

# May Newsletter

From City Councilor Marc Laredo



Dear Friends,

May is a busy time for the City Council. Our main focus this month will be (a) reviewing the Mayor's proposed budget; (b) proposed changes to the funding of our pension liabilities and the benefits received by our retirees; and (c) compliance with the MBTA Communities Act and the related work on rezoning our Village Centers.

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## The City Council's Review of the Mayor's Proposed Budget

On May 1, the Mayor presented her proposed budget to the City Council. **A copy of the budget, including her introductory remarks, can be found by clicking the button below.**

**Proposed Budget**

The City Council will now begin its review of the budget. As always, the budget represents our community's priorities, and I will be mainly focused on several issues, including:

- The proposed amount for our schools. We need to ensure that it is appropriate and fair, given our overall fiscal situation.
- The use of the \$28.5 million in free cash that the city is currently holding (free cash is the amount of unspent funds that we have from prior years). This is an unusually large amount of money that we have accumulated, and we need to ensure that we keep a meaningful amount in reserve while prudently using excess funds.
- Funding for NewMo, the city-sponsored and subsidized ride-share program: Since it is expensive to operate and we do not have a dedicated funding source for it, we need to determine whether to move money from other services to fund it; how much to raise the ride fees, particularly for those who are able to afford to pay more (the Mayor just announced a fee increase on May 5); or reduce the scope of the program.

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## **Funding Our Pension Liabilities and Proposed Changes in Retirees' Benefits**

For many years, Newton did not properly fund its retirees' pension and OPEB (other post-employment benefits) obligations. Faced with a state requirement that the city's pension obligations be fully funded by 2040, the city's Retirement Board and the prior Administration in 2014 embarked on an ambitious plan to fully fund the pension obligations by 2030 by increasing the amount we pay each year for our unfunded pension obligations by 9% per year and then funding the OPEB obligations thereafter. This percentage increase was not an issue in the program's early years. However, as the amount of money going towards this obligation increases, a 9.6% increase every year in one area of the budget places significant strains on our ability to fund other municipal and school needs.

On May 3, the City Council met as a Committee of the Whole to discuss the appropriate level of annual funding and related issues. These are complex and technical matters, with authority for different actions divided among the Retirement Board, the Administration, and the City Council. Here are the important issues on the table:

- The Retirement Board needs to set the annual percentage increase for the city’s contribution to the pension fund, and it has indicated that it wants any lowering of the percentage from its current 9.6% to be tied to changes in cost-of-living increases for retirees.
- Currently, we provide cost of living increases for only the first \$12,000 of a retiree’s annual pension payment. The City Council needs to decide whether to maintain this level or increase it to a suggested amount of \$15,000 a year.
- The Administration has negotiated a new health insurance contract that it anticipates will save retirees money next year and therefore is planning on eliminating a long-standing practice of paying retirees for using Medicare, a decision that will result in a net decrease in benefits for retirees. We need to discuss whether this change is necessary and appropriate.

The City Council will continue its discussion of these issues in the next few weeks, and a fair resolution will require discussions among the Retirement Board, the Administration, and the City Council. These decisions could have important implications for our AAA bond rating (which has been at this highest rating for many years); the budget for this year and future years, and our ability to fund capital projects such as the Horace Mann improvements (a project that I strongly support).

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## **Compliance With the Mbta Communities Act Will Require Significant Changes to Our Zoning Code**

As I wrote in my last newsletter, the City Council is engaged in two overlapping endeavors – (a) writing a new zoning code for our “Village Centers” and the areas immediately around them and (b) meeting a year-end deadline to submit a plan to comply with the state’s “Housing Choice” or “MBTA Communities” law.

On April 24, the city’s Planning Department presented its version 2.0 of its proposed rezoning of our village centers coupled with its initial proposal as to how we should comply with the state’s “Housing Choice” or “MBTA Communities” law. The Zoning and Planning Committee will continue its discussion of these proposals on May 8.

**The Planning Department’s April 21 memorandum (including maps) and its May 5 memorandum, which contains draft language for the proposed Village Overlay District Zoning Ordinance, can be found by clicking the button below.**

**April 21 Memo**

**May 5 Memo**

The following are five areas of note to consider as you review these plans and the proposed language of the zoning code:

- Are these the right areas in which to create the density required to meet the new housing choice law?
- Should parking requirements be eliminated for any new development in these areas as is proposed in the plans?
- Are we providing sufficient city oversight of projects and, where oversight is needed, is the right governmental body providing it?
- Are we setting the right building height, setback, open space, and density rules for these areas?
- How will the city provide services to accommodate the potential addition of up to 10,000 housing units that might be created by the Housing Choice plan (and this number does not include developments that have been or might be approved elsewhere in the city, such as Northland and Riverside) in a city that currently has approximately 33,000 units of housing?

Please take the time to review the budget, the pension issues, and the zoning proposal and provide us with your feedback – it is very important

(Use [citycouncil@newtonma.gov](mailto:citycouncil@newtonma.gov) to communicate to the entire Council).

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Thank you and, as always, I welcome your thoughts, questions, comments, and criticisms!

Marc

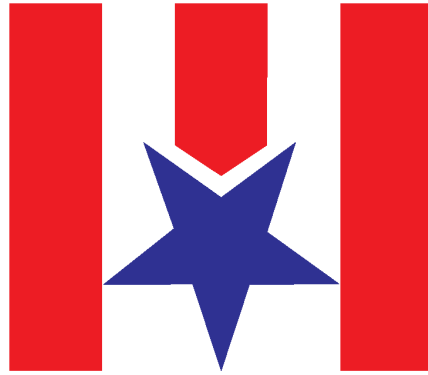
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