City of Cambridge

The Finance Committee held a public meeting on January 28, 1997, beginning at 4:30 p.m in the Ackermann Room for the purpose of receiving a report on the City of Cambridge FY 1997-2001 Financial Projections.

Present at the hearing were Councillor Michael A. Sullivan, Chair of the Committee, Vice Mayor Kathleen L. Born, Councillor Henrietta Davis, Councillor Francis H. Duehay, Councillor Kenneth E. Reeves, Mayor Sheila T. Russell, Councillor Timothy J. Toomey, Jr., Councillor Katherine Triantafillou, and City Clerk D. Margaret Drury. Also present were City Manager, Robert W. Healy; Deputy City Manager, Richard Rossi; James Maloney, Assistant City Manager for Finance; Louis DePasqual, Budget Director, David Holland and Fred Centanni, budget analysts.

Councillor Sullivan convened the hearing and explained the purpose. He invited the City Manager to begin. Mr. Healy stated that the budget meeting for department heads took place on November 20, 1996. At that time the budget guidelines were laid out. Of the four percent salary increase, departments are expected to absorb one percent, and other operating expenses must be budgeted at the same level as last year.

Mr. Healy distributed the City of Cambridge FY 1997-2001 Financial Projections (Attachment A). James Maloney summarized the material. Mr. Maloney noted that the projected levy does not include new money for housing or the projected school budget gap. Also, there is outstanding police arbitration, which may result in additional costs to the City.

Councillor Sullivan requested that Mr. Maloney describe the effects of increase of the new construction tax revenues due to increased values in formerly rent control properties. Mr. Maloney said that he expects that it will reduce what would otherwise be a six percent tax increase to four percent.

Councillor Triantafillou asked for an explanation of the Proposition 2 1/2% rules. Mr. Maloney explained that the City can collect an amount equal to the previous year's levy multiplied by 2.5 percent plus an allowance for new growth. The entire levy must be loss than two and one half percent of total property values.

Mayor Russell asked about free cash and the effect on the bond rating. Mr. Maloney replied that in the current year, the City has used $3 million of its $20 million free cash, and he expects that next year the City will use $2 million for projected capital costs and for the cost of settlement of the police arbitration. The policy has been to use free cash only for non-recurring expenses. Mr. Maloney stated that cities got into trouble in the 80's by using free cash for operating expenses. Because Cambridge built up excess levy capacity in the 80's, the City was able to weather the recession of the 90's without closing libraries and fire houses. Last year Cambridge was able to soften the blow of a new charter school.

Councillor Triantafillou asked about the "Future Debt Issues" report on page 7. Mr. Maloney stated that Cambridge's current outstanding debt equals $78 million, the highest amount of debt the City has had in its history. Debt will be $225 million by the year 2000 if all projected projects go forward.

Councillor Duehay asked what part of the debt has independent streams of income for repayment. Mr. Maloney said that repayments on tax supported debt is now $7 million per year. If all projected projects were to go forward, that would jump to $10,181,185. Mr. Maloney said that the jump in outstanding debt is bound to have an impact on the rate paid, either by a rating decrease, a market adjustment (interest increase) or a combination of both.

Councillor Sullivan asked whether the hospital could issue its own debt. Mr. Maloney said the answer is unclear; if the hospital does issue its own debt, it will be at a higher cost.

Mayor Russell asked whether filling in the gap for the schools for a transition period could be considered a nonrecurring expense that could come from free cash.

Mr. Maloney said that this is an interesting question. Multiyear budgeting is not legal; nor can you really expect to bind future legislative bodies.

Councillor Duehay said that the key question is whether there will be savings at the end of the process.

Councillor Sullivan noted that the projected gaps in the school budget will increase over the years if cuts are not made.

Mr. Maloney said that there are currently 900 empty seats in elementary schools.

Councillor Triantafillou asked about the projected tax increases. Mr. Maloney said it would be six percent in the first year and four percent in future years.

Councillor Triantafillou asked if this is a fiscally responsible budget, with these figures. Mr. Maloney said four-five percent tax growth per year is not financially unhealthy. What worries him the most is the growth in total debt.

Councillor Reeves requested clarification of this concern, in light of the fact that there are significant nontax sources of repayment of much of this debt. Mr. Maloney said that the bulk will be supported by non tax revenue. The concern is how lending officials will view this debt, because it will all be based on the full faith and credit of the City. Last spring city administrators met with the rating agencies and presented some of this. The agencies expressed some concern but there was no negative impact on the bond ratings.

