



Ruthanne Fuller
Mayor

City of Newton, Massachusetts
Office of the Mayor

Telephone
(617) 796-1100
Fax
(617) 796-1113
TDD/TTY
(617) 796-1089
Email
rfuller@newtonma.gov

May 11, 2020

Honorable City Council
Newton City Hall
1000 Commonwealth Avenue
Newton Centre, MA 02459

To the Residents of the City of Newton and our Honorable City Council,

This certainly is a trying time for all of us in Newton.

Under the dark shadow of COVID-19, we are facing illness and infection, death and grief, job loss and financial distress, anxiety and loneliness.

At the same time, thank goodness, we are witnessing stoicism and strength, kindness and generosity, support and togetherness.

While we are still surrounded by significant uncertainties about the duration and depth of this health crisis and the timing and sequence of restarting the economy, spring has sprung, the curve is flattening, stores are beginning to reopen, our Newton Public Schools teachers connect and engage, and we can see glimmers of the other side of this crisis.

In the midst of all of this, I needed to craft a Recommended Budget for our honorable City Council.

In the end of February, just a few short months ago, I put the finishing touches on the Proposed Budget for our next fiscal year which runs from July 1, 2020 to June 30, 2021. I met with members of the City Council and School Committee to share how we would invest in new initiatives and ongoing operations to achieve Newton's goals.

Then, the world shifted. The pandemic arrived. Businesses were shuttered. Most of us stayed home.

I present this Recommended Budget for Fiscal Year 2021 of \$439.5 million in the operating budget, \$57.4 million in water, sewer and stormwater enterprise funds and \$4.7 million in Community Preservation Funds. The operating budget is \$9.3 million or 2.15% more than the FY2020 Budget but \$9.6 million lower than the one I had expected to present ten weeks ago.

This Budget is built on a strong foundation. Because of the careful stewardship of this City by Mayors, City Councilors and Aldermen over many years, the City of Newton is in a position to help our residents and businesses weather this crisis, offer assistance to those who are suffering from food and housing insecurity, teach and reach our students via computers and cell phones, help our older residents who are alone and lonely, preserve our core services and make sure our employees are healthy and safe.

Our team has been judicious in our spending and investment decisions during my two and half years as Mayor so we could accomplish three goals simultaneously:

- First, move forward to achieve our shared goals which include excellent schools, first-rate public safety, outstanding services, better streets and sidewalks, new and renovated school buildings, up-to-date facilities, and a vibrant community;
- Second, fulfill obligations made by prior Mayors and City Councils that we have not yet funded sufficiently, including those to our current employees for the future retiree benefits and to our employees who have already retired; and,
- Third, protect the City's financial strength and budgetary flexibility to face evolving and sometimes unpredictable conditions and risks, such as COVID-19.

In this Recommended Budget, important initiatives and investments are postponed but the City of Newton's financial situation remains strong and resilient.

Budgets are always a reflection of values. This one is too. Our essential services are protected now and for the coming years. Teachers will be teaching, police officers will be in their cruisers and fire fighters in their trucks, snow will be plowed, potholes fixed, and trash collected. Human services for our older and vulnerable residents will be provided.

This is a realistic budget and takes into account a lot of bad news. Jobless claims in Massachusetts by the end of April topped 893,000 or 24% of the labor force. The unemployment rate which was at 2.8% in February, now in early May is closer to 27%. We also know worse outcomes may be ahead. The Commonwealth might be forced to cut aid to cities and towns. Some of our property owners simply may not be able to pay their property taxes. The virus might reemerge ferociously so restaurants, shops, hotels, universities and colleges take a second serious hit. Thus, we will have to continue to stay nimble, responding to these changing economic conditions by holding back on some spending and providing even more assistance to those in need.

Yet, this is not a time to feel hopeless. Our City is rock solid.

This Recommended Budget is still larger than last year's. We did not have to cut into the bone.

This Budget defers investments and initiatives until revenues rebound. But these are dreams deferred, not dreams dashed.

This Budget preserves our core services and helps those who are suffering.

While some part-time employees are on furlough and City Hall is currently closed to the public, we are open for business and have kept our full-time employees working and productive.

The crisis showcased our flexibility, our creativity, and our heart. Employees across our departments have stepped up, moved around, leaned in and helped out.

COVID-19 has shown that making decisions based on the best expertise and data available and leavened with compassion, that preparing for emergencies ahead of time and having an incident command structure already in place, and that communicating frequently and speaking plainly helps when the unimaginable becomes our new reality.

The pandemic has reinforced our commitment to our shared core values of acceptance, respect and diversity. In this time of great stress and distress, we clearly and forthrightly say that Newton is committed to being a welcoming City that embraces all our residents and those who are a part of our Newton family — including NPS students who live out of district and employees who support our city. We embrace all in our family — diversity is our keystone and another heartbreak during this time is the intolerance and hate we have seen, including toward the Asian community in our city. We must stand together in Newton.

Let me turn to the Budget itself and highlight a few key points.

