



City of Newton, Massachusetts Mayor's Proposed Budget Fiscal Year 2018

CITY OF NEWTON, MASSACHUSETTS

Setti D. Warren, Mayor

18 April 2017

City of Newton, Massachusetts
Elected Officials and City Administration

Setti D. Warren, Mayor

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Linda Plaut, Dir, Cultural Affairs
Lisa Dady, Dir, Historic Newton

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18 April 2017

To: The Honorable City Council
Newton Residents and Taxpayers

When I took office in 2010, the City faced a financial crisis, with a projected structural budget deficit of more than \$40 million by 2013. Our expenses were growing by two percentage points more than revenues every year; we had no rainy day or emergency fund; our pension trust fund had suffered a significant loss in principal during the recession of 2008; we had not even begun to address our other post-employment benefits, or OPEB, our “health insurance for retirees”; and our triple A bond rating was in jeopardy.

As I said in this year’s State of the City address, I knew - we knew - we needed to have a bold vision of a city government that transformed how we govern and that met the needs of all of its citizens in a new 21st Century ever-changing economic, social, cultural, and political environment. This year’s budget reflects my approach to governance over the past seven years: ensuring the right outcome for our residents, the 88,000 people we work for every day.

Three principles drive us:

1. Putting in place strong fiscal discipline and accounting for each taxpayer dollar spent so we are efficient and not wasteful of your money. Expenditures for my administration have been based on delivering desired outcomes for people now and decades from now.
2. Not being afraid to make tough fiscal and policy decisions based on achieving the best outcome for individuals and families to live up to their full potential in Newton. These decisions must be made with directness, honesty, and transparency.
3. Listening and bringing people together to solve difficult challenges by identifying and working towards the common good with an eye towards the future.

So how do we advance these three principles at City Hall on a day-to-day basis? Since taking office in 2010, I have made it my goal to infuse performance and results-based management into the City’s culture. This extends into my team’s philosophy regarding budgeting. For years now we have used what is known as Outcome-Based Budgeting. As opposed to more traditional line-item incremental budgeting, where expenditures are increased or decreased by a percentage from prior year levels, outcomes-based budgeting is unique in that it ties strategic planning, performance management, and a zero-based approach to the annual allocation of resources.

In 2012, we worked with the Executive Team to define eight desired outcomes at a broad, visionary level. These outcomes encompass the mission and purpose of the City of Newton Municipal Government and have served as the platform and basis for both the large and small-scale city initiatives that we have implemented.

Throughout the year, we meet individually with each department, as well as collectively in our DataStat meetings, to review the progress we have made toward achieving our current desired outcomes, as well as to discuss the strategies and initiatives that each department should undertake in the next fiscal year to continue improvement of City services.

Based upon these collaborative discussions, outcomes are defined, required resources are identified, projected expenditures are calculated, strategies are developed, and performance targets are established. Through continuous monitoring of our performance, we are able to recognize any obstacles to achieving our desired goals and outcomes. Once these are identified, both the Executive Team and individual departments establish a strategy to overcome those obstacles.

It is as a result of this management philosophy that we have been able to align the growth of our expenditures with growth in revenue and eliminate the structural deficit.

In addition to aligning expenditure growth with revenue, we recognized the importance of establishing a reserve, or rainy day fund, for the City, which currently contains more than \$19 million, or 5%, of our budget. We also understood the need to put a financial plan in place to fully fund our pension and OPEB funds. We are on track to fulfill our pension liability by 2029—almost a decade ahead of the schedule established before I took office—and our OPEB liability by 2042.

It is with this strong foundation that for the first time last year, we sought out a second bond rating and not only received a triple A rating from Moody's Investors Service, who has been rating the City for years, but also received a triple A rating from Standard and Poor's. I am proud to announce that for the second year in a row we have received this double triple A bond rating—a distinction that only a few other communities in Massachusetts share.

In its report, Standard and Poor's has, and I quote, "revised their assessment of the city's management to 'very strong' from 'strong' based on the introduction of a debt policy that formalized a historical practice. An assessment of 'very strong' indicates that financial practices are strong, well-embedded and likely sustainable."

Citing Newton's "strong fiscal management," the Moody's Investors Service report states, "The City maintains strong fiscal management and governance through conservative budgeting and proactive, long-term financial planning including a five year budget forecast and capital plan as well as formal financial and reserve policies."

As a result of the tremendous confidence that the rating agencies have placed in Newton, we have been able to receive very favorable interest rates not only on bonds that we have sold, but also on those that we have refinanced over the past few years—saving the City more than \$16 million in interest payments over the remaining life of these refinanced bonds.

