

City of Newton
FY2027 – FY2031
Five-Year
Forecast
and
Long-Range
Financial Plan



Mayor Ruthanne Fuller
October 6, 2025

WHAT ARE WE GOING TO COVER TONIGHT???

❖ REVENUES - MAJOR SOURCES

- ❖ Property Taxes & New Growth
- ❖ State Aid – Chapter 70 & UGGA
- ❖ Excise Taxes
- ❖ Interest Income
- ❖ Inspectional Services – Building Permits
- ❖ Extraordinary Revenues
 - ❖ Property Taxes from Debt Exclusions
 - ❖ Interfund Transfers – NPS Stabilization Fund

❖ EXPENDITURES - MAJOR COST DRIVERS

- ❖ Newton Public Schools
 - ❖ NPS Multi-Year Forecast
 - ❖ NPS Stabilization Fund
- ❖ Municipal Expenses
- ❖ Health Insurance
- ❖ Long-Term Liabilities
 - ❖ Pensions
 - ❖ OPEB
- ❖ Debt Service - Infrastructure
 - ❖ Schools & Municipal Buildings

❖ OTHER MAJOR CHALLENGES

- ❖ Paving
- ❖ Phosphorus Control/Flooding



Revenue

REVENUES – MAJOR SOURCES

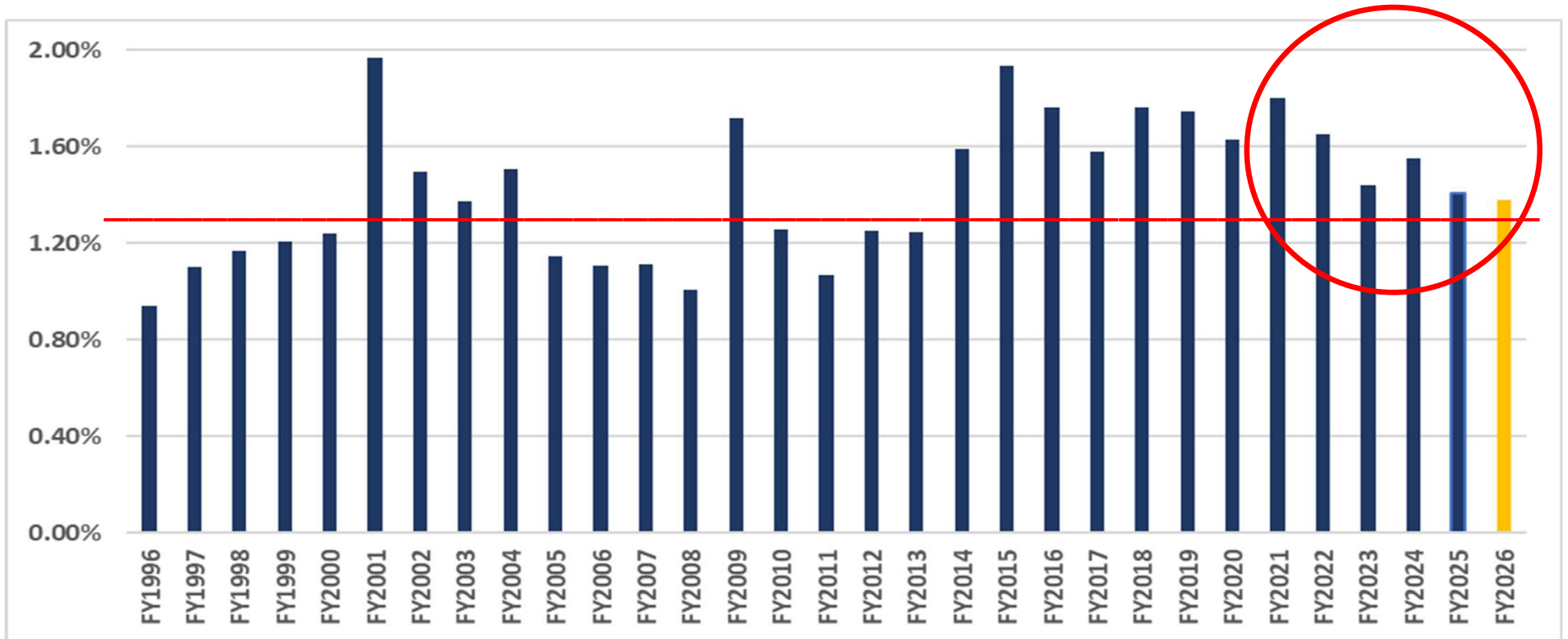
97% OF FY2027 REVENUE FCST

| | |
|---|-----------|
| ➤ Property Taxes & New Growth: | \$468.8 M |
| ➤ State Aid – Chapter 70 & UGGA: | \$ 39.3 M |
| ➤ Excise Taxes: | \$ 16.3 M |
| ➤ Inspectional Services – Building Permits: | \$ 11.3 M |
| ➤ Interest Income: | \$ 7.5 M |
| ➤ Extraordinary Revenues | |
| ➤ Property Taxes from Debt Exclusions: | \$ 7.4 M |
| ➤ Interfund Transfers – NPS Stabilization Fund: | \$ 4.4 M |

