

This is my final 5 year financial and capital improvement address, and I would like to use the time to explain to this Honorable Council and our residents how our administration has approached our capital and infrastructure needs — allowing us to accomplish an unprecedented amount of work for our City and hopefully chart a path forward to continue this progress.

We have a vision for our community embodied in the logo “A City Built with History, A Future Built with Vision”.

And while we all want to move the City forward, we must respect our history and the features of our City that residents treasure. The foundation for this work rests on careful financial stewardship and forecasting. Each year we have produced a five-year forecast, which has guided our planning.

With conservative revenue forecasts, and expenditure forecasts that rely less and less on non-recurring revenues, we have developed annual budgets focused on outcomes for our residents, and have been able to transform how we approach both operating and capital needs.

Early on in my administration we recognized that we needed a paradigm shift in the way the City managed its capital infrastructure and assets. And so, we developed a comprehensive and integrated capital plan that utilized a risk-based approach, to analyze and prioritize every single capital need across the city.

This risk-based approach considers the probability of failure of an asset due to its age or condition, measured against the consequence of that failure and ultimately uses a mathematical algorithm to arrive at a Risk Factor Score.

Assets that have a high probability of failure and a high consequence of failure would therefore have a high risk factor score and would be a high priority for the City.

This methodology has allowed the City to more objectively evaluate potential CIP projects across the spectrum of asset categories, and inform decisions about allocation of capital dollars across different types of projects.

I just want to emphasize — as I summarize the five-year forecast, our current financial status, and highlight a few of the programmatic areas you will see in the detailed CIP book — our approach, which we have used each year during my eight years as Mayor was a paradigm shift.

A shift that we are very proud of, and a shift that I hope future administrations will continue.

I can't stress enough how managing our finances is key to accomplishing any of our goals. We focused early and succeeded in eliminating a projected \$40 million dollar structural deficit and built up a \$20 million dollar rainy day fund where none existed when I took office.

We have developed conservative financial forecasts, implemented comprehensive financial policies, reduced the utilization of non-recurring funding sources to balance the annual budget, and made appropriate investment in capital infrastructure. The efforts of our administration have been validated by both Moody's Investors Service and Standard and Poor's Rating Agency, two of the most highly regarded financial institutions.

The City's position on funding long-term liabilities, particularly pensions and OPEB, preserving sound financial policies and developing conservative budgets and forecasts will be key factors in the City's ability to maintain the "Double Triple A Rating" from these two prestigious institutions.

Commitment to fully funding the City's long-term liabilities is critical to maintaining financial sustainability.

Our Administration continues to follow a funding schedule designed to eliminate the City's Unfunded Pension Liability by the year 2030, and fully fund the City's OPEB Liability by the year 2042. Funding the annual increase to the pension appropriation is the key component of this strategy and will require discipline and commitment. Carefully accounting for these liabilities is also critical to maintaining the City's triple A bond rating from both Standard and Poors and Moody's which directly affects bonding costs.

It is this financial stewardship that is the underpinning for important investments in our future. Taking care of infrastructure as well as planning for important programs to maintain and improve the quality of life for our residents are two key pillars of our strategy.

And so, I would like to give you details of three important efforts we have or are launching which I believe will illustrate just how significant the CIP is to Newton's future.

One important element of our transportation strategy to reduce traffic congestion, increase environmental sustainability, and improve personal health of residents, is the implementation of a “Bike Share” Program where users are able to take a bicycle from one location and deposit that same bicycle in a different area of the city – such as at an MBTA transportation node, village center, or City park.

We have spent the past year researching bike share technologies and studied systems that include both stationery bicycle docking stations as well as the latest technology – “stationless” bike sharing solutions.

I am pleased to announce that Newton is leading the way with the Metropolitan Area Planning Council (MAPC), in a regional effort to create a state-of-the-art 4th generation bike share system in the City of Newton as well as a number of our neighboring communities.

In the last six months, the bike share industry has undergone a transformation with privately funded stationless systems aggressively entering the market and competing with older publicly funded station-based systems. We are excited to explore this new efficient and cost-effective “stationless” technology for the City of Newton as well as hybrid systems which combine the best of both types of programs. We have spoken with nearly a half-dozen stationless system companies to date including some offering pedal-assist technology and expect to be able to move forward with a bike share system by next spring.

While it is essential to improve both bicycling and walking in Newton, we cannot forget that people drive through our city and traffic congestion and safety remain an important concern. We have completed work on 10 of the 19 most critical intersections and are working through our list to improve traffic flow and increase safe travel around Newton regardless of the mode of transportation chosen. We learn from each of these projects including Auburndale Square.

The new traffic signal at Washington and Harvard streets, the site of a number of vehicle and pedestrian accidents is now complete and the redesign of the Brookline-Dedham-Nahanton street intersections is about to start.

The second important area is enhanced public safety, one of the eight budget outcomes we have focused on each year. We are all proud of the work on our fire stations, including renovations of stations 4 and 7 and the new station 10.

