



City of Cambridge

AGENDA ITEM #14A

IN CITY COUNCIL

OCTOBER 2, 1995

ORDERED: That the City Manager be and hereby is authorized to use \$5,778,000 in unreserved fund balance as an offset to the fiscal year 1996 tax rate.

In City Council October 2, 1995.

Adopted by a ye and nay vote:-

Yeas 9; Nays 0; Absent 0.

Attest:- D. Margaret Drury, City Clerk.

A true copy; *D. Margaret Drury*

ATTEST:-

D. Margaret Drury
City Clerk

Agenda Item #14B
CITY COUNCIL
CITY OF CAMBRIDGE

October 2, 1995

INTRODUCED BY CITY MANAGER ROBERT W. HEALY

AN ORDER CONCERNING APPROPRIATIONS FOR THE FISCAL YEAR BEGINNING JULY 1, 1995

ORDERED: That in addition to sums previously appropriated by the City Council for the fiscal period 1995-96 the following sum is hereby accepted in accordance with General Laws Chapter 44, Section 53A and appropriated in the General Fund of the City of Cambridge:

| FUNCTION | DEPARTMENT OR PROGRAM | SALARY \$ WAGES | OTHER ORDINARY MAINTENANCE | TRAVEL & TRAINING | EXTRAORDINARY EXPENDITURES | APPROPRIATIONS |
|--------------------|-----------------------|-----------------|----------------------------|-------------------|----------------------------|----------------|
| General Government | Employee Benefits | \$3,215,000 | | | | \$3,215,000 |

BE IT FURTHER ORDERED: That the above acceptance and appropriation in the General Fund to be financed by estimated revenues drawn from the following sources:

| FINANCING PLAN | REVENUE |
|----------------|--------------------|
| Free Cash | \$1,270,000 |
| Parking Fund | 150,000 |
| Hospital Fund | 1,220,000 |
| Neville Fund | 290,000 |
| Water Fund | 285,000 |
| | <u>\$3,215,000</u> |

In City Council October 2, 1995.

Adopted by a yea and nay vote:-

Yeas 9; Nays 0; Absent 0.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

D. Margaret Drury

D. Margaret Drury, City Clerk



City of Cambridge

AGENDA ITEM #14C

IN CITY COUNCIL
OCTOBER 2, 1995

ORDERED: That the City Council classify property within the City of Cambridge into five property classes allowed for the purpose of allocating the property tax levy.

In City Council October 2, 1995.
Adopted by a ye and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

A handwritten signature in cursive script that reads "D. Margaret Drury".

ATTEST:-

D. Margaret Drury
City Clerk



City of Cambridge

AGENDA ITEM #14D

IN CITY COUNCIL
OCTOBER 2, 1995

ORDERED: That the City Council hereby adopt a minimum residential factor of 56.32750%, the legal minimum permitted for Cambridge.

In City Council October 2, 1995.
Adopted by a ye and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

D. Margaret Drury

ATTEST:-

D. Margaret Drury
City Clerk



City of Cambridge

AGENDA ITEM #14E

IN CITY COUNCIL
OCTOBER 2, 1995

ORDERED: That the City Council approve a twenty (20) percent residential exemption for owner occupied homes.

In City Council October 2, 1995.
Adopted by a ye and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

D. Margaret Drury

ATTEST:-

D. Margaret Drury
City Clerk



City of Cambridge

AGENDA ITEM #14F

IN CITY COUNCIL
OCTOBER 2, 1995

ORDERED: That the City Council in accordance with the General Laws, Section 4 of Chapter 73 of the Acts of 1986, hereby increase by 100% the normal value of statutory exemptions for fiscal year 1996.

In City Council October 2, 1995.
Adopted by a yeas and nays vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- D. Margaret Drury, City Clerk.

A true copy; *D. Margaret Drury*

ATTEST:-

D. Margaret Drury
City Clerk



City of Cambridge

AGENDA ITEM #14G

IN CITY COUNCIL

OCTOBER 2, 1995

ORDERED: That this City Council go on record approving to double the income limit for deferral of taxes by elderly homeowners.

In City Council October 2, 1995.

Adopted by a yea and nay vote:-

Yeas 9; Nays 0; Absent 0.

Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:-

A handwritten signature in cursive script that reads "D. Margaret Drury".

D. Margaret Drury
City Clerk

The Honorable, The City Council
October 2, 1995
Page 2

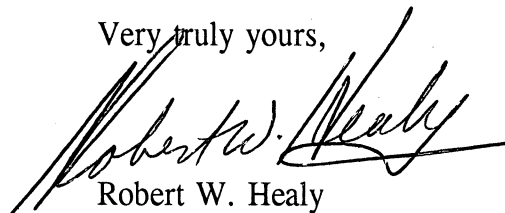
The report has three sections. The first section is an update of the city's five year projection of revenues and expenditures. It is an important update due to the fact that it contains certain assumptions about tax revenues after the elimination of rent control. The assumptions utilized in the projections are listed beginning on page six. These projections, which assume the continuation of the current level of services, can serve as an important benchmark for the City Council as it considers the reduction possibilities presented in section 2 and 3. Section 2 details an across the board 2% cut from all departments. Section 3 offers up a number of items for the City Council's consideration that are not across the board and do not impact upon all departments equally. This list is presented as an option for the Council because it identifies areas that are high cost or have future negative financial implications. In total, Section 2 and 3 provide the City Council with \$20,463,700 in service cuts for consideration.

The report has also been prepared assuming that any cuts that the City Council might choose to make would occur in FY 1997, not the current fiscal year. The City Council should also be aware that some of the reduction possibilities offered require union consent and/or ordinance changes.

After the City Council has reviewed the report, it would be helpful if the council took two actions. First, determine what an acceptable level of spending and tax support will be in the next five years, and second, identify areas where the Council will support cuts in services if they are necessary to meet the City Council's desired spending and tax levels.

I look forward to productive discussions on these issues.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Healy", written in a cursive style.

Robert W. Healy
City Manager

SECTION 1.

FINANCIAL PROJECTIONS

The following section presents five year expenditure and revenue projections for Cambridge. The specific assumptions used in these projections begin on page six. The projections, which assume a level number of city employees and programs over the next 5 years, indicate that the city should find itself in a position of comfort with regards to the tax levy limit imposed by Proposition 2 1/2. After essentially reaching the levy limit in FY 1994, with only \$195,000 in excess capacity, the city in FY 1996 has over \$6,000,000 in excess levy capacity. Assuming our projections hold true, the city can expect to retain well over \$6,000,000 of excess levy capacity throughout the balance of this decade. Also the tax levy, net of taxes paid by newly constructed property or increased taxes paid by property previously under rent control, should increase moderately over the next five years. As the City Council reviews these projections I ask that all members recognize that projections are estimates based upon assumptions developed at a particular point in time. Actions by government agencies, the voters or changes in the economy, all beyond our control, can alter projections significantly.

