

Tuesday, April 19, 2022

Mayor's Update

Tonight I presented my proposed Fiscal Year 2023 Budget to the Honorable City Council. These are my remarks:

Council President Albright, Vice President Lipof, President Emeritus Baker, City Councilors, Chair Olszewski, Vice Chair Shields, School Committee members, Newton residents, members of our business and non-profit communities, and City of Newton and Newton Public School employees, good evening.

I was so looking forward to the simple pleasure of being together in person with all of you in the City Council chamber. Then, I tested positive for COVID. Thanks to the vaccine and booster, I only had mild symptoms. But for the third year in a row, I am joining you virtually to give this annual Budget Address.



With my mask on yesterday, I saw a very special day unfold here in Newton. Along the longest stretch of the Boston marathon, thousands came through our city, conquered Heartbreak Hill, and continued on to finish the 26.2 miles. Kudos to all the incredible athletes.



In Newton, Captain Jeff Boudreau with the Newton Police Department helped lead a team of hundreds of people who made sure the race ran safely and smoothly. We had staff from Federal, State, ambulance and mutual aid agencies here. Newton employees from not just Police and Fire but also DPW, Parks, Recreation & Culture and Health & Human Services lent a hand. Please join me in thanking Team Newton staff for managing the logistics of the race and preparing for a wide array of emergencies that thankfully never materialized. Well done.

This same spirit of teamwork and leadership has allowed us to face with resilience and professionalism the challenges the last two years have brought.

Thanks to so many active and generous residents as well as committed first responders, teachers, City staff and School employees, we have helped those who are struggling, provided quality services, and continue doing the important work of creating a better future for our children and grandchildren. Thanks also go to our City Council with the leadership of President Albright for all they have done during these tumultuous times.

Combined with this leadership, our prudent financial management over the last two years, the financial strength of the City, and the one-time resources from the American Rescue Plan Act are allowing us to do this important work.

Together, we will 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 facilities, climate action, and a vibrant, inclusive community.

In this spirit, I am pleased to propose the Fiscal Year 2023 Budget.

FY2023 Operating Budget

This proposed Budget for FY2023 calls for a \$480 million Operating Budget, \$61 million in Water, Sewer and Stormwater Enterprise funding, and \$5.6 million in Community Preservation funds. This reflects an increase in the Operating Budget from last year of \$17.3 million and includes \$262 million for the Newton Public Schools, which is almost a \$9 million increase from a year ago.

Two years ago, during the early days of the pandemic, our Budget by necessity focused on maintaining essential services and supporting our residents, businesses and non-profits. We paused almost all capital investments, slowed spending, filled only critical open positions, and adjusted the Newton pension funding schedule. That FY2021 Budget was born out of pragmatism. We deferred investments and initiatives but preserved our ability to deliver our core services and help our community through what we hope is the worst of COVID-19.

Unfortunately, we continue to face soft revenues in a number of key areas. Newton's largest portion of state aid, \$25.9 million, is for education. Called Chapter 70, it increased by only 1.88% for this coming year. The next major state aid bucket is Unrestricted General Government Aid. At \$6.2 million, it grew by only 2.7%. Both of these modest increases trail cost escalations facing the City, from trash and recycling, busing, fuel and utilities, construction, health care and more. We are also seeing lower revenues than before the pandemic in rooms and meals taxes, motor vehicle excise taxes, parking meter and ticket collections, and interest income on our investments. All told, we are projecting these four revenue sources to be close to \$3.9 million less than we budgeted in FY2020 before the pandemic.

In the face of these soft revenues, we made the decision to use \$3 million of the City's onetime American Rescue Plan Act (ARPA) funds to bring our revenues to \$480 million for FY2023 so we can continue to do critical work. This \$3 million supplements revenues that the pandemic impacted.

Our strategy is to taper the use of ARPA funds for our operating budget. We intentionally cut back from \$4.6 million a year ago and we will taper again next year. Otherwise, Newton would face a dangerous financial cliff of our own making. Additionally, we are prudently holding some ARPA funds in reserve in case we experience another nasty turn from the virus and, with it, the need to make additional investments.