The City would have had revenues of more than \$75 million from sources that are now potentially impacted by the pandemic. These include revenues from the Commonwealth such as the \$25 million of State Education Aid (also known as Chapter 70) and the \$6.4 million of Unrestricted Government Aid. Other revenues for the City stem from expenditures by people in hotels and restaurants which leads normally to \$4.5 million in Rooms & Meals Tax Revenues, on new vehicles which is reflected in the \$13.5 million in the City's Motor Vehicle Excise Tax Revenue, and shopping in village centers and driving in Newton that shows up in \$1.3 million in Parking Meter Collections and \$1.3 million in Parking Violation Tickets. The City would have anticipated \$2 million in interest income but interest rates decrease in down economic cycles. Thus, the partial shuttering of the economy will negatively impact many revenue sources with our current projections showing a reduction of \$9.55 million in City revenues compared to what we were assuming just ten weeks ago.

To deal with this projected reduction in anticipated revenue, we created a multi-pronged plan. We intentionally built a conservative Budget as we know it is easier to relax spending constraints during the course of the year if revenues are higher than anticipated, than to scramble to make cuts if we experience a shortfall. We judiciously reviewed each and every line item, including vacancies, fixed costs, discretionary expenditures, and capital investments. We slowed or stopped spending except on necessary expenditures. We are only filling open positions that are critical and have revised our plans for future new hires. We adjusted our departments' budgets based on strategic decisions, prioritizing key services, including spending to address the pandemic. We worked closely with the leaders of the Newton Public Schools to determine the appropriate budget adjustment to our largest department while continuing our deep commitment to teaching and learning. We have also paused many major capital projects, except those for which we have already received funding, or those that are crucial to the operations of the City. We will monitor our revenues and expenses frequently in the months ahead, with close analyses of budgets-to-actuals and are prepared to make any adjustments, if necessary.

What are some of the major changes from the Budget we had prepared ten weeks ago?

We are forgoing \$2.5 million of spending on our roads from this year's Free Cash to soften the impact of the reduction of the \$9.6 million in revenues.

This left us with another \$7.1 million in expenditure reductions to make in order to balance the budget.

I am deeply committed to the delivery of an excellent education to our students by the Newton Public Schools (NPS), perhaps the single most important municipal service as education is a bedrock value of our community. I continued a significant commitment to NPS in the City's Fiscal Year 2021 Operating Budget of \$243.1 million, an increase of 2.9% or \$6.8 million. I am grateful that the Newton Public Schools agreed to adjust their FY2021 Proposed Budget by \$1.5 million compared to ten weeks ago.

The Newton Public Schools found two ways to manage the lower allocation. NPS is using \$1 million in savings from this spring when in-person teaching and learning stopped suddenly. These savings include, for example,

lower costs for utilities and transportation. In addition, NPS will reduce the scope of summer facility maintenance projects at our school buildings by \$500,000, which are needed but can be deferred.

I also turned to our pension system. We have promised our employees that when they retire, they will have pensions and health insurance; I will honor the promises our City has made. I met with the Newton Contributory Retirement Board of Trustees in April and requested a one-time adjustment to the Newton Pension Funding Schedule, an increase by the City of \$1.4 million or 4.8% rather than the \$2.8 million or 9.6% increase that I had recommended ten weeks ago. On April 22, 2020, the members of the Newton Retirement Board approved the motion unanimously. Notably, full funding of the pension system will stay on track for 2030 with this \$1.4 million contribution.

I also turned to the expenditure budget for the municipal departments. Every effort has been made to develop an expenditure budget that addresses projected operating requirements of the various departments of the City for the next fiscal year while being mindful of the complicated, unprecedented times that we face. In all, I decided on \$4 million in budget adjustments by the municipal departments.

Naturally one of the places in municipal operations that we had to evaluate was personnel. The costs of salaries and benefits comprise 74% of municipal costs once we set aside retiree benefits, debt service and state assessments. Funding the appropriate number of employees to provide City services, keep Newton safe, improve streets, sidewalks, and mobility as well as public buildings and infrastructure, cultivate economic, artistic and cultural development, plan for Newton's future, make Newton more "all age" friendly, address climate change, and provide appropriate financial and administrative staff to support the operations of the City continues to be critical.

This Recommended Budget contains no layoffs of permanent, full-time employees. But we have made many adjustments to the number of positions that will be funded. For Fiscal Year 2021, we have proposed the creation of only a few new positions while eliminating historically vacant positions and putting many other open positions on hold for either six months or a year. Thus, we will begin Fiscal Year 2021 with 19 fewer full-time equivalents in the budget but, to repeat, with no layoffs of permanent, full-time employees. Last month, I did make the difficult decision to furlough approximately 100 positions of part-time employees who had not been working due to COVID-19. In total, these personnel decisions have yielded more than \$1.3 million of the \$4 million in budget adjustments by the municipal departments.

A series of other changes in the municipal departments account for the other reductions. For example, we trimmed the use of consultants and new computer purchases. We tightened up on overtime opportunities. We deferred buying vehicles and equipment. We suspended Sunday hours at the Library. We delayed investments in playground equipment. We postponed some work on fields. We skipped this summer's community flowerpots.

One of the most important decisions I have made is to not dip into the City's Rainy Day Stabilization Reserve Fund. Although we are currently experiencing unprecedented and tremendously uncertain times, and we know "it is raining, and raining very hard," we do not yet know what is ahead of us. We may be facing a deep and protracted crisis. We have maintained this Fund to help us absorb any additional reductions in state aid and revenues, catastrophic weather events that may happen within the next year or two, and most notably, the economic impact of a new surge in Coronavirus cases that many predict will happen. Instead, we chose to address the current revenue decreases in the Fiscal Year 2021 budget. We are saving the Rainy Day Stabilization Fund for the "unknown unknowns" that may confront the City in the coming months and years.

