CCM-101

# City of Cambridge

O-12.

**IN CITY COUNCIL**

January 22, 2001

COUNCILLOR DECKER
COUNCILLOR BORN
VICE MAYOR MAHER
COUNCILLOR SULLIVAN

RESOLVED: That the City Clerk be and hereby is requested to forward a copy of the City Council priorities to the Cambridge delegation to the State Legislature; and be it further

RESOLVED: That the City Council go on record requesting that the Cambridge delegation do its best to provide for state funding for these priorities as the state budget is considered and negotiated.

In City Council January 22, 2001.
Adopted by the affirmative vote of eight members.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D Margaret Drury

D. Margaret Drury
City Clerk

CCM-101

# City of Cambridge

O-13.

**IN CITY COUNCIL**

January 22, 2001

COUNCILLOR SULLIVAN
COUNCILLOR BORN
COUNCILLOR DECKER
VICE MAYOR MAHER

ORDERED: That the City Manager be and hereby is requested to begin negotiations with the universities for increases in the in-lieu of tax payments from institutions and for arrangements that provide predictability and stability with regard to the city's future revenues; and be it further

ORDERED: That the City Manager negotiate a written agreement with MIT as to the method of calculation of the in-lieu- of-tax payment; and be it further

ORDERED: That, particularly in view of MIT's recent purchase of Tech Square, which came as an unpleasant surprise to the City Council, the City Manager ensure that any agreement as to in-lieu-of-taxes payment include provisions to protect the City's financial interests in tax revenues from taxable property that is acquired by these institutions.

In City Council January 22, 2001.
Adopted by the affirmative vote of eight members.
Attest:- D. Margaret Drury, City Clerk.

A true copy;

ATTEST:- D Margaret Drury

D. Margaret Drury
City Clerk

C. C. 106

CR#7

# City of Cambridge

*__FINANCE COMMITTEE MEMBERS__*
*Councillor Michael A. Sullivan, Chair*
*Councillor Kathleen L. Born*
*Councillor Jim Braude*
*Councillor Henrietta Davis,*
*Councillor Marjorie C. Decker*
*Vice Mayor David P. Maher*
*Councillor Kenneth E. Reeves*
*Councillor Timothy J. Toomey, Jr.*
*Mayor Anthony D. Galluccio*

In City Council January 22, 2001

The Finance Committee held a public meeting on Wednesday, January 17, 2001, beginning at 6:25 p.m. in the Sullivan Chamber for the purpose of a preliminary overview of the FY2002 city budget.

Present at the meeting were Councillor Michael A. Sullivan, Chair of the Committee, Vice Mayor David P. Maher, Councillor Kathleen L. Born, Councillor Marjorie C. Decker and City Clerk D. Margaret Drury. Also present were Robert W. Healy, City Manager, Richard Rossi, Deputy City Manager, James Maloney, Assistant City Manager for Finance and Louis DePasquale, Budget Director.

Councillor Sullivan convened the hearing and explained the purpose. He then invited Mr. Healy to make a brief presentation. Mr. Healy distributed a report to the Finance Committee consisting of a short itemization of points of which the Council should be aware in its consideration of the budget, a copy of his budget message to department heads, five year fiscal projections and an analysis of the city's "pay-as-we-go" capital program (Attachment A). Mr. Healy then presented a brief summary of the material contained in his report. He noted that next year is the year in which employee salaries will increase by 4%, almost across the board, as the last year in a three year 2%-2%-4% collective bargaining contract. Blue Cross insurance is also a concern. The schools are an unknown. Given the looming state tax cut, he expects Governor Cellucci's proposal for state aid to be conservative. The Massachusetts Municipal Association is proposing a new formula for distribution of the state aid that would be helpful for Cambridge, in that it would give additional weight for bilingual students, special education students and students whose family incomes fall below the poverty line. Mr. Healy also urged the Council to look closely at the capital budget.

Councillor Sullivan then invited public comment.

William Jones, 55 Essex Street, complimented the City Manager on his financial management of the city.

John Gintell, 9 West Street, urged the City Council to look at all the initiatives it has adopted or approved recently, for example, signs at bus stops, to make sure that there is adequate funding for their implementation in the FY2002 budget. He urged attention to the city's web site, which has fallen behind, and noted that the trustees of the library have just adopted a strategic plan that will have budget implications.

