

**CITY COUNCIL
CITY OF CAMBRIDGE**

March 28, 1983

INTRODUCED BY CITY MANAGER ROBERT W. HEALY

AN ORDER CONCERNING APPROPRIATIONS FOR THE FISCAL YEAR BEGINNING JULY 1, 1982

ORDERED: That in addition to sums previously appropriated by the City Council for the fiscal period 1982-83 the following sum is hereby appropriated in the General Fund of the City of Cambridge:

FUNCTION	DEPARTMENT OR PROGRAM	SALARIES & WAGES	TRAINING & TRAVEL	OTHER ORDINARY MAINTENANCE	EXTRAORDINARY EXPENDITURES	APPROPRIATIONS
General Government	Finance			\$50,000.00		\$50,000.00

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

In City Council March 28, 1983.
 Adopted by a yeas and nays vote:-
 Yeas 9; Nays 0; Absent 0.
 Attest:- Paul E. Healy, City Clerk.

A true copy;

ATTEST:-



FINANCING PLAN

REVENUE

Motor Vehicle Excise Tax Receipts

\$50,000.00

City of Cambridge

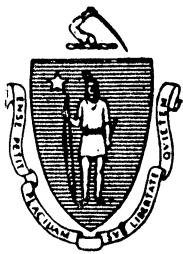
MASSACHUSETTS

In City Council March 28, 1983

AGENDA ITEM NUMBER TEN
RE: APPROPRIATION OF \$50,000. TO THE BOARD OF ASSESSORS

	YEA	NAY	ABSENT	PRESENT
Mr. Daniel J. Clinton	✓			
Mr. Thomas W. Danehy	✓			
Mr. Francis H. Duehay	✓			
Ms. Sandra Graham	✓			
Mr. Leonard J. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan	✓			
Mr. Wylie	✓			
Mayor Vellucci	✓			
	9	0	0	

QWR
RF
A



The Commonwealth of Massachusetts

RECEIVED BY
OFFICE OF THE
Department of Revenue

MAR 21 11 51 AM '83

Leverett Saltonstall Building,
CAMBRIDGE, MASS.

100 Cambridge Street, Boston 02204

IRA A. JACKSON
COMMISSIONER

EDWARD J. COLLINS, JR.
DEPUTY COMMISSIONER

March 16, 1983

Board of Assessors of Cambridge
City Hall
Cambridge, MA 02139

Dear Sirs:

The Bureau of Local Assessment has completed its preliminary review of your revaluation program and proposed assessments for all real property classes. The Bureau cannot issue a certification determination for these property classes until the following corrective actions are taken by the Board of Assessors.

Looking at each specific property subclass individually, for the residential properties the following corrective actions must be taken:

1. For all residential properties attic areas must be reviewed. The Bureau's review indicates that the finished attic areas in residential homes are being priced twice. This duplication of values is due to the fact that this area is being considered through a story height adjustment and also through the attic area field.
2. Documentation to support the residential land schedule must be provided utilizing abstraction appraisals and vacant land sales. It appeared during the review that the original residential land schedule developed by Systems Technology Associates was smoothed by adjusting individual street unit values. Also, the valuation formula was changed to minimize severe valuation fluctuations due to minimum lot size requirements. These modifications have enhanced the uniformity of the residential land values. However, whether the application of the unit values represent fair market value cannot be ascertained since a subsequent residual analysis was not provided.

In the condominium property subclass the following corrective actions must be taken:

1. A complete historical narrative of the overall condominium activity within the municipality and the methodology used in their valuation must be provided. This narrative must categorize the condominiums into rent control and non-rent control properties. Once delineated, according to these categories, the valuation methodology specific to each of these categories must be documented and fully explained.
2. Each parcel indicated in the condominium complex file must have a valuation document just as each parcel must have a property record card. On this document the valuation methodology and the computations employed in arriving at a value for each specific condominium must appear along with other documentation such as total building value, and gross rent multipliers for example.