One of my priorities is to maintain and improve the City of Newton's infrastructure. Our school buildings, police and fire stations, parks, library, roadways, and emergency and public works vehicles are some of the many assets that require regular replacement and maintenance to continue to meet the needs of this active city.

The submittal of the Supplemental Capital Improvement Plan which accompanies the Recommended Budget comes at a very difficult time. The financial impact to our current 2020 fiscal year City of Newton's revenues and expenditures from the COVID-19 economic shutdown are already significant. This impact will continue to be felt not just in Fiscal Year 2021 but also for at least the following year, Fiscal Year 2022.

My highest priorities during this challenging time are to protect our core municipal and educational services, assist vulnerable residents and businesspeople, and safeguard the health and safety of our employees.

As a result, the City is not in a position to commit to significant capital investments, often funded with bonds that require payments over many years, given the financial risks the City faces currently. I have made the disappointing but necessary decision to delay or put "on hold" most capital improvement projects and investments for now. Only those with funding in place or those that are the most critical will move forward at this time.

While the budget is by necessity organized around departments, I also look strategically at how our investments of \$439.5 million in the operating budget, \$57.4 million in water, sewer and stormwater enterprise funds and \$4.7 million in Community Preservation Funds in Fiscal Year 2021 will allow us to sustain our progress in achieving our overarching goals for Newton, even under the financial shadow of the pandemic. Up until now, I have categorized these goals into a group of twelve. This year I am adding one more, meeting COVID-19 needs.

In the midst of this pandemic, I am committed to achieving these thirteen overarching goals. It is our duty to provide academic excellence and educational equity. It is also our responsibility to keep Newton safe, to make Newton more "all age" friendly with a particular focus on our seniors, to improve our streets, sidewalks, and mobility, to maintain our public buildings and infrastructure, to preserve our neighborhoods, to increase affordable housing and diversify housing options, and to promote vibrant, walkable and financially robust village centers and commercial corridors. Similarly, we are duty bound to address climate change and to sustain our environment, to protect our woods and open spaces, to care for our parks and recreation spaces, to foster art, culture, and community life, to facilitate a healthy, accessible and supportive Newton, to provide excellent and responsive City services, and to do all of this while assuring the City's financial health and economic sustainability. Now we must also meet the needs that have arisen from COVID-19.

Overarching Goals for the City of Newton

- 1) Ensuring academic excellence and educational equity
- 2) Keeping Newton safe
- 3) Making Newton more "all age" friendly with a focus on seniors
- 4) Improving streets, sidewalks, and mobility & public buildings and infrastructure
- 5) Preserving neighborhoods, increasing affordable housing, and diversifying housing options
- 6) Promoting vibrant, walkable and financially robust village centers & commercial corridors
- 7) Addressing climate change and sustaining our environment
- 8) Protecting woods and open spaces & caring for our parks and recreation spaces
- 9) Fostering art, culture & community life
- 10) Facilitating a healthy, accessible and supportive Newton
- 11) Providing excellent and responsive City services

- 12) Assuring the City's financial health and spending wisely
- 13) Meeting COVID-19 needs

Ensuring Academic Excellence and Educational Equity

The delivery of an excellent education to our students by the Newton Public Schools (NPS) is perhaps the single most important municipal service as education is a 'bedrock' value of our community. Therefore, I have made a significant commitment to the Newton Public Schools in the City's Fiscal Year 2021 Operating Budget.

In 2020-2021, the Newton Public Schools is projected to serve close to 12,600 students in an integrated preschool, fifteen elementary schools, four middle schools, two high schools, and alternative high school programs. The FY2021 Superintendent's Proposed Budget is now \$243.1 million, and still includes a \$6.77 million increase, 2.9% over the FY2020 budget of \$236.4 million. Salaries and benefits make up 88% of this proposed budget.

The COVID-19 global pandemic has been one of the most unprecedented and challenging events of all our lives. The impact of COVID-19 on so many fronts for NPS students, families, teachers and staff cannot be underestimated. Teachers and staff overnight had to transform face-to-face teaching and learning into virtual settings, an endeavor never undertaken before. This has led to educational, operational and financial challenges for NPS. Simultaneously, as the City as a whole and NPS as our largest department grapples with declining revenues and additional expenses associated with COVID-19, the school department will continue to have an increased budget for FY2021, but the increase is smaller by \$1,500,000 at the request of the City. There are still many unknowns and risks including state and federal education funding that could have further negative impacts on the City and NPS. We will continue to closely monitor and assess our financial situation and work with our NPS partners to address the highly complex challenges that we face.

While the rate of change has been incredible, what will remain constant is the City of Newton's and the Newton Public Schools' commitment to serve all students, and this budget ensures that. Whatever school looks like in Newton in the fall, we will continue our commitment to meeting the academic, social and emotional needs of our children and supporting our teachers and educators who do this important work.

As a result of the financial impact of the Coronavirus pandemic, we have put a pause on all but the most critical of our school capital improvement projects. One project that will move forward is the addition of 3 classrooms and support space at the Oak Hill Middle School. The district will experience significant space needs at the middle school level for the 2021-22 school year. Therefore, the Oak Hill Middle School project will continue.