Shelley Kilday, new Assistant Director for the Rappaport program at the Kennedy School, introduced herself to the committee and stated that her former job was city budget director for Austin, Texas. She said that in Austin, this meeting would have been full of concerned citizens.

Councillor Sullivan stated that he expects to schedule the budget hearings as daytime full-day sessions starting at 11 a.m. The Council will receive the budget at its April 23, 2001 meeting. Budget hearings will begin in early May. The final date for budget adoption by the Council is June 6, 2001. Mr. Healy explained that the budget staff goal is to have a final budget for the Council on May 21, 2001, because the next Monday is the Memorial Day holiday.

Councillor Born said that the condition of the War Memorial is an embarrassment, and urged that the rehab begin as soon as possible.

Councillor Decker requested that Mr. Healy communicate to the School Department the need for them to articulate and plan for the expenses related to the Maynard and to the Cambridgeport School move in their budget. She does not want to see a repeat of how the Maynard expenses were handled by the Schools last year.

Councillor Decker then inquired as to whether Mr. Healy had sent copies of the City Council's priorities to the State Legislature. Mr. Healy said that he had not. Councillor Decker then made the following motion:

**Resolved:** **That the City Clerk be and hereby is requested to forward a copy of the City Council priorities to the Cambridge delegation to the State Legislature; and be it further**

**Resolved:** **That the City Council go on record requesting that the Cambridge delegation do its best to provide for state funding for these priorities as the state budget is considered and negotiated.**

The motion passed on a voice vote without objection.

The committee then moved to a lengthy discussion of in-lieu-of-taxes payments by the universities, in particular Harvard and MIT. All present expressed dissatisfaction with amounts currently paid. Vice Mayor Maher expressed his frustration with the fact that the five-year projections show increasing tax burdens on the commercial and residential owners, while the universities continue to pay the same amount and thus pay a smaller and smaller percentage as the years go by. Councillor Sullivan stated that he will schedule a meeting of the Finance Committee to focus on this issue, as well as another meeting to deal with the upcoming vacancy in the City Auditor's position. The following motion was made and adopted by the committee:

**Ordered:** **That the City Manager be and hereby is requested to begin negotiations with the universities for increases in the in-lieu of tax payments from institutions and for arrangements that provide predictability and stability with regard to the city's future revenues; and be it further**

**Ordered:** **That the City Manager negotiate a written agreement with MIT as to the method of calculation of the in-lieu- of-tax payment; and be it further**

**Ordered:** **That, particularly in view of MIT's recent purchase of Tech Square, which came as an unpleasant surprise to the City Council, the City Manager ensure that any agreement as to in-lieu-of-taxes payment include provisions to protect the City's financial interests in tax revenues from taxable property that is acquired by these institutions.**

The meeting was adjourned at 7:45 p.m.

For the Committee,

Michael

Councillor Michael A. Sullivan, Chair

A

CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

*Robert W. Healy, City Manager* *Richard C. Rossi, Deputy City Manager*

January 17, 2001

To the Honorable, The City Council Finance Committee,

The preparation of the FY2002 operating and capital budgets is well underway, with departmental budget request due back to the Budget Department this week. While it is still early in process, there are several points that the City Council should be aware of:

**CURRENT YEAR.** Current year expenditures are within budget and no significant overruns are anticipated. On the revenue side all major revenues are projected to be at or slightly above budget with the exception of building permits, which should finish the year well above original estimates. At this point it does not appear that the City will fully replenish the 7.4 million in free cash utilized so far this year, although an overall healthy free cash balance will remain at year end.

**FY2002 EXPENDITURE INDICATIONS.** Four major categories of spending will drive increases in the FY2002 operating budget. Salaries and wages, where most employee bargaining groups have settled on a 4% cost-of-living increase; employee health insurance particularly our largest carrier, Blue Cross where rates are increasing over 12% ($2.8 million annually); debt service where costs could increase by several million depending on the timing of debt placement; and schools which frequently see the largest budget increase of any City department.

