The Elder Affairs Committee conducted a public hearing on Tuesday, February 26, 1991 beginning at 10:35 A. M. in the Ackermann Room, City Hall.

Councillor Sheila T. Russell, Chair of the above referenced Committee, convened the hearing and stated that the purpose of the discussions would center on the City Manager's decision not to consolidate municipal offices as it relates to the development of a city-wide centralized senior center.

Present at the hearing were: Councillor Walter J. Sullivan, Councillor William H. Walsh, City Manager, Robert W. Healy, Assistant City Manager for Fiscal Affairs, James P. Maloney, Assistant City Manager for Human Services, Jill Herold and Deputy City Clerk, John E. Flynn.

City Manager Healy outlined to the Committee the financial analysis conducted on a possible Central Square site to house the senior center and those departments or functions now in need of space or renting space. The City Manager estimated acquisition costs in the range of $17-20 million dollars with renovation, furnishing and moving costs in the $7-8 million dollar range. The total estimated price tag would be some $25 million dollars. The City manager stated that his recommendation not to go forward was based on the conclusions of the analysis and the limits such a purchase would place on all other infrastructure open space and other capital improvements. (A copy of the City Manager's communication entitled "Central Square Building Analysis" is attached).

City Manager Healy urged the Committee and members of the public to continue the process by preparing a capital request for submission to the Public Investment Committee. The Public Investment Committee reviews those proposals costing $50,000.00 or more with a useful life of five or more years. The City Manager stated that he proposal would compete with other interests such as renovations to the Police Station, School Administration Building, Water Treatment Facility, Affordable Housing among others. He further stated that the proposal include such elements as square footage, programmatic identification and operational considerations.

Mr. Maloney, in reviewing the City Manager's presentation, commented on the needs to look at the on-going operational costs in the preparation of the proposal.

In conclusion, Mr. Healy committed to recommend an allocation of funds to further the development stage of a centralized city-wide senior center.

Councillor Russell inquired of the feasibility of leasing versus purchasing.

Mr. Healy in response stated that the City would be required to bid the lease under the provisions of the Uniform Procurement Act and the maximum length of such a lease would be between three and five years.

Mr. Kenneth Holmes, Vice Chair, Council on Aging, inquired of the possibility of securing federal funds for the financing of this center.

Ms. Herold in response stated that changes in the federal delivery of Block Grant Funds is currently under consideration whereby monies would go to the stated and not directly to the city. Therefore making it unlikely that the city could secure funds for this proposal.

Councillor Russell inquired of the feasibility of configuring both housing and the senior center on a site.

Ms. Herold in response stated that is was a double model and might be eligible for Community Development Block Grant funding.

Councillor Russell suggested one possible joint citing combining Cambridge Housing Authority land, the existing Senior Center and city-owned land adjacent to the present center as a model therefore eliminating land acquisition costs.

City Manager Healy stated that suggestion would be considered.

Mr. Holmes stated that the City of Cambridge possess the best administration in the Commonwealth of Massachusetts and urged it to make the dream of 15,000 seniors come trur.

City Manager Healy stated that he was not opposed, but wanted to be realistic.

Ms. Virginia Kahn suggested to the City Manager to investigate the possibility of having one of the universities donating land or add on to a building under construction.

City Manager Healy in response stated that he would review the matter noting past collaborative experience with Harvard in the Observatory Hill Branch Library.

Ms. Donna Johnson stated her belief that a center will be built despite the long process.

At this time the Committee heard from Ms. Kathie Filsinger, Executive Director, Council on Aging, for a brief overview of the recently conducted elder phone survey.

Ms. Filsinger stated that complete analysis of the responses would be finalized within a three week time frame, but what was evident was that needs out there are great and growing. She further stated that this survey would be helpful in the selection of programmatic choices in the center.

The hearing was adjourned at 11:33 A. M.

For the Committee

Sheila T. Russell

Councillor Sheila T. Russell
Chair

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CENTRAL SQUARE BUILDING ANALYSIS

I have carefully reviewed and analyzed the impacts of reccommending the purchase of approximately 175,000 square feet of office space in the Central Square area. Typical of all major administrative and financial decisions there are multiple factors, both positive and negative, to be considered before reaching a conclusion. Following, is a discussion of the positive and negative on this issue.