New Growth as a % of Tax Levy Limit

20Yr Avg 1.50% - 10 Yr Avg 1.60%

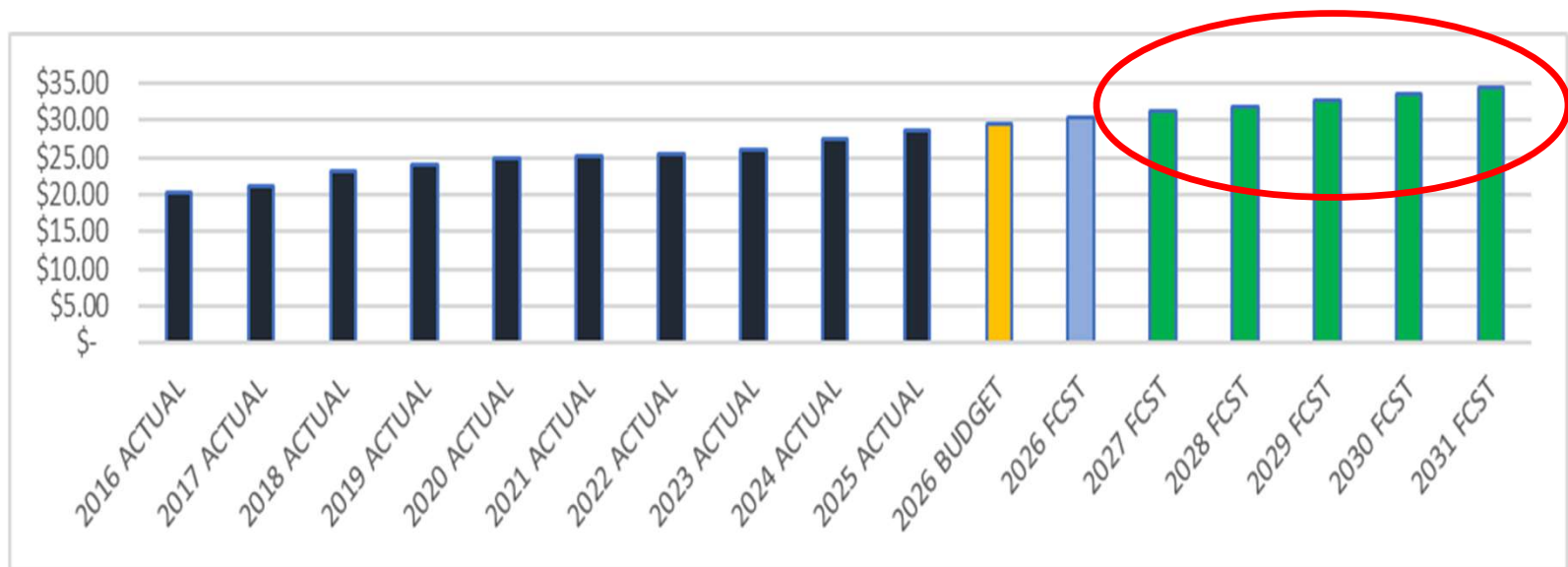
FY2027 – FY2031 Forecast = 1.30%



Chapter 70 – State Education Aid

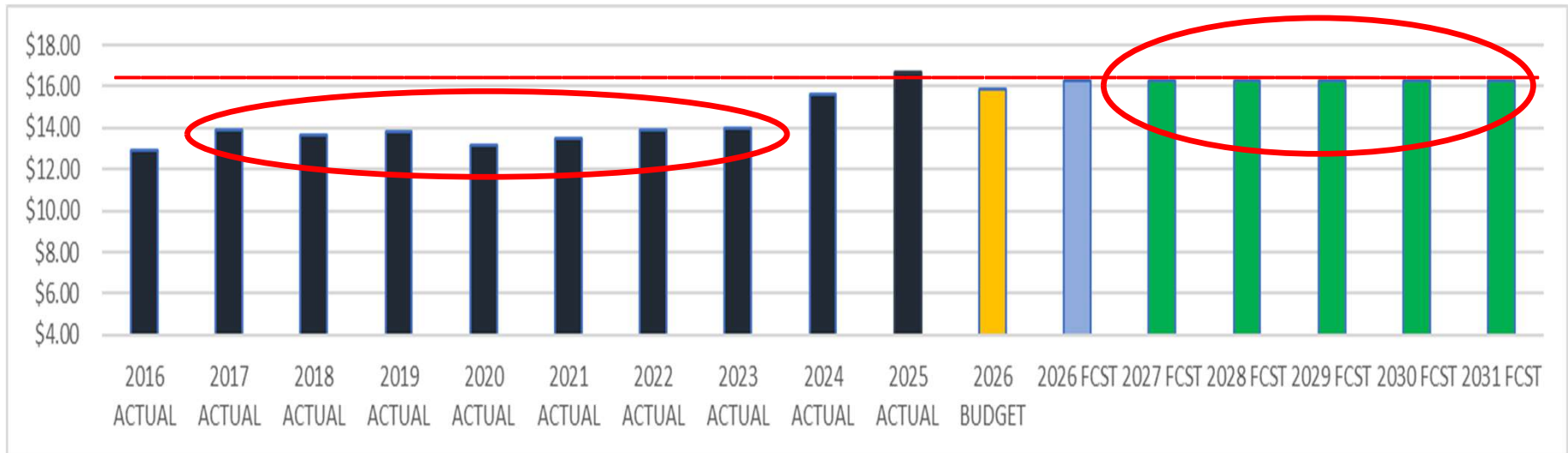
FY2026 \$30.4 M

FY2027 – FY2031 Forecast 2.5% Annual Increase



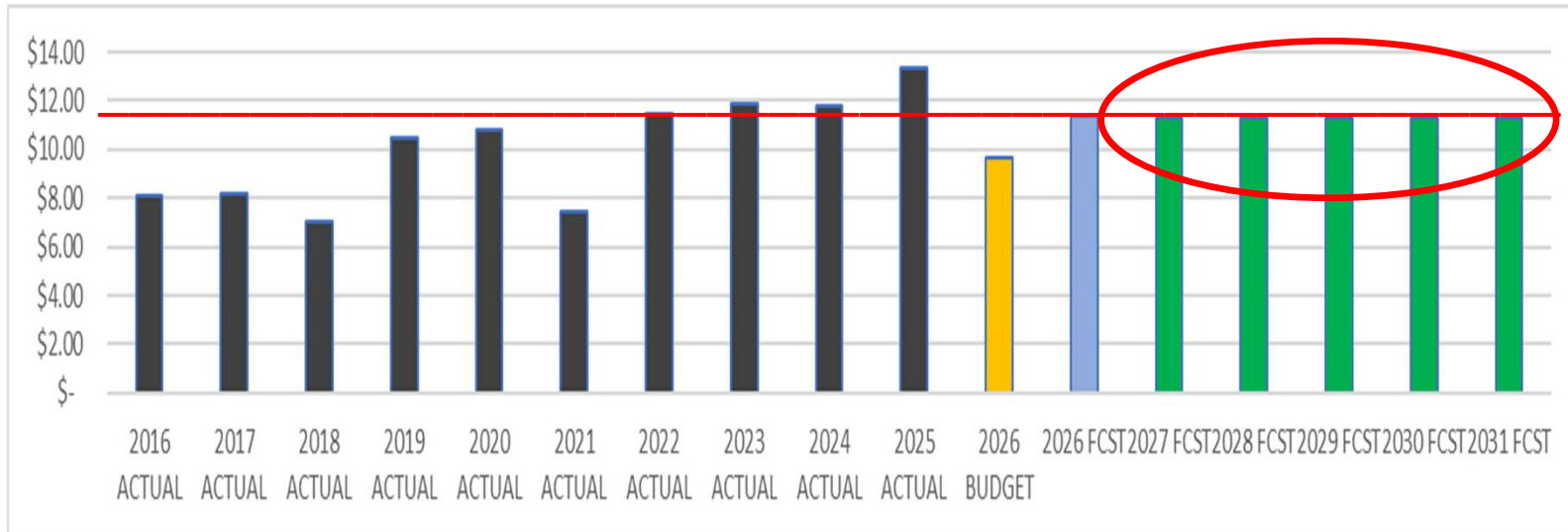
Motor Vehicle Excise Tax

FY2027 – FY2031 FCST - \$16.3 M

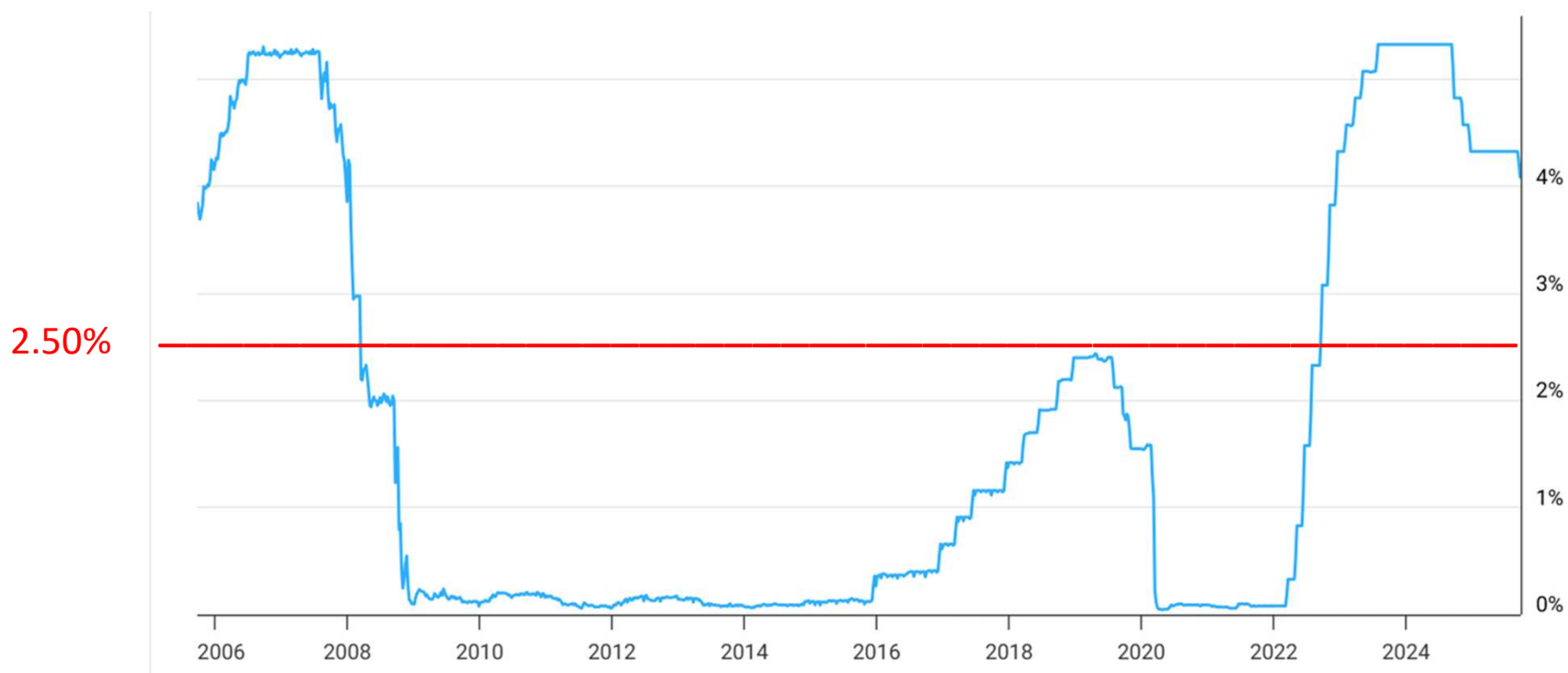


Inspectional Services – Building Permits

FY2027 – FY2031 - \$11.4 M



U.S. Federal Funds Interest Rates 20-Year Historical Data



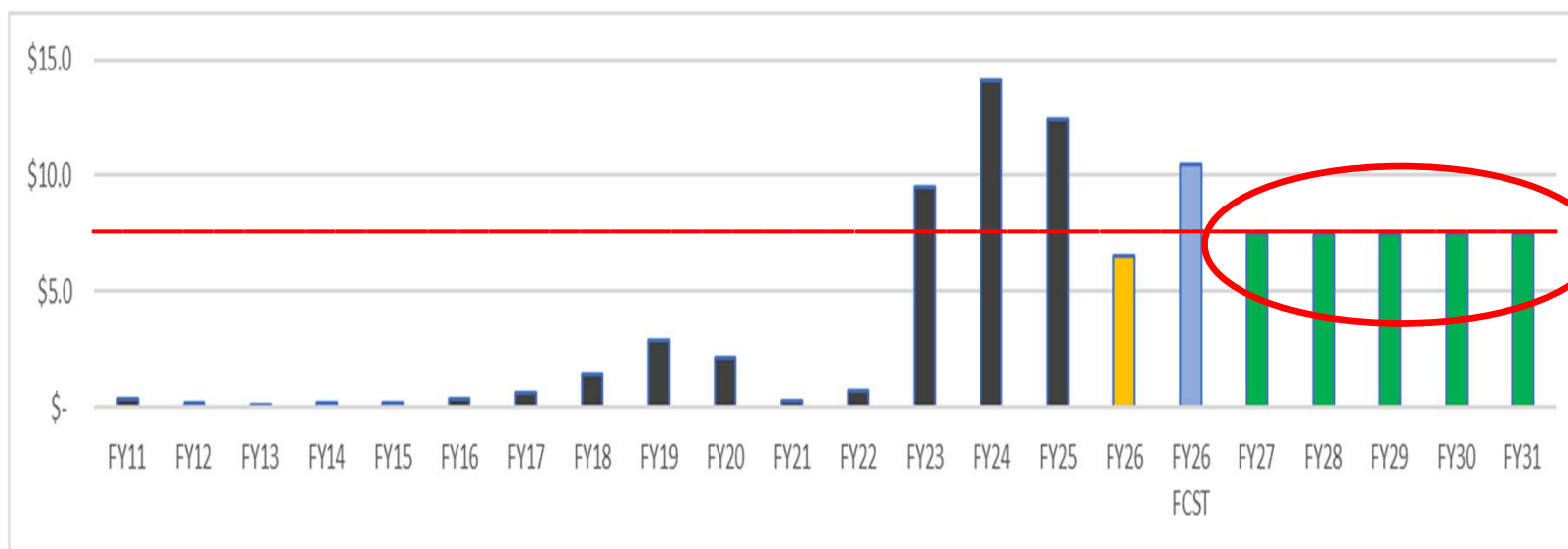
September 2025 – FOMC Participants' judgments of the midpoint of the appropriate target range for the federal funds rate

2025–28 and over the longer run

| Percent Range | 2025 | | 2026 | | 2027 | | 2028 | Longer Run | |
|---------------|------------------|-----------------------|------------------|-----------------------|------------------|-----------------------|-----------------------|------------------|-----------------------|
| | June Projections | September projections | June projections | September projections | June projections | September projections | September projections | June projections | September projections |
| 2.13- 2.37 | | | | | | | | | |
| 2.38- 2.62 | | | | | | | 1 | | 2 |
| 2.63- 2.87 | | | 1 | 2 | 2 | 2 | 4 | 2 | 5 |
| 2.88- 3.12 | | 1 | 1 | 3 | 3 | 3 | 4 | 7 | 5 |
| 3.13- 3.37 | | | 2 | 4 | 3 | 7 | 5 | 1 | 3 |
| 3.38- 3.62 | | | 5 | 2 | 6 | 2 | 2 | 3 | 3 |
| 3.63- 3.87 | 2 | 9 | 4 | 6 | 3 | 2 | 2 | 3 | 2 |
| 3.88- 4.12 | 8 | 2 | 5 | 2 | 2 | 2 | 2 | 1 | 1 |
| 4.13- 4.37 | 2 | 6 | 1 | | | | | | |
| 4.38- 4.62 | 7 | 1 | | | | | | | |

Revenue from Interest on Investments

FY2027-FY2031 FCST: \$7.5M or 2.5%



CITY OF NEWTON, MASSACHUSETTS
 FY2027 - FY2031 FIVE-YEAR FINANCIAL FORECAST
 PREPARED: OCTOBER 2025

| <u>ORDINARY REVENUES</u> | 2026 ORIG BUD | 2027 FCST | 2028 FCST | 2029 FCST | 2030 FCST | 2031 FCST |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| PROPERTY TAXES | \$ 450,187,634 | \$ 468,766,346 | \$ 486,442,060 | \$ 504,881,639 | \$ 524,021,921 | \$ 543,889,534 |