**FY2002 REVENUE INDICATIONS.** As the City Council is aware the FY2002 tax levy is expected to increase by approximately 7% largely as result of the expenditures listed above. One major unknown at this time is the level of state aid. As the state deals with both the tax cut approved in Question #4 this past fall and a slowing economy, it is considered possible that state aid to cities and towns could be reduced. Other non-tax revenues are expected to remain constant or increase modestly as signs of an economic slowdown continue. For example second quarter hotel/motel tax receipts increased by only 2% over the same quarter last year.

It should be remembered that all of these are subject to change several times prior to being submitted to the City Council in April.

Very truly yours,

Robert W. Healy
City Manager

Attachments:

1. Manager's Message to Department Heads
2. Budget Calendar
3. 5 Year Projections
4. Pay-as-we go Capital Analysis

CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

*Robert W. Healy, City Manager* *Richard C. Rossi, Deputy City Manager*

# CITY MANAGER FISCAL YEAR 2002 BUDGET GUIDELINES

With the budget preparation for Fiscal Year 02 we recognize that Cambridge enjoys both a strong and vibrant local economy, and a stable financial position. As a result of prudent fiscal management the City has received a AAA bond rating, the highest rating available to a municipality, from the national financial rating agencies of Standard and Poor's Corporation, Moody's Investor Services, and Fitch IBCA. Cambridge continues to be one of only six municipalities in the nation and the only one in Massachusetts to receive AAA ratings from all three rating agencies.

The major financial rating agencies in the country have again concluded that the City's finances are in the top tier of communities throughout the United States. This is a significant accomplishment for the city and it reflects a great deal of hard work and discipline on the part of the Administration, the City Council and our Finance Department. The ability of the City to obtain a AAA rating from all three national rating agencies is also in part a recognition of the hard work performed by all of you. Congratulations on your achievement and thank you all for your contribution.

With our financial success comes the responsibility of maintaining our strong financial position. It is often said, and not necessarily in jest, that it is easier to manage a budget in down times than during a strong economy because when funds are tight, the answer is simple – no. With a strong economy and surplus funds, providers and recipients raise expectations translating to difficult budgetary decisions as increased requests are analyzed.

While the city's financial management goal continues to be to limit tax levy increases while remaining responsive to increased requests for services, this past year the City raised the tax levy by 8.8%, the largest increase in several years. The increase was largely attributable to increases in the capital and the debt service budgets as the City remains focused on improving its infrastructure. For FY02 the tax levy is predicted to increase in the vicinity of 7% as a result, once again, of the City's capital program. The City's ongoing efforts in capital improvement require us to be even more diligent in our review of the operating budget.

For FY02 the city faces increases in salary, insurance and pension costs, and requests for services show no signs of ceasing.

To achieve our financial management goal for this coming fiscal year, your cooperation is essential. Please realize that when the budget is submitted to the City Council in April, departments will see unequal increases or decreases in budgets. With this in mind, the following guidelines provide a starting point for deliberations and shall be adhered to by all departments.





Attachment 1

795 Massachusetts Avenue, Cambridge, Massachusetts 02139 Voice: 617.349.4300 Fax: 617.349.4307 TTY: 617.349.4242 Web: www.ci.cambridge.ma.us

## FY2002 Budget Guidelines

- COLA, Pensions and Health Insurance costs can increase as required.

- All Non-Personnel operating items known to be increasing due to contractual terms, must be absorbed within the budget and not knowingly under-budgeted. Major contracts for services must be reviewed to ensure that departments have sufficient funds to meet contractual needs.

- No travel increases.

- Extraordinary expenditures must be revised and one-time items from the current Fiscal Year eliminated.

- Departments should expect that reductions can be made during the review process, either at the administrative or Council levels.

- Requests for new or expanded services should be submitted separately, outside the base budget via a supplemental request memorandum.

It is my hope that by working together the City can meet the financial challenge that awaits us and maintain our well deserved reputation as a well run and financially sound city.