The purchase would provide space for those departments or functions now in need of space or renting space. Specifically, the School Headquarters (Need 30-35,000 sq"; current rent,$100K) Additionally, if considered desired and affordable, the space could accommodate a City-wide Senior Center. The condition of Police Headquarters also needs to be addressed within the next several years. This space could potentially be renovated for this purpose but at an additional cost of 4-5 million dollars. Operations functioning currently at 51 and 57 Inman Street, and 831 Mass. Ave would also move to this new site, consolidating several administrative functions in the same location and making those properties available for sale to generate revenue to offset the renovation costs.

As a real estate venture, the economic climate makes this a time to acquire property at as favorable a price as ever seen in recent years. As an economic development tool, the purchase would remove between 120-135,000 square feet from the market and would provide additional potential customers for retail or restaurant business in the square.

As a financial venture on the part of the city, the purchase would come at a price, literally and figuratively. The acquisition cost would range from 17-20 million dollars. Renovation, furnish- and moving costs would range from 7-8 million dollars including the police station and senior center. The purchase would be a ten year bond while furnishing and renovations would be spread over a five year bond. Adiitionally, free cash and parking fund balances would be used to offset the amount of the ten year bond. However, such a significant bond, and use of fund balance would significantly reduce the city's Capital Improvement Program both for bond projects and the "pay as you go' capital projects for many other capital requests.

Operating and maintenance costs, assuming the elimination of the costs for the four older buildings, will approximately be a wash. This assumes contracting the maintence and security of the new building. However, due to existing commercial leases in one of the buildings under consideration, double operational costs will be incurred until leases expire and full city occupancy is reached.

The success of the City of Cambridge with the rating services has been partially due to a solid, balanced, aggressive but not over-ambitious mix between bond issues and "pay as you go" Capital Plan. During the next five years, the City is committed to a major sewer separation project already under design. This will ultimately result in a 33-35 million dollar bond issue. In order to be in compliance with the Safe Water Drinking Act, it is virtually a certainty, the the City will have to completely renovate and reconstruct the existing water treatment plant or construct a new facility. Costs for this project range from 35-45 million dollars. While the debt service on both sewer and water bonds is paid for from the rate structure, bonds for these projects are still general obligation bonds requiring the pledge of "full faith and credit" of the City. The Morse School renovations in the near future, and possible Haggerty and Agassiz projects during the nineties are significant bond issues to be considered. To add an additonal 14-17 million to this debt service potentially impacts the rating services view of the City's credit and definitely reduces the amount available from "pay as you go" projects from the traditional (over the past 7 years) 3 million dollars to a maximum of 2 million. Additionaly, the debt service would have to be financed partially by an average of 425 to 525,000 dollars in property taxes (725-825K$ if 300K$ annually if Debt Stabilization Fund not used) for the next ten years. This does not include the tax support needed for the debt on the renovations. This translates into money not available for support of current operational programs once the City reaches its levy limit in the next few years.

From a standpoint of additional space, City Hall would continue with nearly all of its current functions staying in place. 51 and 57 Inman Street are debt free, structurally sound, and with the exception of the Traffic and Parking Department adequate for operating needs. The sale of 51 Inman Street would also make the relocation of the Welfare Department necessary.

Legal issues involving the Uniform Procurement Act and Tax Exempt Bond qualification due to existing lease income will not be discussed in detail, but are significant.

In the final analysis the final question is, "Are the City's space needs so deficient that such a financial investment that limits all other infrastructure, open space, and other capital improvements, absolutely necessary,especially at a time of uncertain State Aid, lack of new assessed valuation through new construction, and potential reduced value of existing properties?" The answer is, "No".

Thus, while I was intrigued by this potential for improved space, I decline to recommend such a major capital commitment at this time.

2. S-399

COMITTEE REPORT

Elder Affairs Committee report for a hearing held on Tuesday, February 26, 1991 relative to a decision of the City Manager not to consolidate municipal offices as it relates to the development of a city-wide centralized senior center.

In City Council,

March 18, 1991.

Report accepted
Placed on file