Expenditure Projections FY96 - FY00

| | FY 96 Budget | FY 97 Projection | FY 98 Projection | FY 99 Projection | FY 00 Projection |
|----------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| CITY PROGRAMS: | | | | | |
| City Operating Programs | \$79,401,975 | \$80,768,632 | \$83,608,915 | \$86,236,525 | \$88,620,502 |
| Contrib. Pensions | \$11,126,900 | \$11,349,438 | \$11,576,427 | \$12,734,069 | \$13,370,773 |
| Non-Contrib Pensions | \$1,753,335 | \$1,750,000 | \$1,750,000 | \$1,650,000 | \$1,600,000 |
| Health Insurance | \$8,260,645 | \$8,838,890 | \$9,457,612 | \$10,119,645 | \$10,828,021 |
| Retirees' Health Insurance | \$4,321,970 | \$4,624,508 | \$4,948,223 | \$5,294,599 | \$5,665,221 |
| City Debt Service | \$6,221,875 | \$7,552,286 | \$6,967,441 | \$7,652,904 | \$9,393,939 |
| Overlay | \$4,250,000 | \$4,250,001 | \$4,250,002 | \$4,250,003 | \$4,250,004 |
| Prior Year Overlay | \$840,406 | \$900,000 | \$700,000 | \$400,000 | \$200,000 |
| SUBTOTAL: | \$116,177,106 | \$120,033,755 | \$123,258,621 | \$128,337,745 | \$133,928,460 |
| CHERRY SHEET: | | | | | |
| Offset | \$865,630 | \$865,630 | \$865,630 | \$865,630 | \$865,630 |
| State Charges | \$7,537,666 | \$7,726,108 | \$7,919,260 | \$8,117,242 | \$8,320,173 |
| MWRA | \$14,070,025 | \$15,477,028 | \$17,024,730 | \$18,727,203 | \$20,599,924 |
| SUBTOTAL: | \$22,473,321 | \$24,068,765 | \$25,809,621 | \$27,710,075 | \$29,785,726 |
| SCHOOL DEPARTMENT: | | | | | |
| School Operating | \$70,651,162 | \$72,615,572 | \$75,203,740 | \$77,593,782 | \$79,756,976 |
| School Contrib. Pensions | \$2,643,882 | \$2,696,760 | \$2,750,695 | \$3,025,764 | \$3,177,053 |
| School Health | \$6,827,816 | \$7,305,763 | \$7,817,167 | \$8,364,368 | \$8,949,874 |
| School Debt | \$5,282,120 | \$5,202,604 | \$6,093,340 | \$6,860,655 | \$9,006,289 |
| SUBTOTAL: | \$85,404,980 | \$87,820,699 | \$91,864,941 | \$95,844,570 | \$100,890,191 |
| C.H.C.H.N.: | | | | | |
| Hospital Operating | \$69,800,350 | \$71,604,444 | \$73,877,193 | \$76,010,451 | \$77,983,103 |
| Hospital Contrib. Pensions | \$2,841,150 | \$2,897,973 | \$2,955,932 | \$3,251,526 | \$3,414,102 |
| Hospital Health | \$5,550,645 | \$5,939,190 | \$6,354,933 | \$6,799,779 | \$7,275,763 |
| Hospital Debt | \$1,904,300 | \$1,809,703 | \$1,939,078 | \$3,333,553 | \$3,815,110 |
| SUBTOTAL: | \$80,096,445 | \$82,251,310 | \$85,127,137 | \$89,395,309 | \$92,488,079 |
| NEVILLE MANOR: | | | | | |
| Neville Operating | \$9,528,855 | \$9,783,800 | \$10,112,073 | \$10,417,741 | \$10,697,460 |
| Neville Contrib. Pensions | \$514,650 | \$524,943 | \$535,442 | \$588,986 | \$618,435 |
| Neville Health | \$1,023,255 | \$1,094,883 | \$1,171,525 | \$1,253,531 | \$1,341,279 |
| Neville Debt | \$201,600 | \$194,700 | \$187,500 | \$180,300 | \$172,950 |
| SUBTOTAL: | \$11,268,360 | \$11,598,326 | \$12,006,540 | \$12,440,558 | \$12,830,124 |
| WATER DEPARTMENT: | | | | | |
| Water Operating | \$4,321,405 | \$4,434,083 | \$4,576,839 | \$4,710,555 | \$4,833,869 |
| Water Contrib. Pensions | \$520,510 | \$530,920 | \$541,539 | \$595,692 | \$625,477 |
| Water Health | \$513,970 | \$549,948 | \$588,444 | \$629,635 | \$673,710 |
| Water Debt | \$3,074,940 | \$2,964,341 | \$3,571,816 | \$4,539,390 | \$5,085,966 |
| SUBTOTAL: | \$8,430,825 | \$8,479,292 | \$9,278,638 | \$10,475,272 | \$11,219,022 |
| CAPITAL: | | | | | |
| Capital | \$3,867,000 | \$3,867,000 | \$3,867,000 | \$3,867,000 | \$3,867,000 |
| GRAND TOTAL: | \$327,718,037 | \$338,119,147 | \$351,212,498 | \$368,070,529 | \$385,008,602 |
| FY96 Projection Total | \$327,718,037 | | | | |
| Overlay | \$4,250,000 | | | | |
| Prior Year Overlay | \$840,406 | | | | |
| Offset | \$865,630 | | | | |
| River Festival | \$20,000 | | | | |
| Capital | \$3,867,000 | | | | |
| Subtotal | \$317,875,001 | | | | |
| Adjusted State Charges | \$7,537,666 | | | | |
| Budget State Charges | \$7,463,000 | | | | |
| FY96 Budget | \$317,800,335 | | | | |

Revenue Projections FY96 - FY00

| | <u>FY 96 Budget</u> | <u>FY 97 Projection</u> | <u>FY 98 Projection</u> | <u>FY 99 Projection</u> | <u>FY 00 Projection</u> |
|------------------------------|-------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| CITY PROGRAMS: | | | | | |
| Real/Personal Taxes | \$131,958,104 | \$138,570,429 | \$144,488,268 | \$151,149,763 | \$160,839,514 |
| Motor Vehicle Excise | \$2,905,000 | \$2,950,000 | \$2,950,000 | \$2,950,000 | \$2,950,000 |
| Hotel/Motel | \$2,686,000 | \$2,700,000 | \$2,750,000 | \$2,800,000 | \$2,850,000 |
| Interest on Taxes | \$525,000 | \$525,000 | \$550,000 | \$575,000 | \$600,000 |
| Sewer Charges | \$16,399,145 | \$18,665,286 | \$20,434,965 | \$22,266,489 | \$24,643,213 |
| Water Receipts | \$365,050 | \$365,000 | \$370,000 | \$370,000 | \$370,000 |
| Fees | \$220,175 | \$220,175 | \$220,175 | \$220,175 | \$220,175 |
| Rentals | \$20,050 | \$20,050 | \$20,050 | \$20,050 | \$20,050 |
| School Revenue | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 |
| Recreation Revenue | \$714,430 | \$715,000 | \$715,000 | \$715,000 | \$715,000 |
| Other Departmental | \$2,000,975 | \$2,000,000 | \$2,000,000 | \$2,000,000 | \$2,000,000 |
| Licence/Permits | \$3,437,975 | \$3,450,000 | \$3,450,000 | \$3,450,000 | \$3,450,000 |
| Fines & Forfeits | \$415,500 | \$415,500 | \$415,500 | \$415,500 | \$415,500 |
| Investment Income | \$1,100,000 | \$1,100,000 | \$1,100,000 | \$1,200,000 | \$1,200,000 |
| Parking Fund | \$11,293,830 | \$11,300,000 | \$11,300,000 | \$11,300,000 | \$11,300,000 |
| State Aid | \$35,364,493 | \$35,506,259 | \$36,832,225 | \$39,302,274 | \$39,946,801 |
| Free Cash | \$2,688,000 | \$2,687,000 | \$2,487,000 | \$2,187,000 | \$1,987,000 |
| In-Lieu-of Taxes | \$2,100,000 | \$2,100,000 | \$2,100,000 | \$2,100,000 | \$2,100,000 |
| Solid Waste Fees | \$50,000 | \$50,000 | \$50,000 | \$50,000 | \$50,000 |
| Health Trust | \$2,800,000 | \$2,912,000 | \$3,028,480 | \$3,149,619 | \$3,275,604 |
| Corporate Excise | \$1,098,000 | \$1,200,000 | \$1,200,000 | \$1,200,000 | \$1,200,000 |
| Other Available | \$2,831,520 | \$2,831,520 | \$2,831,520 | \$2,831,520 | \$2,831,520 |
| Hospital Admin. Charge | \$1,245,000 | \$1,245,000 | \$1,245,000 | \$1,245,000 | \$1,245,000 |
| Library | \$82,000 | \$82,000 | \$82,000 | \$82,000 | \$82,000 |
| Cemetery | \$263,000 | \$263,000 | \$263,000 | \$263,000 | \$263,000 |
| School Stabilization | \$1,442,160 | \$0 | \$0 | \$0 | \$0 |
| SUBTOTAL: | \$224,055,407 | \$231,923,219 | \$240,933,183 | \$251,892,390 | \$264,604,377 |
| C.H.C.H.N.: | | | | | |
| Health Claims Trust | \$564,815 | \$587,408 | \$610,904 | \$635,340 | \$660,754 |
| Stare Grants/Receipts | \$69,562,270 | \$71,694,542 | \$74,546,873 | \$78,790,609 | \$81,857,965 |
| Taxes | \$9,969,360 | \$9,969,360 | \$9,969,360 | \$9,969,360 | \$9,969,360 |
| SUBTOTAL: | \$80,096,445 | \$82,251,310 | \$85,127,137 | \$89,395,309 | \$92,488,079 |
| NEVILLE MANOR: | | | | | |
| Health Claims Trust | \$106,000 | \$110,240 | \$114,650 | \$119,236 | \$124,005 |
| Receipts | \$10,328,360 | \$10,654,086 | \$11,057,890 | \$11,487,322 | \$11,872,119 |
| Taxes | \$834,000 | \$834,000 | \$834,000 | \$834,000 | \$834,000 |
| SUBTOTAL: | \$11,268,360 | \$11,598,326 | \$12,006,540 | \$12,440,558 | \$12,830,124 |
| WATER DEPARTMENT: | | | | | |
| Receipts | \$8,430,825 | \$8,479,292 | \$9,278,638 | \$10,475,272 | \$11,219,022 |
| SUBTOTAL: | \$8,430,825 | \$8,479,292 | \$9,278,638 | \$10,475,272 | \$11,219,022 |
| CAPITAL: | | | | | |
| Taxes | \$1,680,000 | \$2,980,000 | \$2,980,000 | \$2,980,000 | \$2,980,000 |
| Free Cash | \$1,820,000 | \$520,000 | \$520,000 | \$520,000 | \$520,000 |
| State Aid | \$367,000 | \$367,000 | \$367,000 | \$367,000 | \$367,000 |
| SUBTOTAL: | \$3,867,000 | \$3,867,000 | \$3,867,000 | \$3,867,000 | \$3,867,000 |
| GRAND TOTAL: | \$327,718,037 | \$338,119,147 | \$351,212,498 | \$368,070,529 | \$385,008,602 |
| TOTAL TAXES: | \$144,441,464 | \$152,353,789 | \$158,271,628 | \$164,933,123 | \$174,622,874 |
| PROJECTED LEVY LIMIT | \$150,638,359 | \$160,387,243 | \$170,551,977 | \$176,360,870 | \$182,358,739 |
| EXCESS CAPACITY/(GAP) | \$6,196,895 | \$8,033,454 | \$12,280,349 | \$11,427,747 | \$7,735,865 |