# BUDGET CALENDAR

| | |
|---|---|
| **December 19, 2000** | Briefing on **FY02 budget** preparations with City Manager.<br>Distribution of budget notebook and materials.<br>Meeting of departmental finance personnel with budget staff. |
| **December 19, 2000 thru December 29, 2000** | All personnel analysis sheets must be reviewed for accuracy.<br>All corrections and settlements must be placed on the personnel analysis sheets. All personnel analysis sheets must be returned to the Budget Office. |
| **December 20, 2000 thru January 5, 2001** | Individual departmental meetings with Budget and Manager staff to review Benchmark YTD and Projected numbers. Review draft of Narrative, and Goals and Measures updates for FY02 Budget document (schedule to be determined). |
| **January 19, 2001** | Deadline for budget submission to the City Manager.<br>Goals/Performance Measure Form as of 12/31/00. |
| **January 22, 2001 thru March 2, 2001** | Formal department presentations to the City Manager (schedule to be determined). |
| **April 23, 2001** | Submission of the City Manager's Budget to the City Council. |
| **April 26, 2001 thru May 17, 2001** | Dates for public hearing on FY02 Budget (schedule to be determined).<br>Goals/Performance Measures Form as of 3/31/01. |
| **May 21, 2001** | Projected adoption Date. |
| **June 6, 2001** | Deadline for City Council adoption of the Budget. |
| **June 30, 2001** | City Manager's transmittal of chart of accounts and allotment plan (based on departmental work-plans) to the City Auditor for execution. |
| **July 1, 2001** | Begin execution of allotment plans. |



Attachment.

**Revenue Projections**
**FY01-05**
**(Revised 10/12/00)**

| | FY01 Budget | FY02 Projection | FY03 Projection | FY04 Projection | FY05 Projection |
|---|---|---|---|---|---|
| **CITY PROGRAMS:** | | | | | |
| Real / Personal Taxes | 161,615,965 | 175,239,957 | 187,137,107 | 200,620,356 | 213,961,522 |
| Motor Vehicle Excise | 4,673,344 | 4,400,000 | 4,500,000 | 4,600,000 | 4,700,000 |
| Hotel / Motel | 3,879,000 | 4,800,000 | 4,900,000 | 5,000,000 | 5,100,000 |
| Interest on Taxes | 394,000 | 370,000 | 370,000 | 370,000 | 370,000 |
| Sewer Service Charge | 17,699,835 | 21,289,386 | 23,526,766 | 25,456,706 | 27,141,501 |
| Water User Charge | 376,870 | 376,870 | 376,870 | 376,870 | 376,870 |
| Fees | 382,000 | 410,000 | 410,000 | 410,000 | 410,000 |
| Rentals | 28,810 | 28,810 | 28,810 | 28,810 | 28,810 |
| School Revenue | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Recreation Revenue | 914,815 | 850,000 | 850,000 | 850,000 | 850,000 |
| Other Departmental | 2,444,825 | 2,500,000 | 2,550,000 | 2,600,000 | 2,650,000 |
