



# City of Newton, Massachusetts Mayor's Proposed Budget Fiscal Year 2017

**CITY OF NEWTON, MASSACHUSETTS**

**Setti D. Warren, Mayor**

**19 April 2016**

**City of Newton, Massachusetts**  
**Elected Officials and City Administration**

**Setti D. Warren, Mayor**

**City Council**

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**Executive Office Staff**

Maureen Lemieux, Chief of Staff/C.F.O.  
Dori Zaleznik, MD, Chief Administrative Officer  
Aaron Goldman, Dir, Performance Management  
Andrew Savitz, Dir of Sustainability  
Stephanie Forner, Dir, Community Engagement  
Hannah Woit, Special Asst. for Operations & Policy  
Jacob Cole, Sr. Financial Analyst  
Terry Crowley, Citizens' Assistant

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David Wilkinson, Comptroller  
Nicholas Read, Chief Procurement Officer  
Elizabeth Dromey, Chairman, Board of Assessors  
James Reardon, Treasurer  
Donnalyn Lynch-Kahn, City Solicitor  
Jeffery Honig, Acting Dir, Human Resources  
Joseph Mulvey, Chief Information Officer  
James Freas, Acting Dir, Planning Department  
Joshua Morse, Comm, Public Buildings Dept  
Karen Griffey, Acting, Mgr, Fin'l Information Systems  
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Seth Bai, Dir, Veterans' Services  
Jayne Colino, Dir, Senior Services  
Philip McNulty, Dir, Newton Free Library  
Robert DeRubeis, Comm, Parks & Recreation  
Linda Plaut, Dir, Cultural Affairs  
Lisa Dady, Dir, Historic Newton

**School Administration**

Dr. David Fleishman, Superintendent  
Sandra Guryan, Deputy Superintendent/C.A.O.



SETTI D. WARREN  
MAYOR

## City of Newton, Massachusetts Office of the Mayor

Telephone  
(617) 796-1100  
Telefax  
(617) 796-1113

TDD  
(617) 796-1089

E-mail  
swarren@newtonma.gov

19 April 2016

To: The Honorable City Council  
Newton Residents and Taxpayers

I have termed my administration's approach to decision making as "Newton Leads 2040". What drives us is real outcomes and quality service delivery for our current residents—as well as residents ten to twenty years down the road. That is why our budget is outcomes-based.

Before I first took office 6 years ago, our budget was not oriented towards delivering outcomes for Newton residents. In 2010, our finances were in bad shape and the outlook was bleak:

- the City was facing an annual structural deficit projected to be more than \$40 million by 2013;
- our expenses were growing by 2 percentage points more than our revenues every year;
- there was no emergency or rainy day reserve account;
- our pension trust fund had suffered a significant loss in principal;
- we had not even begun to think about addressing our other post-employment benefits, or OPEB, which is "health insurance for retirees"; and
- our triple A bond rating was in jeopardy.

Through hard work and dedication and an unwavering, disciplined focus on a strategy of zero basing our budgets, making data-driven financial decisions, and restructuring our union contracts we have been able to eliminate the structural deficit and get our expenditure growth in line with our revenue growth.

In addition to balancing our budget, we recognized that it was important to establish a reserve fund for emergencies or catastrophic events. I am proud to announce that with the City Council's approval of the Rainy Day Docket Item and this budget, we will begin FY17 with almost \$19 million, a full 5% of our FY17 operating budget in a rainy day reserve.

Our pension fund, which had suffered significant losses in the crash of 2008, continues to be a top priority. And while it was acceptable when I first took office to have a plan that fully funded our pension liability by the year 2038, financial sustainability requires more. Therefore, this budget includes an increase of \$1.9 million to continue to support a funding schedule aimed at fully funding the City's pension liability by the year 2029—almost a decade ahead of schedule.

Commitment to this funding schedule is an integral component of my administration's plan to address OPEB liabilities and is therefore key to the City's long term financial stability strategy.