Two important projects, the Newton Early Childhood Program (NECP) (currently at 150 Jackson Road but scheduled to move to the former Horace Mann Elementary School) and the new Lincoln-Eliot Elementary School at 150 Jackson Road, are being delayed. Given that the COVID-19 repercussions on City of Newton revenues and expenses will also put significant financial pressure on Fiscal Year 2022, we do not want to move forward with design when Lincoln-Eliot construction must unfortunately be delayed.

While these project delays are disappointing, our top priority right now is to protect our core services in our classrooms and in our buildings. We believe this is the most prudent measure we can take to preserve educational services given the severity of the financial impact and the unknown duration of the public health crisis. We will continue to assess the financial conditions in order to determine when NECP and the new Lincoln-Eliot project are able to move forward.

Keeping Newton Safe

Both the Newton Police Department and the Newton Fire Department continue their first rate, 24/7 services to prevent crime, solve problems, enforce the law, suppress and prevent fires, rescue and salvage, manage hazardous materials and provide emergency response and emergency medical response.

When COVID-19 started emerging, both departments quickly changed protocols, staffing models and procedures to keep our first responders as safe and as healthy as possible even while inevitably interacting with residents, businesspeople and community members in need.

Making Newton All Age Friendly with a Focus on Seniors

2020 has been a challenging year for Newton seniors and for our team at the currently closed Senior Center. Staff from the Senior Services Department are still working every day, doing the most important thing they always do – creating connections. They are fostering connections to new online programming, to resources including food and medical appointments through our NewMo transportation service and volunteer shoppers and deliverers, and connections to other older residents.

Within this FY2021 budget are the resources for the continuation of transportation services for older residents to remain engaged in their community. Although NewMo has been a successful trial in meeting our goal to offer an on-demand shared-ride service, COVID-19 and our need to social distance has left this model of shared rides unworkable, at least for now. We will continue to explore how NewMo and other models of transportation might need to be adapted to fit in these changing times while continuing to meet older residents' transportation needs.

When COVID-19 required that we close the doors of the Senior Center to the public on March 14, 2020, staff quickly pivoted. They helped organize volunteers to make thousands of calls to the over 7,000 residents who are over 60 and living alone in Newton. The volunteers checked in to make sure people had access to food, prescriptions, masks and other essential items and gave them a person to call if their needs changed in the future. Staff refocused efforts to recruit volunteers to provide shopping and delivery of food and other essential items.

Many of the amazing programs that happened on a regular basis in person at the Senior Center have been converted to an online platform. On any given day, over 200 people are participating in a Zumba class. We are offering meditation during this stressful time and a much-needed bereavement group as well as a 50+ Job Seekers program.

Our friendly visiting program, with our partners at FriendshipWorks, have matched 40 older residents with volunteers that they meet with weekly. Now they are meeting using online technology and the old-fashioned telephone until they can meet in person again.

We will move forward this coming fiscal year with the plans for Newton's Center for Active Living, or NewCAL, by continuing to design, locate and develop programs and services for a new community center with a special emphasis on meeting the evolving needs and interests of Newton's older residents.

Very importantly, this budget helps Newton’s older residents stay in the city they love. Following the approval of Home Rule legislation, the City Council increased the income limit for participation in the senior tax deferral program to \$86,000. As a result of these changes, last year 71 older residents were approved for a waiver, more than we have had in any year in the past decade. This year, we are hopeful that the extension of the filing deadline will enable additional residents to apply and qualify for this very helpful program.

Improving Streets, Sidewalks, and Mobility & Public Buildings and Infrastructure, while Promoting Vibrant, Walkable and Financially Robust Village Centers and Commercial Corridors

Capital improvements to the City’s vast system of roads and sidewalks, water, sewer and stormwater systems, and public and school buildings are so necessary for us to drive, bike and walk safely, for businesses and village centers to thrive, to reduce our carbon footprint, and for our students and teachers to learn and teach effectively. This budget supports advancements in each of these areas, even while some projects are temporarily paused.

The Transportation Network Improvement Program, formerly called the “accelerated roads program,” enters its fourth year in FY2021 with more than a \$6.75 million investment to improve Newton’s aging, and, yes, pot-hole filled road network. We will work on both main streets and small roads in neighborhoods. We made some progress over the past few years. The pavement condition index, a 1 to 100 scale with 100 being a brand-new street, increased from 62.5 to 68 in the last two years. I am pleased that one focus of this year and next is on those in the worst condition, paving road sections with pavement condition ratings of 25 or below. By the end of next fiscal year, these streets will have improved PCIs and we can then focus on segments in the next category. Simultaneously, we continue to conduct preventative maintenance of streets, repairs of sidewalks and new installation of sidewalks in areas needing pedestrian access.

This spring, with much lighter traffic conditions due to COVID-19, we began two major “Complete Streets” projects in West Newton Square and in Newtonville’s village center. These projects include improvements to roads, traffic signals, sidewalks, benches, bus shelters, trees and more. The work should be largely completed by the end of the calendar year.

We have begun the process of replacing all parking meters in the City with a modern meter accepting both credit cards and currency. We are also completing our three-year program to install accessible pedestrian signals (APS) buttons at all our signalized intersections, a commitment I made to further accessibility in our City. This builds on the tremendous progress we have made in installing accessible ramps at intersections across the City.