FY 1996-2000 Financial Projection Assumptions

Expenditures:

1. Salaries & Wages:

| Year | Date | Increase |
|------|--------|----------|
| FY96 | 7/1/95 | 0% |
| FY97 | 7/1/96 | 3% |
| FY98 | 7/1/97 | 4% |
| FY99 | 7/1/98 | 3.5% |
| FY00 | 7/1/99 | 3.0% |

2. Other ordinary expenses increase by 2% annually
3. Travel & training expenses increase by 2% annually
4. Extraordinary expenses increase by 2% annually
5. Debt costs reflect issued debt and debt issuance schedule listed on page nine.
6. Health insurance costs increase by 7% annually
7. Contributory pensions increase by 2% annually in FY 1997 & FY 1998, 10% in FY 1999, and 5% in FY 2000
8. State charges increase by 2 1/2% annually
9. MWRA charges increase by 10% annually

Revenues

1. Sewer revenues increase annually by amount needed to fully cover sewer costs - see page seven
2. Water revenues increase annually by amount needed to fully fund expenditures - see page seven
3. Hospital tax support remains stable
4. Neville Manor tax support remains stable
5. Health trust transfers increase by 4% annually
6. State aid increases by 2% annually with adjustments for school building construction and \$1,000,000 reduction for Charter School. See table on page seven
7. All other now-tax revenues show modest increases
8. Tax Levy limit grows according to table on page eight

Annual Operating Sewer Revenue Projections

| | FY96 Budget | FY97 Projected | FY98 Projected | FY99 Projected | FY00 Projected |
|--------------|----------------|-------------------|-------------------|-------------------|-------------------|
| Operating 3% | \$1,238,950 | \$1,276,000 | \$1,314,000 | \$1,354,000 | \$1,395,000 |
| MWRA 10% | 14,070,025 | 15,477,028 | 17,024,730 | 18,727,203 | 20,599,924 |
| Debt | 1,090,170 | 1,912,258 | 2,096,235 | 2,185,286 | 2,648,289 |
| | ----- | ----- | ----- | ----- | ----- |
| | \$16,399,145 | \$18,665,286 | \$20,434,965 | \$22,266,489 | \$24,643,213 |

Water Revenue Projections

| | FY96 Budget | FY97 Projected | FY98 Projected | FY99 Projected | FY00 Projected |
|--------------------|----------------|-------------------|-------------------|-------------------|-------------------|
| Operating | \$5,355,885 | \$5,514,951 | \$5,706,822 | \$5,935,882 | \$6,133,056 |
| Debt | 3,074,940 | 2,964,341 | 3,571,816 | 4,539,390 | 5,085,966 |
| Gen. Fund Transfer | 365,050 | 365,050 | 365,050 | 365,050 | 365,050 |
| | ----- | ----- | ----- | ----- | ----- |
| | \$8,795,875 | \$8,844,342 | \$9,643,688 | \$10,840,322 | \$11,584,072 |

Water General Fund Transfer

| | FY96 | FY97 | FY98 | FY99 | FY00 |
|--------------|-----------|-----------|-----------|-----------|-----------|
| Conservation | \$3,050 | \$3,050 | \$3,050 | \$3,050 | \$3,050 |
| Finance | 185,000 | 185,000 | 185,000 | 185,000 | 185,000 |
| D.P.W. | 147,000 | 147,000 | 147,000 | 147,000 | 147,000 |
| Executive | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| | ----- | ----- | ----- | ----- | ----- |
| | \$365,050 | \$365,050 | \$365,050 | \$365,050 | \$365,050 |

State Aid Revenue Analysis

| | FY96 | FY97 | FY98 | FY99 | FY00 |
|----------------------|--------------|--------------|--------------|--------------|--------------|
| SBAB | \$2,558,516 | \$2,942,314 | \$3,589,662 | \$5,367,520 | \$5,306,011 |
| Other | 33,265,632 | 33,930,945 | 34,609,563 | 35,301,754 | 36,007,790 |
| | ----- | ----- | ----- | ----- | ----- |
| Sub Total | 35,824,148 | 36,873,259 | 38,199,225 | 40,669,274 | 41,313,801 |
| Minus Charter School | | (1,000,000) | (1,000,000) | (1,000,000) | (1,000,000) |
| Grand Total | \$35,824,148 | \$35,873,259 | \$37,199,225 | \$39,669,274 | \$40,313,801 |

State Aid Distribution

| | FY96 | FY97 | FY98 | FY99 | FY00 |
|---------|--------------|--------------|--------------|--------------|--------------|
| General | \$35,364,493 | \$36,506,259 | \$37,832,225 | \$40,302,274 | \$40,946,801 |
| Capital | 367,000 | 367,000 | 367,000 | 367,000 | 367,000 |
| | ----- | ----- | ----- | ----- | ----- |
| Total | \$35,731,493 | \$36,873,259 | \$38,199,225 | \$40,669,274 | \$41,313,801 |