| EXCISE TAXES | \$ 15,900,000 | \$ 16,300,000 | \$ 16,300,000 | \$ 16,300,000 | \$ 16,300,000 | \$ 16,300,000 |
| STATE AID | \$ 37,466,434 | \$ 39,283,558 | \$ 40,252,088 | \$ 41,244,832 | \$ 42,262,395 | \$ 43,305,396 |
| TOTAL ROOMS, MEALS,CANNABIS | \$ 5,460,000 | \$ 5,300,000 | \$ 5,300,000 | \$ 5,300,000 | \$ 5,300,000 | \$ 5,300,000 |
| INTEREST/DIVIDEND INCOME | \$ 6,463,342 | \$ 7,500,000 | \$ 7,500,000 | \$ 7,500,000 | \$ 7,500,000 | \$ 7,500,000 |
| BUILDING PERMITS | \$ 9,795,000 | \$ 11,420,000 | \$ 11,420,000 | \$ 11,420,000 | \$ 11,420,000 | \$ 11,420,000 |
| PARKING METERS & VIOLATIONS | \$ 2,150,000 | \$ 2,250,000 | \$ 2,250,000 | \$ 2,250,000 | \$ 2,250,000 | \$ 2,250,000 |
| MISCELLANEOUS REVENUE | \$ 4,697,671 | \$ 4,778,471 | \$ 4,778,471 | \$ 4,778,471 | \$ 4,778,471 | \$ 4,778,471 |
| TOTAL INTERFUND TRANSFERS | \$ 5,846,533 | \$ 5,944,503 | \$ 6,102,288 | \$ 6,264,806 | \$ 6,432,200 | \$ 6,604,616 |
| TOTAL ORDINARY REVENUES | \$ 537,966,614 | \$ 561,542,878 | \$ 580,344,907 | \$ 599,939,748 | \$ 620,264,987 | \$ 641,348,017 |
| % INCREASE | | 4.38% | 3.35% | 3.38% | 3.39% | 3.40% |
| <u>EXTRAORDINARY REVENUES</u> | | | | | | |
| DEBT EXCLUDED PROPERTY TAXES | \$ 5,412,842 | \$ 7,409,721 | \$ 10,055,371 | \$ 11,361,696 | \$ 11,103,114 | \$ 11,106,281 |
| NPS EDUCATIONAL STABILIZATION | \$ 4,249,650 | \$ 4,426,010 | \$ 4,580,921 | \$ 4,741,253 | \$ 4,907,197 | \$ 5,078,949 |
| TOTAL EXTRAORDINARY REVENUE | \$ 9,662,492 | \$ 11,835,731 | \$ 14,636,292 | \$ 16,102,949 | \$ 16,010,311 | \$ 16,185,230 |
| % INCREASE | | 22.49% | 23.66% | 10.02% | -0.58% | 1.09% |
| TOTAL REVENUE | \$ 547,629,106 | \$ 573,378,609 | \$ 594,981,199 | \$ 616,042,697 | \$ 636,275,298 | \$ 657,533,247 |
| % INCREASE | | 4.70% | 3.77% | 3.54% | 3.28% | 3.34% |



Major Cost Drivers

ICEBERG STRAIGHT AHEAD



Taken from the Times of India

EXPENDITURES – MAJOR COST DRIVERS

- Newton Public Schools
 - NPS Multi-Year Forecast
 - NPS Stabilization Fund
- Municipal Expenses
- Health Insurance
- Long-Term Liabilities
 - Pensions
 - OPEB
- Debt Service - Infrastructure
 - Schools & Municipal Buildings
- Other Extraordinary Expenses
 - Paving
 - Phosphorus Control & Flooding