The Department of Public Works’ Utilities Division will invest water, sewer, and stormwater funds from fees to continue the aggressive, multi-decade improvements of all three systems.

Our 20-Year Water Pipeline Replacement Program will enter its fifth year, repairing leak-prone aging water lines. This should help lower the “unaccounted-for water” in our system and decrease our share of the City’s Massachusetts Water Resource Authority (MWRA) water assessments.

The 10-Year Sewer Program continues into its seventh year, addressing aging sewer pipes, reducing stormwater flowing into the system and groundwater infiltration, and thereby minimizing the increases in the MWRA sewer charges and assessments. In 2020, Newton’s share of MWRA sewer assessments dropped by the 3rd most out of 43 sewer communities, showing how effective this infiltration and inflow (I&I) reduction program has been.

Our stormwater program will significantly ramp up over the next five years to address federal and state regulatory requirements known as the “MS4” Program which ensures Newton prevents polluted stormwater runoff into the Charles River.

Working closely with the City Council, we changed our quarterly stormwater charges last year to fund the increased capital and operating requirements of the MS4 Program. In FY2021, we will do a series of stormwater investments including culvert replacements, the stabilization of the Cheesecake Brook in West Newton and Nonantum, and City Hall Pond sediment removal. Also, repairs to the Bullough’s Pond Dam on Dexter Street in Newtonville will be done to meet the state’s safety requirements.

Despite the financial challenges, the City is able to continue the majority of the advancements I have made in Public Buildings maintenance. This will ensure that the Public Buildings Department is able to continue to invest in preventive maintenance, as opposed to reactive maintenance, for our 84 municipal and school buildings which comprise nearly 3 million square feet of space. While we are strategically postponing the timing of many of our large capital projects to protect our financial resiliency, we are excited to complete the replacement of the boilers at the F.A. Day School, a window replacement project at the Lincoln-Eliot School, and design of the HVAC retrofit for our Police Headquarters, just to name a few.

I am committed to supporting the business and non-profit community in Newton, preserving and improving the economic health and vitality of Newton’s village centers and commercial areas, and continuing to expand the City’s property tax base from new growth and redevelopment where appropriate. Toward that end, in February 2020 prior to the COVID-19 pandemic, the City had a very successful bond sale. Significant projects such as the West Newton Square complete streets improvement project, the Newtonville - Walnut Street Complete Streets improvement project, as well as the replacement of all city parking meters, were included in that bond sale.

These projects are specifically designed to enhance the village character and experience by shoppers and diners by providing a safer, more walkable and bikeable, and more aesthetic environment to be complemented by improved lighting and the addition of street trees and sidewalk furniture. Therefore, those projects are currently moving forward, as the proceeds of that bond sale were received on February 27, 2020 and must be expended.

I am very focused right now on how the City can quickly assist Newton businesses to regain their economic footing. In early April I asked the members of the City’s Economic Development Commission to develop a list of recommendations that we could immediately consider to jumpstart business recovery. I also authorized the use of \$300,000 in Community Development Block Grant funds to provide one-time grants to our “mom and pop” village center businesses. In the coming months, I will continue to work closely with the City Council, the Economic Development Commission and our Economic Development Director to find ways to restore and support our important local business community.

Planning for Newton’s future remains a priority for the Administration. Work will continue on efforts to develop a new zoning ordinance for the City. Important transportation planning initiatives, including design work to extend the Upper Falls Greenway and refreshing Pettee Square, as well as the introduction of a new bike share program, are all scheduled for the upcoming FY2021 year.

Preserving Neighborhoods, Increasing Affordable Housing and Diversifying Housing Options

Finding an affordable place to live in Newton is challenging in the best of circumstances. With the recent pandemic and its attendant economic impacts on some of our most vulnerable residents, I am deeply concerned about some of our residents’ basic housing stability. For that reason, I am proposing using a combination of \$2 million in Community Preservation Act funding and \$500,000 in Community Development Block Grant funding

to fund an emergency housing relief program to provide a one-time housing assist to our hardest hit Newton households in this time of need. We hope that this action provides some needed breathing room to stabilize housing situations.

In the upcoming fiscal year, we expect to see the beginnings of affordable housing construction activity at the Newton Housing Authority's Haywood House on Jackson Road (55 units of affordable senior housing), the Golda Meir House Expansion Project on Stanton Avenue (68 units of affordable senior housing) and at the Northland site on Needham Street (140 affordable units out of the 800 total). In addition, we will continue to work with the City Council to study the potential acquisition and conversion of the West Newton Armory for affordable housing.

Addressing Climate Change and Sustaining Our Environment

Despite the fiscal challenges created by COVID-19, Newton must continue to move forward with implementing our new Climate Action Plan. Avoiding climate change's most catastrophic effects requires eliminating greenhouse gas emissions by 2050, just thirty years from now. This budget will create the position of an Energy Coach, a key component of the Plan's focus on helping transition the residential sector to heat pump technology for heating, cooling, and hot water. We currently plan to fill the position starting in the second half of the fiscal year. Our internal Climate Action Cluster Team is working assiduously on projects outlined in the Budget's Environmental Sustainability section and is partnering closely with the Citizen's Commission on Energy and their volunteers.