| License / Permits | 5,138,105 | 5,200,000 | 5,200,000 | 5,200,000 | 5,200,000 |
| Fines & Forfeits | 563,000 | 500,000 | 500,000 | 500,000 | 500,000 |
| Investment Income | 2,200,000 | 2,250,000 | 2,250,000 | 2,250,000 | 2,250,000 |
| Parking Fund | 11,828,310 | 11,900,000 | 11,900,000 | 11,900,000 | 11,900,000 |
| State Aid | 43,428,929 | 44,228,880 | 45,032,384 | 44,958,695 | 44,430,334 |
| Free Cash | 1,800,000 | 1,800,000 | 1,800,000 | 1,800,000 | 1,800,000 |
| In-Lieu-of-Taxes | 3,998,000 | 3,100,000 | 3,100,000 | 3,100,000 | 3,100,000 |
| Solid Waste Fees | 55,000 | 60,000 | 60,000 | 60,000 | 60,000 |
| Health Trust | 3,860,000 | 4,168,800 | 4,502,304 | 4,862,488 | 5,251,487 |
| Corporate Excise | 898,000 | 898,000 | 898,000 | 898,000 | 898,000 |
| Other Available | 5,422,958 | 4,853,306 | 4,774,637 | 4,694,003 | 4,611,354 |
| MWPAT Subsidy | 1,427,950 | 2,355,532 | 3,255,354 | 2,933,839 | 2,625,939 |
| Library Fines | 83,000 | 80,000 | 80,000 | 80,000 | 80,000 |
| Cemetery Fees | 245,000 | 200,000 | 200,000 | 200,000 | 200,000 |
| Health Comm. Pension Reimbursement | 4,110,575 | 4,212,827 | 4,318,148 | 4,426,101 | 4,536,754 |
| Health Comm. Debt Reimbursement | 2,880,450 | 2,805,300 | 2,580,000 | 2,512,500 | 2,445,000 |
| School Debt Stabilization Fund Transfer | 959,400 | - | - | - | - |
| **SUBTOTAL:** | 281,333,141 | 298,902,668 | 315,125,380 | 330,713,368 | 345,502,571 |
| | | | | | |
| **WATER DEPARTMENT:** | | | | | |
| Meter Revenue | 12,817,015 | 13,404,929 | 14,404,096 | 15,473,202 | 15,641,127 |
| Miscellaneous Water Charges | 490,000 | 920,000 | 920,000 | 920,000 | 920,000 |
| Retained Earnings | 800,000 | 1,284,405 | 1,008,507 | 75,326 | - |
| MWPAT Subsidy | 637,595 | 614,321 | 590,556 | 566,280 | 541,448 |
| **SUBTOTAL:** | 14,744,610 | 16,223,655 | 16,923,159 | 17,034,808 | 17,102,575 |
| | | | | | |
| **CAPITAL:** | | | | | |
| Taxes | 9,271,000 | 9,333,000 | 9,333,000 | 9,333,000 | 9,333,000 |
| Free Cash | 5,643,000 | 5,143,000 | 5,143,000 | 5,143,000 | 5,143,000 |
| **SUBTOTAL:** | 14,914,000 | 14,476,000 | 14,476,000 | 14,476,000 | 14,476,000 |
| | | | | | |
| **CAMBRIDGE PUBLIC HEALTH COMMISSION:** | | | | | |
| Taxes | 7,598,000 | 6,597,000 | 6,597,000 | 6,597,000 | 6,597,000 |
| **SUBTOTAL:** | 7,598,000 | 6,597,000 | 6,597,000 | 6,597,000 | 6,597,000 |
| | | | | | |
| **GRAND TOTAL:** | 318,589,751 | 336,199,323 | 353,121,539 | 368,821,176 | 383,678,146 |
| **TOTAL TAXES:** | 178,484,965 | 191,169,957 | 203,067,107 | 216,550,356 | 229,891,522 |
| | | | | | |
| **PROJECTED LEVY LIMIT:** | 202,213,412 | 217,431,351 | 230,624,627 | 242,271,115 | 252,857,455 |
| **EXCESS LEVY CAPACITY (GAP):** | 23,728,447 | 26,261,394 | 27,557,520 | 25,720,759 | 22,965,933 |