| | 1995(ACTUAL) | 1996(ACTUAL) | FY 1997 | FY 1998 | FY 1999 | FY 2000 |
|---|---------------|------------------------|----------------------|----------------------|----------------------|----------------------|
| LEVY: | 144,445,749 | 144,441,464 | 152,353,789 | 158,271,628 | 164,933,123 | 174,622,874 |
| LEVY LIMIT: | 144,899,036 | 150,638,359 | 160,387,243 | 170,551,977 | 176,360,870 | 182,358,739 |
| EXCESS CAPACITY: | 453,287 | 6,196,895 | 8,033,454 | 12,280,349 | 11,427,747 | 7,735,865 |
| Res Value Existing Prop: | 4,043,247,860 | 4,277,571,188 (6%) | 4,430,237,502 (3%) | 4,578,594,627 (3%) | 4,731,402,466 (3%) | 4,893,944,540 (3%) |
| New Residential Growth: | | 23,630,270 | 15,000,000 | 15,000,000 | 20,000,000 | 20,000,000 |
| New Rent Control Growth: | | 0 | 164,469,155 | 164,469,155 | 0 | 0 |
| Com Value Existing Prop: | 2,490,198,382 | 2,448,047,278 (-1.7%) | 2,531,403,920 (2%) | 2,607,531,998 (2%) | 2,685,182,638 (2%) | 2,759,286,291 (2%) |
| New Commercial Growth: | | 33,721,271 | 25,000,000 | 25,000,000 | 20,000,000 | 20,000,000 |
| Existing Personal Property: | | 209,600,000 | 227,000,000 (-5%) | 242,000,000 (-5%) | 257,000,000 (-5%) | 272,000,000 (-5%) |
| New Personal Property: | 221,500,000 | 17,400,000 | 15,000,000 | 15,000,000 | 15,000,000 | 15,000,000 |
| TOTAL VALUE | 6,754,946,242 | 7,009,970,007 | 7,408,110,576 | 7,647,595,780 | 7,728,585,104 | 7,980,230,831 |
| Res value %: | 0.59856 | 0.61358 | 0.59803 | 0.59870 | 0.61220 | 0.61326 |
| Comm value %: | 0.40144 | 0.38642 | 0.34373 | 0.34292 | 0.34938 | 0.34764 |
| Equalized Tax Rate: | 21.38 | 20.61 | 20.57 | 20.70 | 21.34 | 21.88 |
| Historic Lowest Res Levy % | 0.345615 | 0.345615 | 0.345615 | 0.345615 | 0.345615 | 0.345615 |
| LEVY CALCULATION UP TO 1.75 IMIT FOR COMMERCIAL PROPERTIES | | | | | | |
| Res Levy at .34562 | 49,922,618 | 49,921,137 | 52,655,755 | 54,701,049 | 57,003,361 | 60,352,285 |
| Commercial Levy, no shift | 94,523,131 | 94,520,327 | 99,698,034 | 103,570,579 | 107,929,762 | 114,270,589 |
| Commercial Factor | 1.63010 | 1.69347 | 1.90377 | 1.90826 | 1.87301 | 1.88234 |
| Minimum Residential Factor | 0.5774098 | 0.56327 | 0.57793 | 0.57728 | 0.56455 | 0.56357 |
| LEVY CALCULATION WHEN Com mercial Factor IS GREATER THAN 1.75 | | | | | | |
| Commercial Levy % | 0.70252 | 0.67623 | 0.60153 | 0.60011 | 0.61141 | 0.60838 |
| Commercial Levy | 101,475,757 | 97,675,506 | 91,645,500 | 94,981,055 | 100,841,449 | 106,236,805 |
| Residential Levy | 42,969,992 | 46,765,958 | 60,708,289 | 63,290,573 | 64,091,674 | 68,386,069 |
| Residential Levy % | 0.29748 | 0.32377 | 0.39847 | 0.39989 | 0.38859 | 0.39162 |
| Minimum Residential Factor: | 0.49700 | 0.52767 | 0.66631 | 0.66793 | 0.63475 | 0.63859 |
| TAX RATE CALCULATIONS | | | | | | |
| Residential Levy | 49,922,618 | 49,921,137 | 60,708,289 | 63,290,573 | 64,091,674 | 68,386,069 |
| Commercial Levy | 94,523,131 | 94,520,327 | 91,645,500 | 94,981,055 | 100,841,449 | 106,236,805 |
| # Res Exemptions | 11,200 | 11,232 | 11,432 | 11,932 | 12,432 | 12,500 |
| Res Tax Rate | 14.17 | 13.34 | 13.71 | 13.87 | 14.09 | 14.43 |
| Commercial Tax Rate | 34.86 | 34.89 | 35.99 | 36.22 | 37.35 | 38.29 |
| Residential Levy Increase: | | -0.00% | 21.61% | 4.25% | 1.27% | 6.70% |
| Commercial Levy Increase: | | -0.00% | -3.04% | 3.64% | 6.17% | 5.35% |
| Res Typical Tax Increase | | 0.11% | 10.17% | 4.45% | 1.39% | 5.96% |
| Com Typical Tax Increase | | -0.00% | 6.55% | 3.91% | 6.24% | 5.61% |

∞

Bond Issues Planned FY96-99

All new issues have 10 year terms with the exception of Water and Hospital issues in 1997 and 1998.

An estimated rate of 5% is used in all issues.

| Date of Issue | Project | Amount |
|------------------|---|------------|
| Fall, 1995 Issue | 806 Mass. Ave Renovations | 230,000 |
| | Emergency Communications | 3,300,000 |
| | East Cambridge Youth Center | 3,562,000 |
| | Area IV Youth Center | 200,000 |
| | One Per Cent For The Arts/Area IV | 38,000 |
| | School Renovations | 1,700,000 |
| | Agassiz School | 640,000 |
| | Building Renovations | 500,000 |
| | Sewer (Remainder of Phase VI) | 1,358,456 |
| | Total Fall, 1995 Issue | 11,528,456 |
| Fall, 1996 Issue | Water Main Replacements | 2,000,000 |
| | Future Water Treatment Design | 3,600,000 |
| | Central Square Enhancements | 2,000,000 |
| | Morse School Renovations | 9,830,000 |
| | City Hall Renovations | 500,000 |
| | Total Fall, 1996 Issue | 17,930,000 |
| Fall, 1997 Issue | Future Water Treatment Construction | 10,000,000 |
| | Ambulatory Care Center Construction | 15,000,000 |
| | Central Square Enhancements | 1,550,000 |
| | Building Renovations | 3,000,000 |
| | Fitzgerald School Renovations | 14,432,000 |
| | Total Fall, 1997 Issue | 43,982,000 |
| Fall, 1998 Issue | Future Water Treatment Construction | 15,000,000 |
| | Ambulatory Care Center Construction | 15,000,000 |
| | Sewer (Ineligible Portion of Contracts 2 & 3) | 4,770,000 |
| | New Elementary School | 17,000,000 |
| | Open Space Improvements | 5,000,000 |
| | Library Construction | 15,000,000 |
| | Total Fall, 1998 Issue | 71,770,000 |

Operating Break Down

| | <u>FY 96</u> <u>Budget</u> | <u>FY 97</u> <u>Projection</u> | <u>FY 98</u> <u>Projection</u> | <u>FY 99</u> <u>Projection</u> | <u>FY 00</u> <u>Projection</u> |
|--------------------------------|-------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| City Programs: | | | | | |
| Salary and Wages | \$60,261,710 | \$61,245,561 | \$63,695,384 | \$65,924,722 | \$67,902,464 |
| Other Ordinary Maintenance | \$17,541,890 | \$17,892,728 | \$18,250,582 | \$18,615,594 | \$18,987,906 |
| Travel and Training | \$920,430 | \$938,839 | \$957,615 | \$976,768 | \$996,303 |
| Extra Ordinary Expenditures | \$677,945 | \$691,504 | \$705,334 | \$719,441 | \$733,829 |
| SUBTOTAL: | \$79,401,975 | \$80,768,632 | \$83,608,915 | \$86,236,525 | \$88,620,502 |
| School Programs: | | | | | |
| Salary and Wages | \$55,138,657 | \$56,792,817 | \$59,064,529 | \$61,131,788 | \$62,965,742 |
| Other Ordinary Maintenance | \$14,859,280 | \$15,156,466 | \$15,459,595 | \$15,768,787 | \$16,084,163 |
| Travel and Training | \$393,995 | \$401,875 | \$409,912 | \$418,111 | \$426,473 |
| Extra Ordinary Expenditures | \$259,230 | \$264,415 | \$269,703 | \$275,097 | \$280,599 |
| SUBTOTAL: | \$70,651,162 | \$72,615,572 | \$75,203,740 | \$77,593,782 | \$79,756,976 |
| C.H.C.H.N. Programs: | | | | | |
| Salary and Wages | \$40,808,725 | \$42,032,987 | \$43,714,306 | \$45,244,307 | \$46,601,636 |
| Other Ordinary Maintenance | \$28,665,875 | \$29,239,193 | \$29,823,976 | \$30,420,456 | \$31,028,865 |
| Travel and Training | \$325,750 | \$332,265 | \$338,910 | \$345,689 | \$352,602 |
| Extra Ordinary Expenditures | \$0 | \$0 | \$0 | \$0 | \$0 |
| SUBTOTAL: | \$69,800,350 | \$71,604,444 | \$73,877,193 | \$76,010,451 | \$77,983,103 |
| Neville Manor Programs: | | | | | |
| Salary and Wages | \$6,436,775 | \$6,629,878 | \$6,895,073 | \$7,136,401 | \$7,350,493 |
| Other Ordinary Maintenance | \$2,978,530 | \$3,038,101 | \$3,098,863 | \$3,160,840 | \$3,224,057 |
| Travel and Training | \$113,550 | \$115,821 | \$118,137 | \$120,500 | \$122,910 |
| Extra Ordinary Expenditures | \$0 | \$0 | \$0 | \$0 | \$0 |
| SUBTOTAL: | \$9,528,855 | \$9,783,800 | \$10,112,073 | \$10,417,741 | \$10,697,460 |
| Water Programs: | | | | | |
| Salary and Wages | \$2,624,990 | \$2,703,740 | \$2,811,889 | \$2,910,305 | \$2,997,615 |
| Other Ordinary Maintenance | \$1,639,965 | \$1,672,764 | \$1,706,220 | \$1,740,344 | \$1,775,151 |
| Travel and Training | \$21,450 | \$21,879 | \$22,317 | \$22,763 | \$23,218 |
| Extra Ordinary Expenditures | \$35,000 | \$35,700 | \$36,414 | \$37,142 | \$37,885 |
| SUBTOTAL: | \$4,321,405 | \$4,434,083 | \$4,576,839 | \$4,710,555 | \$4,833,869 |

