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MAYOR

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To: Honorable Board of Alderman
Newton Residents and Taxpayers

In accordance with Chapter 44, Section 32 of the Massachusetts General Laws, and Section 5 of our City Charter, I hereby submit the Fiscal Year 2012 Budget totaling \$301,977,711.

This budget is once again balanced and reflects our continued progress toward putting Newton's fiscal house in order. It does so while very much reflecting Newton's values as a community and our commitment to public safety and education. It was built with the input of people from all walks of Newton life - city employees, residents, department heads, elected officials. Once again we held working sessions with the Board of Aldermen and eight town hall meetings attended by over 500 residents and community leaders.

The budget reflects some very compelling and painful realities. We faced great challenges this year including significant cost pressures and revenue reductions. We lost approximately \$360,000 in unrestricted government aid and \$1.8 million in federal education stimulus funding. The cost for energy, pensions, salary, and healthcare, well exceeded our 3% annual revenue increase. \$2 million of the \$9.5 million of new revenue was required to fund increased retiree pension and health insurance costs. 72% of the remaining \$7.5 million of new revenue was allocated to the school department. Despite the additional \$5.3 million in resources, the school department, under the leadership of Superintendent David Fleishman, had to close an additional \$4.4 million gap. On the municipal side, we had to close a \$3.5 million gap.

Despite our challenges, there is much to be proud of in this budget. I regret that we are losing some valued employees but, for a second year in a row, we have not laid off a single police officer or firefighter and we are working hard to keep teachers in the classroom. In addition, we have preserved our Triple A bond rating when many other cities have not and we have maintained a strong commitment to excellence in delivery of city services.

To close our budget gaps both on the municipal and the schools side we once again engaged every department in reducing waste, eliminating duplication, trimming non-essential costs and making government smarter and more effective everywhere we can. Examples are as follows:

- Expanded the use of technology dealing with our City's commercial enterprises thereby saving time and money in the administration of health inspections, building permits, inspectional services and licensing.
- Put tax information on line, providing immediate access to those in the process of obtaining mortgages and re-financing while drastically reducing the number of phone calls coming in to City Hall.
- Began putting everything out to bid, including goods and services that are exempt from the bidding laws, combining and standardizing bulk purchase where possible, getting bids out early in the cycle before the most cost effective contractors have signed elsewhere for the season and securing prompt payment discounts.
- Worked with the State to restructure our MSBA (Massachusetts School Building Authority) loan for Newton North High School and have postponed new bonding until projects are ready to go.

- Prioritized check posting to collect additional interest income and negotiated an agreement with banks to reduce fees.
- Streamlined the street sweeping process by flexing our workforce during the most critical times of the year.

These are but a few of the dozens of changes that closed our budget gap, but, more importantly, delivered service faster and better to our residents.

We have also been investing for the future and aggressively looking for new revenue opportunities that won't burden our taxpayers. For instance, we have generated nearly \$1 million in additional revenue by working hard with the Board of Alderman to permit the redevelopment of the underutilized site on Route 9 known as Chestnut Hill Square and we have secured design funding from the state to move forward on plans to re-vitalize Needham Street.

In preparing this budget I want to especially thank Maureen Lemieux, our Chief Financial Officer, who worked tirelessly with me, Bob Rooney and the department heads to deliver a thoughtful and balanced budget. Her financial acumen, her attention to detail, her commitment to making positive change are reflected in every line item in this document.

I look forward to engaging your comments and suggestions over the next few weeks.

Most Sincerely,



Setti D. Warren
Mayor