Attachment 3

**Expenditure Projections**
**FY01-05**
**(Revised 10/12/00)**

| | FY01 Budget | FY02 Projection | FY03 Projection | FY04 Projection | FY05 Projection |
|---|---|---|---|---|---|
| **CITY PROGRAMS:** | | | | | |
| City Operating Programs | 100,175,136 | 103,888,828 | 107,027,651 | 111,078,394 | 114,855,916 |
| Contributory Pensions | 13,500,705 | 13,838,223 | 14,184,178 | 14,538,783 | 14,902,252 |
| Non-Contrib. Pensions | 1,500,000 | 1,450,000 | 1,400,000 | 1,350,000 | 1,300,000 |
| Health Insurance | 10,547,700 | 11,391,516 | 12,302,837 | 13,287,064 | 14,350,029 |
| Retirees' Health Insurance | 5,277,315 | 5,699,500 | 6,155,460 | 6,647,897 | 7,179,729 |
| City Debt Service | 8,062,985 | 14,449,840 | 21,345,046 | 25,461,894 | 28,571,508 |
| Health Comm. Pension | 4,110,075 | 4,212,827 | 4,318,148 | 4,426,101 | 4,536,754 |
| Health Comm. Non-Contrib. Pensions | 74,620 | 74,620 | 74,620 | 74,620 | 74,620 |
| Health Comm. Debt | 2,880,450 | 2,805,300 | 2,580,000 | 2,512,500 | 2,445,000 |
| Overlay | 4,290,541 | 4,250,000 | 4,250,000 | 4,250,000 | 4,250,000 |
| Prior Year Overlay | 20,579 | 200,000 | 200,000 | 200,000 | 200,000 |
| **SUBTOTAL:** | 150,440,106 | 162,260,654 | 173,837,940 | 183,827,253 | 192,665,808 |
| | | | | | |
| **CHERRY SHEET** | | | | | |
| Offset | 2,649,601 | 3,259,757 | 3,500,978 | 3,766,322 | 4,058,199 |
| State Charges | 7,394,685 | 7,579,552 | 7,769,041 | 7,963,267 | 8,162,349 |
| MWRA | 14,353,925 | 14,928,081 | 15,525,204 | 16,146,212 | 16,792,061 |
| **SUBTOTAL:** | 24,398,211 | 25,767,390 | 26,795,223 | 27,875,801 | 29,012,609 |
| | | | | | |
| **SCHOOL DEPARTMENT:** | | | | | |
| School Operating | 89,182,839 | 92,452,914 | 95,642,134 | 99,680,907 | 103,509,269 |
| School Contrib. Pensions | 2,588,785 | 2,653,505 | 2,719,842 | 2,787,838 | 2,857,534 |
| School Health | 7,520,120 | 8,121,730 | 8,771,468 | 9,473,185 | 10,231,040 |
| School Debt | 7,203,080 | 7,646,476 | 7,358,773 | 7,068,384 | 7,226,311 |
| **SUBTOTAL:** | 106,494,824 | 110,874,624 | 114,492,217 | 119,010,315 | 123,824,154 |
| | | | | | |
| **WATER DEPARTMENT:** | | | | | |
| Water Operating | 5,613,645 | 6,652,436 | 6,908,920 | 7,174,295 | 7,448,797 |
| Water Contributory Pensions | 434,975 | 445,849 | 456,996 | 468,420 | 480,131 |
| Water Non-Contrib. Pensions | 72,045 | 72,045 | 72,045 | 72,045 | 72,045 |
| Water Health | 444,050 | 479,574 | 517,940 | 559,375 | 604,125 |
| Water Debt | 8,179,895 | 8,573,751 | 8,967,258 | 8,760,672 | 8,497,477 |
| **SUBTOTAL:** | 14,744,610 | 16,223,655 | 16,923,159 | 17,034,808 | 17,102,575 |
| | | | | | |
| **CAPITAL:** | | | | | |
| Capital | 14,914,000 | 14,476,000 | 14,476,000 | 14,476,000 | 14,476,000 |
| | | | | | |
| **CAMBRIDGE PUBLIC HEALTH COMMISSION:** | | | | | |
| Contract for Service | 7,598,000 | 6,597,000 | 6,597,000 | 6,597,000 | 6,597,000 |
| | | | | | |
| **GRAND TOTAL** | 318,589,751 | 336,199,323 | 353,121,539 | 368,821,176 | 383,678,146 |