SECTION 2:

2% REDUCTION BY DEPARTMENT

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|--|--------------------|-----------------|
| EXECUTIVE | \$1,666,910 | \$33,338 |
| Reductions: 1. Salary and Wages | | 29,338 |
| Reduction of staff hours in Leadership, Environmental Program, Workforce Development and/or Positive Edge. | | |
| 2. Tourism reduction | | 4,000 |
| Reduction in marketing and advertising opportunities. | | |
| sub-total | | 33,338 |

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|-----------------------------------|--------------------|---------------|
| MAYOR | 742,180 | 14,844 |
| Reduction: 1. Summer Jobs Program | | 14,844 |

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|---|--------------------|---------------|
| CITY COUNCIL | 563,850 | 11,277 |
| Reduction: 1. Staff hours or non-personnel operating cost reduction | | 11,277 |

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|--------------------------------|--------------------|--------------|
| CITY CLERK | 489,060 | 9,781 |
| Reduction: 1. Salary and Wages | | 9,781 |

This staff reduction would negatively impact the ability to accomplish the following: (1) backlog reduction and (2) printing the Municipal Code in-house, a new project scheduled to be undertaken in this fiscal year.

| Department | FY96 Budget | 2% |
|---------------|---------------------------|---------------|
| LAW | 1,542,915 | 30,858 |
| Reduction: 1. | Hiring of Outside Counsel | 30,858 |

| Department | FY96 Budget | 2% |
|----------------|--|---------------|
| FINANCE | 4,890,570 | 97,811 |
| Reductions: 1. | Move all weekly payrolls to bi-weekly. | 39,000 |

By cutting the number of payrolls in half, elimination of one of the two full-time payroll clerk positions is possible. Achievement of this is subject to collective bargaining. However with only one clerk, any absence would leave Payroll essentially unstaffed except for the Manager. This action would also have to be approved by all employee unions.

2. Eliminate one Revenue Clerk position 32,000

This would require the processing of a larger portion of our bills through the lock box. To this effect, the City may have to stop accepting payments through the window except during tax time.

3. Eliminate production of "Tax Facts." 1,000

Elimination of this booklet would likely result in an increased number of inquiries to Revenue and Assessing.

4. Elimination of Purchasing part-time clerical aide. 7,766

The clerical aide performs vital filing and records management functions that would be reassigned to the data entry operators.

5. Salaries and Wages/GIS Project 18,045

Decrease staff for implementation of the Geographic Information System (GIS) that was purchased this year. This cut would hinder the City's ability to meet time schedules set in the City's data conversion contract.

sub-total 97,811

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|-------------------|--------------------|-----------|
|-------------------|--------------------|-----------|

| | | |
|-----------------|----------------|--------------|
| AUDITING | 328,645 | 6,573 |
|-----------------|----------------|--------------|

| | | |
|-------------|--------------------------|-------|
| Reductions: | 1. Staff hours reduction | 6,573 |
|-------------|--------------------------|-------|

One full-time equivalent workday would be eliminated (7.5 hours per week). While all work would continue to be accomplished, the timeliness of some functions would suffer, i.e., the processing of purchase orders and various accounting transactions.

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|-------------------|--------------------|-----------|
|-------------------|--------------------|-----------|

| | | |
|--------------------------|------------------|----------------|
| EMPLOYEE BENEFITS | 7,736,765 | 154,735 |
|--------------------------|------------------|----------------|

Reductions: SEE SECTION #3.

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|-------------------|--------------------|-----------|
|-------------------|--------------------|-----------|

| | | |
|-------------------------|----------------|---------------|
| GENERAL SERVICES | 677,120 | 13,542 |
|-------------------------|----------------|---------------|

Reductions

| | | |
|-------------------|-----------------------|-------|
| Mailing/Printing: | 1. Salaries and Wages | 8,684 |
|-------------------|-----------------------|-------|

Reduction in staff hours; this would ultimately have an impact on work schedule.

| | | |
|-------------|--|-------|
| Telephones: | 2. Reduction of phone lines/voice mail | 4,858 |
|-------------|--|-------|

| | | |
|--|-----------|--------|
| | sub-total | 13,542 |
|--|-----------|--------|

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|-------------------|--------------------|-----------|
|-------------------|--------------------|-----------|

| | | |
|-----------------|----------------|---------------|
| ELECTION | 539,910 | 8,305* |
|-----------------|----------------|---------------|

| | | |
|-------------|-----------------------|-------|
| Reductions: | 1. Voter Registration | 7,500 |
|-------------|-----------------------|-------|

This would eliminate funding for a one-time mailing to the approximately 18,000 eligible residents of the City who are not registered to vote. Budgeted for the first

time, these funds would help the Commission implement the goals of the Motor Voter Law more fully.

2. Elimination of temporary staff 805

This allocation for temporary staff may be needed to certify signatures on nomination papers and initiative petitions for the 1996 presidential primary, and the state general election in November, 1996.

Sub-total 8,305

* excluding Municipal election

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|----------------------------|--------------------|--------------|
| PUBLIC CELEBRATIONS | 298,685 | 5,974 |

Reductions: 1. River Festival 20,000

Elimination of the City's funding for the River Festival.

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|-------------------|--------------------|------------|
| RESERVE | 37,500 | 750 |

Reduction: 1. Contingency 750

A decrease in this fund will result in less money being available for contingency.

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|--------------------------|--------------------|--------------|
| ANIMAL COMMISSION | 159,615 | 3,192 |

Reductions: 1. Dog License Registration 900

Elimination of renewal applications being mailed to all licensed dog owners each year.

2. Rabies Vaccination Clinic 225

This reflects a reduction in advertisement costs for the four vaccination clinics held during a year.

3. Salaries and Wages 2,067

One Animal Control Officer's time would be reduced from 40 hours/wk to 37.5 hours/wk. This reduction would decrease the Officer's patrol time in parks and playgrounds by seven (7) percent.

sub-total 3,192

| Department | FY96 Budget | 2% |
|---|-------------------|----------------|
| FIRE DEPT. | 20,857,230 | 417,145 |
| Reductions: 1. Close Engine 8 at 113 Garden St. (Taylor Square) | | 442,713 |

In order to achieve this reduction, eight (8) newly hired firefighters would be discharged, one(1) Fire Captain would be reduced in grade to Fire Lieutenant, and four (4) Fire Lieutenants would be reduced in grade to Firefighters.

Engine 8 averages 1,200 runs/year. These runs would need to be covered principally by Engine 1,4 and 9. Response time to incidents within Engine 8's district would increase, depending on time of day, weather, traffic conditions, and number of simultaneous calls.

| Department | FY96 Budget | 2% |
|--|-------------------|----------------|
| POLICE DEPT. | 22,701,440 | 454,029 |
| Reductions: 1. Elimination of nine (9) Police Officers | | 454,029 |

Based on the current collective bargaining agreement and other considerations, a police officer vacancy is budgeted at \$50,282. The loss of nine police officers translates into the reduction of one officer per uniformed patrol group. Based on the work schedule, this equals the loss of two officers working per shift or the loss of six officers working per day. A reduction of six officers per day would make the staffing of neighborhood walking beats on a regular basis for an entire shift difficult if not impossible, and would result in continuing overtime expenditures.

| Department | FY96 Budget | 2% |
|--|------------------|----------------|
| TRAFFIC & PARKING | 5,981,380 | 119,628 |
| Reductions: 1. Transfer of Camelia Ave./Hospital Parking lots. | | 55,680 |

Operation would be turned over to the Cambridge Hospital.

2. Elimination of funds for consultant to be used for traffic studies. 20,000

3. Eliminate in-house pavement markings. 30,000

Eliminate three (3) summer temporary employees and the cost of purchasing paint, and increase the pavement markings contract. Staff and paint savings - \$65,000; increased contracts - \$35,000.

4. Resident parking sticker/visitor permits 15,000

Reduction of the off-site issuance of resident parking stickers and visitor permits by 50%. These sites are staffed by seasonal employees and Department staff, using both regular time and overtime.

sub-total 120,680

| Department | FY96 Budget | 2% |
|--|---------------|--------------|
| POLICE REVIEW BOARD | 57,540 | 1,151 |
| Reduction: General Operations (transcription services, copying, printing) | | 1,151 |

| Department | FY96 Budget | 2% |
|-----------------------------------|------------------|---------------|
| INSPECTION SERVICES | 1,531,760 | 30,635 |
| Reductions: 1. Salaries and Wages | | 30,635 |

This reduction in staff hours would result in a reduction of customer service. The potential result could be increased frustration for users in dealing with the numerous, and often complex, regulations and programs the department manages.

| Department | FY96 Budget | 2% |
|--|----------------|---------------|
| LICENSE COMMISSION | 521,540 | 10,431 |
| Reductions: 1. Equipment Operations/Services | | 1,820 |

The allocation primarily covers the cost of the annual calibration of the Sound Level equipment. A more effective method of calibration will be developed.