The following corrective actions are required in the apartment property subclass:

1. The land valuation methodology was found to be unacceptable for the following reasons and must be reviewed.
 - A. The use of a two to one land to building ratio was not supported.
 - B. Excess land areas, such as parking areas, may already be considered in the gross rents for some properties. By applying a gross rent multiplier, this type of land may be given additional value without justification.
 - C. The use of commercial unit land values on rent controlled properties is not acceptable for properties within a residential zone.
2. The appreciation rate used to adjust the arms length sales in the gross rent multiplier analysis must be supported.
3. The development and application of the gross rent multipliers must be reviewed and analyzed further. The Bureau's review found that only actual rent collections and adjusted sales prices were considered in the analysis. The analysis should be expanded to include other factors such as: quality, and condition of the building, along with owner provided utilities and amenities. Also, it was found that in some districts sufficient sales were not present to support the gross rent multiplier used and that the variance in the gross rent multipliers was too great to support a simple averaging method.

Concerning the commercial and industrial property classes, the Board of Assessors is directed to take the following corrective actions in regard to land valuations:

1. A complete review of land values must take place to ensure a gradual transition between area and artery land unit values.
2. In addition, the unit land values, in those districts where data is lacking or insufficient, must be reviewed and the current ten percent appreciation that was applied to land sales must be supported.

Other corrective actions that must be taken throughout the commercial and industrial property classes are as follows:

1. The development of capitalization rates, economic rent schedules, and cost schedules must be reviewed and documented. All data sources such as income and expense statements, abatement applications and personal interviews must be considered in their development to ensure accurate and up to date information. Also, the rental schedule must be expanded to include a wide range of uses such as banks, restaurants, medical offices, etc..
2. The current application of full square foot rentals to vacant or rundown floor areas must be eliminated. A market analysis must take place to establish an equitable rental for less desirable uses and proper vacancy factors must be recognized.
3. The use of depreciation as a catalyst for rents and capitalization rates must be documented by actual market evidence. In addition, the "inflation rate" applied to rents must be further documented.
4. The current capitalization rates developed by the "Summation" or built up method must be tested by direct capitalization using calendar year 1980 and 1981 sales. Any appreciation or trend applied to these sales must be documented by repeat or comparable sales analysis.
5. Pricing sheets must be further expanded to include wall height or perimeter adjustments, and special features, or yard items.
6. The district lines along the main arteries between districts 2 and 6, and between districts 13 and 12, as well as between districts 1 and 11, must be reviewed.

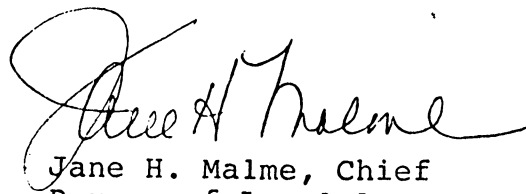
In addition to the necessary corrective actions delineated above, the Bureau's review also indicated that a substantial number of property valuations, specifically in the commercial and industrial property

classes, had not been completed and these property record cards were missing at the time of the review. These valuations must be completed and each property must be represented by a property record card.

The completion of the revaluation program along with the necessary corrective actions delineated above constitute a tremendous amount of work. Taking this work load, and the swiftly approaching end of the current fiscal year into consideration, it appears that the municipality is unlikely to achieve certification for the 1983 fiscal year without the aid of a professional revaluation contractor. The municipality must, therefore, contract for professional services to supplement the Board's expertise and to aid in the completion of their revaluation program for fiscal year 1983.

Your continuing cooperation is appreciated.

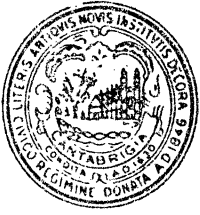
Very truly yours,

A handwritten signature in cursive script, appearing to read "Jane H. Malme".

Jane H. Malme, Chief
Bureau of Local Assessment

JHM:LAP:jc

cc: Mayor
City Council



CITY OF CAMBRIDGE

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139 • (617) 498 9007

OFFICE OF THE ASSESSORS

Abigail A. Burns, SRA, MRA
Kevin T. McDevitt, MAA
Faith D. McDonald, CMA, MAA, CAS

March 22, 1983

Jane H. Malme, Chief
Bureau of Local Assessment
Department of Revenue
100 Cambridge Street
Boston, MA 02204

Dear Mrs. Malme:

In response to your letter of March 16, 1983 the Board of Assessors has implemented a program of corrective action designed to eliminate the problems which were noted during the preliminary review by the Department of Revenue.