What a different place we are in now not just from the early days of the pandemic but from five years ago. We continue to make progress on programs and initiatives prioritized by my Administration – diversity, equity and inclusion, translation and interpretation services, an energy coach and action steps from a Climate Action Plan, and traffic calming, to name a few. Our financial commitment to building maintenance and conservation lands has essentially doubled from five years ago while funds for the social, emotional and mental health of people of all ages has almost tripled. Our investments in our athletic fields have grown tenfold and in arts & culture twentyfold. Investments for our roadwork, grounds and field maintenance, and urban trees have grown meaningfully. As a City Budget is a reflection of our values, this Budget prioritizes our people, our places, and our future.

Our future is our children and this FY2023 Budget prioritizes our students and the Newton Public Schools. While our other departments altogether—Police, Fire, Health & Human Services, Public Works, Parks, Recreation & Culture, the Library, and so many more— are seeing their budgets increase by only 3% or \$4.2 million in total, the Newton Public Schools will receive a larger increase of 3.5% or \$8.9 million, a budget that the School Committee discussed extensively, with the leadership of School Committee Chair Tamika Olszewksi, and voted for almost unanimously last week.

My Administration has simultaneously ensured that the Newton Public Schools have access to funding from Federal and State sources to cover in full all COVID costs. Of the \$7.8 million in federal CARES Act funds that came to the City, we allocated 82% or \$6.4 million to NPS to support the health and safety of our students, educators and staff. Thus far, we have invested \$16 million of our ARPA funds for our students and NPS. I have also directed an additional \$1.7 million in funding to NPS from other sources, including FEMA, free cash, the operating budget and cannabis host community agreement funds.

To summarize, in addition to the more than \$10.7 million of Federal and State funding that went straight to the Newton Public Schools, my Administration has directed more than \$24 million of funds that came to the City over to NPS. This significant funding is fitting and proper as our public schools are the bedrock of our community.

Let me turn to a few highlights in the proposed municipal Department budgets.

This Budget includes a new initiative by the Department of Public Works to save money and to improve service by bringing yard waste collection in-house. The contractor struggled last year to fulfill their obligations and collect yard waste on schedule. DPW analyzed the situation and put together a plan of renting trucks and hiring a collection team. We expect to save several hundred thousand dollars during FY2023. We have also shifted waste and recycling pickup from parks and village centers over to DPW's Sustainable Materials Management team to be more efficient. Our strong commitment to expanding affordable housing in the City is also a focus of our Budget. We have selected a development team to provide deeply affordable housing at the West Newton Armory. We are also adding a Housing Program Manager position to expand our efforts for development of new affordable and mixed-use housing. One early action item will be to move forward with the

transformation of the Walker Center properties into long-term affordable housing opportunities.

Economic development has long been an important focus of City and Council efforts. A life sciences cluster is coming to Riverside. Given our approvals of commercial and housing projects and the two major developments at Northland and Riverside, the City must pay close attention to special and comprehensive permits. We are adding a Deputy Chief Planner for Current Projects position in the Planning Department. This new position will coordinate the building permit review process for large projects with Councilors, residents, consultants, and staff across city departments and track compliance through our NewGov system. The Inspectional Services Department will supplement its resources with specialized inspectors and will charge the costs for them back to Northland and Riverside. What gets built must match the conditions specified by the City Council and its Land Use Committee under the leadership of Chair and Council Vice President Rick Lipof.

This Budget also continues to fulfill obligations made over decades that have not been funded sufficiently—our promises to our retirees. Commitment to fully funding these long-term retiree liabilities is critical for our employees and for the City of Newton's financial sustainability. The City's long-term pension and retiree health insurance obligations currently exceed \$1 billion. It took decades to dig this deep hole. We are on schedule with our strategy for the next two decades, fully funding our pensions by FY2030 and our retiree health care by FY2045. This translates into a 9.6% year-over-year increase into our pension fund for a total of \$52 million.

American Rescue Plan Act

Let me turn to the use of our one-time ARPA funds of \$63.2 million.

My goals are to use these ARPA funds to seed initiatives that will help Newtonians and our City not just stabilize and recover but become permanently more resilient, livable, inclusive and sustainable. We are investing these funds across all geographic areas of Newton, all ages and ethnicities, with a particular focus on supporting those in our community disproportionately impacted by the pandemic.