2. General Operations - Consumer Advisory Council 1,000

The entire general operations account of the Consumer Council would be eliminated, forcing this division to contain its general operations spending to the grant funds received for this purpose.

3. Elimination of part-time Clerk trainee 3,565

This would cut a high school student who works 673 hours per year @ \$5.29 per hour.

5. Reduction of hours for the Clerk/Clerical Aide 4,046

Elimination of 7 weekly hours from this position, which is funded from the Licensing Division budget. This person would continue to work 19 hours per week for the Consumer Division which is funded by Consumer grants, and 4 hours per week for the License Commission.

sub-total 10,431

| Department | FY96 Budget | 2% |
|---|---------------|--------------|
| WEIGHTS & MEASURES | 70,110 | 1,402 |
| Reductions: | | |
| 1. Travel and Training | | 295 |
| 2. Reduce part-time position 70 hours/year | | 1,107 |
| sub-total | | 1,402 |

| Department | FY96 Budget | 2% |
|-------------------------|------------------|---------------|
| ELECTRICAL DEPT. | 2,174,720 | 43,494 |
| Reductions: | | |
| 1. Street lighting | | 43,494 |

The street light conversion program (consisting of the conversion of mercury vapor lighting to sodium vapor lighting which allows us to increase the amount of lighting for all streets while reducing costs) has saved the City \$64,000 in FY95. Rather than cut these funds, however, this money has been used to improve, replace or install new lighting in parks as necessary or in locations identified by neighborhood groups and the City Council. This reduction would essentially eliminate the Department's ability to respond to these circumstances.

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|------------------------|----------------------------------|--------------|
| EMERGENCY MGMT. | 87,070 | 1,741 |
| Reductions: 1. | Elimination of clerical position | 8,244 |

This department, currently located at the Cambridge Hospital, will move into the Department of Public Works. The Clerk/Typist position, budgeted at 19 hours per week, will be eliminated, and the department will receive clerical support services from the existing staff at the DPW.

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|--------------------------|---|---------------|
| EMERGENCY COMMUN. | 918,325 | 18,367 |
| Reductions: 1. | Reduction of overtime. 19 hours/wk. to 15 hours. | 18,367 |

In a merged Police/Fire Dispatch environment, sufficient staff should be available to routinely staff the combined center at more than the minimum level so that the vacancy in the fire alarm position staffing can mostly be covered by the remaining personnel already on that shift. It is the policy of Emergency Communications to create and maintain a staffing schedule that builds in a factor for personnel absences without creating overtime fill-behind.

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|---------------------|--|----------------|
| PUBLIC WORKS | 15,672,885 | 313,458 |
| Reductions: 1. | Reduction in Sanitation- related expenses. | 82,498 |

Reduce daily deployment of current nine (9) trucks to eight (8) trucks. This would result in the following savings: vehicle maintenance cost reduction (1,482); and two open labor positions cut from budget with re deployment of two laborers from Sanitation (\$81,016).

2. Reduction in Tipping Fee Expense 36,712

Due to the continued decline in rubbish tonnage collected and the concurrent reduction in tipping fees, this reduction can be achieved. DPW budgeted for 27,000 tons of rubbish disposal; actual tonnage will be closer to 26,000 tons based on beginning FY96 trends and recent historical data.

3. Decrease in Recycling Collection Costs. 149,560

This is based on curbside recycling going to every other week pick-up.

4. Eliminate overtime in the 3-11 PM shift \$10,640

Elimination of the overtime costs to backfill the 3-11PM Off-hours shift due to vacations and sick time. The plan is not to backfill for vacations or sick time when one employee is absent. At least two people would be on duty at all times to ensure rapid response.

5. Eliminate the 11 PM - 7 AM off-hours shift 46,390

Eliminate the 11:00 PM to 7:00 AM Off-hours shift with re-deployment of existing personnel and the removal of one Working Fore person position from the budget. Any incoming emergency calls would be forwarded to Fire Alarm who have a list of all DPW on-call personnel.

6. Reduction of operating budgets in each division 48,924
 excluding Recycling and Sanitation analysis given
 above as well as snow and ice.

Each DPW division would be responsible to be more prudent in their spending. For example, Administration would reduce the amount of training dollars available. The Business Services Division would reduce the amount of dollars spent on computer supplies and software. The Sewer Division would reduce the amount of dollars spent on outside consulting expertise. This can be accomplished through the filling of the two open management positions in Sewer with more qualified technical employees. The Park Maintenance Division would have a reduction in park supplies and equipment

Sub-total 374,724

| Department | FY96 Budget | 2% |
|---------------------------|------------------|---------------|
| COMMUNITY DEVELOP. | 2,668,850 | 53,377 |

Reductions: 1. Salaries and Wages 53,377

This would constitute a reduction of hours for two planning positions, and would result in a decreased planning and project oversight capacity.

2. Eliminate or reduce the Housing Services program for a savings of anywhere from \$1.00 to \$62,400.

The impact of these cuts would be reduced services to low and moderate income tenants who are already impacted by the loss of rent control.

| Department | FY96 Budget | 2% |
|------------------------------|----------------|--------------|
| HISTORICAL COMMISSION | 191,335 | 3,827 |

| | | |
|-------------|--|-------|
| Reductions: | 1. Reducing Assistant Director's position From 37.5 hours/wk to 30 hours. | 3,827 |
|-------------|--|-------|

Since 50% of the Assistant Director's position is spent assisting the public, the reduction in hours would impact the Office's capacity to assist the public. Cuts in the other positions would have significant impact on the Commission's publications and grant programs and regulatory responsibility.

| Department | FY96 Budget | 2% |
|---------------------|---------------|------------|
| CONSERVATION | 42,045 | 841 |

| | | |
|-------------|--------------------------|-----|
| Reductions: | 1. Equipment maintenance | 350 |
|-------------|--------------------------|-----|

Funds would not be available to service the office computer, printer or typewriter.

| | | |
|--|------------------------------|----|
| | 2. Professional affiliations | 70 |
|--|------------------------------|----|

The Commission director's memberships be eliminated.

| | | |
|--|-----------------------|-----|
| | 3. General Operations | 421 |
|--|-----------------------|-----|

25% of the ordinary maintenance budget, predominately used for mailing and photocopying, would be eliminated. These expenses relate directly to the Commission's requirements for public notification of its meetings, certified mailings of legal documents, and support for community gardens.

| | | |
|-----------|----|-----|
| sub-total | 20 | 841 |
|-----------|----|-----|

| Department | FY96 Budget | 2% |
|--------------|---------------|--------------|
| PEACE | 51,755 | 1,035 |

| | | |
|------------|-----------------------|-------|
| Reduction: | 1. General Operations | 1,035 |
|------------|-----------------------|-------|

Elimination of funds which help finance the summer Peace Camp, a project which hosts 12-18 young adult international volunteers in Cambridge who, together with CRLS students, engage in discussions about violence, do community service, and hold public events. Specifically these funds cover the cost of food for the volunteers.

| Department | FY96 Budget | 2% |
|---------------------|----------------|---------------|
| RENT CONTROL | 818,960 | 16,379 |

This budget will be cut in its entirety in the next fiscal year.

| Department | FY96 Budget | 2% |
|-----------------|----------------|--------------|
| CABLE TV | 210,390 | 4,208 |

Reductions: 1. Delay replacement of Channel 37 Bulletin Board 4,208

The current Channel 37 Bulletin Board, used continuously during non-programming times, is out-of-date, limited in features and does not have voice or graphic capability. The new proposed system (with an estimated cost of \$15,000) will have voice accompaniment for visually impaired subscribers, along with enhanced graphic features. This system will fit within the existing computer network for ease of operation and will allow changes from remote locations in the event of a city emergency or notification. Reduction of this budget will delay implementation of this project for a year, or until the remaining funds can be allocated in a subsequent appropriation.

| Department | FY96 Budget | 2% |
|---------------------|------------------|----------------|
| DEBT SERVICE | 6,461,500 | 129,230 |

The existing debt service cannot be cut, as the debt is the legal responsibility of the City. For a discussion of future debt, see section #3.

| Department | FY96 Budget | 2% |
|--------------|------------------|----------------|
| WATER | 8,430,825 | 168,617 |

Reductions: 1. Elimination of night crew. \$20,000

The elimination of the night crew will result in this savings, at a minimum, as a result of our not having to pay overtime to provide coverage during vacations, sickness and open shifts.