Newton has one of the highest performing school districts in the state, but when I entered office we found that the long-term capital needs of our schools and our school children were not being addressed. Education has been a priority of my administration from Day One, in order to provide 21st Century facilities that match the excellent education provided by Newton teachers and instructors.

That commitment has enabled us to not only reduce average class sizes and narrow the achievement gap in high school English language arts, math, and science, but to also open five new schools in six years. The Carr School has been fully renovated and is being used as a swing space. The Angier School opened

on time and under budget in the winter of 2016. The Zervas School is scheduled to open in September and our renovation and construction on an addition to Cabot will begin this summer and will open in September 2019, at which time the Carr School will become the new home of the Horace Mann community.

Our purchase of Aquinas has enabled us to consolidate our growing preschool program into one site, where we can provide the cutting-edge, critical care and instruction children need in their pre-K years. It also allows us to move the Lincoln Eliot School to Aquinas, and then use Lincoln Eliot as swing space as we continue our long term, forward-looking school building plan over the next 20 years.

And our plan doesn't end there. This plan will allow the Horace Mann building to become our flagship Intergenerational Community Center with dedicated space for seniors as well as programming for residents of all ages in a location adjacent to the Albemarle recreation facilities.

None of this work would have been possible without our strong financial management policies and the support of our community, who voted to approve an override in 2013 that allowed for an expedited process.

Newton is also known for our unparalleled public safety. After years of allowing fire stations to fall into disrepair and of cuts to our fire and police forces, we decided to reinvest in our first responders.

We opened Fire Station 4 in 2010, Station 7 in 2011, and Station 10 in 2015, giving our firefighters the modern facilities and resources they needed. Work is currently in progress on Fire Station 3 and Fire Headquarters in Newton Centre, which will have a new Emergency Operations Center, or the EOC, which will help keep Newton one of the safest communities in the country. Fire Station 3 and the EOC are scheduled to be completed in June of this year and Headquarters this coming fall.

We have also added modern technology and computers in our fire trucks and a state-of-the-art heavy-duty rescue truck to our fire department to provide better response times and more effective emergency response. And lastly, we have provided enhanced training so that Newton now has a technical rescue squad, increasing the capabilities of our already excellent fire fighters.

Due to these investments, our Fire Department and City had the unique honor of being designated a "Class 1" Department by ISO, the Insurance Services Organization, making us one of only four in the Commonwealth and about 200 nationally with this designation out of over 47,500 programs that are evaluated, which reduces commercial property insurance rates for businesses throughout our City.

We have also provided upgrades in our police department through improved technology in our patrol cars and the addition of ten police officers to our force since 2013, reversing a trend of staffing cuts.

In addition, I am proud that we have added a full-time, ride-along social worker to address the growing substance abuse and mental health issues in our community. To ensure that our exceptional police force has facilities it needs, we will be funding a feasibility study for a new Police HQ Facility and campus.

We have the best first responders in the country, and we are proud to give them the support they need to keep us safe every day.

For the past seven years, we have held public forums for residents to give feedback on our budget priorities—and our transportation needs are always at the top of the list. Whether paving roads, providing more accessible options in modes of transportation, or addressing traffic, we have been working hard to ensure that our transportation system meets the needs of residents now and in the future.

During my State of the City address, I introduced our transportation strategy, “Newton-in-Motion,” which highlights five areas of transportation over the next eighteen months: our roads program, village enhancements, bike share facilities, shared transit, and smart parking management.

With the passage of the override in 2013, we have been able to pave 50% more roads each year than we were able to back in 2010. But repairing and maintaining our city streets was yet another area where we knew we needed to do more. Once again, as a result of our zero-based, outcomes-driven management style, last fall, I announced a comprehensive, holistic, data-driven, accelerated road-paving program that will raise the average condition of all of our streets to “good” or “very good” condition within the next 10 years. Where we have up to this point been investing in approximately eight miles of street surface annually over the past few years, we will now be investing in approximately 40 miles of street surface each year, utilizing state of the art technologies to reconstruct, maintain and preserve our city streets.

Our village enhancements projects will create much needed streetscape, traffic flow, and safety improvements in West Newton Square, Walnut St. in Newtonville, Washington St., and Newton Corner. Within the next 18 months, we will be rolling out a program for bike share and shared shuttle service, providing residents, employees, and visitors with more options for getting around the City. We are also introducing smart parking options that will provide visitors more ways to pay for parking as they seek to take advantage of our thriving villages, promoting economic growth and increasing convenience for those of all ages.