In response to a question from Vice Mayor Born, Mr. Maloney stated that in the year 2000, debt payment will amount to $29 million per year, of which one fourth or $7 million will be reimbursed by property taxes. Currently, $5 million comes from property taxes.

Vice Mayor Born noted that the increase in the property tax debt service increase is about thirty percent, while the total debt increase is 280 percent.

Mr. Maloney noted that school debt reimbursement is subject to annual state legislature appropriation.

Vice Mayor Born pointed out that the rates only go up on new debt.

Councillor Davis asked if there was a number that represents a level of debt with which Mr. Maloney would feel comfortable.

Mr. Maloney said that undoubtably some of this debt will be spread out. A strong cash position means that the City can borrow from itself. He would be most comfortable with something that maintains the current ratio of debt to assessed value, which is 1.6 percent of assessed value. Throughout the 80's and 90's the City's policy was to retire debt and only replace retired debt.

Councillor Davis said that there are some possible new state and federal initiatives, federal money for schools, state money for police, a library fund. All that could make a difference.

Mr. Maloney noted that what Cambridge has been able to accomplish over the past few years has been phenomenal.

Councillor Toomey asked why the hospital debt still shows on the city budget. Mr. Maloney said that the bonds are backed by the City's full faith and credit. The business assets of the hospital provide some security to the city.

Councillor Reeves asked about the category of school health. Mr. Maloney explained that it represents health insurance. Councillor Reeves noted his concern with the need for long term planning when the School Committee terms are two years, and multiyear budgeting is not allowed. He also stated that the City should put some thought into the category of organized public giving. He suggested strengthening a development capacity, even on an experimental basis. Councillor Triantafillou agreed. She noted that Margret Rey bequeathed $1 million to the Boston Public Library.

Councillor Sullivan requested that Mr. Maloney summarize the current status of the budget process. Mr. Maloney outlined the process and stated that City Council will get the City Manager's budget the first week in April.

Mayor Russell noted the need to look closely at the school situation in light of the transition which the school system now faces with the change of superintendent.

Councillor Duehay agreed on the need for maximum flexibility for the schools.

Councillor Triantafillou asked whether Mr. Maloney could identify savings that can be made in the budget. Mr. Maloney said that big ticket items have been targeted over past two years, for example the health insurance changes and two years of no employee cost of living wage increases. The City will continue to target efficiencies, but the only way for significant savings would be major employee reductions.

Councillor Triantafillou asked whether there were possible incentives to departments to cut costs, for example, allowing them to keep a percentage of the savings that they can effect from existing budgets.

Councillor Duehay noted the unexpected challenges of state and federal cuts, in several areas such as welfare and housing.

Councillor Davis noted possible places to look for more money: other reserve accounts, stabilization funds - health and schools, unused funds from projects, pay-as-you-go capital, exclude debt from levy limit with a vote.

Councillor Sullivan asked when there will be a realistic read on the amount of free cash. Mr. Maloney said it will be another few weeks.

Mr. DePasquale noted that the departments are using computerized reporting of goals and objectives.

Councillor Sullivan thanked all those present for their attendance.

The meeting was adjourned at 6:15 p.m.

For the Committee,

Michael A. Sullivan DhD

Councillor Michael A. Sullivan
Chair

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City of Cambridge
FY1997-2001 Financial Projections

FY 1997-2001 Financial Projections Assumptions

Expenditures:

1. Salaries & Wages:

Year	Date	Increase
FY97	7-1-96	3.00%
FY98	7-1-97	4.00%
FY99	7-1-98	3.50%
FY00	7-1-99	3.00%
FY01	7-1-00	3.00%

2. Other Ordinary expenses increase by 2% annually

3. Travel & Training expenses increase by 2% annually except for Water which remains the same

4. Extraordinary expenses increase by $50,000 in total per year for City Programs, $25,000 in total per year for School Programs and remains flat for Water Programs

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

6. Health insurance costs increase by 6% annually

7. Contributory pensions increase by 3% annually

8. State charges increase by 2.5% annually

9. MWRA charges increase by 10% annually

10. Cherry Sheet Offset for FY98 through FY01 = $856,630.00 + Charter School Revenue Loss

Revenues:

1. Sewer revenues increase annually by amount needed to fully cover sewer costs - see page 4

2. Water revenues increase annually by amount needed to fully fund expenditures - see page 4

3. State aid increases by 2.5% annually with adjustments for school building construction and projected reductions for Charter School. See table on page 4

4. All other non-tax revenues show modest increases

5. Tax levy limit grows according to table on page 5

Health Commission:

1. For FY98-01, the Health Commission is no longer a part of the City budget. However, Commission debt and pensions are shown expended in City Programs and reimbursed by the Commission.