2. Elimination of three Laborers \$126,000

With the elimination of the night crew, the City will be able to eliminate two positions as individuals retire. Additionally, one vacancy can be eliminated.

3. Operational cost reductions \$22,617

Reductions in each of the 4 major operating areas:

Treatment and Pumping - These funds are needed to operate the water treatment facility. Some of the major expenditures associated with this operation involve the purchase of chemicals and the cost for electricity; both of these items are expected to rise with inflation. A reduction in this area is not likely.

Watershed - A majority of these funds are used to maintain the reservoir grounds at Fresh Pond, Payson Park, Hobbs Brook and Stony Brook. A reduction could potentially degrade the current level of maintenance of the grounds in and around the reservoir.

Distribution - A majority of these funds are used in connection with performing emergency response activities, routine preventive maintenance, lead service replacement, fire hydrant maintenance, and 3rd party assistance with shutdowns. A reduction in this area may compromise safety in certain instances.

Business Management - A majority of these funds are used in connection with the metering program. At present, our metering program requires a significant overhaul to improve customer service and to improve the accuracy of billing. A reduction in this area would worsen the situation and would directly affect our customers in an adverse manner.

sub-total 168,617

| Department | FY96 Budget | 2% |
|------------|-------------|----|
|------------|-------------|----|

| | | |
|----------------|------------------|---------------|
| LIBRARY | 3,354,375 | 67,088 |
|----------------|------------------|---------------|

| | | |
|-------------|--|----------|
| Reductions: | 1. Downsizing of the Central Square Branch | \$67,080 |
|-------------|--|----------|

Second floor of the Central Square Branch will be closed and the Children's Services operations moved to the ground floor, sharing what is now the Adult Services area and eliminating the necessity of staffing two separate areas. Book collections and seating will be reduced to make space sharing feasible. Librarian IV position eliminated, and Librarian II position reduced to 19.5 hours/week.

OR

| | | |
|----|---|----------|
| 1. | Close Cardinal O'Connell Branch Library | \$67,100 |
|----|---|----------|

Closure of the branch requiring the least number of people to travel the least distance to reach alternative public library services.

| | | |
|----|---|---------|
| 2. | Reduce Library Page position hours 280 hour per year reduction | \$1,190 |
|----|---|---------|

| | | |
|-----------|--|--------|
| sub-total | | 68,290 |
|-----------|--|--------|

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|-------------------|--------------------|-----------|
|-------------------|--------------------|-----------|

| | | |
|-----------------------|------------------|----------------|
| HUMAN SERVICES | 6,407,975 | 128,160 |
|-----------------------|------------------|----------------|

| | | |
|-------------|-------------------------|--------|
| Reductions: | 1. Transfer from Grants | 50,436 |
|-------------|-------------------------|--------|

Although the result would be withholding of funding from community-based non-profit agencies, consideration could be given to transferring eligible expenses which are currently tax supported to Community Development Block Grant (CDBG) funds. Specifically, much of the work at the Multiservice Center for the Homeless, a large portion of child care services, and all of the work of the Community Learning Center would be eligible for funding with CDBG funds.

| | | |
|--|--------------------|--------|
| | 2. Assessment/Fees | 35,500 |
|--|--------------------|--------|

The current budget for the Community Schools portion of the Community and Youth Division budget is approximately \$734,000, all of which is supported by tax revenue. It is estimated that approximately \$355,000 additional dollars are annually raised in fees through Community School programs but which are historically managed by the treasurers of local Neighborhood Councils in individual checking accounts with assistance of the Community School Coordinators. Plans have been underway to review and examine these revenues and incorporate them into the FY97 budget. Consideration could be given to assessing some portion of the incoming fees, 10% in this case, to offset existing tax supported expenditures thereby reducing the tax burden by approximately \$35,500. (Note: within the Recreation and Child care budgets, revenues offset the budgets 26% and 53% respectively.)

| | | |
|--|---------------------|--------|
| | 3. Salary and Wages | 44,000 |
|--|---------------------|--------|

A vacancy currently exists in the Council on Aging (COA) budget of Assistant Director; this position would be eliminated. The FY96 COA budget includes two new positions to support the operation of the new Senior Center.

| | | |
|--|-----------|---------|
| | sub-total | 129,936 |
|--|-----------|---------|

| <u>Department</u> | <u>FY96 Budget</u> | <u>2%</u> |
|-------------------|--------------------|-----------|
|-------------------|--------------------|-----------|

| | | |
|---------------------------|----------------|--------------|
| WOMEN'S COMMISSION | 110,665 | 2,213 |
|---------------------------|----------------|--------------|

| | | |
|------------|---|-------|
| Reduction: | 1. General Operations Supplies, copying, mailing | 2,213 |
|------------|---|-------|

This would result in a 40% reduction in the General Operations budget, having a negative impact.

| Department | FY96 Budget | 2% |
|-----------------------------------|----------------|--------------|
| HUMAN RIGHTS COMM. | 116,385 | 2,328 |
| Reductions: 1. Salaries and Wages | | 2,328 |

A position in the office will have to be part-time. A cut in the City's matching portion of the investigator's position might jeopardize the Departments' ability to receive HUD funding for the investigation of fair housing complaints. A cut in the remaining two positions might jeopardize the Department ability to perform other investigative functions.

| Department | FY96 Budget | 2% |
|-----------------------------------|----------------|--------------|
| VETERANS' | 373,740 | 7,475 |
| Reductions: 1. Salaries and Wages | | 35,237 |

As a result of an employee's recent retirement, the decision has been made not to fill the Clerk/Typist position.

| Department | FY96 Budget | 2% |
|----------------|-------------------|------------------|
| SCHOOLS | 85,404,980 | 1,708,100 |

While a 2% cut is legally possible, it would only be achievable after extended discussion between School and City administrators, the School Committee and the City Council.

| Department | FY96 Budget | 2% |
|-----------------------------|-------------------|------------------|
| HOSPITAL | 80,096,445 | 1,601,929 |
| Reductions: SEE SECTION #3. | | |

| Department | FY96 Budget | 2% |
|-----------------------------|-------------------|----------------|
| NEVILLE MANOR | 11,268,360 | 225,367 |
| Reductions: SEE SECTION #3. | | |

| Department | FY96 Budget | 2% |
|-----------------------------|------------------|----------------|
| CHERRY SHEET ASSESS. | 7,463,000 | 149,260 |

SECTION 3.

Section 3 identifies a number of areas identified for City Council consideration that do not impact upon all departments. Again the items presented are not at this point recommendations for elimination or reduction. However they are generally high cost areas, many of which face significant funding issues in the future.

| Department | FY 1996 Budget | Reduction Possibility |
|---------------|--------------------------------|-----------------------|
| Neville Manor | \$11,268,360 (plus capital) | \$11,268,360 |

Over the past two years Neville Manor has undergone a comprehensive strategic planning study by an outside Health Care Consulting firm. The study found that Neville Manor is facing serious financial problems and must make significant changes in order to ensure that the Home can continue. In addition to the serious reimbursement and operating cost issues facing the Neville, it is located in an out-moded physical plant in need of significant costly renovation. Historically run at essentially full capacity, the Home has recently seen a decline in occupancy rate. This decline is due to a variety of factors including changes in elderly care as well as its out-moded physical plant.

In the FY 1996 budget the Neville is projected to receive \$834,000 in City tax subsidies. Based upon known changes in reimbursement formulas the deficit is expected to grow to over \$2,000,000 within the next few years. This growth in deficit does not include required capital improvements which would increase the deficit more. Capital improvements would also require bond issuance at a time when the City's debt capacity will be severely challenged by expensive projects already approved such as the sewer project, the water treatment plant and the hospital.

The projected growth in deficit and expensive capital requirements (including debt) will severely hamper the City's or an independent authority's ability to operate the Neville Manor in the future.

| Department | FY 1996 Budget | Reduction Possibility |
|-------------------|-----------------------|------------------------------|
| Hospital | \$80,096,445 | \$3,000,000 |

Over the last five years, the Cambridge Hospital has annually finished the fiscal year in a positive position. During this time the City has continued its practice of transferring \$7,300,000 in tax support to the Hospital. This practice has allowed the Hospital to place itself in a competitive financial position (a cash balance of \$66,977,329 as of June 30, 1995.) Because of the City Council's actions, the Hospital is in a position to operate in the rapidly changing health care marketplace. Now as the City prepares to allow the Hospital to become an independent entity, significant issues regarding Hospital assets (both physical and cash) and the institutions annual tax support need to be negotiated.