We have engaged the services of R.M. Bradley & Co. to assist us in completing the revaluation of all commercial and industrial properties as of January 1, 1982. Robert Nordstrand along with six other members of R.M. Bradley & Co. will assist the assessors in adjusting and documenting land values, capitalization rates, economic rents, cost schedules, time adjustments and other elements of the valuation process. In addition, they will appraise specific properties to test the computer generated values and field review all improved commercial and industrial properties, after development of a sales book from existing Cambridge data and from sales data obtained in other communities.


The corrective actions required for the residential properties will be directed by Peter Helwig, Cambridge Revaluation Project Director, and four members of the revaluation staff.

Following is a schedule which has been arranged by all concerned parties after several meetings and careful consideration of the existing problems.

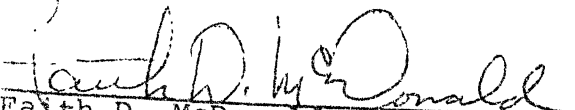
Very truly yours,

BOARD OF ASSESSORS

Enc.


Abigail A. Burns, Chairman


Kevin T. McDevitt, Member


Faith D. McDonald, Member



CITY OF CAMBRIDGE

CITY HALL, CAMBRIDGE, MASSACHUSETTS 02139 • (617) 498 9007

OFFICE OF THE ASSESSORS

Abigail A. Burns, SRA, MRA
Kevin T. McDevitt, MAA
Faith D. McDonald, CMA, MAA, CAS

CAMBRIDGE REVALUATION SCHEDULE

WEEK OF:

March 21

- Correct "attic problem" and rerun affected residential properties.
- R.M. Bradley begins work: land valuation, development of sales file, rent schedule.
- Submit to DOR:
 - a. Narrative on condominium valuation
 - b. Example of improved condominium valuation sheet
 - c. Residential Land Documentation as required

March 28

- Eliminate "excess land" valuation for classes 4 and AP.
- R.M. Bradley continues documentation work and sales analysis and cost system review.
- Submit to DOR:
 - a. Improved Gross Rent Multiplier Analysis
 - b. Revisions to LA-3 forms
- DOR finalizes preliminary certification review for R1, R2, R3, CD, R4, AP.

April 4

- Mail R1, R2, R3, CD impact notices. Begin hearing.
- R.M. Bradley finalizes documentation work, begins field testing and review.
- Review R.M. Bradley research and preliminary conclusions with DOR.

CAMBRIDGE REVALUATION SCHEDULE

WEEK OF:

April 11

- Mail Class 4 and AP impact notices. Begin hearings.
- R.M. Bradley continues field review and corrections.
- Continue residential hearings.

April 18

- R.M. Bradley finishes field review and corrective measures.
- DOR preliminary certification review for commercials and industrials. (Or early during week of April 25).
- Continue residential hearings.

April 25

- Mail commercial/industrial impact notices and begin hearings.
- Continue residential hearings.

May 2

- Continue hearings.

May 9

- Finish hearings.
- DOR final certification review.

May 16

- Classification hearing (City Council).
- Tax rate certification (DOR).

May 23

- Print and mail bills.

OFFICE OF THE
CITY MANAGER

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OFFICE OF THE
CITY MANAGER


If this proposal is acceptable to you, we are prepared to begin with very short notice.

In providing the above services, we will do our best to retain the data gathered in a form that will be useful in your next update.

As you know, at best, the work we propose to do will help you scrape by the State certification process. We urge you to obtain funding now to install a full blown, fully documented, commercial and industrial valuation system for the January 1, 1983 required update.

We can provide you with an easy to run system that will produce defensible values at 100% of market value, either on a turnkey basis or on a consulting basis, using your personnel.

Respectfully,


Robert I. Nordstrand
Senior Vice President

RIN/sk
Enclosure



R·M·BRADLEY & CO., INC.

