



RUTHANNE FULLER
MAYOR

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Honorable City Council
Newton City Hall
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Councilors:

Each year, we deliver to the Honorable City Council three inter-related financial documents: the annual budget in April and the five-year capital improvement plan and the financial forecast in October.

In many respects, the financial forecast is the foundational piece of analysis. By looking hard into the future - not just the next year or next five but the next ten to twenty years - we can more thoughtfully and proactively align the City's financial capacity with our mission to build a greater, better and more beautiful Newton to transmit to our children and grandchildren.

The financial forecast is sobering. It reminds us that we must be judicious in our spending and investment decisions because we need to do three things simultaneously.

- First, move forward with determination to achieve our shared goals, which includes excellent schools, public safety, outstanding services, better streets and sidewalks, new or renovated school buildings, up-to-date police, fire and municipal 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 retired employees; and,
- Third, protect the City's financial strength and budgetary flexibility to face evolving and sometimes unpredictable conditions and risks.

The financial forecast shows we are in excellent financial health. As Moody's Investors Service notes, we have a strong, sizeable, wealthy and diverse tax base, a great location, and conservative financial policies.

Yet, we have our challenges. Unlike some of our peer communities, we are behind on funding our quite large pensions and retiree health care obligations. We need significant investments in many buildings, including schools, parks and recreation facilities, a community center that can serve our seniors, firehouses and police facilities, City Hall and the Library. We need to invest more in maintenance, including roads and playgrounds and our fields and trees. We have not yet fully incorporated the entire likely costs of snow removal and road repair into our operating budget.

We need to offer fair and competitive packages of salaries, benefits and work conditions that will continue to attract and retain teachers, police officers and firefighters, DPW and Parks and Rec personnel, to name just a few of the 3,000 people who choose to work for us - as these people are the ones who every day make Newton a better place for our residents to raise a family, build a life, and enjoy their senior years.

The financial forecast forces us to look at all the initiatives and recommendations that would promote the continued vitality and attractiveness of Newton and then pause. It would be nice to implement each recommendation, and to do so quickly, but doing them all - at least on the scale and pace initially proposed - would assuredly compromise the health and sustainability of our City.

After long hours of deliberation, both our annual budget and our five-year Capital Improvement Plan balance our immediate needs with our long-term goals.

We are addressing the challenge posed to us by our unfunded liabilities for retiree benefits, which are now close to \$1 billion dollars. We will pay the pensions that we have promised and continue to offer excellent health care to our employees and retirees, while providing fair wages and safe work conditions. We are investing in our buildings and roads, playgrounds and recreational facilities, our schools and our senior center, our water, sewer and stormwater infrastructure, and our trees and technology.

The decisions embedded in this Financial Forecast and the Capital Improvement Plan allow the City of Newton to remain in a strong position with the ability to provide great schools and services and take advantage of the many opportunities that lie ahead.

I look forward to working together with our City Council and School Committee, our residents, and our employees as we make Newton even better, greater and more beautiful.

Sincerely,

A handwritten signature in black ink that reads "Ruthanne Fuller". The signature is written in a cursive, slightly slanted style.

Ruthanne Fuller
Mayor