We will continue to seek input as we make our ARPA decisions. Many Newtonians have provided great ideas. Our City Councilors and School Committee members continue to weigh in. Residents, community groups, businesses and non-profits have spoken up. Keep sharing your thoughts and ideas. Send emails to ARPAinput@newtonma.gov or come to my open office hours in person or by phone.

We continue to be transparent about the sources and uses of all our Federal and State funds. Again this year, we have a section of the Budget called "ARPA, the Coronavirus Pandemic and COVID-19 Funding" which details all Federal and State funding that Newton has received or is expected to receive, as well as how we are using that funding. We are also adhering to the very specific requirements and rules for how a municipality can use its ARPA funds.

A year ago, we had only committed ARPA funding for two initiatives. The first was supporting the operations of the Newton Public Schools and City departments. I augmented last year's FY2022 Budget by 1%, or \$4.6 million, with ARPA funding.

Second, we had cut \$4 million of spending early in the pandemic out of our paving budget and I restored \$2.5 million of that as our roads need work.

A year later, we have committed an additional \$22.6 million of the ARPA funds or \$29.9 million in total.

We have focused our ARPA investments in three critical areas—residents facing hardships and needing housing stability, helping our village centers thrive, and moving forward on infrastructure for people of all ages.

First, we are using ARPA funding to assist those Newtonians who suffered disproportionately as a result of the pandemic. ARPA investments complement funding previously deployed, including \$418,000 in CARES funds, \$2.7 million of CPA funds, \$1.7 million in Community Development funds, and \$1.1 million in Emergency Solutions Grants. All of these dollars have supported pandemic relief, housing and rental assistance, and health and human services.

More is needed. I, along with our social services and housing staff, are acutely aware that the human impact of the pandemic is still being felt. A few days ago, I announced that our Annual Action Plan uses an additional \$3.5 million in Federal funds to support affordable housing, rental assistance, human services, and architectural access here in Newton in Fiscal Year 2023.

Tonight, I am proud to announce that we will dedicate another \$2 million in ARPA funds to support low-income residents and residents impacted by the pandemic, both of which are disproportionately people of color. We will make \$250,000 available for low-barrier emergency expenses such as rent and utility assistance to address immediate hardships and \$1.75 million for long-term economic mobility and self-sufficiency initiatives that address systemic barriers. This funding again complements the approximately \$2 million in ARPA funds that we have already committed to rent and utility relief and affordable housing.

One of our important goals is to make a permanent impact on affordable housing availability and stability. These ARPA investments, coupled with the development of the West Newton Armory and our support of the good work of partners such as 2LifeCommunities, the Newton Housing Authority, the Newton Community Development Foundation, and MetroWest, reinforces our forward momentum.

Second, we are using ARPA funds to help our village centers, commercial corridors, businesses and non-profits recover and permanently thrive. We are improving our streets, sidewalks and village centers so drivers, bicyclists and pedestrians can get to and from our small businesses and restaurants and enjoy themselves even more when there. In addition to the \$610,000 of CDBG Small Business Recovery grants, we have made targeted investments in the restaurant and arts & culture sectors. These “main street” economic drivers help us connect and find joy, and contribute to village life. What a vibrant restaurant and arts & culture scene we have here in Newton. ARPA investments in jobs and street trees, an outdoor pavilion and a bicycle/pedestrian master plan, and a Newton Highlands village center design will make Newton permanently a better, greener, more accessible and livable city to shop and to work, as well as to live and to play.

Third, we are investing ARPA funds to strengthen the Newton Public Schools and the City. This includes the aforementioned \$3 million to support the operations of NPS and City Departments. It also includes jumpstarting much-needed renovations for elementary school buildings: Lincoln-Eliot, Countryside, Franklin, and Horace Mann. We are adding lights at the remaining unlit artificial turf fields at Newton South High School's Brandeis field and at the Newton North High School stadium to provide more capacity. We are improving parks and trails and adding a community garden on the north side of the City. We are putting the finishing touches on the \$2 million expansion of the Library Children's Room and continuing work on Police Headquarters, Fire Stations 1 and 2, City Hall and the new home for the Senior Center or NewCAL in Newtonville, all a result of ARPA.

