



Ruthanne Fuller  
Mayor

## City of Newton, Massachusetts Office of the Mayor

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Honorable City Council  
Newton City Hall  
1000 Commonwealth Avenue  
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Dear Honorable Councilors,

Each year, we deliver to the Honorable City Council three inter-related financial documents: the Proposed Budget in April and the Long-Range Financial Plan & Five-Year Forecast and the Five-Year Capital Improvement Plan in October.

In many respects, the Long-Range Financial Plan and Forecast is the foundational piece. By looking into the future – not just at the next five years but at the next ten to twenty – we 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.

This year's financial forecast again is sobering. It reminds us that we must be judicious in our spending and investment decisions because we need to 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 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 current employees for their 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.

This Long-Range Financial Plan allows us to continue in excellent financial health. As Moody's Investors Service writes, the City of Newton has a strong, sizeable, and diverse tax base, a great location, and conservative financial policies. This plan will continue to earn Newton its Aaa bond rating.

Yet, our City faces 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 new center that can serve our seniors, firehouses and police facilities, the Library and City Hall. We need to invest more in maintenance, including in our 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 annual operating budget.

Our employees every day make Newton a better place for our residents to educate their children, build a life, and enjoy their senior years. We need to offer fair and competitive packages of salaries, benefits and work conditions that will continue to attract and retain our excellent 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. And, we need to settle our contracts with all deliberate speed.

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. This Long-Range Financial Plan addresses 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 both our employees and retirees, even as we provide fair wages and safe work conditions.

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.

The Long-Range Financial Plan and Five-Year Capital Improvement Plan I have proposed balance our immediate needs with our long-term goals. They give us a viable and successful path forward to accomplishing the City's wide range of objectives today and in the tomorrows that follow.

The Capital Improvement Plan invests in buildings for our pre-school and for our Lincoln-Eliot students and teachers. We make real progress on fixing our roads, playgrounds, recreational facilities, water, sewer and stormwater infrastructure, and upgrading our software and technology. We move forward on a new center focused on our older residents. We permanently preserve Webster Woods with funding from the CPA.

While it is clear what is included in the Capital Improvement Plan, it is a little less obvious what is not funded. Let me highlight three schools that need a tremendous amount of work. The Countryside and Franklin Elementary Schools need complete renovations or new buildings and the cost of each are currently estimated at \$50 million for a total of \$100 million. The Ward Elementary School also needs significant upgrades and while the cost still needs to be determined, it, too, is expected to be substantial. The current financial capacity of the City does not allow these important projects to move forward. I will be seeking input in the coming months on the feasibility, timing, cost and funding mechanisms for these critical projects as they are necessary and important.

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,

Ruthanne Fuller  
Mayor