2. The annual Contract for Services is equal to the projected annual tax subsidy shown under the Health Commission

Expenditure Projections
FY97 - FY01

	FY 97 Budget	FY 98 Projection	FY 99 Projection	FY 00 Projection	FY 01 Projection
CITY PROGRAMS:					
City Operating Programs	$82,820,765	$85,762,757	$88,505,741	$90,994,840	$93,553,269
Contrib. Pensions	$11,248,450	$11,585,904	$11,933,481	$12,291,485	$12,660,230
Non-Contrib Pensions	$1,653,335	$1,600,000	$1,600,000	$1,500,000	$1,500,000
Health Insurance	$8,486,525	$8,995,717	$9,535,459	$10,107,587	$10,714,042
Retirees' Health Insurance	$4,170,545	$4,420,778	$4,686,024	$4,967,186	$5,265,217
City Debt Service	$7,041,705	$7,411,402	$8,961,340	$10,431,970	$10,181,185
Health Commission Debt	$0	$2,751,578	$3,632,603	$3,988,060	$3,040,450
Overlay	$4,250,000	$4,250,000	$4,250,000	$4,250,000	$4,250,000
Health Comm Insurance	$6,384,675	$0	$0	$0	$0
Health Comm Audit	$23,400	$0	$0	$0	$0
Health Comm Pensions	$3,513,490	$3,618,895	$3,727,462	$3,839,285	$3,954,464
Health Comm Non-Contrib	$74,620	$75,000	$75,000	$75,000	$75,000
Prior Year Overlay	$351,765	$1,500,000	$865,000	$865,000	$865,000
SUBTOTAL:	$130,019,275	$131,972,028	$137,772,110	$143,310,413	$146,058,858
CHERRY SHEET:					
Offset	$1,958,961	$2,324,750	$2,789,890	$3,826,350	$4,037,830
State Charges	$7,620,904	$7,773,322	$7,928,789	$8,087,364	$8,249,112
MWRA	$13,550,295	$14,905,325	$16,395,857	$18,035,443	$19,838,987
SUBTOTAL:	$23,130,160	$25,003,397	$27,114,535	$29,949,157	$32,125,928
SCHOOL DEPARTMENT:					
School Operating	$72,647,659	$75,224,570	$77,634,461	$79,813,902	$82,054,665
School Contrib. Pensions	$2,388,835	$2,460,500	$2,534,315	$2,610,345	$2,688,655
School Health	$6,552,726	$6,945,890	$7,362,643	$7,804,402	$8,272,666
School Debt	$5,353,130	$4,654,130	$4,775,930	$7,010,564	$7,036,464
SUBTOTAL:	$86,942,350	$89,285,090	$92,307,350	$97,239,212	$100,052,449
WATER DEPARTMENT:					
Water Operating	$4,430,885	$4,576,717	$4,709,711	$4,832,140	$4,957,901
Water Contrib. Pensions	$520,685	$536,306	$552,395	$568,967	$586,036
Water Health	$413,850	$438,681	$465,002	$492,902	$522,476
Water Debt	$3,664,340	$5,607,816	$7,702,890	$9,348,216	$8,109,876
SUBTOTAL:	$9,029,760	$11,159,520	$13,429,997	$15,242,224	$14,176,288
CAPITAL:					
Capital	$3,843,900	$3,810,000	$3,810,000	$3,810,000	$3,810,000
CAMBRIDGE PUBLIC HEALTH COMMISSION:					
Contract For Service	$8,598,000	$8,598,000	$8,598,000	$8,598,000	$7,598,000
GRAND TOTAL:	**$261,563,445**	**$269,828,035**	**$283,031,992**	**$298,149,006**	**$303,821,523**