Recently, we announced that a third party actuary has confirmed the Administration's funding strategy, which will enable the City of Newton to eliminate the City's unfunded pension liability by the year 2029 and the OPEB liability by the year 2042. The actuarial valuation of the City's OPEB Liabilities for the fiscal year ending June 30, 2015 confirms the administration's plan is financially sound and sustainable. The valuation by Financial Risk Analysts, LLC, is in keeping with the national standards of practice of the actuarial profession and is in accordance with Governmental Accounting Standards Board Statement 45, or GASB-45. The FY17 Budget contains a \$350,000 increase in the OPEB appropriation, with that allocation now totaling more than \$1.7 million. And finally on our finances, not only have we been able to maintain our triple A bond rating with Moody's Investor Services throughout the past 6 years, this year for the first time we went beyond and also asked Standard and Poor's to rate the City. As many of you know, in January we were pleased to announce that Standard and Poor's also assigned a triple A rating to the City, citing, and I quote, "strong management, with 'good' financial policies and practices under our Financial Management Assessment methodology and strong budgetary performance, with balanced operating results in the general fund."

This is a major achievement. With this double triple A rating, the City of Newton has joined a very small group of municipalities who have earned triple A ratings from these two highly regarded institutions.

This is particularly important this year because we were not only selling \$56 million of new debt, but we were also refinancing \$20 million of debt that we sold in 2008. As a result of the tremendous confidence that the rating agencies have placed in Newton, we were not only able to receive very favorable interest on these bonds and save more than \$3 million in interest payments on the refinanced bonds, but we also received a cash payment of more than \$6 million of premium offered for our bonds, which we will use to reduce future bond payments.

Everything else that we do, and, most importantly, the results and service delivery our residents receive, is dependent on a strong financial base. By securing our financial stability we are able to use our Newton Leads 2040 approach and not only address current issues, but also think ahead—and think big—to develop a strategy to position the City for the future and fully implement our outcomes-based budget. It has allowed us to make investments in the critical areas that make Newton one of the best places to live: education, infrastructure, public safety, and enhancing quality of life for our residents.

In addition, we know that taking a zero-based approach that is data driven to our decision making process allows us to achieve stronger outcomes while saving taxpayer dollars. An example of this is our initiative towards achieving environmental sustainability. Building energy retrofits and the LED streetlight project will save the city over \$24 million and 34,640 metric tons of carbon over the next 20 years. This is the equivalent of taking 365 passenger vehicles off the road per year. And Phase 1 and 2 of our solar initiative will save the City approximately \$16.5 million and 75,900 metric tons of carbon over the next 20 years. This is the equivalent of taking yet another 799 vehicles off the road per year. We can be committed to protecting the environment as well as save a substantial amount of taxpayer dollars.

Additionally, we continue to prioritize preventive maintenance and energy efficiency projects throughout our buildings. We are also taking on the commitment to become more efficient with our water consumption by adopting a water management efficiency system.

As you've heard me say many times before, education is the bedrock of our community. Our commitment to preparing all of our young people to meet their full potential is unwavering.

The Angier School has opened on time and under budget, the Zervas School community has moved to Carr, as part of our comprehensive, multi-year school facilities plan. A plan that is smart about using swing spaces to minimize disruption as well as embark on an aggressive school buildings upgrade plan in the most cost effective way possible.

The Cabot School project continues to meet major milestones and in September our pre-k program will be moving to the recently acquired Aquinas property and the Ed Center basement will be renovated to house Central High.

Additionally, the School Department budget highlights investments in both students and staff to ensure Newton continues to deliver a high-quality education to all students. In developing the FY17 budget, NPS paid special attention to dedicating significant resources to continue to improve student achievement, close the achievement gap, and support the positive social and emotional development of all of our students.

Over the past five years, achievement gaps in high school English language arts, math, and science MCAS have narrowed. We have seen significant increases in the enrollment of traditionally underrepresented students in higher-level classes at both high schools. This initiative began as a pilot at Newton North and has now expanded to Newton South. The schools continue to expand special education programs so that most students can be educated within the district.

NPS continues to pilot exciting initiatives in the area of science and technology. This year, the DaVinci Program, an interdisciplinary project based approach to learning science, technology, engineering, arts, and math, is being piloted at Newton South with 10th grade students. This successful pilot will expand to 11th graders next year. Schools have introduced the teaching of computer coding at the elementary level and plans are underway to expand coding lessons in the coming year.

Our community continues to be one of the safest in our country, thanks to the hard work and dedication of our Fire and Police Departments. They are truly exceptional and we are committed to providing them with the personnel, technology, and training to keep our city safe.

