

CITY OF NEWTON

IN BOARD OF ALDERMEN

LONG RANGE PLANNING COMMITTEE REPORT

WEDNESDAY, DECEMBER 7, 2005

Present from the committee: Ald. Vance (chairman), Ald. Baker, Sangiolo, Johnson, Stewart, and Hess-Mahan. Also Ald. Lennon, Samuelson, Albright, Linsky, Lappin, Danberg, Coletti, Lipof, and Mansfield. Also present were Chief Budget Officer Sandy Pooler and City Comptroller Dave Wilkinson.

Chairman Vance called the meeting to order at 7:05 p.m. The only matter before the committee at its final meeting of this aldermanic term was a discussion with Chief Budget Officer Sandy Pooler of possible changes being considered for the format and presentation of the Mayor's proposed budget for fiscal year 2007. Sandy noted that the present budget format has strengths and weaknesses and that he has been exploring changes that would improve it. To that end he is seeking feedback from the aldermen to his proposed changes in order to move forward to making the budget document more useful to the Board of Aldermen in their review of it.

Sandy noted that the city has now changed from use of the Pentamation financial software to Finance Plus and that since the old Pentamation data is not in Finance Plus, there must be some melding of the data between them. Sandy stated that he will need direction from the Board within the next month regarding the proposed changes in the budget structure so that the Information Technology department can make the necessary adjustments.

Sandy described the elements in the present budget, which are listed in Attachment A to this report. He showed as an example of the present budget format the budget for the IT Department and described the details of that budget format. The IT Department budget for fiscal year 2006 is attached to this report as Attachment B. Sandy noted that all the departmental budgets include personnel pages that show salary and other data for every city employee. He also pointed out that the budget includes a description of every line item that would change by 10% or more and the reason for such change. He also noted that some aldermen have asked that the budget document focus less on all the details of particular line items and more on the broad policy implications of particular budget proposals. Sandy also pointed out that, whatever the level of detail in the budget as conveyed to the aldermen, the city has in place strong controls over all city expenditures that are administered by City Comptroller Dave Wilkinson.

Alderman Albright asked Sandy about how much flexibility city departments have to move money between different line items of their budgets. Sandy responded that departments can make transfers of appropriated funds within large account areas. Such transfers of amounts of less than \$1,000 can be done as of right without any outside

approvals, but such transfers of greater amounts can be made only with the approval of the Mayor. Sandy noted that departmental budgets are not built on a “use it or lose it” principle, i.e., if a department does not spend all of the funds appropriated for a particular purpose in a given year its funding for that purpose for the following year is not necessarily reduced by the amount not expended but is in every case based on the demonstrated need for funding for a particular purpose in a particular year. Sandy observed that one weakness of the present budget format is that the descriptions of each department’s functions do not appear in one place in a department’s budget but tend to be scattered throughout the pages of the budget pertaining to that department.

To address the weaknesses in the present budget document in future budget documents Sandy made several suggestions. He said that he has looked carefully at award-winning budget documents from various communities in Massachusetts and has discussed them with budget officials in those communities. He believes that the statements of goals and objectives of the various departments which were done to some extent in last year’s budget document should more extensively be included as part of the budget document this year. He believes that that document should follow the Brookline model by including a full statement of each department’s goals and objectives with a statement of what the department does and its accomplishments of the prior year.

Sandy then reported that he has obtained the services, on a volunteer basis, of a young woman named Sara Ecker to assist him in developing this year’s budget document. Ms. Ecker has a background in municipal finance and has lived in Newton for some eight years. He introduced Ms. Ecker to the committee, and she described some of her experience in municipal finance. Ms. Ecker spent some years working on the budget staff of the City of San Francisco and served as budget manager for one of that city’s large departments. In Newton she will work toward developing program budgeting that will be more accessible to those seeking to understand and evaluate the proposed budget. She observed that all cities have the same basic functions and that the principal difference between budgeting for San Francisco and for Newton is that Newton’s budget involves fewer dollars and fewer people than does that of San Francisco. In Newton she will work with the various departments to develop the statements of their goals and objectives and of their accomplishments of the prior year.

Alderman Johnson observed that each department’s statement of accomplishments for the prior year should be aligned with the statement of goals and objectives for that year so the Board can assess how effectively each department has utilized its budgetary resources in the achievements of its stated goals and objectives.

Alderman Stewart asked Sandy Pooler what the city had done about addressing what he regards as the shortcomings in the budget of the School Department. Sandy replied that his office has no role in the development of the School Department’s budget but that that department develops its own budget document.

Alderman Stewart then asked Sandy if the city has done anything about use of municipal benchmarking in evaluating the city’s expenditures for various functions.

Sandy responded that he would like to postpone that subject for a separate discussion. He said that the city has begun to look at some data from peer communities and could find it useful where good data is available. Alderman Stewart then asked whether the city has continued to make use of Citistat data from various communities. Sandy responded that some departments such as the police, parks and recreation, and public works departments have made some effective use of Citistat data. He noted that Brookline uses performance measures for various functions of its departments but he does not propose to develop and use such measures for Newton's FY 2007 budget. He feels that enough changes are to be proposed for that budget that it would be difficult to also develop and use meaningful performance measures as part of the departmental budgets. He noted that at one time the City of San Francisco made use of performance measures in its budget but subsequently eliminated such measures.

Alderman Johnson stated that she believes that it is very important that the aldermen be brought into the budget process earlier than when the Mayor presents his proposed budget to the Board in mid-April. In her view, such earlier involvement of the Board would greatly facilitate the Board's review of the proposed budget and enable it to make more meaningful contributions to the process. Alderman Danberg stated that she believes that sensible performance measures that could be used to compare a department's year to year performance would be very helpful to her and other members of the Board. Alderman Hess-Mahan added that he believes that some form of progress reports from the various departments would be very useful. Sandy responded that the Comptroller's office has full data on departmental expenditures and thus can always provide progress reports on such expenditures from time to time. Alderman Hess-Mahan replied that he would be less interested in numerical expenditure reports than in periodic narrative reports describing progress of each department in achieving its stated goals and objectives for the year.

Sandy Pooler then outlined the changes he proposes to make to the budget document for FY 07. First, he proposes to include at the beginning of the budget document a summary statement of what each department does, including its functional elements, to be set forth on a single page. That summary would show how each department's budget has changed from one year to the next in terms both of dollars and full-time equivalents (FTEs) of personnel. Sandy also proposes that the full detailed personnel lists not be included in the body of the budget document but be set forth in an appendix to that document or on the city's web site. He also proposes to remove the detailed line item pages from the budget book but to make them available elsewhere, perhaps on the city's web site and by submission of those detailed pages to the Finance Committee. He also proposes to modify the material on 10% changes in budget items to eliminate any such changes that are de minimus.

Alderman Coletti stated that he likes the existing 10% provision because it shows the justifications for all such changes and provides a picture of the flow of changes regarding ongoing appropriations.

Alderman Lappin opined that if we keep the 10% material in the budget document it should address only increases in excess of 10% and not decreases in excess of 10%. Several aldermen expressed the view that it is useful and important to have the full personnel material as part of the budget document.

Chairman Vance stated that he would like to see the departmental statements address not only the departments' goals and objectives for the coming fiscal year but also their goals and objectives on a more long term basis extending beyond just the next fiscal year.

The meeting was adjourned at 8:05 p.m.

Respectfully submitted,

Alderman Verne Vance, Chairman