

LAVENTHOL & HORWATH



CERTIFIED PUBLIC ACCOUNTANTS

TWO CENTER PLAZA
BOSTON, MA 02108
(617) 742-6100

A MEMBER OF
HORWATH & HORWATH INTERNATIONAL
WITH AFFILIATED OFFICES WORLDWIDE

April 6, 1981

City Counsellor's Office
City of Cambridge
City Hall
Cambridge, Massachusetts 02138

Gentlemen:

Proposition 2-1/2 may be the most significant piece of property tax legislation in recent Massachusetts history that may affect your community services. In many cases, the public does not realize or perhaps does not believe the numerous predictions of what will happen under this legislation. We at Laventhol & Horwath can provide you with assistance in solving some of the problems relating to Proposition 2-1/2. We have highly qualified staff with hands-on municipal experience in the key financial areas. Some of the services that you may need include:

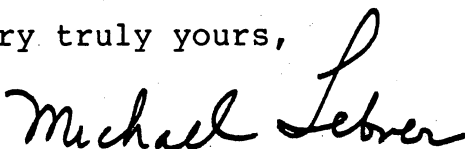
1. A Proposition 2-1/2 Impact Study which can address the budget implications for fiscal years 1982, 1983 and beyond.
2. A Revenue Study to analyze all the local receipts and offer suggestions including budget and tax rate impact regarding:
 - . Increasing the existing charges such as fees, licenses, and permits.

- . Establishing new "user fees" for certain municipal services.
 - . Creating or expanding the use of self-sufficient public enterprises such as water and sewer.
3. A Budget Sensitivity Analysis to identify all fixed costs, mandated exemptions, state, county and other assessments. This includes identifying where relationships exist between reimbursements and costs such as "veterans" that affect a related Cherry sheet reimbursement item.
 4. A Full Valuation Review to determine the effects of revaluations or if there are significant differences between alternate full and fair cash valuation approaches, and the approach defined by the Department of Revenue to be used (1980 equalized value + 13%).

We would be pleased to meet with you to discuss the ideas and experience that we have gained from our involvement in other communities.

Please call me if you wish to discuss this further or if you wish to meet with us. (Telephone: 742-6100)

Very truly yours,



Michael Lebner, Manager

5.

F-106

Comm. from Michael Lebner, Mgr., Laventhol
& Horwath, relative to Prop 2½.

In City Council,

April 13, 1981

Placed on file