Revenue Projections
FY97 - FY01

	FY 97 Budget	FY 98 Projection	FY 99 Projection	FY 00 Projection	FY 01 Projection
CITY PROGRAMS:					
Real/Personal Taxes	$136,178,100	$145,641,052	$151,894,147	$159,088,658	$165,563,187
Motor Vehicle Excise	$2,968,751	$3,005,000	$3,105,000	$3,205,000	$3,305,000
Hotel/Motel	$2,686,000	$2,800,000	$2,900,000	$3,000,000	$3,100,000
Interest on Taxes	$500,000	$525,000	$525,000	$525,000	$525,000
Sewer Charges	$16,320,500	$18,255,178	$19,872,370	$22,013,695	$23,767,960
Water Receipts	$365,450	$365,450	$365,450	$365,450	$365,450
Fees	$214,850	$215,000	$215,000	$215,000	$215,000
Rentals	$20,050	$20,551	$21,065	$21,592	$22,131
School Revenue	$25,000	$25,000	$25,000	$25,000	$25,000
Recreation Revenue	$784,335	$785,000	$785,000	$785,000	$785,000
Other Departmental	$2,282,545	$2,285,000	$2,285,000	$2,285,000	$2,285,000
License/Permits	$3,442,515	$3,445,000	$3,445,000	$3,445,000	$3,445,000
Fines & Forfeits	$437,600	$437,000	$437,000	$437,000	$437,000
Investment Income	$1,100,000	$1,300,000	$1,400,000	$1,500,000	$1,600,000
Parking Fund	$11,062,495	$10,900,000	$11,000,000	$11,100,000	$11,200,000
State Aid	$37,337,739	$37,612,812	$39,685,899	$42,368,042	$43,294,593
Free Cash	$2,392,000	$1,500,000	$1,500,000	$1,500,000	$1,500,000
In-Lieu-of Taxes	$2,300,000	$2,300,000	$2,400,000	$2,400,000	$2,500,000
Solid Waste Fees	$50,000	$75,000	$75,000	$75,000	$75,000
Health Trust	$2,800,000	$2,800,000	$2,800,000	$2,800,000	$2,800,000
Corporate Excise	$898,000	$798,000	$798,000	$798,000	$798,000
Other Available	$2,874,170	$2,875,000	$2,875,000	$2,875,000	$2,875,000
Library	$83,000	$85,000	$85,000	$85,000	$85,000
Cemetery	$260,000	$265,000	$265,000	$265,000	$265,000
School Stabilization	$712,500	$500,000	$0	$419,000	$334,000
Hospital In-Lieu	$2,000,000	$1,000,000	$1,000,000	$1,000,000	$0
Health Comm Insurance Reimb.	$6,384,675	$0	$0	$0	$0
Health Comm Audit Reimb.	$23,400	$0	$0	$0	$0
Health Comm Pension Reimb	$3,513,490	$3,618,895	$3,727,462	$3,839,285	$3,954,464
Health Comm Non-Contrib Reim	$74,620	$75,000	$75,000	$75,000	$75,000
Health Comm Debt Retirement	$0	$2,751,578	$3,632,603	$3,988,060	$3,040,450
SUBTOTAL:	$240,091,785	$246,260,515	$257,193,995	$270,498,782	$278,237,235
WATER DEPARTMENT:					
Receipts	$9,029,760	$11,159,520	$13,429,997	$15,242,224	$14,176,288
SUBTOTAL:	$9,029,760	$11,159,520	$13,429,997	$15,242,224	$14,176,288
CAPITAL:					
Taxes	$3,293,900	$3,260,000	$3,260,000	$3,260,000	$3,260,000
Free Cash	$550,000	$550,000	$550,000	$550,000	$550,000
SUBTOTAL:	$3,843,900	$3,810,000	$3,810,000	$3,810,000	$3,810,000
CAMBRIDGE PUBLIC HEALTH COMMISSION:					
Taxes	$8,598,000	$8,598,000	$8,598,000	$8,598,000	$7,598,000
SUBTOTAL:	$8,598,000	$8,598,000	$8,598,000	$8,598,000	$7,598,000
GRAND TOTAL:	**$261,563,445**	**$269,828,035**	**$283,031,992**	**$298,149,006**	**$303,821,523**
TOTAL TAXES:	**$148,070,000**	**$157,499,052**	**$163,752,147**	**$170,946,658**	**$176,421,187**
PROJECTED LEVY LIMIT	**$158,823,735**	**$165,642,591**	**$172,989,892**	**$179,637,445**	**$186,433,126**
EXCESS CAPACITY/(GAP)	**$10,753,735**	**$8,143,539**	**$9,237,745**	**$8,690,787**	**$10,011,939**