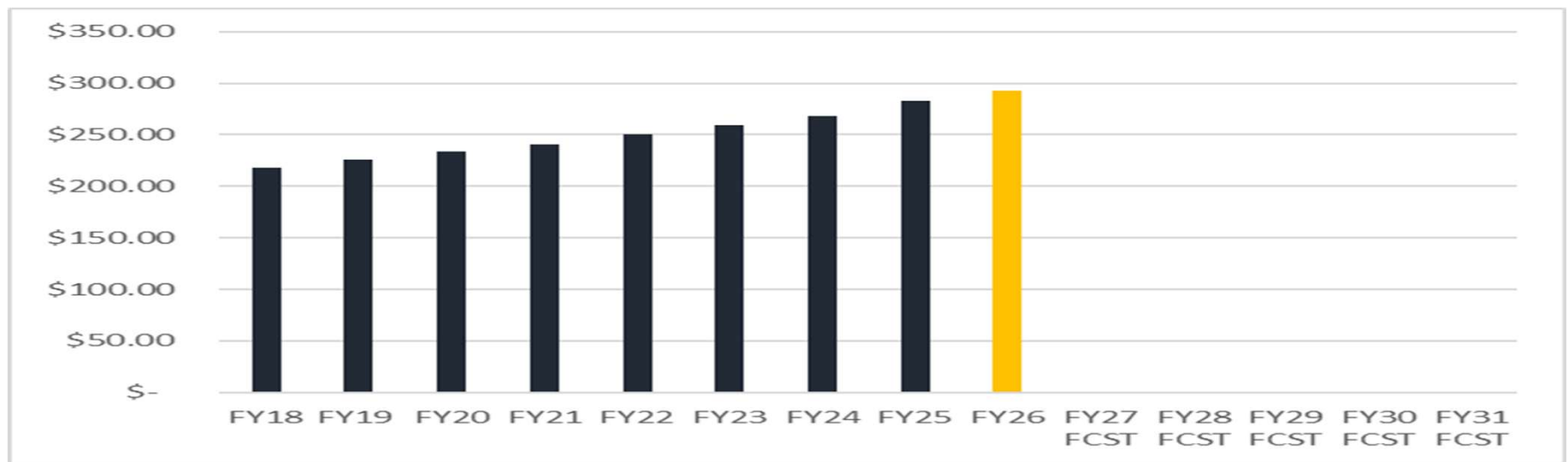
The Fuller Administration's Commitment to NPS

Fuller Administration Commitment to NPS

Increased Annual Budget from \$217.8M to \$292.9M

TOTAL INCREASE: \$75.1 M Per Year - 34.4% over 8 yrs

TOTAL INCREASE: \$75.1 M PER YEAR
TOTAL INCREASE: 34.4% OVER 8 YRS
AVERAGE ANNUAL INCREASE = 4.3% PER YEAR



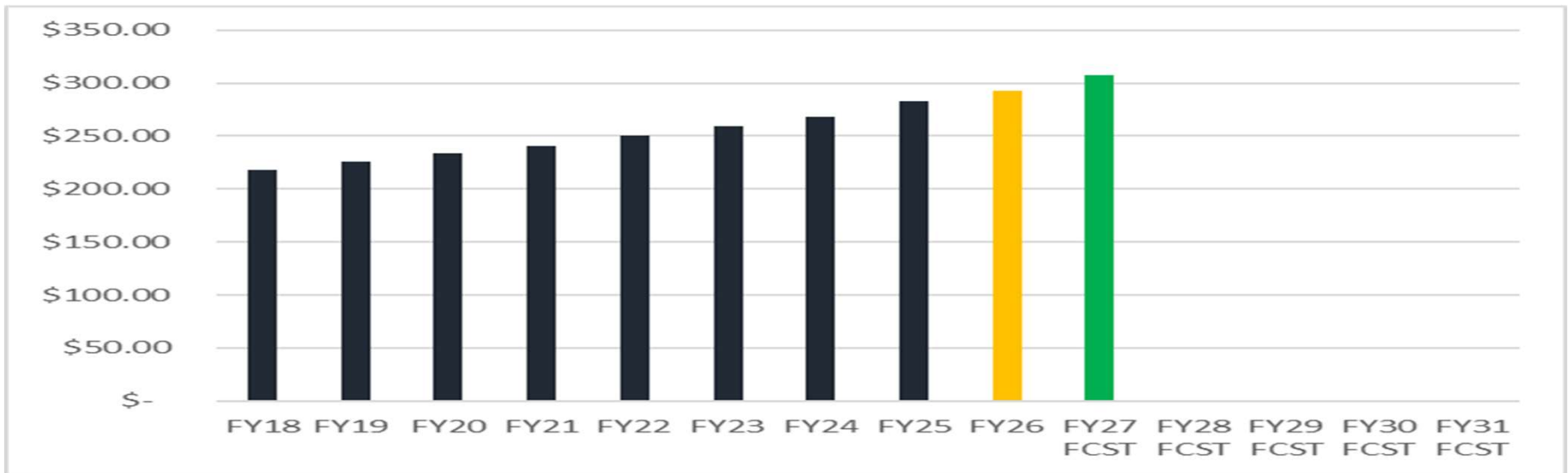
FY2018 – FY2023 Budget Adjusted for OPEB

Fuller Administration NPS FY27 RECOMMENDATION

NPS FY27 BUDGET INCREASE FROM \$292.96 M TO \$307.62 M

TOTAL INCREASE: \$14.66 M - 5.0%

FY27 RECOMMENDED INCREASE: \$14.66 M
RECOMMENDED INCREASE: 5.0%



FY2018 – FY2023 Budget Adjusted for OPEB

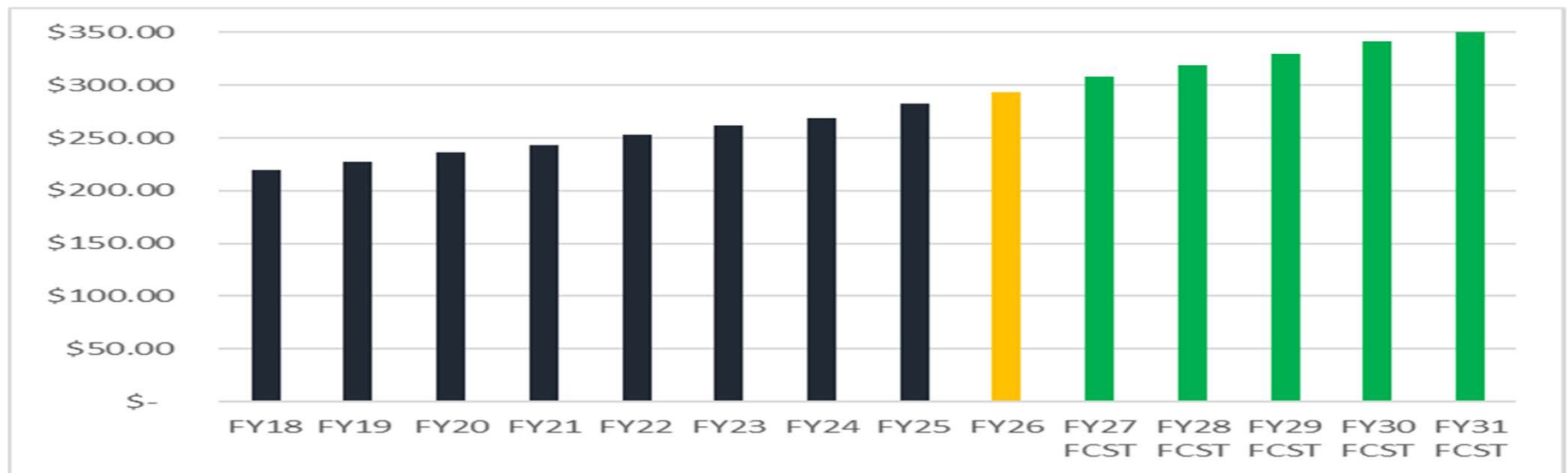
Fuller Administration NPS FY27 RECOMMENDATION

