

## Closing Thoughts:

The combined effects of implementing the revenue enhancements and cost reductions when coupled with the need for increased spending on capital infrastructure and retiree health care obligations means that **the long-term mismatch between costs and revenues will not be eliminated.**

Newton cannot develop its way out of its current fiscal dilemma. **New growth from development can NOT bridge the widening budget gap.**

**In the future, it may be necessary to ask Newton citizens to support overrides and debt exclusions.**

The City's difficult financial situation is not going to "go away". Ignoring the difficult choices is irresponsible.

**We must take steps immediately to ensure Newton's fiscal health.**

If we want to preserve what we value most in Newton's quality of life while the city's revenue growth lags behind its growth in expenditures, we need to ask **what we value most and whether we need to modify spending** on what may be peripheral in order to preserve that which is at the center of what we value.

Only after addressing this key question can we begin work on a more focused, more innovative, and more economically sustainable strategy for Newton.

## Dates of Future Meetings:

- School Cost Structure Report - Tuesday, March 24 at the Longyear Museum, 7:00 – 9:00 p.m.
- Municipal Cost Structure Report - Monday, April 6 at the Longyear Museum, 7:00 – 9:00 p.m.
- Capital Structure Report - Monday, May 4 at the Newton Free Library, 330 Homer St, Newton Centre, 7:00 – 9:00 p.m.
- Performance Management Report / Renewing Newton - Wednesday, June 3 at the Newton Free Library, 7:00 – 9:00 p.m.

# LEAGUE OF WOMEN VOTERS® OF NEWTON/ CITIZEN ADVISORY GROUP FORUMS: CRITICAL CHOICES FOR NEWTON 2009 AND BEYOND

Five Forums to educate the city, and create opportunities for residents to discuss and consider the findings and recommendations of the CAG reports.

## Revenue Report Thursday, February 26

Please see the full Revenue report at:  
[http://www.ci.newton.ma.us/  
CitizenAdvisoryGroup/2008/11-19-  
08CAGRevenueReport.pdf](http://www.ci.newton.ma.us/CitizenAdvisoryGroup/2008/11-19-08CAGRevenueReport.pdf)



#### WHAT IS THE CITIZEN ADVISORY GROUP (CAG)?

Mayor David Cohen, Board of Alderman President Lisle Baker, and School Committee Chair Dori Zaleznik formed a Citizen Advisory Group “to assist in planning for additional tactics and strategies to improve the City’s operational efficiency and effectiveness in future fiscal years including the functions of the Executive, School Committee, and Aldermanic branches of Newton’s government.”

**WHAT KIND OF CITY DO WE WANT NEWTON TO BE?** Newton is faced with some critical choices to ensure its financial health.

THE CAG FOUND THAT THERE ARE NOT MANY OPTIONS FOR SIGNIFICANTLY INCREASING REVENUES IN NEWTON

We must take steps immediately to ensure Newton’s fiscal health.

1. There is a widening gap between expenditures and revenue – Expenses are increasing at 5.9 percent annual rate and revenues increasing at 2.9 percent annual rate. **This 3 percent gap equals a shortfall of \$7.3 million in 2010**, \$25 million 2011 and \$45 million by 2013. (FY2007 General Fund revenue \$260 million)

2. There are limited opportunities for growth in revenue from property taxes - 80% of revenue is from property taxes (Prop 2 1/2 limit of 2.5% annual increase plus new growth of 1% per year) **Property tax revenue will grow at about 3.5% per year (80% of 3.5)**

3. Only a small percentage of revenue comes from non-property taxes – and most of this state controlled - 20% from non-property-tax municipal revenue. Two-thirds of this 20% (13.4% of total) is state aid and state-mandated motor vehicle excise and hotel taxes. **Less than 7% of Newton’s revenues come from controllable local fees:** issuance of building permits (27% or \$4.6 million), parking violation fines (10% or \$1.4 million), and other local fees (less than 3.5%).

#### IN ADDITION:

- Voters may not want to approve higher property taxes with overrides or debt exclusions.
- Aid from the Commonwealth will be reduced by at least \$1.6 million.
- By law Massachusetts municipalities must have a balanced budget

**Newton faces “big choices” about what we want, what we can afford, and how to pay for it.**

#### THERE ARE MODEST OPPORTUNITIES TO INCREASE REVENUES (\$2 - \$10 Million)

CAG has eight recommendations for enhancing municipal revenues including:

- Moving some services from the tax base to user fees
- Increasing the prices of certain fees and services
- Finding new sources of revenue independent of the City’s current tax base

1. Convert to a “Pay As You Throw” (PAYT) trash collection regime requiring residents to pay only for trash services they use and encouraging increased recycling.

2. Increase parking revenue through meter increases, new meters, and longer hours for paid parking as well as implementation of collection automation and other technology.

3. Increase building permit fees and continue enhanced enforcement and auditing to ensure construction costs are accurately reported.

4. Increase user fees to cover more fully the costs of recreational, community educational, and cultural programs with appropriate abatements for low income residents including, but not limited to, Gath Pool and Crystal Lake, summer camps, and playing fields. Consolidate these programs in one department to decrease costs, improve effectiveness and increase revenues.

5. Increase cell tower rental income by leasing municipal properties.

6. Increase individual, corporate, and foundation giving to the Newton Public Schools and to the City of Newton by working more closely with these constituencies and increase grants to the City by retaining a grant writer.

7. Sell or lease underutilized municipal properties, especially when redevelopment of such properties can enhance the vitality of the City’s villages.

8. Negotiate aggressively PILOTs (payments in lieu of taxes) or SILOTs (services in lieu of taxes) with local institutions like colleges and hospitals.

**PLEASE NOTE:** The above recommendations are potential, one-time revenue increases, and only amount to 1% to 4% of the annual General Fund budget (\$2 to \$10 million). They are short-term and only fill the budget gap for the next 12 to 24 months.