Annual Operating Sewer Revenue Projections

	FY 97 Budget	FY 98 Projection	FY 99 Projection	FY 00 Projection	FY 01 Projection
Operating	$1,217,105	$1,253,618	$1,291,227	$1,329,963	$1,369,862
MWRA	$13,550,295	$14,905,325	$16,395,857	$18,035,443	$19,838,987
Debt	$1,553,100	$2,096,235	$2,185,286	$2,648,289	$2,559,111
TOTAL:	$16,320,500	$18,255,178	$19,872,370	$22,013,695	$23,767,960

Water Revenue Projections

	FY 97 Budget	FY 98 Projection	FY 99 Projection	FY 00 Projection	FY 01 Projection
Operating	$5,365,420	$5,551,704	$5,727,107	$5,894,008	$6,066,412
Debt	$3,664,340	$5,607,816	$7,702,890	$9,348,216	$8,109,876
General Fund Transfer	$365,450	$365,450	$365,450	$365,450	$365,450
TOTAL:	$9,395,210	$11,524,970	$13,795,447	$15,607,674	$14,541,738

Water General Fund Transfer

	FY 97 Budget	FY 98 Projection	FY 99 Projection	FY 00 Projection	FY 01 Projection
Conservation	$3,450	$3,450	$3,450	$3,450	$3,450
Finance	$185,000	$185,000	$185,000	$185,000	$185,000
D.P.W.	$147,000	$147,000	$147,000	$147,000	$147,000
Executive	$30,000	$30,000	$30,000	$30,000	$30,000
TOTAL :	$365,450	$365,450	$365,450	$365,450	$365,450

State Aid Revenue Analysis

	FY 97 Budget	FY 98 Projection	FY 99 Projection	FY 00 Projection	FY 01 Projection
SBAB	$2,921,959	$2,336,637	$3,527,820	$5,306,011	$5,306,011
Other	$34,415,780	$35,276,175	$36,158,079	$37,062,031	$37,988,582
Sub Total:	$37,337,739	$37,612,812	$39,685,899	$42,368,042	$43,294,593
Less: Charter School	($1,111,705)	($1,459,120)	($1,924,260)	($2,960,720)	($3,172,200)
TOTAL:	$36,226,034	$36,153,692	$37,761,639	$39,407,322	$40,122,393

FY97 Charter School Revenue Loss

Charter School	Enrollment	Cost Per Pupil (50%)	Loss
Banneker	195	$5,412	$1,055,340
Somerville	16	$3,326	$53,216
North School Star Academy	1	$3,149	$3,149
		TOTAL FY97 LOSS:	**$1,111,705**

Projected Charter School Revenue Loss

	FY 98 Projection	FY 99 Projection	FY 00 Projection	FY 01 Projection
Deduction per student	(40%) $6,344	(30%) $7,401	$10,574	$10,574
Number of Students	230	260	280	300
TOTAL:	$1,459,120	$1,924,260	$2,960,720	$3,172,200

City Debt Service

	FY 97 Budget	FY 98 Projection	FY 99 Projection	FY 00 Projection	FY 01 Projection
City Debt	$5,399,002	$5,225,956	$6,687,243	$7,695,275	$7,495,705
Sewer Debt	$1,553,101	$2,096,235	$2,185,286	$2,648,289	$2,559,111
Section 108 Debt	$89,602	$89,211	$88,811	$88,406	$126,369
TOTAL:	$7,041,705	$7,411,402	$8,961,340	$10,431,970	$10,181,185