One significant climate action project that we will begin to see in the City this coming fiscal year are the new solar canopies approved for installation at multiple municipal parking lots, such as the two Newton North lots and the Pleasant Street lot in Newton Centre. Together with the existing solar projects on rooftops, the Rumford Avenue landfill cover, and other canopies, we will be generating the equivalent of 40% of the City's electricity demand, a great achievement.

I am pleased that our Sustainable Materials team in the Department of Public Works found a good partner, Black Earth Compost, to implement successfully a curbside weekly collection of compostable materials. We now have over 1,700 customers in Newton. We look forward to the day when we can safely reopen our Resource Recovery Center at Rumford Avenue for Newton residents to recycle, re-use and swap as well as dispose of hazardous materials.

Protecting Woods and Open Spaces & Caring for Our Parks and Recreation Spaces

In February, our long-time Parks, Recreation & Culture Commissioner Bob DeRubeis retired, just as COVID-19 started to change completely the department's landscape. I walked new Commissioner Nicole Banks on her first day to a meeting in the Emergency Operations Center on the pandemic. She has since quickly worked with her seasoned team in the department during this very challenging period leading up to an uncertain summer for parks, camps, Crystal Lake, Gath Pool and recreational facilities. Together with Commissioner Banks, we will chart a path back to full activities in a safe manner.

The City has seen a number of exciting developments this past year, as well as some new opportunities, that will lead to park and natural resource improvements in multiple areas. With the acquisition of the treasured forest Webster Woods in December 2019, the City can now begin to work with the friend's group to improve public access and trails. The completion of a draft Open Space & Recreation Plan is ground-breaking. The City has a comprehensive plan outlining how the City will steward, connect and protect all of its natural resources. We are advancing two important open space projects to the Community Preservation Committee in FY2021 – the

enlargement of the Ford Park in Auburndale by Crescent and Curve Streets and a project to improve the shoreline and accessibility at Crystal Lake's popular Levingston Cove. We have created a science-based management plan for Crystal Lake, an action-oriented document that outlines how the City will protect this special natural resource of the City. DPW's Stormwater Unit will work closely with both Conservation and Parks, Recreation & Culture on a number of projects to improve water quality in the lake.

Fostering Art, Culture and Community Life

This budget continues to invest in art, culture and community life, all essential components to our city's economic and emotional recovery. Newton's Director of Cultural Development, Paula Gannon, is an experienced proponent of the arts and is well poised to work with our community partners on the next phase of our CreateNEWTON strategic plan. The recent addition of a full-time Associate Director of Cultural Development has enabled the office to advance initiatives and work with arts advocates and stakeholders to envision how to promote arts and culture in Newton during the COVID-19 pandemic and beyond, as we consider how to bring back cultural vibrancy moving forward. As always, the Office of Cultural Development will work closely with community partners, particularly as the network of existing arts and cultural organizations in the city plan for the emergence of a reimagined/reconstituted "NewOrg," a yet to be created non-profit organization that will harness the collective energy of a strong coalition of groups and individual creatives as they promote and advocate for the arts. The City looks forward to continuing to cultivate and support arts, culture and community life, while keeping all of us safe and healthy.

Facilitating a Healthy, Accessible and Supportive Newton

This pandemic reinforces my commitment to continue to invest consistently in a strong Health and Human Services (HHS) Department. When the unexpected crisis of COVID-19 hit with little warning, the HHS staff was ready to both respond and proactively develop procedures, protocols and guidance on a wide range of issues. Our in-house public health employees and public nurses conduct coronavirus case investigations as well as advise our school officials, city departments and community members how to implement safe protocols. HHS social workers are supporting residents and businesspeople suddenly facing unemployment and needing food assistance or mental health referrals. They continue to plan for what may come next as the pandemic evolves.

In the upcoming fiscal year, HHS will continue to need to manage in an uncertain landscape. I am building the ability to be nimble into their budget. I want them to be able to be ready to address both the big looming questions, such as safely re-opening schools, and the immediate and likely ongoing important individual needs of our residents. Other work in the department also continues. Our environmental health division will continue to conduct food inspections, our social workers will continue to guide residents struggling with substance use to resources, and our youth services director will continue to help young people develop skills to promote positive futures.

We will continue our commitment and recognition of Newton's veterans, with appropriate attention to ceremonies, memorials, support and services.

Providing Excellent and Responsive City Services

With the budget pressures created by the sudden drop in City revenues in FY2020, FY2021 and likely beyond, we will need to continue to find ways to deliver high quality city services efficiently. Every single dollar that will be spent in this budget has been scrutinized; our department heads searched for alternative practices and savings.

As mentioned earlier in this narrative, to deal with this projected reduction in anticipated revenue, we have created a multi-pronged plan. We intentionally built a conservative Budget as we know it is easier to relax spending constraints during the course of the year if revenues are higher than anticipated, than to scramble to make cuts if we experience a shortfall. We judiciously reviewed each and every line item, including vacancies, fixed costs, discretionary expenditures, and capital equipment investments. We slowed or stopped spending except on necessary expenditures. We are only filling open positions that are critical and have revised our plans for future new hires. We adjusted our departments' budgets based on strategic decisions, prioritizing key services, including spending to address the pandemic. We worked closely with the leaders of the Newton Public Schools to determine the appropriate budget adjustment to our largest department while continuing our deep commitment to teaching and learning. We have also paused many major capital projects, except those for which we have already received funding, or those that are critical to the operations of the City. We will monitor our revenues and expenses frequently in the months ahead, with close analyses of budgets-to-actuals and are prepared to make any adjustments, if necessary.