NPS FY27 BUDGET INCREASE FROM \$292.96 M TO \$307.62 M

FY27 INCREASE: \$14.66 M - 5.0%

FY28 - FY31 INCREASE: 3.5% EACH YEAR

FY27 RECOMMENDED INCREASE: \$14.66 M - 5.00%
FY28 – FY31 RECOMMENDED INCREASE: 3.50% EACH YEAR



FY2018 – FY2023 Budget Adjusted for OPEB

Fuller Recommendation: NPS Stabilization Fund

CURRENT BALANCE 10/6/2025: \$17.2 M

Appropriate \$10 M Free Cash

Current Balance 10/6/2025 \$ 17.5 M

Appropriate Free Cash – Winter 2026 \$ 10.0 M

FY27 Appropriation \$ 4.426 M

FY28 Appropriation \$ 4.581 M

FY29 Appropriation \$ 4.741 M

FY30 Appropriation \$ 4.907 M

FY31 Appropriation \$ 5.079 M

FY32 Appropriation \$ 5.257 M

NPS Multi-Year Forecast

April 2025

| | FY2026 FCST | FY2027 FCST | FY2028 FCST | FY2029 FCST | FY2030 FCST |
|--|-----------------------|-----------------------|------------------------|------------------------|------------------------|
| Base Budget + Educational Stabilization Account | \$ 292,963,623 | \$ 304,918,962 | \$ 315,591,125 | \$ 325,461,107 | \$ 331,305,924 |
| <i>What NPS Needs:</i> | | | | | |
| Net Salaries | \$ 213,898,649 | \$ 223,908,118 | \$ 233,707,066 | \$ 242,044,068 | \$ 250,939,835 |
| Benefits | \$ 46,699,807 | \$ 48,919,096 | \$ 51,248,755 | \$ 53,694,082 | \$ 56,260,654 |
| Non-Personnel Expenses | \$ 37,899,175 | \$ 40,362,110 | \$ 42,638,296 | \$ 45,679,558 | \$ 47,290,659 |
| Total Needs | \$ 298,497,631 | \$ 313,189,324 | \$ 327,594,117 | \$ 341,417,708 | \$ 354,491,148 |
| Savings | \$ (989,000) | \$ (597,257) | \$ (618,161) | \$ (639,797) | \$ (662,190) |
| Total Needs After Savings | \$ 297,508,631 | \$ 312,592,067 | \$ 326,975,955 | \$ 340,777,911 | \$ 353,828,958 |
| % Increase Required for Needs | 5.3% | 5.1% | 4.6% | 4.2% | 3.8% |
| NPS Estimated GAP (4/2025) | \$ (4,545,008) | \$ (7,673,105) | \$ (11,384,830) | \$ (15,316,804) | \$ (22,523,034) |
| FY2026 Health Ins: Free Cash | | \$ 1,300,000 | \$ 1,365,000 | \$ 1,433,250 | \$ 1,504,913 |
| Adj GAP Including Health Ins | \$ (4,545,008) | \$ (8,973,105) | \$ (12,749,830) | \$ (16,750,054) | \$ (24,027,947) |

* Derived from "NPS FY25-FY30 Multi-Year Forecast - Overview" table in Newton Public Schools Budget - April 2025

NPS Multi-Year Forecast

ADJUSTED FOR FULLER RECOMMENDATION – OCTOBER 2025

NPS FY26-FY30 MULTI-YEAR FORECAST - OVERVIEW*

| | FY2026 FCST | FY2027 FCST | FY2028 FCST | FY2029 FCST | FY2030 FCST |
|--|-----------------------|-----------------------|-----------------------|------------------------|------------------------|
| NPS Projected Appropriation - Base Budget + Educational Stabilization Account | \$ 292,963,623 | \$ 307,621,213 | \$ 318,387,955 | \$ 329,531,534 | \$ 341,065,138 |
| % Increase | | 5.0% | 3.5% | 3.5% | 3.5% |
| <i>What NPS Needs:</i> | | | | | |
| Net Salaries | | \$ 223,908,118 | \$ 233,707,066 | \$ 242,044,068 | \$ 250,939,835 |
| Benefits | | \$ 48,919,096 | \$ 51,248,755 | \$ 53,694,082 | \$ 56,260,654 |
| Add'l FY26 Health Insurance | | \$ 1,300,000 | \$ 1,365,000 | \$ 1,433,250 | \$ 1,504,913 |
| Non-Personnel Expenses | | \$ 40,362,110 | \$ 42,638,296 | \$ 45,679,558 | \$ 47,290,659 |
| Total Needs | | \$ 314,489,324 | \$ 328,959,117 | \$ 342,850,958 | \$ 355,996,061 |
| Savings | | \$ (597,257) | \$ (618,161) | \$ (639,797) | \$ (662,190) |
| Total Needs After Savings | | \$ 313,892,067 | \$ 328,340,956 | \$ 342,211,161 | \$ 355,333,871 |
| % Increase Desired by NPS | | 7.1% | 4.6% | 4.2% | 3.8% |
| Remaining Funding Gap | | \$ (6,270,854) | \$ (9,953,001) | \$ (12,679,627) | \$ (14,268,733) |

* Derived from "NPS FY25-FY30 Multi-Year Forecast - Overview" table in Newton Public Schools Budget - April 2025

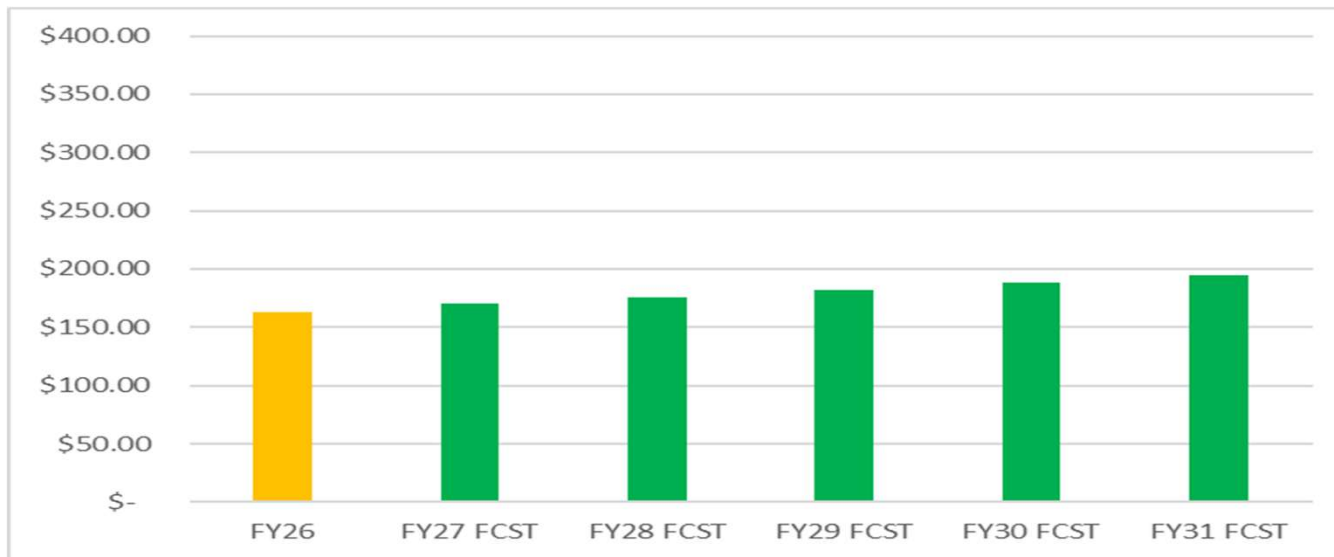
Fuller Administration FY27 RECOMMENDATION

MUNICIPAL DEPARTMENTS FY27 BUDGET INCREASE

FY27 INCREASE: \$6.68 M - 4.09%

FY28 - FY31 INCREASE: 3.5% EACH YEAR

Municipal Departments



Fuller Administration FY27 RECOMMENDATION

MUNICIPAL DEPARTMENTS FY27 BUDGET INCREASE

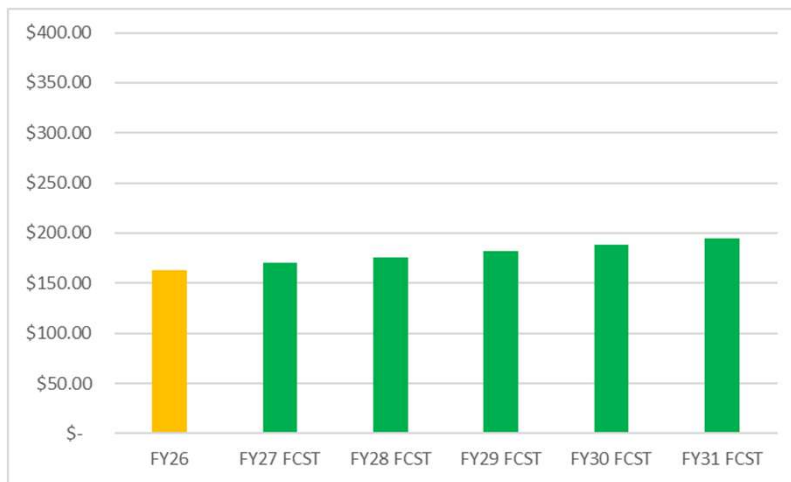
FY27 INCREASE: \$6.68 M - 4.09%

FY28 - FY31 INCREASE: 3.5% EACH YEAR

Municipal Depts

FY27 INCREASE: \$6.68 M - 4.09%

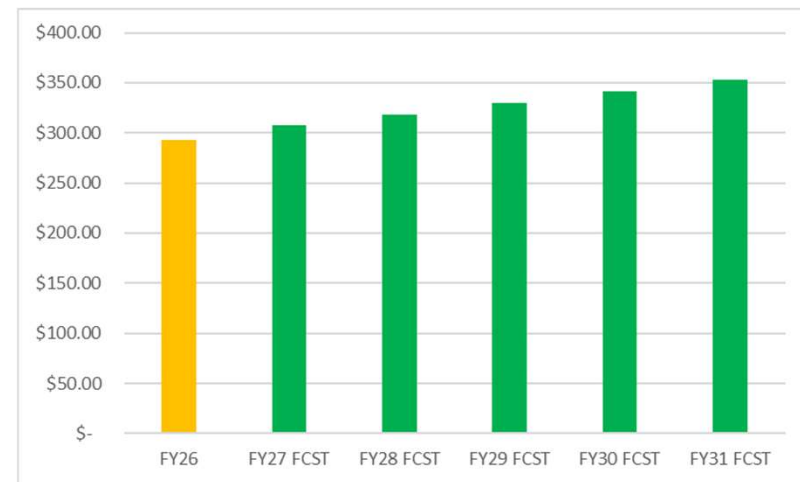
FY28 – FY31 INCREASE: 3.50% EACH YEAR



Newton Public Schools

FY27 INCREASE: \$14.66 M - 5.00%

FY28 – FY31 INCREASE: 3.50% EACH YEAR



| | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> | <u>FY31</u> |
|---------------------------|-------------|-------------|-------------|-------------|-------------|
| Ordinary Revenue Increase | 4.38% | 3.35% | 3.38% | 3.39% | 3.40% |



