



# OFFICE OF THE MAYOR

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139

(617) 498-9090

Alice K. Wolf  
*Mayor*

TO: The Honorable, The City Council  
FROM: Alice K. Wolf, Mayor *AKW*  
RE: MAYOR'S TASK FORCE ON CITY FINANCE  
DATE: March 12, 1990

The Mayor's Task Force on City Finance had its first meeting on Thursday, March 8, 1990. Attached is a list of the members and a mission statement which each member received.

We will keep you apprised of the task force's work.

AKW/smb

Attachment (2)



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Alice K. Wolf  
Mayor

TO: The Honorable Members of the Mayor's Task Force on City Finance  
FROM: Alice K. Wolf, Mayor *AKW*  
DATE: March 8, 1990

Thank you, again, for agreeing to serve on the Mayor's Task Force on City Finance

## THE REASON FOR THE TASK FORCE

While Cambridge is in relatively good financial shape compared to many communities in the Commonwealth, Cambridge is facing tight financial times. This is due to several factors:

Over the course of the previous decade, the federal government reduced its support of programs that serve community needs.

As a result of Proposition 2 1/2, which limited the capacity of Massachusetts communities to levy property taxes, the state's contribution to local aid increased dramatically in the 1980's. With reduced revenues at the state level, this local aid has already been diminished substantially, and we can expect that there will be an additional shortfall in the present fiscal year and in the next. In addition, it seems unlikely that the increases in state aid we experienced in the eighties will be revived in the near future.

With Proposition 2 1/2, there are limits to how much revenue we can raise through the property tax. While Cambridge has not reached that limit yet, we will soon. In addition, especially with the cost of housing as high as it is now, the property tax is regressive and burdensome.

At the same time, while the city has been careful in its expenditures during good times, a number of costs have risen dramatically and there is reason to expect greater demands on our dollars in the future.

Increases in costs relating to medical care, whether employee insurance or the provision of care through the city's health system, and those relating to solid waste are the most dramatic.

Environmental needs scream for attention — the water system and sewer system, for example — and require major capital expenditures; these used to be aided by other levels of government.

The schools, and other needs of children and families, especially those of low income, have increased and will require larger expenditures as the other levels of government back out of these responsibilities. (Remember that the reason for state and federal government financial responsibility for these issues is because needs are not spread evenly around the country or the State. Higher levels of government are supposed to compensate for inequities.)

There are new challenges, for example, AIDS and drug addiction, which we must face and which require large expenditures of money.

As a result of all these challenges, your city government is looking to you for help. We are hoping that, as members of our community on this committee, you can bring a citizen's perspective on the issues related to these financial and community challenges and also to help to build a constituency and consensus on whatever the city needs to do to meet these challenges.

#### THE TASK FORCE'S CHARGE

While I will be pleased to have the Task Force define its work, several people have asked me to give the committee a framework. Thus, I do that with the understanding that some changes may occur as you meet and discuss what you think is reasonable and feasible. I also expect that you may find that some of the work may be more long-term than this group expects to take on and may require another charge to a sub-group or successor group.

The areas I hope you will cover and look at are:

- City needs and expenditures
- School needs and expenditures
- Capital needs and expenditures
- The revenue stream and sources

For the expenditures side, I would recommend that you approach the budgets as follows:

1. Within the current city and school policies are there services that could be delivered more efficiently? That is, can we do the same for less or could we deliver the same service differently for less? For example, if we have a major recycling program, will solid waste disposal cost less? Is there an investment needed?

2. Are there policy changes, whether stated or inherent in the budget, that should be considered for possible long-term cost reductions? (Remember that many policies have developed over a period of time reflecting perceived need in a diverse community. Are they based on a real need or on the basis of present facts?)

3. Are there neglected or underfunded areas that we need to take into account for the future?

For the revenue side, you might look at:

1. Are there areas of revenue where the city is not getting the revenue to which is it entitled or where we are not collecting revenue that is owed at the rate we should?

2. Are these areas in which we could be getting revenue where we are not asking for it, e.g., getting fees for service?

3. What do we project the mix and level of revenue to be in the future? Are there new sources of revenue we should pursue through legislation?

It is important to remember, that taxes and fees do more than raise money. They also set public policy. From whom or from what activity the city raises money sends a strong message. It influences who can live in the city and also what activities we encourage or discourage. For any potential new revenue, the question of who pays is an important one.

## REPORTING AND STAFF

The results of your deliberations, I assume, will come in the form of a report or series of reports. These reports should reflect your recommendations, including the rationale for them. These recommendations should include specific suggestions for the city and school budgets and the raising of revenues. They may also include suggestions for future projects which the committee is not able to handle for whatever reason.

This Task Force includes as ex-officio members the heads of finance of both the city and schools. They will be in a position to provide information and to help with some analyses. The Mayor's office will assist the Task Force in scheduling its meetings and such logistics and with getting report ready. If the Task Force has other staffing needs, we will try to meet them.

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REPORT FROM CITY OFFICIALS

Communication from Mayor Alice K. Wolf  
relative to the Mayor's Task Force on City  
Finance together with a list of the members  
and a mission statement.

In City Council,

March 12, 1990

*Placed on file*