250 BOYLSTON STREET · BOSTON, MASS. 02116

MEMO TO Cambridge Project Participants

DATE 3/17/83

FROM Robert I. Nordstrand

SUBJECT: Cambridge Considerations

- 1) The purpose of the project from R. M. Bradley's point of view is to provide the Cambridge assessors with consulting services to assist them in completing their revaluation of commercial and industrial properties.
- 2) The valuation date is January 1, 1982.
- 3) We have until April 29th to complete the project - no longer.
- 4) R. M. Bradley & Co., Inc. personnel will assist the assessors in adjusting and documenting land values, capitalization rates, economic rents, cost schedules, time adjustments and other elements of the valuation process. In addition, we will appraise specific properties to test the computer generated values and will field review all improved commercial and industrial properties, or at least the major part of same.
- 5) As I see it now, the first two weeks will spent gathering rental, sales and income and expense data, and the last three weeks will be spent in the field reviewing values generated by the revaluation office.
- 6) Attached is a proposed initial assignments list. Please read it carefully.
- 7) This whole process is fluid and suggestions are welcome, however we can't spend a lot of time talking about what we're going to do, or how we're going to do it; we've simply got to do what we've done before on a very abbreviated basis.

Remember, our objective is to get Cambridge certified in the area of commercial and industrial properties. It may be a little hectic, but that's life.

P.S.: R. M. Bradley & Co., Inc. personnel should document their time they spend on this project carefully and completely. Anyone involved in this project will submit to Sonia, to then be submitted to me, to then be submitted to the City, a time sheet. This will show the date, hours spent, type of work done, and who from the City of Cambridge you worked with, if anyone, or who from R. M. Bradley you worked with, if anyone. Do this on a daily basis so it is accurate and complete.

Initial AssignmentsSales Book - Improved Properties

Gail Burns
Lillian Orchard
Steven R. Foster

Sales Book - Land & Land Extractions, and Land Value Adjustments

Kevin McDevitt
William Boatwright
Steven Foster

Rental Data - Sales Verification

Faith McDonald
William LaChance
Brad Keeler
John Regan
Bruce MacPherson

Field Review and Specific Valuations

John Kline
Tom Schenck
Murray Regan
William Boatwright

Robert I. Nordstrand
Lillian Orchard
Steven Foster
Three (3) Assessors

Residential Advice, if needed

Linda Furman

Organization and Whatever

Sonia Korotish



AGREEMENT BETWEEN
THE CITY OF CAMBRIDGE, MASSACHUSETTS

AND

R. M. BRADLEY AND CO., INC.

250 BOYLSTON ST.

BOSTON, MASS. 02116

THIS AGREEMENT, entered into as of the 18th. day of March, 1983, by and between R. M. Bradley and Co., Inc., of Boston, Massachusetts, (hereinafter called the "Consultant"), and the City of Cambridge, a municipal corporation in the Commonwealth of Massachusetts (hereinafter called the "City");

WITNESSETH THAT:

WHEREAS, the City is under obligation to revalue its real and personal property to full market value, and to complete such revaluation as soon as possible; and

WHEREAS, the State Department of Revenue has raised issues related to the effectiveness of the valuation methodology employed by the City's revaluation consultants and to the accuracy of the data base, and further requests that the City seek independent analysis of these questioned elements of its revaluation program; and

WHEREAS, the City desires to engage the Consultant to conduct an evaluation of the methodology and data base and to make appropriate corrections as are necessary; and

WHEREAS, the Consultant has agreed to perform such evaluation and corrective services and has the apparent ability to so perform and shall utilize only properly qualified personnel;

NOW, THEREFORE, the parties do mutually agree as follows:

A. SCOPE OF SERVICES

The Consultant shall perform the following services:

1. Assist the Assessors in adjusting and documenting commercial land values.
2. Assist the Assessors in adjusting and documenting capitalization rates.
3. Assist the Assessors in adjusting and documenting economic rents.