And this year we have completed the new station 3 and headquarters with a ribbon cutting scheduled within the next few weeks. One of the most exciting features of the connector building between station 3 and headquarters is the housing of our new Emergency Operations Center (EOC), which provides a state-of-the-art room to train and conduct emergency operations for major weather and other events. However, a less obvious component of Unparalleled Public Safety is the City's Emergency Communications System.

Last year we established an Emergency Communications Team consisting of members of the Police, Fire, IT, Public Buildings, and the Executive Departments and have developed a strategic plan to ensure that the City's Emergency Communication System is reliable, robust, and redundant, and able to meet the needs of the residents, visitors, emergency personnel, and first responders of the City of Newton.

Third while we have systematically reviewed our many school buildings, fire stations, roadways, and water, sewer and storm water systems, there was yet one final category of assets that required a comprehensive review and a multi-year strategic plan. Therefore, this year, the City of Newton has conducted a complete vehicle inventory assessment, using a new asset management system. This system has allowed the City to use updated technologies to track and maintain vehicle information such as age, usage, and condition in a more efficient manner.

Implementing this system has created the opportunity to revise the prior vehicle replacement schedule, using a more consolidated, data driven, and updated inventory to track needs for vehicle replacement city wide. This is another area where I am pleased to announce that this CIP contains a strategic plan and funding schedule for replacement of the City's Public Works, Public Buildings, and Parks and Recreation Fleet.

In the interest of sustainability, this program takes into account fuel efficiency, an important component of our commitment to the Green Communities Act, as well as the purchase of electric vehicles when possible.

These three examples illustrate how targeted investments can move our community forward toward the future built with vision.

And we can't forget the many miles of roadway we have resurfaced during this construction season – the first of the 10 year, \$9.5 million a year investment to bring all of our roadways up to good or very good condition and maintain those conditions with targeted work along the way. This program was made possible through the use of StreetScan, new technology to actually measure the condition of the roads and thus create a list of streets most likely to need substantial work in each of the next 10 years while conducting constant reviews along the way.

We also have our school building program where we will have successfully completed 5 schools in 6 years. Just recently we officially celebrated the ground breaking of the Cabot School renovation — the final school building of our override package. Cabot is the fourth school in this plan, following Carr, Angier, and Zervas. Still ahead are the combined preschool and Lincoln Eliot School projects, both sited at the old Aquinas property.

Like our other school projects, Cabot will be completed on time and on budget as we fulfilled our commitment to A City Built with History by designing and saving the façade of one of our oldest schools, while building a 21st century facility which will serve the Cabot school community for years to come.

No discussion of the major components of the CIP would be complete without listing our village center enhancements program.

Beginning with West Newton Sq. in 2018 and then moving to Newtonville in 2019, we are envisioning revitalized village centers as pedestrian, bicycle and vehicle destinations where residents and visitors can conduct business and patronize shops while stopping on wider sidewalks to sit on benches and enjoy plantings and decorative lighting. We are creating a Complete Streets Design Guide, which will promote model choices to apply to other village centers as well as these first two. In the next 6-8 years, we expect to redesign Washington St. from West Newton to Newton Corner.

In addition, we hired the City's first full-time ADA coordinator in 2015, one of few cities in Massachusetts to have a full-time position. We have been working to ensure that all projects comply with the Americans With Disabilities Act. We also have installed many new curb cuts and APS audible crossing signals to assist safe passage on our sidewalks and across our streets for people of all abilities.

I am hopeful for our City. I believe we have achieved so much in the last 8 years, and I am proud of our collective accomplishments.

But even more, I hope the approach we have honed over these years will continue to be used going forward since I believe the combination of careful financial stewardship and planning with vision can continue to make Newton a model city for all.

The “fundamental philosophy” that we have used in the development of our five-year financial forecast has been pivotal. While we have prepared conservative revenue forecasts, we have taken a more aggressive approach to forecasting our expenditures.

We have included realistic inflationary and contractual estimates and developed expenditure forecasts for municipal maintenance and operations (such as paving, infrastructure maintenance, and street tree replacements) that have been ignored or underfunded over the past several decades. Philosophically we have developed forecasts where we have allowed for up to a 1% “gap” each year between our conservative revenue projection and our slightly more aggressive expenditure projection.

By doing this, we clearly highlight the areas that we must focus on each year to increase our revenue projections as well as the areas where we need to decrease or “tighten” our expenditure projections. It is through this disciplined approach that we have eliminated the structural deficit, developed annual budgets focused on outcomes for our residents, and transformed how we approach both operating and capital needs.

In order to maintain the strong financial position that we have achieved over these past eight years, it will be incumbent upon our municipal and school leaders to remain steadfast in the determination to balance revenue and expenditures while addressing infrastructure needs, providing for the functions of government, fully funding all liabilities, and developing and maintaining an appropriate level of reserves.

Achieving these benchmarks is attainable as long as the City remains committed to and disciplined in its resolve to settle collective bargaining agreements that maintain parity between revenue and expenditures, follows the planned funding schedules for pension and O.P.E.B. liabilities, and remains vigilant in its oversight of every hard earned taxpayer dollar that has been entrusted to it in order to provide the level of municipal services that the people of Newton expect and deserve.

By following these steps, the city will be able to attain its goal of becoming a livable, sustainable, model city for the 21st century.