	1996(ACTUAL)	FY 1997(ACTUAL)	FY 1998	FY 1999	FY 2000	FY 2001
LEVY:	144,441,464	148,070,000	157,499,052	163,752,147	170,946,658	176,421,187
LEVY LIMIT:	150,638,693	158,823,735	165,642,591	172,989,892	179,637,445	186,433,126
EXCESS CAPACITY:	6,197,229	10,753,735	8,143,539	9,237,745	8,690,787	10,011,939
Res Value Existing Prop:	4,278,311,539 (6%)	4,342,792,938 (1%)	4,674,751,733 (3%)	4,911,140,226 (3%)	5,039,963,030 (2%)	5,216,911,921 (3%)
New Residential Growth:	22,910,000	43,446,700	35,000,000	30,000,000	25,000,000	20,000,000
New Rent Control Growth	0	156,924,906	60,095,941	60,095,941	0	0
Com Value Existing Prop:	2,448,047,497 (-1.7%)	2,432,647,693 (-2%)	2,536,796,160 (3%)	2,643,800,045 (3%)	2,737,476,045 (2%)	2,833,025,566 (2%)
New Commercial Growth:	33,721,271	30,261,200	30,000,000	40,000,000	40,000,000	40,000,000
Existing Personal Property:	209,340,000	216,151,000 (-5%)	224,248,450 (-5%)	227,286,028 (-5%)	230,171,726 (-5%)	232,913,140 (-5%)
New Personal Property:	17,700,000	19,900,000	15,000,000	15,000,000	15,000,000	15,000,000
TOTAL VALUE	7,010,030,307	7,242,124,437	7,575,892,284	7,927,322,239	8,087,610,802	8,357,850,627
Res value %:	0.61358	0.62732	0.62961	0.63089	0.62626	0.62659
Comm value %:	0.38642	0.37268	0.37039	0.36911	0.37374	0.37341
Equalized Tax Rate:	20.60	20.45	20.79	20.66	21.14	21.11
Historic Lowest Res Levy %	0.345615	0.345615	0.345615	0.345615	0.345615	0.345615
LEVY CALCULATION UP TO 1.75 LIMIT FOR COMMERCIAL PROPERTIES						
Res Levy at .34562	49,921,137	51,175,213	54,434,035	56,595,198	59,081,729	60,973,809
Commercial Levy, no shift	94,520,327	96,894,787	103,065,017	107,156,949	111,864,929	115,447,378
Commercial Factor	1.69346	1.75591	1.76674	1.77285	1.75092	1.75244
Minimum Residential Factor	0.56328	0.55093	0.54894	0.54782	0.55187	0.55158
LEVY CALCULATION WHEN Commercial Factor IS GREATER THAN 1.75						
Commercial Levy %	0.67623	0.65218	0.64818	0.64595	0.65404	0.65347
Commercial Levy	97,676,116	96,568,519	102,088,488	105,775,634	111,806,219	115,286,757
Residential Levy	46,765,348	51,501,481	55,410,564	57,976,513	59,140,439	61,134,430
Residential Levy %	0.32377	0.34782	0.35182	0.35405	0.34596	0.34653
Minimum Residential Factor:	0.52767	0.55445	0.55878	0.56120	0.55242	0.55304
TAX RATE CALCULATIONS						
Residential Levy	49,921,137	51,501,481	55,410,564	57,976,513	59,140,439	61,134,430
Commercial Levy	94,520,327	96,568,519	102,088,488	105,775,634	111,806,219	115,286,757
# Res Exemptions	11,232	11,472	11,672	11,872	12,072	12,272
Res Tax Rate	13.32	13.02	13.38	13.38	13.52	13.55
Commercial Tax Rate	34.89	35.78	36.38	36.15	36.99	36.94
Residential Levy Increase:	-0.00%	3.17%	7.59%	4.63%	2.01%	3.37%
Commercial Levy Increase:	-0.00%	2.17%	5.72%	3.61%	5.70%	3.11%
Res Typical Tax Increase	-0.02%	-1.30%	5.72%	3.01%	1.77%	3.25%
Com Typical Tax Increase	0.00%	2.54%	4.73%	2.34%	4.37%	1.86%

01/28/97

Operating Break Down

	FY 97 Budget	FY 98 Projection	FY 99 Projection	FY 00 Projection	FY 01 Projection
City Programs:					
Salary and Wages	$63,636,515	$66,181,976	$68,498,345	$70,553,295	$72,669,894
Other Ordinary Maintenance	$17,523,500	$17,873,970	$18,231,449	$18,596,078	$18,968,000
Travel and Training	$938,050	$956,811	$975,947	$995,466	$1,015,375
Extra Ordinary Expenditures	$722,700	$750,000	$800,000	$850,000	$900,000
SUBTOTAL:	$82,820,765	$85,762,757	$88,505,741	$90,994,840	$93,553,269
School Programs:					
Salary and Wages	$56,461,519	$58,719,980	$60,775,179	$62,598,434	$64,476,387
Other Ordinary Maintenance	$15,481,100	$15,790,722	$16,106,536	$16,428,667	$16,757,241
Travel and Training	$435,165	$443,868	$452,746	$461,801	$471,037
Extra Ordinary Expenditures	$269,875	$270,000	$300,000	$325,000	$350,000
SUBTOTAL:	$72,647,659	$75,224,570	$77,634,461	$79,813,902	$82,054,665
Water Programs:					
Salary and Wages	$2,734,570	$2,843,953	$2,943,491	$3,031,796	$3,122,750
Other Ordinary Maintenance	$1,639,965	$1,672,764	$1,706,220	$1,740,344	$1,775,151
Travel and Training	$21,350	$25,000	$25,000	$25,000	$25,000
Extra Ordinary Expenditures	$35,000	$35,000	$35,000	$35,000	$35,000
SUBTOTAL:	$4,430,885	$4,576,717	$4,709,711	$4,832,140	$4,957,901