Let me also focus on our support for our School and City employees. From the early days of the pandemic, I have been committed to the health and safety of the people that educate our children, support our families and caregivers, take care of our village centers and road network, provide health and social services, keep us safe, plan for our future, look out for our elders, increase affordable housing, care for our green and recreational spaces, and bring us art and music, books and ideas, and leadership and action on sustainability. We pay fair wages. We provide excellent health care. We fund the promises we made on retiree benefits. We also used ARPA funds for stipends to recognize their enormous efforts on behalf of all of us during the pandemic and their commitment to public health, public service, and, within NPS, to public education.

Capital Investment Plan

I am also submitting our Supplemental Capital Improvement Plan (CIP) tonight.

The investments detailed in the FY2023-FY2027 CIP and Supplemental CIP make great progress on continuing the City's rebound from the challenges created by the pandemic and invests in our future for residents of all ages and needs, in our commercial areas, and in our operations.

I already mentioned a number of projects funded with ARPA. The CIP also includes:

- Major investments in our Parks, Recreation & Culture resources, including athletic field upgrades, trail improvements, court and playground work, and swimming pool and Crystal Lake projects.
- With Newtonville and West Newton Square enhancements essentially completed, the Public Works and Planning Departments are getting started on two new large Complete Streets projects - pilot improvements to Washington Street and village center improvements in Newton Highlands.
- The Fire Department will procure a new Engine 7 to keep all front-line equipment within the 15-year age standard.
- The Police Department will work closely with Public Buildings on a major overhaul to their headquarters complex in West Newton Square.

- The new home for our Newton Early Childhood Program will be completed this calendar year
- The \$40 million new home for the Lincoln-Eliot Elementary community at 150 Jackson Road is moving quickly ahead.
- Feasibility studies are underway for three elementary school buildings, Countryside (with MSBA funding), Franklin and Horace Mann.
- We will also continue significant investments in our water and sewer systems that pay off in our MWRA assessments. We are making investments in stormwater resources to address climate change, to protect the Charles River, and to comply with new federal requirements.

Financial Sustainability

Let me talk about our strategy for ensuring the City's financial sustainability.

Despite the pandemic and even in the face of inflationary pressures, our finances are rock solid. That is a result of our rock-solid team. Our Department Heads, Chief Operating Officer Jonathan Yeo and Chief Financial Officer Maureen Lemieux are helping me make the day-to-day decisions and crafting the overall strategy to keep our City strong.

The City of Newton has rightfully earned the highest bond rating, triple Aaa, for over a decade.

We have remained steadfast in our determination to address infrastructure needs, provide services our residents need and want, fund fully all liabilities from debt service to pensions to retiree health care, and maintain an appropriate level of reserves for economic downcycles, dramatic weather situations, new COVID variants and unpredictable events, all with a balanced annual Operating Budget and the use of one-time funds primarily for one-time costs.

And yet ...

Even with our financial strength and increasing budgets, we're facing challenges. Costs are up. Needs have increased. Our expectations are high. Both you and I continue to insist on excellence in all areas, from public schools to road conditions, climate action to fields and parks. Despite a 3.5% increase for the Newton Public Schools budget and a 3.0% increase for the municipal departments, we still had to make difficult choices this year. This Budget balances our ambitions for Newton with our fiscal reality. Pragmatism must continue to guide us as we navigate complex economic trends.

We will continue to carefully evaluate the many needs within our community and the opportunities for investing our City and ARPA funds. We will be judicious in our deliberations, transparent in our decision making, and relentless in our search for efficiencies. We will continue to watch every penny. Together we will decide if we need to do more or move more quickly on our initiatives, beyond the capacity of our current revenues and American Rescue Plan Act funds.

(Find the Proposed Fiscal Year 2023 Budget and the Supplemental Capital Improvement Plan [here](#). The Budget Analysis Section may be particularly helpful.)

Newton Together

In closing, Newtonians can be proud of the way we faced COVID-19 together.

We rose admirably to the challenges it presented and the responsibilities it required.

We stayed home when we had to. We got vaccinated when we could. We helped our neighbors if we were able and raised our hand for help when needed. We spoke up, leaned in and took action. We tried our best to be patient and kind.

With determination and compassion, we will bring our commitment to our common good forward and continue working together to achieve the many goals we share to ensure a positive today and bright tomorrow for this City we love.

Mayor Ruthanne Fuller



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