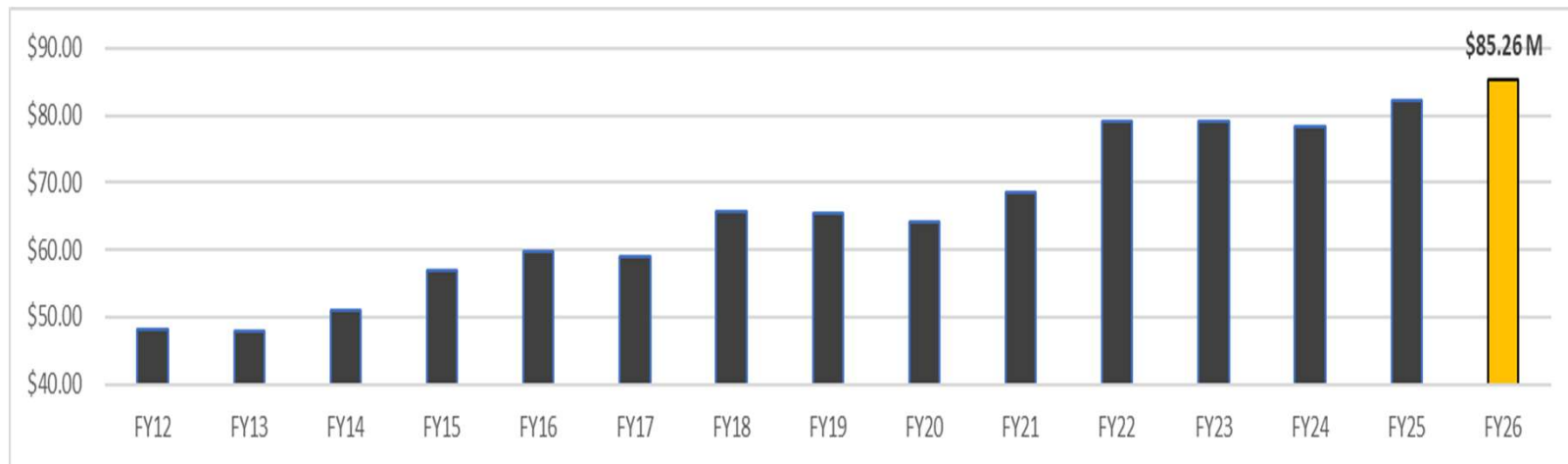
Health Insurance

Cost of Health Insurance

CY 2026 Medicare Increases: >20%

FY 2026 Active Plans Increase: 12.2%

CY26 MEDICARE INCREASES: >20%
FY26 ACTIVE PLANS INCREASE: 12.2%





Pensions & OPEB

Total Combined Unfunded Liability

\$743.7 M

Pension Unfunded Liability

as of
January 1, 2025

\$277.8 M

Funded Ratio

67.81%

OPEB Unfunded Liability

as of
June 30, 2024

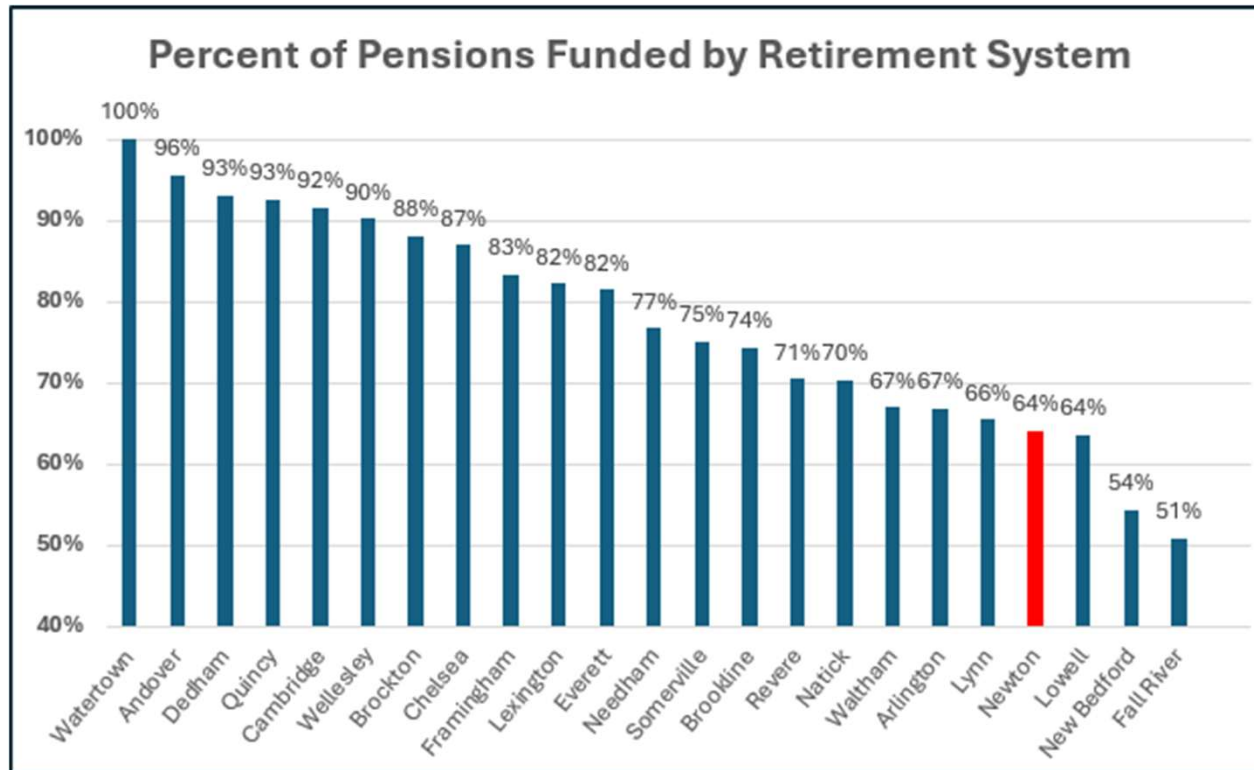
\$465.9M

Funded Ratio

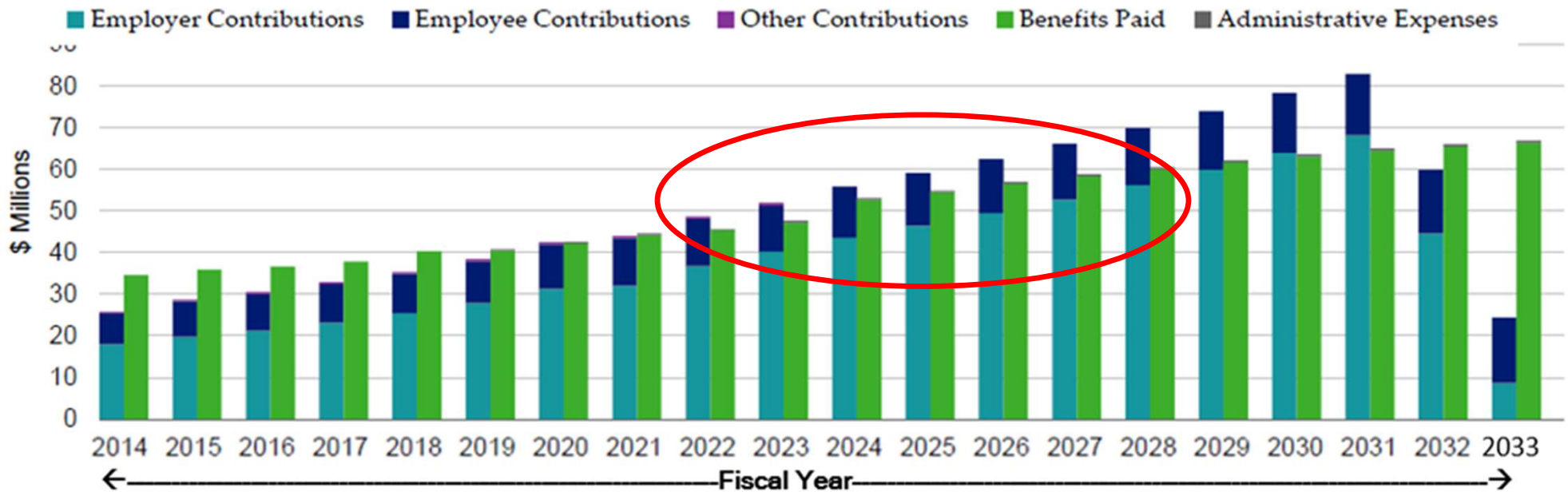
7.6%

Pension Funding Ratio by Community - 2024

Newton Ranked 89th out of 105 Pension Systems



CONTRIBUTIONS IN vs BENEFITS PAID OUT





Debt Service - Infrastructure

Debt Service

Target: 5.0% - 6.0% of Total Revenue

General Fund

Debt Exclusions

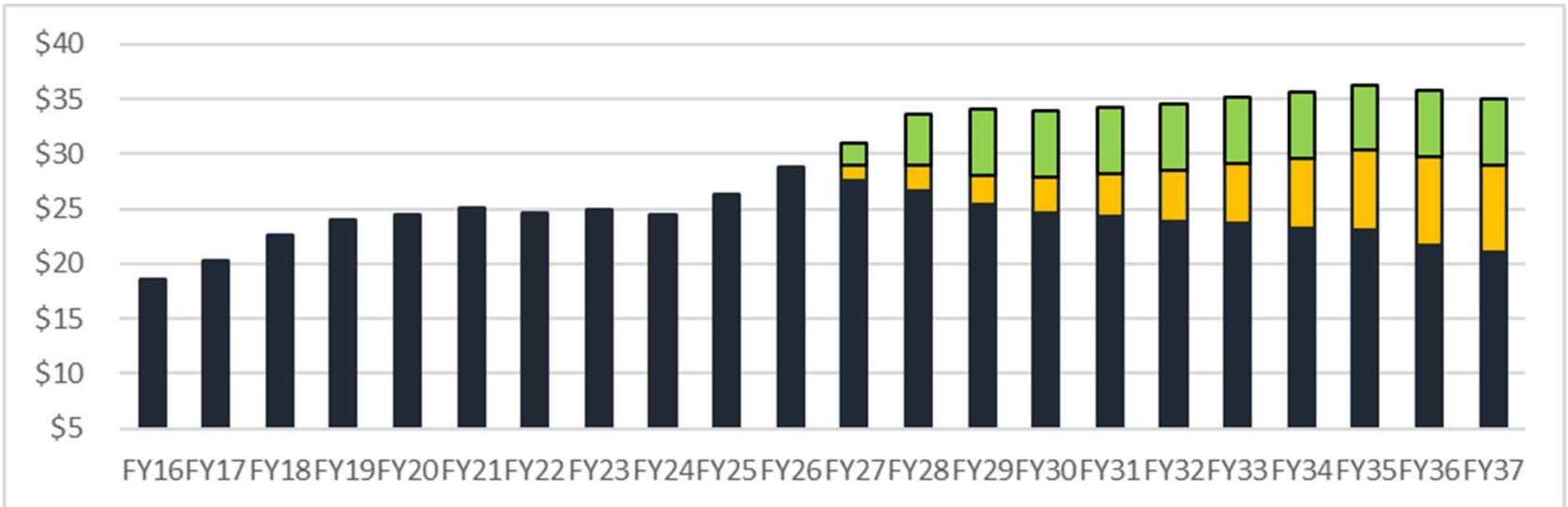
Cooper Center

Countryside

Horace Mann

Franklin

Lincoln-Eliot



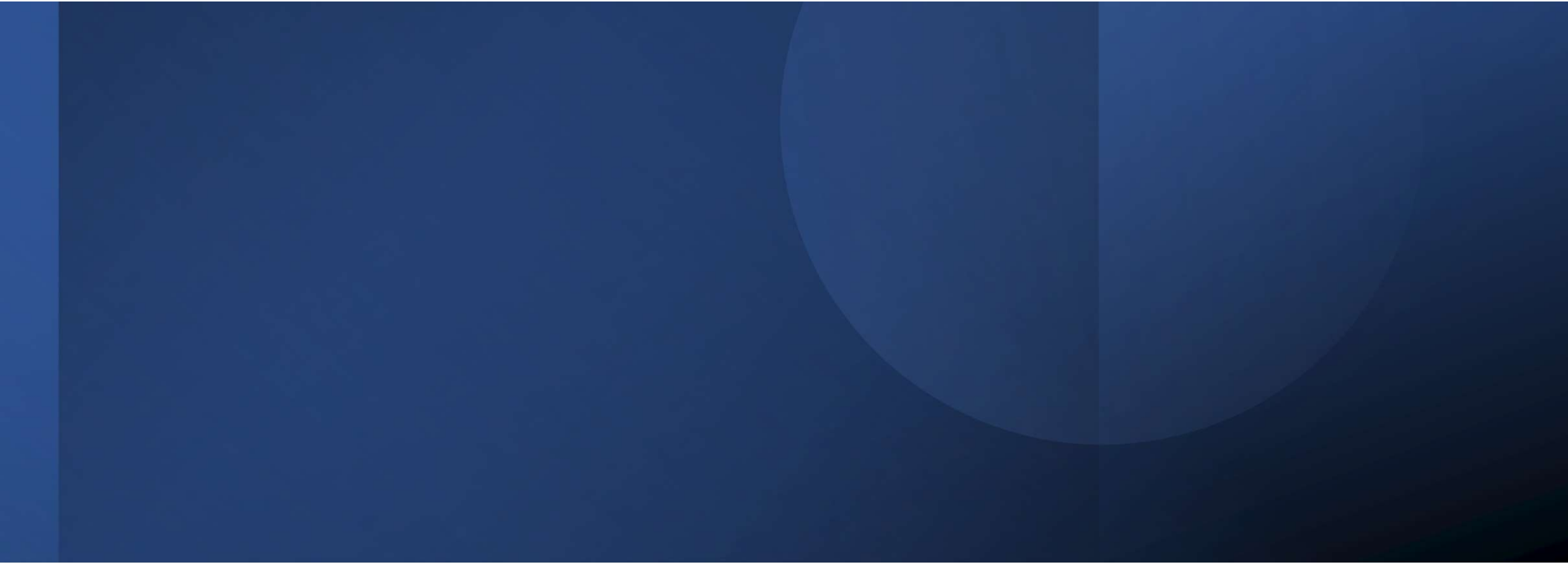


