CCM-101

City of Cambridge

IN CITY COUNCIL
April 5, 1976

To The Honourable City Council:

We the undersigned members of the Cambridge City Council ask that the following be accpeted into the record:

A MINORITY REPORT

We feel that our position on the proposed Riverside Park has been misrepresented. It would be easy if life were such that the choices we face could simply be characterized as "Highrise or Hockey?". This slogan, circulated throughout the city, fails to express the problems related to Riverside Park. We seek this opportunity to clarify our position.

Let's begin by discussing the financial considerations of the proposed park. The proponents of the park have stated that the city's share would be $1,600,000; the remaining $1,987,000 to be furnished by non property tax revenues. The suggested breakdown is as follows:

Acquisition

BOR	: 650,000
Self-Help	: 350,000
Possible Donation	: 487,000
City Share	: 1,100,000
Total	: 2,587,000

Development

BOR	: 500,000
City Share	: 500,000
Total	: 1,000,000

Recap

Acquisition	2,587,000
Development	1,000,000
Total	3,587,000
-Outside Funding	(1,987,000)
City Share	1,600,000

We doubt the reliability of this financing scheme. We feel that it is naively opstmistic and fails to suggest the contingency of much of the non-tax revenue. For example:

1. Only the BOR grant of 650,000 for acquistion cost was guaranteed.
2. There was no guarantee of 350,000 in Self-Help money. In fact, Dr. Murphy stated that she could make no such guarantee. (Exec. Office/Envrnmt.)
3. There was no guarantee of any philanthropic contribution of 487,000. We saw no evidence to substantiate this prospect.
4. There was no guarantee of 500,000in BOR money for development costs.
5. There was no guarantee that 1,000,000 would cover development costs when Phase II was underway.

We requested commitments on these various items, but none were presented. If in fact these commitments were not realized, the financing plan would have looked quite different:

Total Cost	:	3,587,000
-Guaranteed BOR grant	:	(650,000)
City Share		$2,987,000 !

If our concerns turned out be correct, and no one gave us any evidence to the contrary, then this 'once in a lifetime' opportunity could have left the city paying 83% of the total bill, instead of the projected 45%. We did not receive the written guarantees we requested concerning outside funding. Given the uncertainty of this projected assistance, we feel that our vote was a responsible one. If the Kendall Square experience has a moral it must surely be that Cambridge should be wary of anything less than iron-clad financial committments.

Let us briefly examine the impact of Riverside Park on the tax rate. We realize full well that numbers can be jockeyed about to cast a project in a favorable light. As a result, we have two objections to the statistics that were cited concerning Riverside. The first objection has already been discussed; the uncertainty of all outside revenues beyond the initial 650,000 from BOR. We will proceed on the basis that nothing shall be discounted unless it is backed by a firm guarantee. The second objection concerns the way in which the tax impact has been expressed. Obviously, when a tax increase is expressed as a function of a 20 year bond at 7% assumed rate of interest, the impact is diminished. Of course, it is diminished even further when circumstantial revenue is discounted as if it were held in hand. Pay now or pay later, you must pay the aggregate amount; in fact if you choose to pay later you pay more because of the carrying costs of the bond issue. With this in mind, let's look at the figures from a different perspective:

Total cost to City if funding contingencies failed:	2,937,000
Impact on tax rate if this amount were raised through taxes in a single year:	$8.82 tax increase

Other cities have experienced the dangers of reducing initial political objections by financing over the long term. We must look beyond the clamour of the present moment and consider the burdens of future citizens, many of whom are presently unrepresented. They will pay for our policy, even though they had no say in its making. Long term financing always raises the justificatory burdens of taxation without representation. This burden is only aggrieved when the financial arrangements are couched in terms of vagueness and wishful thinking.

We have every right to be concerned about the fiscal situation of this city. There are 351 cities and towns in the Commonwealth and Cambridge has the eighth highest tax rate. A closer look at our comparative position reveals an even more serious dilemma. One of the critical components of the tax rate is the assessment ratio percentage. All things remaining equal, as the ratio increases, the tax rate decreases. Cambridge's assessment ratio is estimated at 39% of full and fair cash value. If the great discrepancies in this ratio throughout the state were cancelled by fully assessing all cities and towns today, Cambridge would actually

ctually have the third highest tax rate in the Commonwealth. The five cities and towns hich would improve over us would do so because their assessment ratio is an even lower percentage than ours.

Full and fair cash value is in fact the mandate of the Sudbury case. When equalization becomes a reality in 1980, we want to have done all in our power to improve on our present situation. One year of stabilization and the possibility of a second should not blind us to the severity of our local tax burden. If we are sincere in wanting to produce jobs and provide stability for home ownership, then we must expand our tax base and promote economic development. The best message we can deliver to achieve this is a stable tax rate. There is no sense in kidding ourselves on this one fundamental point.

Without even discussing the loss to the city by removing potentially tax producing property from the rolls, we feel that the incomplete financial data on this project, coupled with the overall financial situation of the city makes the Riverside Park as presented unacceptable.

We want to conclude by briefly discussing the so-called hockey rink proposal that was tossed into the plans at the last minute. No serious thought was given to a covered M.D.C. type rink. Because of open space demands, it would have been difficult to find room forsuch a rink if the integrity of design were to be maintained. Beyond that, the costs of a covered rink are in the vicinity of one million dollars. For these reasons, the idea was quickly discarded.

The type of rink proposed would have usurped and utilized the tennis court surfaces as a basis. The two activities could not coexist simultaneously, one would necessarily give way to the other. There are serious drawbacks to an open rink using this type of construction. The ice quality is not good, the tennis surface is impaired because concrete surfacing is required, the maximum use time would be 100 days per year and finally, the cost of the project would have increased by at least a quarter of a million dollars.

Hockey or Highrise?

This slogan fails as an honest portrayal of Riverside Park. Voting against this park was not easy. Nonetheless, we feel that our vote was responsible and served the best interests of our city.

For the Minority,

Daniel J. Clinton

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Thomas W. Danehy

Leonard J. Russell

Walter J. Sullivan

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18. S-132

Comm. from Councillors Clinton, Danehy, Russell and Sullivan transmitting a Minority Report on the Riverside Park.

In City Council,
April 5, 1976

4/5/76

Minority Report on Riverside submitted By Councillors Sullivan
Clinton
Danehy
Russell

The report was received and placed on file with Riverside Papers in the Council Records