This number is presented for your consideration and so that all parties recognize that serious financial issues between the City and the hospital remain to be settled.

| Department | FY 1996 Budget | Reduction Possibility |
|-------------------|-----------------------|------------------------------|
| Human Services | \$6,407,975 | \$300,000 |

Currently the Human Service Department uses most of its Community Development Block Grant funds (CDBG) to contract for services with non-profit human service agencies. While I believe that all of these are important and needed services, these funds can be used for Human Services Program currently supported by tax dollars.

| Department | FY 1996 Budget | Reduction Possibility |
|-------------------|-----------------------|------------------------------|
| Health Insurance | \$26,563,505 | \$700,000 |

Since 1993 the City has converted over 3000 employees and over 500 non Medicare eligible retirees from expensive first dollar indemnity health insurance plans to more economical HMO's. The employees and retirees who have converted have had the benefit of increased benefits and improved quality through more preventative coverage and coordination of care by primary care physicians. The City has planned to continue encouraging the migration of Medicare eligible retirees to lower cost HMO's with improved coverage and quality. Several new Medicare linked HMO plans have gone on the market recently. We plan to convert the majority of our Medicare eligible employees to these plans for FY 1997. This will mirror the conversion of the non Medicare eligible retirees group that occurred in February, 1993. Annual savings are predicted to be \$700,000.

| Department | FY 1996 Budget | Reduction Possibility |
|--------------|----------------|-----------------------|
| Public Works | \$15,672,885 | \$100,000 |

Currently the City sweeps all residential streets once a month from April through November. If the program were to be cut back and no service offered during June, July, August and September, the savings would be in excess of \$100,000. The City would still sweep residential streets in the Spring to remove winter's debris and in the fall to collect leaves.

| Department | FY 1996 Budget | Reduction Possibility |
|------------|----------------|-----------------------|
| Police | \$22,701,440 | \$500,000 |

In FY 1995 the Police Department spent just under \$900,000 in overtime. Much of this overtime was in areas such as community policing and neighborhood crime prevention. While this expense has produced more community awareness of police presence it is a relatively new expense and could be eliminated without hampering basic police services.

| Department | FY 1996 Budget | Reduction Possibility |
|--------------|----------------|-----------------------|
| Public Works | \$15,672,885 | \$200,000 |

Currently the City utilizes seasonal 9 week temporary employees in Public Works. While these workers are an important part of the department workforce during summer vacation periods and Spring and Fall clean up periods, It is my belief that if the City Council were to eliminate \$200,000 from the Public Works budget, the loss could be offset by increased efficiency within the department.

| Department | FY 1996 Budget | Reduction Possibility |
|------------|----------------|-----------------------|
| Library | \$3,354,375 | \$141,155 |

In addition to the Main Library, the City of Cambridge has a network of six branch libraries. While all of these branches are utilized by surrounding residents the City Council may determine that by closing the O'Connell (East Cambridge, \$66,705) and Collins (West Cambridge, \$74,450) residents could utilize other nearby branches on the Main Library.

| Department | FY 1996 Budget | Reduction Possibility |
|--------------------|----------------|-----------------------|
| Commissions | | |
| For Persons with | | |
| Disabilities | \$87,151 | |
| Consumer Comm. | 95,457 | |
| Human Rights Comm. | 111,163 | |
| Peace Comm. | 47,172 | |
| Police Review | 45,763 | |
| Women's Comm. | <u>102,003</u> | |
| Total | \$488,709 | \$161,275 |

The City of Cambridge currently has seven separate commissions charged with monitoring and enforcing laws enacted to protect individual human and civil rights. Together these commissions have a combined salary and wages annual budget of \$488,709 and employ 10.3 full time employee equivalents (FTE). If the City Council were to create a single entity for the monitoring and enforcement of various human and civil rights statues, economies of scale would likely result. Such economies could result in the elimination of 3.3 FTE employees at an annual savings of \$161,275.

| Department | FY 1996 Budget | Reduction Possibility |
|--------------------------|----------------|-----------------------|
| Affordable Housing Trust | \$2,000,000 | \$600,000 |

The City has embarked on a 10 year plan which allocates \$2,000,000 annually to the Affordable Housing Trust. The funds are from tax dollars previously used to fund the Rent Control Department (\$1,400,000) and new tax dollars generated by the removal of Rent Control. If the City Council were to utilize only those dollars previously funding the Rent Control Office \$600,000 in tax savings would occur.

| Department | FY 1996 Budget | Reduction Possibility |
|----------------------|----------------|-----------------------|
| Pay-As-We-Go Capital | \$12,220,790 | \$1,000,000 |

For the past 12 years the City of Cambridge has had an aggressive capital improvement program funded out of both current and debt issued dollars. If the Council were to determine to reduce this program, \$1,000,000 could be cut. These funds are largely used to fund open space improvements and renovations to public buildings.

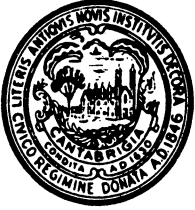
| Department | FY 1996 Budget | Reduction Possibility |
|--------------|----------------|-----------------------|
| Debt Service | \$6,461,500 | |

In addition to the possibilities listed above the City Council could carefully review future debt supported capital projects. The three largest potential tax supported debt issues in the next 5 years will be for a new main library, police station and the School Department Tech 2000 program. The delay or elimination of these three projects will save considerable amount of tax dollars.

| New Programs | FY 1996 Budget | Reduction Possibility |
|---------------------------|----------------|-----------------------|
| Environmental Program | \$261,935 | |
| Workforce Develop. | 486,590 | |
| Positive Edge | 147,845 | |
| Office for Tourism | 200,000 | |
| Mayor's Summer Employment | 461,515 | |
| City Wide Senior Center | 181,195 | |
| GIS | <u>40,000</u> | |
| | \$1,779,080 | \$266,860 |

Over the last five years the City has created or expanded the programs mentioned above. All six programs are funded with property tax dollars. If the Council were to reduce each program's salary and wages annual budget by 15% an annual savings of \$266,860 would be realized. While this reduction would have an impact upon services provided, all six programs would remain functional.

TOTAL DOLLAR VALUE OF SECTION 3 ITEMS \$18,237,650



15.

CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139

TEL. 349-4300
FAX. 349-4307

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

October 2, 1995

To The Honorable, The City Council:

Enclosed please find a report regarding city finances which was prepared in response to various City Council orders. These orders essentially request that areas of the budget be identified for possible reduction or elimination. As the City Council reviews the items in this report it is important to remember that these are not recommendations for cuts or elimination, they are areas developed by the administration for the City Council's consideration and discussion. As I stated in an earlier communication to the City Council (June 26, 1995), it is my strong belief that the curtailment of budget growth rather than the elimination of services (and employees) is a more realistic and achievable action by a legislative body. For example, by controlling budget growth in salaries and benefits, the FY1996 budget approved by the City Council last Spring avoided \$15,000,000 in expenditure growth and results in a zero tax levy increase, the first since FY 1983. This is an achievement that should not be taken lightly. Only six times in the last 51 years has the tax levy remained level or decreased from one fiscal year to the next. This budget and the resultant zero tax increase was accomplished without a reduction in services or the lay off of employees. It should also be noted that the \$15,000,000 in avoided cost increases, accomplished through the collective bargaining process, equals approximately 375 employee positions at an annual per employee cost of \$40,000 in salaries and benefits.

That said, the Council Orders responded to by this report indicate that the City Council may want to go further and cut the budget and possibly reduce services. After having had to cut the tax levy by 15% in one year in the early 1980's in response to Proposition 2 1/2, I can state that such action, while certainly achievable, is not a pleasant task. The process will take its toll on employees worried about their livelihood and citizens concerned about service cutbacks.

If the City Council is intent upon actions that result in a net cut in the budget, I will repeat my belief that the only way to achieve significant cuts in the budget is through the elimination or reduction in services, the privatization of services or the reorganization of services. Accordingly most of the discussion items listed in this report will result in the reduction/elimination of services, the elimination of employees, or the privatization of services.

Consent Agenda #15

S- 303

Awaiting Report Item number ten
and thirty-two.

#10 Re: City's 10 years plans

See 1995-City Manager
Requests #65

#32 - various tax

levy portion -

See 1995 City Manager

Requests #308

In City Council October 2, 1995

Referred to
Finance Committee

Sent to Committee Chair 10/4/95
gws