital assets);
- 3) obtain some notion of construction/renovation costs for benchmarking purposes; and
- 4) consider further the issues surrounding the city's actual capital allocation process—including, for example, the absence of pre-budgeting meetings between the Mayor, Aldermen, and Department Heads where priorities could be set or reviewed and the need to start integrating the capital budget with operating budget process. In this work we will coordinate with that of the Decision & Control Structure Committee.

Submitted by:

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