## Expenditure Projection Detail
## FY01-05
## (Revised 10/10/00)

| | FY01 Budget | FY02 Projection | FY03 Projection | FY04 Projection | FY05 Projection |
|---|---|---|---|---|---|
| | | | | | |
| **City Programs** | | | | | |
| Salaries & Wages | 76,494,951 | 79,554,749 | 81,941,392 | 85,219,047 | 88,201,714 |
| Other Ordinary Maintenance | 21,446,275 | 22,089,663 | 22,752,353 | 23,434,924 | 24,137,971 |
| Travel & Training | 1,295,865 | 1,334,741 | 1,374,783 | 1,416,027 | 1,458,507 |
| Extraordinary Expenditures | 938,045 | 988,045 | 1,038,045 | 1,088,045 | 1,138,045 |
| **SUBTOTAL:** | 100,175,136 | 103,967,198 | 107,106,573 | 111,158,043 | 114,936,238 |
| | | | | | |
| **School Programs** | | | | | |
| Salaries & Wages | 68,864,884 | 71,619,479 | 73,768,064 | 76,718,786 | 79,403,944 |
| Other Ordinary Maintenance | 19,285,005 | 20,249,255 | 21,261,718 | 22,324,804 | 23,441,044 |
| Travel & Training | 398,360 | 418,278 | 439,192 | 461,151 | 484,209 |
| Extraordinary Expenditures | 634,590 | 659,590 | 684,590 | 709,590 | 734,590 |
| **SUBTOTAL:** | 89,182,839 | 92,946,603 | 96,153,564 | 100,214,332 | 104,063,787 |
| | | | | | |
| **Water Programs** | | | | | |
| Salaries & Wages | 2,900,880 | 3,016,915 | 3,107,423 | 3,200,645 | 3,296,665 |
| Other Ordinary Maintenance | 2,605,610 | 3,528,366 | 3,694,342 | 3,866,495 | 4,044,313 |
| Travel & Training | 22,155 | 22,155 | 22,155 | 22,155 | 22,820 |
| Extraordinary Expenditures | 85,000 | 85,000 | 85,000 | 85,000 | 85,000 |
| **SUBTOTAL:** | 5,613,645 | 6,652,436 | 6,908,920 | 7,174,295 | 7,448,797 |
| | | | | | |
| **General Fund Appropriation** | **S & W** | **OOM** | **T & T** | **EE** | **Total** |
| Total | 190,479,155 | 70,436,560 | 1,694,225 | 19,719,150 | 282,329,090 |
| Less: Contributory Pensions | (13,500,705) | | | | (13,500,705) |
| Less: Non-Contrib. Pensions | (1,500,000) | | | | (1,500,000) |
| Less: Health Insurance | (10,547,700) | | | | (10,547,700) |
| Less: Retirees' Health Insurance | (5,277,315) | | | | (5,277,315) |
| Less: City Debt Service | | | | (8,062,985) | (8,062,985) |
| Less: Health Comm. Pensions | (4,110,075) | | | | (4,110,075) |
| Less: Health Comm. Non-Contrib. | (74,620) | | | | (74,620) |
| Less: Health Comm. Debt | | | | (2,880,450) | (2,880,450) |
| Less: State Charges | | (7,753,355) | | | (7,753,355) |
| Less: MWRA | | (14,353,925) | | | (14,353,925) |
| Less: School Appropriations | (78,973,789) | (19,285,005) | (398,360) | (7,837,670) | (106,494,824) |
| Less: CPHC Contract | | (7,598,000) | | | (7,598,000) |
| Total City Operating Programs | 76,494,951 | 21,446,275 | 1,295,865 | 938,045 | 100,175,136 |
| | | | | | |
| **School Appropriation** | **S & W** | **OOM** | **T & T** | **EE** | **Total** |
| Total | 78,973,789 | 19,285,005 | 398,360 | 7,837,670 | 106,494,824 |
| Less:Contributory Pensions | (2,588,785) | | | | (2,588,785) |
| Less: Health Insurance | (7,520,120) | | | | (7,520,120) |
| Less: Debt Service | | | | (7,203,080) | (7,203,080) |
| Total: School Operating Programs | 68,864,884 | 19,285,005 | 398,360 | 634,590 | 89,182,839 |
| | | | | | |
| **Water Appropriation** | **S & W** | **OOM** | **T & T** | **EE** | **Total** |
| Total | 3,851,950 | 2,605,610 | 22,155 | 8,264,895 | 14,744,610 |
| Less: Contributory Pensions | (434,975) | | | | (434,975) |
| Less: Non-Contrib. Pensions | (72,045) | | | | (72,045) |
| Less: Health Insurance | (444,050) | | | | (444,050) |
| Less: Debt Service | | | | (8,179,895) | (8,179,895) |
| Total Water Operating Programs | 2,900,880 | 2,605,610 | 22,155 | 85,000 | 5,613,645 |

## FY01-05 Financial Projections Assumptions
## (Revised 6/5/00)

**Expenditures:**

1) Salaries & Wages:

| Year | Date | Increase |
|---|---|---|
| FY01 | 7/1/00 | 3.00% |
| FY02 | 7/1/01 | 4.00% |
| FY03 | 7/1/02 | 3.00% |
| FY04 | 7/1/03 | 4.00% |
| FY05 | 7/1/04 | 3.50% |

2) Other Ordinary Maintenance expenses increase by 3% annually except for Schools which increase 5% annually.