This year, we opened Fire Station 10 and the wires division facility. And, thanks to the override, the Station 3 project is on schedule. We are also well on our way with a new Fire Headquarters.

We have made a major step forward in providing unparalleled public safety with the staffing and implementation of a heavy-duty rescue truck and the creation of a technical rescue squad. The City applied for and received two Assistance to Firefighters Grants—the first paid for the training of twenty-four personnel in the seven disciplines of technical rescue, while the second paid for a heavy-duty rescue truck. The truck will be delivered to the Newton Fire Department this fall. This budget I am presenting tonight includes the first phase of additional staffing in the department with the expectation that the tech rescue truck will be placed in service January 1, 2017.

In addition, this budget continues our commitment to improving water quality and fire flow throughout the city, reducing inflow and infiltration in our sewer system, and the real beginnings of our commitment to our stormwater infrastructure and reduction of localized flooding.



We are continuing to restore the number of sworn personnel in the police department and this budget contains funding to bring on two new positions in January 2017.

Six years ago my administration inherited crumbling roads and sidewalks and no comprehensive plan for maintaining and updating our city's infrastructure. Addressing this serious need has been another priority of my administration and that has been—and will continue to be—reflected in our budget strategy as we invest in our infrastructure and look at our community's needs in the coming decades. We continue to use the \$1 million dollars allocated from the override in 2013 each year to make sure we have safe, updated infrastructure. We are working extensively on upgrading our sidewalks and intersections to be ADA compliant, making them safer for all pedestrians. In FY17, we are installing over 300 ADA compliant ramps at 71 intersections across the City.

This year, for the first time, under the direction of Public Works Commissioner Jim McGonagle, the City will be using a data-driven approach to our streets with StreetScan, a pavement inspection service that utilizes rapid-sensor inspection technology to diagnose surface and subsurface roadway defects. StreetScan was also a 2015 MassChallenge finalist. Working with them will provide us with the data, tools, and cutting-edge methods that will help us formulate optimum strategies to maintain and improve our roadways. This will produce an organized data-driven approach for pavement management. This technology will lead to our development of an accelerated street paving action plan based on empirical data and best practices. We expect to present this accelerated action plan to the public in the fall because we know how important it is to have quality roads and sidewalks in our city.

We know traffic congestion costs time and money. While alleviating congestion is a regional issue, we know smart technology upgrades in our intersections can offer some relief. This is why the continuation of our Traffic Signalization Plan that I initially announced in the City's 2014 Capital Infrastructure Plan is another key focus of my administration and this budget. This summer work will be underway on the Auburndale Center traffic improvements, as well as Washington Street at Auburn, Perkins, and Prospect Streets, and short-term improvements in West Newton Square.

We here in Newton place great value on our public trees. By the end of next month we will have planted at least 240 new trees. However, with our enviable shade canopy comes a responsibility to maintain healthy trees, and perhaps most importantly to remove dead or dangerous trees. Therefore, we plan to remove all known dangerous trees within the next two months, and continue to address newly identified dangerous trees throughout the year. Early in the fiscal year we will perform a tree risk analysis of all City street trees, trees in frequently used parks, and trees on school grounds. The locations of the newly planted 240 trees will coincide with Complete Street areas, the Urban Forest Restoration Plan, and outstanding service requests for planting.

We know our parks, playgrounds, and village centers make Newton a fantastic place to live for people of all ages and that's why this budget also continues our administration's annual commitment to our turf management program, two new additional play structures, reclamation of the McGrath Tennis Courts, and significant improvements to the Newton Corner area, a gateway to our city.

Nothing is less appealing than seeing overflowing trash cans in a heavily used park or while strolling through a village. Therefore, we have just completed the deployment of 340 BigBelly smart, street-tough, solar-powered stations, many with compactors to enable the City to improve

waste and recycling management volume, collection, and efficiency by delivering real-time data to a web-based dashboard.

Along with the addition of the BigBellys in making Newton an innovative 21st Century city, I am also pleased to announce that this summer the City will deploy a citywide mobile parking app, which will allow any driver parking at a metered space to have the option of paying either by phone or by coin. We believe this will be immensely more convenient for visitors to our village centers and are excited to roll out this parking initiative.

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 2017 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 black ink, appearing to read "Setti D. Warren". The signature is fluid and cursive, with a large initial "S" and a long, sweeping underline.

Setti D. Warren,  
Mayor

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