I am deeply grateful to the more than 940 municipal employees of the City. Yet, naturally one of the places in municipal operations that we had to evaluate was personnel. The costs of salaries and benefits comprise 74% of municipal costs once we set aside retiree benefits, debt service and state assessments. Funding the appropriate number of employees to provide City services, keep Newton safe, improve streets, sidewalks, and mobility as well as public buildings and infrastructure, cultivate economic, artistic and cultural development, plan for Newton's future, make Newton more "all age" friendly, address climate change, and provide appropriate financial and administrative staff to support the operations of the City continues to be critical.

My Recommended Budget contains no layoffs of permanent, full-time employees. But we have made many adjustments to the number of positions that will be funded. For Fiscal Year 2021, we have proposed the creation of only a few new positions while eliminating historically vacant positions and putting many other open positions on hold for either six months or a year. Thus, we will begin Fiscal Year 2021 with 19 fewer full-time equivalents in the budget but, to repeat, with no layoffs of permanent, full-time employees. Last month, I did make the difficult decision to furlough approximately 100 positions of part-time employees who had not been working due to COVID-19. In total, these personnel decisions have yielded approximately \$1.5 million of the \$4 million in budget adjustments by the municipal departments.

Assuring the City's Financial Health and Spending Wisely

A well-managed, fiscally-sound City of Newton is essential to provide exceptional teaching and learning to almost 12,600 students, deliver top-notch city services to our residents and people who work here, and make important updates to our infrastructure. Similarly, we must ensure our tax dollars are being used in an effective and accountable manner. Perhaps most importantly, we must make smart and sustainable financial decisions to create the funding for thoughtful investments in Newton's future and to weather difficult economic cycles. We must also ensure that we maintain our deep commitment to the health, well-being, and safety of our approximately 3,000 valued employees and honor our commitments to them in their retirement years.

In order for the City's budget and finances to remain sustainable, we must remain steadfast in our determination to balance the annual operating budget while addressing infrastructure needs, provide services our residents need and want, fully fund all liabilities from debt service to pensions to retiree health care, and develop and maintain an appropriate level of reserves for economic downturns, dramatic weather events and other unpredictable events.

The COVID-19 pandemic has certainly been a dramatic, unpredictable event. The first reported death in the United States occurred on February 29, 2020. At the date of this printing, May 11, 2020, more than 80,000

Americans have perished with COVID-19. Our world has changed dramatically in the past two months. Physical distancing, isolation, quarantine, unemployment, and uncertainty have all become a way of life in these unprecedented times.

The role of our municipal government in this emergency is critical.

- Assuring the health and safety of our first responders and employees – the members of our Police and Fire Departments as well as the staff of all our departments who have continued essential services in the midst of this pandemic,
- Maintaining a fully functioning Department of Health & Human Services – our public health professionals who are providing guidance and conducting contact tracing seven days a week,
- Providing the best education that we can – including ensuring social, emotional and academic supports and access to the technology required for distance learning that all students of the Newton Public Schools need,
- Distributing meals to people experiencing food insecurity – older residents, those experiencing financial hardship, and of course our school children,
- Issuing building permits and licenses so that our contractors and small businesses will be able to work as restrictions are lifted, and
- Continuing to provide so many other services that, you, our residents and businesspeople need.

We have worked diligently to not only propose a FY2021 City of Newton Budget that we believe is responsive to the needs of our residents, businesspeople and employees and the financial challenges that the City is sure to continue to face, but have also put financial controls in place so that if the impact to the City's finances is greater than anticipated at the time of this submission, we will be ready to respond by lowering expenditures further.

We also firmly believe the City will continue to face financial challenges in Fiscal Year 2022. We expect that our FY2022 revenue from New Growth and Redevelopment will suffer as might our revenue from State Aid. We have worked right now to position the City for a multi-year impact to our revenues.

Above all else, we will make all decisions with the best interest of each and every Newton resident and the business and non-profit community in mind and will remain vigilant in the careful use of every hard-earned taxpayer dollar that has been entrusted to us.

Meeting COVID-19 Needs

The goal of the FY2021 budget has been to maintain core city services, address the 12 overarching goals in different ways, and meet the needs that the COVID-19 pandemic has created in our community, an additional critical 13th goal. The City has a comprehensive approach to address public health, to assist residents with food support, to support small businesses impacted by the shuttering of the economy, and to help vulnerable residents with temporary rental and mortgage assistance. To pay for these programs, we are using \$1 million from Free Cash approved by the City Council for emergency response, \$200,000 in state grants to Newton Health & Human Services, \$1.1 million in new federal Community Development Block Grant (CDBG) Program funds and \$578,393 in federal Emergency Solutions Grant (ESG) Program funds from the U.S. Department of Housing and Urban Development resulting from the federal CARES Act. We expect \$500,000 of the new CDBG funding to supplement the Community Preservation Committee's recommended allocation of \$2 million in Newton Community Preservation Act funding for an Emergency Housing Assistance Program for rental and mortgage assistance.

First and foremost, the City has focused on tracking, tracing and controlling the spread of the COVID-19 virus. Newton's Health & Human Services Department quickly assembled a team to track COVID-19 in the community, conduct contact tracing, and prepare consistent, science-based messages to the public and employees on how to prevent the virus from spreading and stay healthy and safe. Costs from this effort have included public health staff overtime, personal protective equipment for City first-responders and essential employees, overtime related to backfilling employees using the new "Families First" leave provisions of the CARES Act, and cleaning supplies for City facilities and equipment.

