

As I present the FY14 budget, it's important to note that the collective work that has gone into our budget this year, is actually 3 ½ years in the making. This year's budget represents how far we have come since 2010 and provides a vision of where we are heading in the future. It is not the work of one person or one branch of government, it is the work of all of our great city employees, our honorable Board of Alderman, School Committee and residents – working together to make sure Newton meets its full potential. I want to give a special word of thanks to President Scott Lennon, Vice President Cheryl Lappin, School Committee Chair Claire Sokoloff and Vice Chair Matt Hills for their leadership. We've had an unprecedented collaboration between the executive staff, Superintendent Fleischman and the Newton public schools in solving some of Newton's most difficult issues in a generation, and the results demonstrate the success of that approach.

I've said each year that the budget is not an accounting exercise. It's a commitment to make Newton a great place to live, raise a family, work and maintain a business. We have modeled a new way of managing our city in the last 3 1/2 years to maximize taxpayer dollars and deliver quality services to meet that commitment through outcome based budgeting. There are eight outcomes our administration and all departments are working towards during the year; Excellence in education, unparalleled public safety, vibrant community life, improved capital infrastructure, environmental sustainability, robust economic development, long term financial sustainability and community engagement. We use five strategies to achieve our outcomes that have not changed since I took office in 2010; use our collective bargaining process to ensure long term financial sustainability, economic development, zero based budgeting, measuring our performance through metrics and managing our infrastructure through our capital asset data base.

We have made tremendous strides in all eight outcomes. I'd like to thank the residents of our great city for making the decision to give us the resources to address Newton's most pressing needs in education, public safety and infrastructure by passing our tax override package last month. Newton was named fourth best place to live in the United States last summer by CNN and Money Magazine because we value education and public safety. In March we voted to protect a quality of life that has provided a ladder of opportunity for people from all walks of life for generations. We will work tirelessly to ensure that each part of the package is implemented in the most efficient, cost effective, transparent way possible. The process for each of the capital projects is moving forward as we speak to include enhancements to our roads and side walk plans. As promised, additional educators and four police officers are a part of the FY14 budget. By zero basing our budget, we're able to add capacity to our buildings department and public works department to handle the capital projects and road and side walk work. We will give regular updates to the community on our progress in the coming months.

Financial sustainability has been critical to our success since 2010. The historic contracts we negotiated with our employees continue to yield projected savings of 178 million dollars over the next five years based on a 2.5% growth rate of health care and compensation. Last week

Moody's issued its decision for Newton to retain its Aaa bond rating partially due to our commitment to growing our reserves and budgeting approach. For the first time Newton has strategically refinanced certain municipal bonds to take advantage of favorable interest rates. This has yielded a savings of over \$400,000 over the life of the bonds. In 2010, we understood Other Post Employment Benefits (OPEB) was a state and national issue that needed to be addressed in Newton and we are one of the few communities in the commonwealth to begin to address it. Two years ago we established a city account and started to put money aside. This year we have established an irrevocable trust that continues to hold funds we started putting aside 2 years ago. We are committed to growing the trust each year. While I'm pleased that we've taken first steps, we know additional deficiencies must be met head on. We look forward to continuing our work in Newton as well as with the Patrick administration and legislators to do so in the coming years. We appreciate the work of CFO Maureen Lemieux and Finance chair Lenny Gentile who have worked with us to put sound policies in place.

We continue to make great strides in environmental sustainability through our comprehensive energy smart Newton program. An example of the work we've done lies with the great reduction of cost in gas, oil and electricity. Partially due to the decision to purchase 100% renewable electricity last year on the open market, and our continuing conversion process from oil to gas we are saving over 2 million dollars a year in oil, gas and electric costs. In addition we have seen dramatic savings in our buildings equipment retrofits and energy saving measures that will save the city over 12 million pounds in carbon emissions per year, and protect our environment. We know we are just scratching the surface when it comes to sustainability. This year we are expanding our efforts by including Newton's first sustainability director to better coordinate programs and activities across the spectrum of efforts in the City- efforts that reach much farther into the community fabric and result in lowering our carbon footprint and reduce energy costs. Thanks to the work of organizations like the Green Decade, eco teams, the high performance building committee and Alderman Deb Crossley we will continue to reduce our costs and make our community greener and sustainable.

We've seen great progress in the last year in economic development. Chestnut Hill Square is on track to open this fall with major traffic improvements on route 9 funded by the State. Many residents have already had the opportunity to visit WS development's "The Street," that recently opened its doors on the other side of that road. Both projects expand Newton's tax base and enhance a growth corridor of our city. We have focused on revitalizing our villages by reusing space for smart growth like the municipally Austin Street parking lot and streamlining our permitting process so it is easier for restaurants to have sidewalk seating. In the coming year we will continue to target economic development where we can to improve the quality of life in Newton. In the next year we will upgrade our efforts through the leadership of Candace Havens and the planning department through sensible zoning that encourages mixed use, transit oriented development. We will continue work on the Riverside project with the Board and community.

Through Ana Gonzales, Elaine Gentile and the planning department we will continue our work in Nonantum, Newtonville and Newton Centre to improve conditions such as parking, traffic, fill storefront vacancies and improve aesthetics at the Village level in every part of the city. I want to thank Alderman Rice, Harney, Sangiolo, Linsky, Albright, Danberg and Ciccone for working with us to move this forward. And special thanks to Zoning and Planning Chair Alderman Chair Marcy Johnson for her continued partnership in the last year.

The work on our city's infrastructure in the last year will benefit the tax payers of Newton next year. We have started to plan for the long term and have made progress on remediation of our sewer lines in the last 3 years in Newton. This will help to prevent flooding that causes millions of dollars of damage of public and private property as well as save residents money in their water and sewer bill. As a result, the MWRA's rate assessment increase will be 3% lower for Newton this year than the average increase for all other communities, saving the Citizens of Newton more than \$650,000. Thanks to the work of COO Bob Rooney, DPW Commissioner Dave Turocy, Chairman Salvucci and Alderman Fuller for your partnership in this effort.

Finally, we understand how important community life, culture and the arts are here in Newton. It's one of the reasons Newton is such a special place to live. I'm announcing that the city's center of cultural and arts will move to City Hall. This beautiful building we work, deliberate and make decisions in is a significant part of Newton's history and will play an integral part of its future through culture and the arts. Under the leadership of Linda Plaut we will continue to expand and grow what we do by making better use of the war memorial and creating new partnerships with groups inside and outside of city hall to promote the arts.

Newton is on the move and we have made great progress as a community in 3 ½ years and our work must continue. Innovative, smart governance that is accountable, efficient, and offers opportunity for all will ensure we meet our full potential and make Newton a beacon of progress in the commonwealth. Thank you, God Bless our city, state and country.