And we continue to improve traffic flow throughout the City. Our traffic signalization plan targets 17 of the most inefficient, frustrating, and unsafe intersections in the City of Newton. Our goal is to alleviate traffic congestion on our streets by upgrading technology in our traffic signals and intersections, such as Auburndale Square, West Newton, and throughout our major thoroughfares. These signal upgrades allow for synchronization of signals along a busy road as well as signal triggering when vehicles approach a signal from a side street.

We are already seeing safety improvements at some of what were our most dangerous intersections. At Crafts and Linwood, there have been zero accidents since signals were installed, while, in the five years before, there had been 11. And at Beacon and Grant, one of the most dangerous intersections for cyclists, there have been zero auto-bicycle accidents since the signals were updated in August 2015, while before there had been five.

Our open spaces, trail networks, and waterways are incredibly important to the quality of life in Newton and we are implementing infrastructure upgrades to our storm water treatment system to ensure that we protect our natural resources. By encouraging low-impact development techniques, introducing rain gardens and bio-retention areas in parking lots and along roadways, and investing in our maintenance and storm water infrastructure today, our open spaces, trail networks, and waterways will be improved for generations to come. We are also being proactive to ensure that our system is in compliance with new federal regulations.

Strong fiscal management and zero-basing our budgets also enables us to find additional savings and efficiencies whenever possible. Making our buildings more energy efficient not only saves the City money, but also reduces our carbon footprint as we confront the reality of climate change.

Through significant investments over the last seven years in energy initiatives, including solar, we will save \$40 million dollars over the next 20 years. As a result, since I took office, we have cut our municipal carbon footprint in half.

Newton is called the “Garden City” for a reason: we take great pride in maintaining our green and open spaces and our trees. For many years, the City neglected to properly invest in fields, recreational surfaces, and trees. In order to make sure that these resources exist for generations to come, we have taken concrete steps to address this issue.

We have invested heavily in a reconstruction and resurfacing plan to bring the many playing fields and surfaces Newton has to offer up to a safe, playable condition so that our residents can engage in healthy exercise and sports. Since taking office, we have reconstructed or improved 31 tennis courts, representing 45% of the courts throughout the City. We have also rehabilitated nine fields since 2010 and in the spring, we will be undertaking five more fields. This coming fall, we will celebrate the opening of the renovated Newton Highlands Playground. The new field will have a new drainage system, turf, extra parking, game-quality lights, refurbished tennis and basketball courts, new entrances along Dedham and Winchester streets, and a new baseball field that will better meet the needs of teams playing in Newton.

Newton’s public trees give our roads and parks distinct character and beauty. Years of neglect had made some of our public trees serious safety hazards during storms. Between FY12 and FY14, 454 trees fell in Newton, causing hundreds of power outages and blocking our roads, severely compromising our safety.

The Halloween snowstorm in October 2012 caused 172 downed trees alone. So we knew we needed to do more. In 2014, we began a program to remove our dangerous trees. Since last spring, we have removed over 1,000 of the oldest, most hazardous trees on our streets. During the record snowfall of FY15, 47 trees fell, and in FY16, 55 trees came down, representing an average reduction of downed trees by almost 74% compared to FY12 and FY13, the years before we began our work.

We have also begun a replanting program. Within the past year we have planted over 300 trees to ensure that our streets stay green and beautiful.

The Newton Free Library is one of the most cherished assets we have in our community as a place that brings people together and represents our values. After undertaking a strategic planning process and identifying a number of ways in which libraries have changed, it was clear that there are needed improvements to ensure that the Newton Free Library remains a great resource for generations to come.

We concluded that there is a need to accommodate more children and young people at the library. Therefore, this summer, work will begin to enlarge the sections devoted to children and adolescents, which are vital to the future of the library.

Several demographic studies of Newton have shown that our substantial senior population is projected to grow. We have learned from the Senior Center needs assessment and from our Age-Friendly Cities listening sessions that two important areas to improve senior quality of life are social connectedness and financial sustainability. Our seniors are an asset to our community and the investments we make in senior services in the FY18 budget reflect their needs and priorities.

Our Senior Center programming and transportation services are highly popular but don’t address all of the needs. We have taken steps in this year’s budget to do more. We are taking steps to grow the capacity of senior services inside the Senior Center as well as outside. In keeping with the City’s commitment to

social services, the City budget for FY18 will cover the salaries for the Director of Social Services, two case managers, and nine months of the police social worker, in addition to the school social workers, who are part of the NPS budget. One case manager will work exclusively at the Senior Center, while the second case manager will cover clients of all ages, including seniors.

We have set appropriate metrics for the number of individuals who can and should be seen in a given week—both first visits and follow ups—and both case managers have the time available to approximately double the number of people seen in the past. Outreach to seniors to raise awareness of available services is an important component of reaching those in need.