3) Travel & Training expenses increase by 3% annually except for Water which remains constant from 01-04 and then increases by 3% in 05 and Schools which increases 5% from 01 to 05.

4) Extraordinary Expenditures increase by $50,000 intotal per year for City Programs, $25,000 in total per year for School Programs, and constant for Water Programs.

5) Debt costs reflect issued debt and debt issuance schedule on page 7.

6) Health insurance costs increase by 8% from 01-05.

7) Contributory pensions increase by 2.5% annually.

8) State charges increase by 2.5% annually.

9) MWRA charges increase by 4% annually.

10) Cherry Sheet Offset for FY01-05 = $847,545 + Charter School Revenue Loss. Charter School Revenue Loss for FY01 is $2,192,920 and increases by 10% each year.

**Revenues:**

1) Sewer renenues increase annually by amount needed to fully cover sewer costs - see page 5.

2) Water revenues increase annually by amount needed to fully cover water costs - see page 5.

3) State aid increases by 2.5% annually with adjustments for school building construction and projected reductions for the charter schools.

4) Transfer from Health Claims Trust Fund increases by 8% each year in relation to the increase in health care costs.

5) Subsidies from the Massachusetts Water Pollution Abatement Trust are based on projected loans from the Trust during this period.

6) All other non-tax revenues show modest increases.

7) Tax levy grows according to table on page 1.

**Cambridge Health Alliance:**

1) The Cambridge Health Alliance has not been part of the City for several years. However, debt and pension costs are shoen as expenditures under City Programs and are reimbursed by the Alliance.

2) The annual contract for services is equal to the projected annual tax subsidy under the Health Alliance. The figures shown for FY01-03 are covered under the current contract while the figures for FY04-05 are projections.

## Pay-As-We-Go Capital 2001

| | | |
|---|---|---|
| 1 Taxes | | |
| Original Budget | $8,526,000 | |
| Sept Appropriations | $745,000 | |
| | $9,271,000 | |
| | | |
| 2 Free Cash | | |
| Original Budget | $4,393,000 | |
| Sept Appropriations | $1,250,000 | |
| | $5,643,000 | |
| | | |
| 3 Total FY 2001 Pay-As-We-Go | $14,914,000 | |
| | | |
| 4 Analysis Taxes Gross | | |
| | $9,271,000 | Taxes |
| | ($2,250,000) | Housing |
| | ($650,000) | Open Space |
| | $6,371,000 | |
| | | |
| 5 Taxes Net | $6,371,000 | Taxes Minus Significant One Time |
| | ($1,100,000) | Maynard School |
| | ($400,000) | Larkin Petition |
| | ($520,000) | Area 4 Park |
| | ($425,000) | CRLS Design |
| | ($650,000) | Airial tower C Supplemental |
| | ($95,000) | Annex Environmental Survey (Supplemental) |
| | $3,181,000 | Net Taxes |
| | | |
| 6 Tax Funded Target FY2002 | | |
| Capital | $3,200,000 | |
| Housing | $2,250,000 | |
| Open Space | $650,000 | |
| | $6,100,000 | Subtotal |
| Debt Stabilization | $3,000,000 | |
| | $9,100,000 | Total |
| | | |
| 7 Free Cash Target FY2002 Capital | | |
| Housing | $2,250,000 | |
| Non-Housing | $500,000 | |
| | $2,750,000 | |



Attachment 4

8 FY2002 Capital Target Net Housing & Open Space

| | |
|---|---|
| Taxes | $3,200,000 |
| Free Cash | $500,000 |
| | $3,700,000 |

9 Major Issues

A. Need to begin replacing $2,250,000 free cash in affordable housing with taxes as overall free cash balance declines.

B. Need to increase $650,000 open space to meet City Council expectations of $2,000,000 annually.

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**Committee Report #7**

Committee Report from Councillor Michael A. Sullivan, Chair of the Finance Committee for a meeting held on January 17, 2001 for the purpose of a preliminary overview of the FY2002 city budget.

**In City Council January 22, 2001**

Report Accepted

PLACED ON FILE

See Policy Orders #12 + 13