The City has rapidly responded to expanding food insecurity of our residents who are no longer receiving a paycheck, for older residents, members of our community who are homebound, and those unable to get food for other reasons. A "Grab and Go" meal program has provided over 6,000 meals to students on weekdays. Now the program, a joint City-NPS effort, has expanded the free weekday meals to provide breakfast and lunch to Newton residents of all ages. The City has also worked with the Newton Food Pantry to set up storage pods below the War Memorial stairs at City Hall to help that volunteer program expand their operations to meet food insecurity needs.

Finding an affordable place to live in Newton is challenging in the best of circumstances. With the recent pandemic and its attendant economic impacts, I am deeply concerned about housing stability in Newton. For that reason, I have proposed using a combination of \$2 million in Community Preservation Act funding and \$500,000 in Community Development Block Grant funding to provide an emergency housing relief program for housing assistance to our hard-hit Newton households. The COVID-19 Emergency Housing Relief Program provides up to three months of housing assistance up to 70% of a household's monthly rent with a maximum monthly amount of \$2,500. We expect this funding to be in place in a matter of days, providing some essential help in stabilizing housing situations.

The City will also provide \$300,000 in CDBG Supplemental Funds to human services programs that directly provide stability across the lifespan for Newton's low- to moderate-income residents. These Funds must be focused on preventing, preparing for and responding to the coronavirus pandemic before the end of this calendar year. Priority will be given to organizations that address Newton residents' most urgent needs, including mental health services and other basic needs.

We are very focused on how the City can quickly assist Newton businesses to regain their economic footing. I authorized the use of \$300,000 in Community Development Block Grant funds to provide one-time grants to our "mom and pop" village center businesses. Our Economic Development Director has been frequently providing information on relief opportunities, moratoriums on non-essential evictions, retail restrictions and much more. In early April, I asked the members of the City's Economic Development Commission to develop a list of recommendations that we could immediately consider to jumpstart business recovery in Newton. In the coming days, I will work closely with the City Council, the Economic Development Commission, our Economic Development Director, the Regional Chamber and businesspeople to find ways to restore and support our important local business community.

I am also grateful to a wonderful group of Newton community leaders, in partnership with United Way of Massachusetts Bay and Merrimack Valley and Family ACCESS, who established the Newton COVID-19 Care Fund on March 20. In a short time, over \$700,000 has been raised. As of early May, over 120 applications have been approved and \$220,000 paid out on behalf of applicants to pay bills for basic necessities such as utilities, rent/mortgage, childcare, health care and other critical needs.

Finally, after successfully changing how the City operated under the strict stay-at-home advisory, we are now fully engaged in re-opening planning for the City and in each department. Each department is creating a plan for work operations, the use of personal protective equipment (PPE), changes if needed in physical spaces, cleaning requirements, technology use, transportation, etc. The needs of employees will be paramount with training expected. Health monitoring considerations are also being explored. Some of the principles that are guiding our efforts are how each department will:

- Maintain a physical distance of 6 feet or more between everyone – employees and the public
- Make sure hand hygiene is practiced with the use of soap and water as the preferred method when possible
- Clean, especially high touch surfaces
- Use face coverings which are required when physical distancing is not possible
- Maintain strict medical confidentiality for all, both staff and members of the public

These plans will be reviewed by the Health and Human Services staff, Human Resources, and the Emergency Management Director and shared with our employees. We expect the plans to be fluid as we learn more and adapt to the virus itself.

My Gratitude

A few thank yous are in order. Maureen Lemieux, Jonathan Yeo and our department heads developed not one but two budgets. We finished our first one at the end of February. We put the finishing touches on our second yesterday. While coping with stresses in their own lives, they put the City of Newton front and center and I am so grateful.

I also want to thank the army of City of Newton employees who have helped the sick and the suffering in the last ten weeks and reimagined how to deliver education and services in a safe way to our residents and businesses. Newton Public School teachers and staff, Health and Human Services public health nurses and social workers, ISD inspectors, Police and Fire First Responders, Human Resources employees, our City lawyers, employees from Public Buildings, DPW, Parks, Rec and Culture, and Planning, our City Clerk, Treasury, Purchasing, Assessing, FIS, Comptroller and IT staff, our librarians and historians, our Senior and Veteran Services folks: you make me proud.

In closing, we are facing this adversity together as a community.

We have risen admirably to the responsibilities it required.

We stay home.

We wear masks.

We keep 6 feet apart.

We wrap those in mourning in our virtual embrace.

We give in big ways and small if we can and raise our hand for help when needed.

We may grow tired as the impact of COVID-19 on our lives and livelihoods may last for years. Reopening and recovering will be difficult. Waiting to rebuild schools and repave streets will be frustrating.

But we Newtonians will bring our sense of purpose, determination, compassion and togetherness to our work in the years ahead.

Each of us individually and all of us together have made Newton strong and good. Stay apart for a while longer so we can be sure that we will be together sooner rather than later.

Sincerely,

A handwritten signature in blue ink that reads "Ruthanne Fuller". The signature is written in a cursive, flowing style.

Ruthanne Fuller
Mayor