The “GAP”

FY2027 – FY2031 “GAP”

\$ in Millions

| | <u>FY27</u> | <u>FY28</u> | <u>FY29</u> | <u>FY30</u> | <u>FY31</u> |
|--------------------------|---------------|---------------|---------------|---------------|----------------|
| Total Projected Revenue | \$ 573.4 | \$ 595.0 | \$ 616.0 | \$ 636.3 | \$ 657.5 |
| Total Projected Expenses | \$ 575.6 | \$ 599.6 | \$ 622.6 | \$ 646.0 | \$ 670.9 |
| “GAP” | \$ 2.0 | \$ 4.6 | \$ 6.5 | \$ 9.7 | \$ 13.4 |



Roads - Paving

Paving Program

PROGRAM CHALLENGES

Construction Costs and Expanded Scope

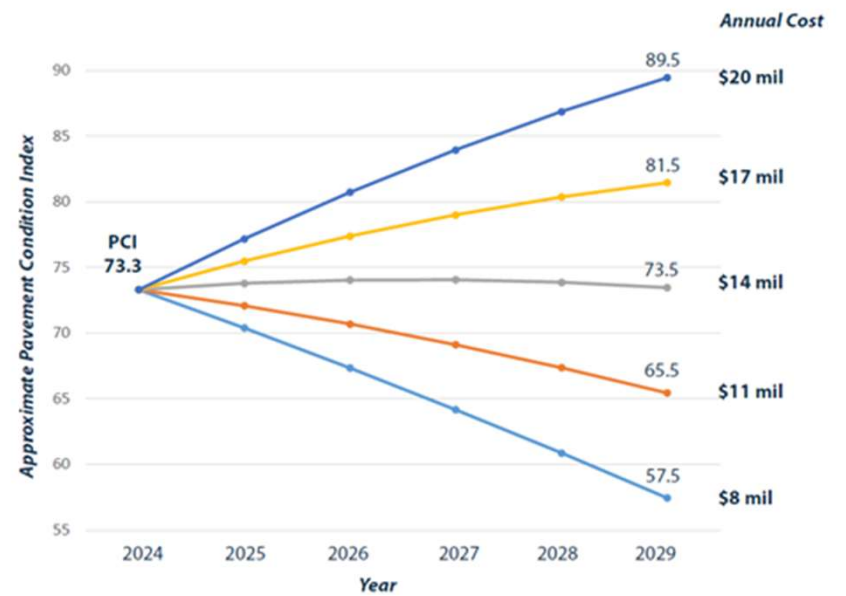
- Costs have increased significantly from 2017 to 2025
 - Contractors are busy, leading to higher prices and challenges with scheduling.
- Expanded scope on non-pavement roadway assets, which lead to added costs
 - Sidewalks
 - Curb Ramps
 - Traffic Calming
 - Bicycle Lanes
 - Drainage Improvements