Future Debt Issues 1996-1999

Date of Issue	Project	Amount	Term
June, 1997	Water Treatment Plant Construction	20,000,000	20
	Water Main Replacement	2,000,000	10
	Eastern Cambridge Youth Center	3,600,000	10
	Area IV Youth Center	200,000	10
	Hospital Construction	10,000,000	20
	Central Square Improvements	3,500,000	10
	Morse School Renovations	10,000,000	10
	Total	49,300,000	
June, 1998	Water Treatment Plant Construction	20,000,000	20
	Water Main Replacement	2,000,000	10
	Hospital Construction	10,000,000	20
	Building Renovations	3,000,000	10
	Library Construction	10,000,000	10
	Affordable Housing Trust Fund	20,000,000	10
	Total	65,000,000	
June, 1999	Water Treatment Plant Construction	20,000,000	20
	Water Main Replacement	2,000,000	10
	Hospital Construction	10,000,000	20
	Fitzgerald School Renovations	14,000,000	10
	Open Space Improvements	5,000,000	10
	Library Construction	10,000,000	10
	Police Station Construction	20,000,000	20
	Total	81,000,000	

Debt Projections FY97-01 (Revised 11/27/96)

Category of Debt	Debt Service	FY96	FY97	FY98	FY99	FY00	FY01
Tax-Supported/Existing Debt	Principal	4,050,375	4,145,000	3,295,000	2,940,000	2,340,000	1,975,000
	Interest	996,376	1,038,591	812,031	636,967	480,513	347,143
	Fees	126,200	126,200	126,200	126,200	126,200	126,200
	Total	5,172,951	5,309,791	4,233,231	3,703,167	2,946,713	2,448,343
Tax-Supported/New Debt	Principal	0	0	730,000	4,030,000	6,530,000	6,530,000
	Interest	0	0	365,000	1,978,500	3,527,000	3,200,500
	Fees	0	0	0	0	0	0
	Total	0	0	1,095,000	6,008,500	10,057,000	9,730,500
Tax-Supported/Total Debt	Principal	4,050,375	4,145,000	4,025,000	6,970,000	8,870,000	8,505,000
	Interest	996,376	1,038,591	1,177,031	2,615,467	4,007,513	3,547,643
	Fees	126,200	126,200	126,200	126,200	126,200	126,200
	Total	5,172,951	5,309,791	5,328,231	9,711,667	13,003,713	12,178,843
Sewer/Existing Debt	Principal	1,088,378	1,161,692	866,028	823,374	736,739	672,211
	Interest	67,981	72,869	59,338	53,569	47,775	41,950
	Fees	15,063	24,155	22,510	21,640	20,728	20,700
	Total	1,171,422	1,258,716	947,876	898,583	805,242	734,861
Sewer/New Debt	Principal	0	0	330,000	340,000	330,000	320,000
	Interest	0	0	100,000	85,000	70,000	55,000
	Fees	0	0	0	0	0	0
	Total	0	0	430,000	425,000	400,000	375,000
Sewer/Total Debt	Principal	1,088,378	1,161,692	1,196,028	1,163,374	1,066,739	992,211
	Interest	67,981	72,869	159,338	138,569	117,775	96,950
	Fees	15,063	24,155	22,510	21,640	20,728	20,700
	Total	1,171,422	1,258,716	1,377,876	1,323,583	1,205,242	1,109,861
School/Existing Debt	Principal	3,552,000	3,777,000	3,297,000	2,090,000	2,377,000	2,603,000
	Interest	1,242,721	1,171,942	978,030	808,736	708,277	590,302
	Total	4,794,721	4,948,942	4,275,030	2,898,736	3,085,277	3,193,302
School/New Debt	Principal	0	0	1,000,000	1,000,000	2,400,000	2,400,000
	Interest	0	0	500,000	450,000	1,100,000	980,000
	Total	0	0	1,500,000	1,450,000	3,500,000	3,380,000
School/Total Debt	Principal	3,552,000	3,777,000	4,297,000	3,090,000	4,777,000	5,003,000
	Interest	1,242,721	1,171,942	1,478,030	1,258,736	1,808,277	1,570,302
	Total	4,794,721	4,948,942	5,775,030	4,348,736	6,585,277	6,573,302