4. Assist the Assessors in adjusting and documenting cost schedules.
5. Assist the Assessors in adjusting and documenting time adjustments and other elements of the valuation process.
6. Appraise specific properties to test the computer generated values.
7. Field review all improved commercial and industrial properties, after development of a sales book from existing Cambridge data and from sales data obtained in other communities.

B. SERVICES AND DATA TO BE FURNISHED TO THE CONSULTANT BY THE CITY

All information, data, reports, and records as are existing, available and necessary for the carrying out of the services required hereunder shall be made available to the Consultant by the City, and the latter shall cooperate with the Consultant in every way possible in the carrying out of the work without undue delay.

1. The Revaluation Project Director, Peter R. Helwig, is hereby designated as Administrator for the purposes of fulfilling the City's obligations under this Agreement.
2. Provide appropriate and adequate work space and furnishings as required.
3. Respond to all media and public relations questions which may arise.

C. TIME OF PERFORMANCE

The services of the Consultant are to commence no sooner than March 21, 1983, and shall be undertaken in such sequence as to assure their expeditious completion by April 29, 1983.

D. COMPENSATION AND METHOD OF PAYMENT

1. The City agrees to pay the Consultant in accordance with the following estimated schedule, contingent upon satisfactory progress and on the basis of itemized invoices submitted to the Board of Assessors on Friday for issuance by the Finance Dept. the following Friday.
 - a. Consultants fee for services will be based on the attached daily rates, with weekly billings.
 - b. Under no circumstances shall compensation under this Agreement exceed forty thousand dollars (\$40,000.00).

E. CHANGES

Either party may from time to time request changes in the Scope of Services of the Consultant to be performed hereunder. Such changes, which shall be mutually agreed upon between the City and the Consultant, shall be incorporated in written amendments to this contract. No change, however, shall be binding unless and until approved by the parties.

This Agreement may be cancelled without cause by the City after April 1, 1983.

F. APPLICABLE LAWS

The Consultant shall provide the services required hereunder in accordance with the terms of this Agreement and other applicable laws and regulations, and all instructions now or hereafter provided in writing by the City.

The Consultant is an independent contractor and neither it nor its assigned personnel shall in any way be considered to be employees of the City.

In Witness Whereof the parties hereto have hereunder set their hands as of the date first written above.

Approved as to Legal Form:

Approved for the Department:

Russell B. Higley
City Solicitor

Abigail A. Burns, Chairman
Board of Assessors

Approved for the City:

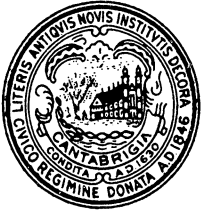
Robert W. Healy
City Manager

Kevin T. McDevitt
Principal Assessor

Approved for the Consultant

Robert I. Nordstrand
Senior Vice President
R. M. Bradley & Co., Inc.

Faith D. McDonald
Principal Assessor



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
Tel. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

March 28, 1983

To the Honorable, the City Council:

Enclosed for your information are copies of all recent communications regarding the certification of the City's revaluation program for the Finance Committee Hearing. They include:

- 1.) Letter from Department of Revenue itemizing areas in need of corrective action.
- 2.) Initial response and work plan from Board of Assessors.
- 3.) Proposed agreement with R. M. Bradley
- 4.) Work Plan of R. M. Bradley.

Additionally, I have met with Edward J. Collins, Deputy Commissioner of the Department of Revenue to go over their concerns point by point.

He is concerned as I am that Cambridge be certified for FY83, but we are both in agreement that only a sound and defensible value system should be certified.

All available resources of the Board of Assessors will be devoted to this project during the next five weeks to achieve FY83 Certification.

Additionally, enclosed is an appropriation order for \$50,000 from Excise Tax receipts to the Board of Assessors to cover the costs of the services of a professional revaluation contractor required in the last paragraph of the communication from the Department of Revenue. Passage of the order is strongly recommended.

Very truly yours,

Robert W. Healy
City Manager

RWH/mbf
Encs.

Re: appropriation of \$50,000. to the Board of Assessors.



In City Council,

March 28, 1983

3/28/83

Order Adopted

9-0-0

*CR
JA
CF*