Paving Program

PROJECTED PCI PER YEAR BASED ON ANNUAL BUDGET

| Repair Category | Annual Budget | Budget Distribution |
|--------------------------|--------------------|---------------------|
| Routine Maintenance | \$350,000 | 4.4% |
| Preventative Maintenance | \$2,150,000 | 26.9% |
| Minor Rehabilitation | \$4,500,000 | 56.3% |
| Maintenance Overlay | \$1,000,000 | 12.5% |
| Total | \$8,000,000 | 100% |





Phosphorous Control / Flooding

Charles River Prochlorophorus Control

\$142 M Required by 2028

→ Newton's Phase 1 (2028) implementation cost is estimated to be \$142.74M

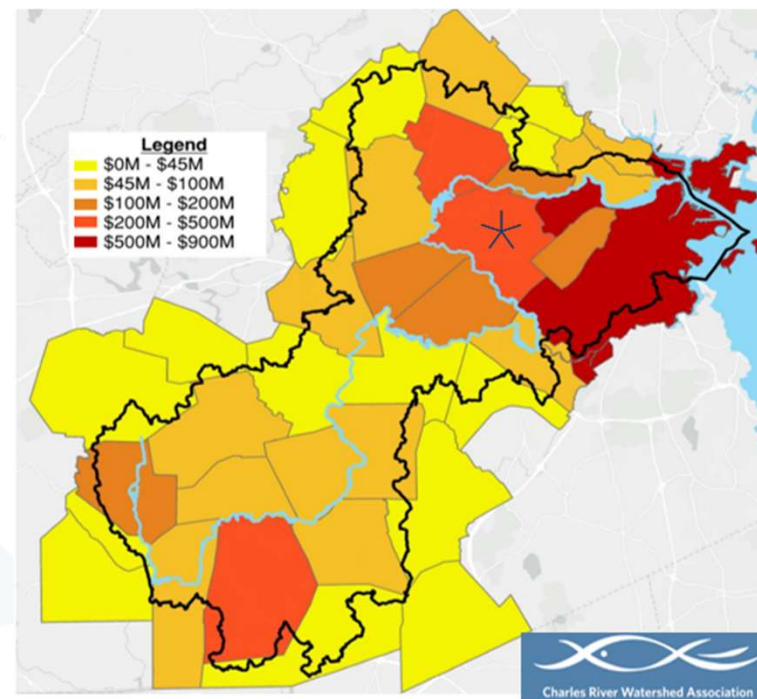
| | | | | | | | | |
|--|---|---|---|--------------------------------------|---|-------------------------------|---|-------------------------------|
| Non-Structural SCMs \$14.85 million | + | Planned Structural SCMs \$112.36 million | + | Municipal SCM O&M \$11.78 million | + | Program Management \$3.75M | = | Total = \$142.74 M |
|--|---|---|---|--------------------------------------|---|-------------------------------|---|-------------------------------|

| Phase 1 Implementation Cost | |
|------------------------------|----------------------|
| Permit Year | Total Cost |
| PY 6 (June 30, 2024) | \$26,892,000 |
| PY 7 (June 30, 2025) | \$26,892,000 |
| PY 8 (June 30, 2026) | \$27,372,000 |
| PY 9 (June 30, 2027) | \$30,672,000 |
| PY 10 (June 30, 2028) | \$30,912,000 |
| Total Cost | \$142,740,000 |

Charles River Phosphorus Copntrol

\$575 M +++ by 2028

- According to evaluation by the Charles River Watershed Association, program costs for full implementation (2038) is in the range of \$200-\$500M.
- Based on Estimated Phase 1 Costs, implementation of subsequent phases for the City of Newton could be over \$430M with full implementation over \$575M.

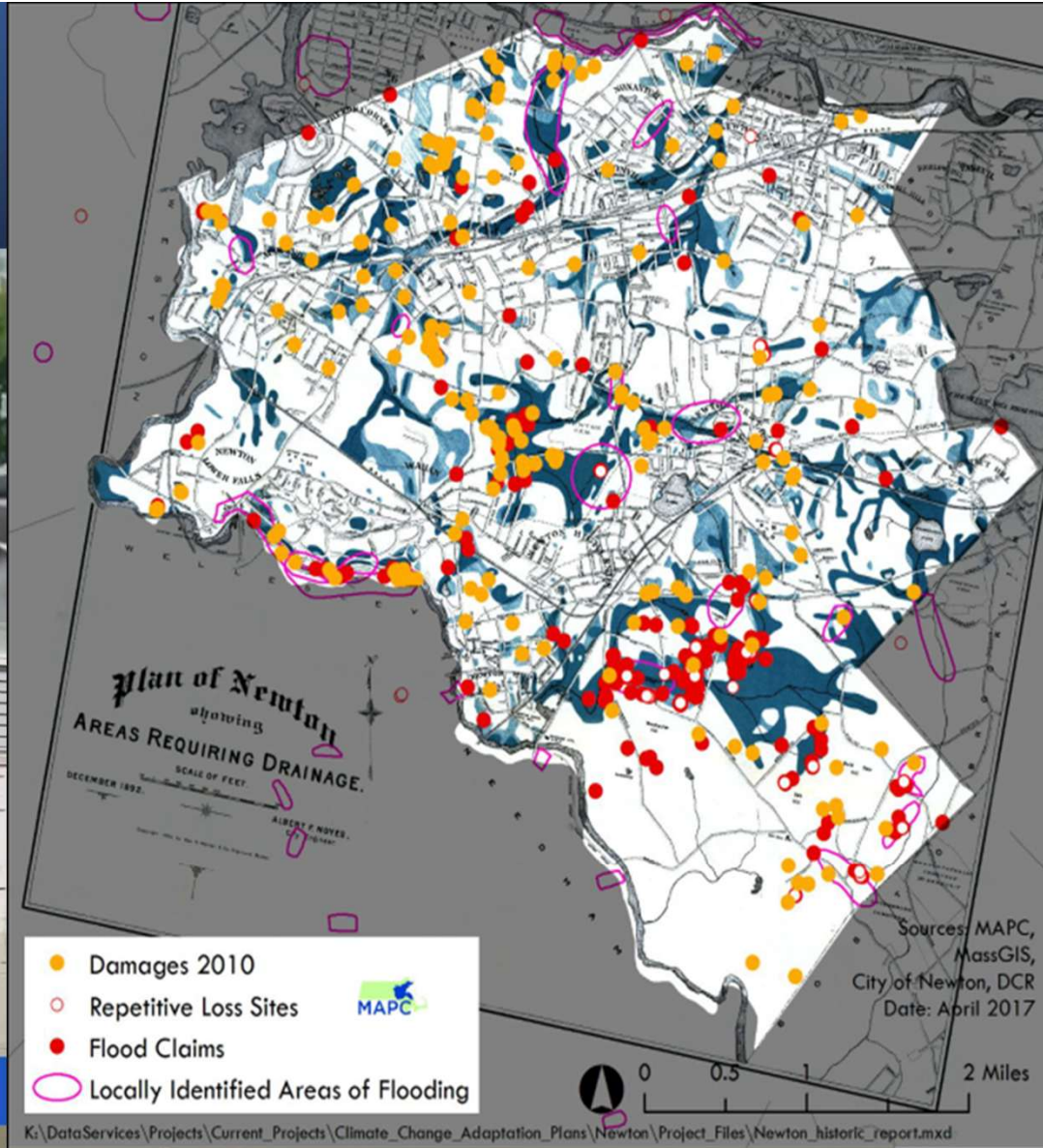


Stormwater Management - Flooding

\$MM +++ for Flooding



WBZ
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BOSTON



Geo-Political Climate

NPS Budget

Affordable Housing

Pandemics

Climate Change

Weather Events

Union Contracts

Cost of Health Insurance

**Phosphorus
Requirements**

Paving

Economy - Inflation

Pensions & OPEB

Video Footage taken from Smithsonian
Institute





Thank You