In order to provide more programming for seniors, we have approved a request to hire an Assistant Program Coordinator to plan and run programs on some evenings and weekends and to coordinate programs at other sites within the City, perhaps closer to home for those who do not wish to go the Senior Center.

Seniors are vital to the ongoing life of our City, and we are pleased to be able to enhance services and programs while awaiting the opening of the Intergenerational Community Center, including dedicated space for seniors, at the Horace Mann School site in the future.

One of my administration's top priorities is robust community engagement. The City has been committed to establishing a dialogue between residents to not only communicate new initiatives but, more importantly, to listen to residents' concerns. In the last year, we have worked hard to improve the experience that residents have with their government. This includes a new smart-phone app for our 311 system, renovating our Customer Service desk in City Hall, and moving the Parking Clerk to City Hall.

We also conducted robust engagement around the housing and transportation strategies, listening to what matters most to our residents.

Last year, I began a partnership with a professor at Tufts to conduct a survey of the Newton community with the goal of identifying what civic life and community engagement looks like in our city. We believe that the City's existing civic network can continue to grow and promote connectivity and build community around the issues that matter most to people. By using citywide data and technology, we are looking to Newton's four area councils, critical components of our local government, three neighborhood associations, and many community organizations to collaborate with us in this effort.

We also continue to use surveys, our website, and social media to provide information and get feedback from residents to ensure that concerns are heard, and expectations are met.

I will end where I started this evening. We know we all worked hard together, the City Council, School Committee, City and School employees, our business community, and residents to make transformative change in our city for the better. We've gone from fiscal crisis to financial sustainability in seven years so that we could deliver the right outcomes for our residents. We got here by being committed to the three principles of governance I outlined tonight:

- 1) Putting in place strong fiscal discipline and accounting for each taxpayer dollar spent so we are efficient and not wasteful of your money. Expenditures for my administration have been based on delivering desired outcomes for people now and decades from now.
- 2) Not being afraid to make tough fiscal and policy decisions based on achieving the best outcome for individuals and families to live up to their full potential in Newton. These decisions must be

made with directness, honesty, and transparency.

- 3) Listening and bringing people together to solve difficult challenges by identifying and working towards the common good with an eye towards the future.

Meeting these principles on a day-to-day basis in a city our size is hard difficult work. It takes discipline and focus. It takes humility and a willingness and flexibility to change course if benchmarks aren't met or planned outcomes do not occur. This is something we face at City Hall every day.

If our community does not want to fall back, but rather build on the success of the last seven years, we will embrace this approach in our municipal and school departments. If we do, we will live up to the promise and commitment of ensuring our great city meets its full potential now and decades from now.

And so, in accordance with Chapter 44, Section 32 of the Massachusetts General Laws, and Section 5 of our City Charter, it is my honor and privilege to submit the City of Newton, Massachusetts Fiscal Year 2018 Mayor's Proposed Budget. We look forward to working with the Honorable City Council and the residents of each and every village of this city to meet Newton's full potential.

Sincerely,

A handwritten signature in cursive script, appearing to read "Setti D. Warren".

Setti D. Warren,
Mayor

Fiscal Year 2018 Municipal Budget Table of Contents

Executive Summary

Introduction
Strategy for Financial Stability
Total Revenue
Projected Expenditures
Financial Management Guidelines

Outcomes-Based Management

Overview
Defining the Desired Outcomes

Sources & Uses

Sources & Uses of Funds

Draft Appropriation Order

Draft Appropriation Order

Appropriation Summary

Summary by Functional Element

Personnel FTE Summary

Personnel FTE Summary

General Government

101 - Clerk of the Board
103 – Executive
104 – Comptroller
105 – Purchasing
106 – Assessing
107 – Treasury
108 – Law Department
109 – Human Resources
111 – Information Technology
114 – Planning
115 – Public Buildings
118 – Financial Info Systems

Public Safety	201 – Police Department 210 – Fire Department 220 – Inspectional Services
Public Works	401 – Public Works
Human Services	501 – Health & Human Services 502 – Senior Services 503 – Veteran Services
Culture & Recreation	601 – Newton Free Library 602 – Parks & Recreation 603 – Newton History Museum
Community Dev't Block Grant	Community Development Block Grant Fund
Community Preservation	Community Preservation Fund
Enterprise Funds	26 – Storm Water Fund 27 – Sewer Fund 28 – Water Fund
School Department	School Department
Personnel Detail	Personnel Detail
Revolving Funds	Gifts/Grants/Revolving Funds
Remediation/Mitigation Funds	Remediation/Mitigation Funds