Debt Projections FY97-01 (Revised 11/27/96)

Category of Debt	Debt Service	FY96	FY97	FY98	FY99	FY00	FY01
Water/Existing Debt	Principal	2,238,000	3,098,000	2,898,000	2,900,000	2,513,000	1,487,000
	Interest	671,937	806,141	642,766	487,965	332,416	199,176
	Total	2,909,937	3,904,141	3,540,766	3,387,965	2,845,416	1,686,176
Water/New Debt	Principal	0	0	1,200,000	2,400,000	3,600,000	3,600,000
	Interest	0	0	1,100,000	2,140,000	3,120,000	2,940,000
	Total	0	0	2,300,000	4,540,000	6,720,000	6,540,000
Water/Total Debt	Principal	2,238,000	3,098,000	4,098,000	5,300,000	6,113,000	5,087,000
	Interest	671,937	806,141	1,742,766	2,627,965	3,452,416	3,139,176
	Total	2,909,937	3,904,141	5,840,766	7,927,965	9,565,416	8,226,176
Hospital/Existing Debt	Principal	1,485,000	1,485,000	1,335,000	1,335,000	835,000	0
	Interest	419,878	324,703	229,078	142,303	55,110	0
	Total	1,904,878	1,809,703	1,564,078	1,477,303	890,110	0
Hospital/New Debt	Principal	0	0	500,000	1,000,000	1,500,000	1,500,000
	Interest	0	0	500,000	975,000	1,425,000	1,350,000
	Total	0	0	1,000,000	1,975,000	2,925,000	2,850,000
Hospital/Total Debt	Principal	1,485,000	1,485,000	1,835,000	2,335,000	2,335,000	1,500,000
	Interest	419,878	324,703	729,078	1,117,303	1,480,110	1,350,000
	Total	1,904,878	1,809,703	2,564,078	3,452,303	3,815,110	2,850,000
Neville Manor/Existing Debt	Principal	150,000	150,000	150,000	150,000	150,000	150,000
	Interest	51,600	44,700	37,500	30,300	22,950	15,450
	Total	201,600	194,700	187,500	180,300	172,950	165,450
No new debt planned for Neville Manor.							
Section 108/Existing Debt	Principal	0	5,000	45,000	80,000	105,000	205,000
	Interest	84,975	84,602	84,211	83,811	83,406	81,369
	Total	84,975	89,602	129,211	163,811	188,406	286,369
Total/Existing Debt	Principal	12,563,753	13,821,692	11,886,028	10,318,374	9,056,739	7,092,211
	Interest	3,535,468	3,543,548	2,842,954	2,243,651	1,730,447	1,275,390
	Fees	141,263	150,355	148,710	147,840	146,928	146,900
	Total	16,240,484	17,515,595	14,877,692	12,709,865	10,934,114	8,514,501

Debt Projections FY97-01 (Revised 11/27/96)

Category of Debt	Debt Service	FY96	FY97	FY98	FY99	FY00	FY01
Total/New Debt	Principal	0	0	3,760,000	8,770,000	14,360,000	14,350,000
	Interest	0	0	2,565,000	5,628,500	9,242,000	8,525,500
	Fees	0	0	0	0	0	0
	Total		0	6,325,000	14,398,500	23,602,000	22,875,500
Total/Existing and New Debt	Principal	12,563,753	13,821,692	15,646,028	19,088,374	23,416,739	21,442,211
	Interest	3,535,468	3,543,548	5,407,954	7,872,151	10,972,447	9,800,890
	Fees	141,263	150,355	148,710	147,840	146,928	146,900
	Total	16,240,484	17,515,595	21,202,692	27,108,365	34,536,114	31,390,001

Committee Report #1

F-37

A report was received from the Finance Committee for the purpose of receiving a report on the City of Cambridge FY 1997-2001 Financial Projections.

In City Council March 3, 1997

Report accepted

PLACED ON FILE