C. C. 106

City of Cambridge

MASSACHUSETTS

Agenda # 2 - Rescinding $1,673,095.00 from the General Fund.

In City Council September 11 1989

	YEA	NAY	ABSENT	PRESENT
Mr. Thomas W. Danehy	✓ 2		x 1	
Mr. Francis H. Duehay	✓			
Ms. Saundra Graham	✓ 2		✓ 0	
Mrs. Sheila T. Russell	✓			
Mr. David E. Sullivan	✓			
Mr. Walter J. Sullivan	✓			
Mr. William H. Walsh	✓			
Ms. Alice K. Wolf	✓			
Mayor Alfred E. Vellucci	✓			
	~~7~~ 9	0 0	~~2~~ 0	

AGENDA # 2

CITY COUNCIL
CITY OF CAMBRIDGE
SEPTEMBER 11, 1989

INTRODUCED BY CITY MANAGER ROBERT W. HEALY

AN ORDER CONCERNING THE RESCINDING OF APPROPRIATION FOR THE FISCAL YEAR BEGINNING JULY 1, 1989

ORDERED: That a rescission to sums previously appropriated by the City Council for the fiscal period 1989-90 the following sum is hereby rescinded in the General Fund of the City of Cambridge:

FUNCTION DEPARTMENT	SALARIES & WAGES	OTHER ORDINARY MAINTENANCE	TRAVEL & TRAINING	TOTAL REDUCTION
GENERAL GOVERNMENT				
Mayor		1 130	5 130	6 260
Executive		1 930	2 500	4 430
City Council		665	12 125	12 790
City Clerk		935	475	1 410
Law		10 215	3 250	13 465
Finance		23 960	7 860	31 820
Employee Benefits	1 000 000	76 195		1 076 195
General Services		360		360
Elections		2 210	1 125	3 335
Public Celebrations		1 420	125	1 545
Reserve		800		800
Animal Commission		465	500	965
PUBLIC SAFETY				
Fire		7 290	7 325	14 615
Police		14 470	6 750	21 220
Traffic & Parking		43 245	1 075	44 320
Police Review		400	1 000	1 400
Inspectional Services		2 505	1 750	4 255
License		1 925	935	2 860
Weights & Measures		190		190
Electrical		1 150	300	1 450
Emergency Management		265	50	315

FUNCTION	DEPARTMENT	SALARIES & WAGES	OTHER ORDINARY MAINTENANCE	TRAVEL & TRAINING	TOTAL REDUCTION
COMMUNITY MAINTENANCE AND DEVELOPMENT					
	Public Works		125 490	1 250	126 740
	Community Development		6 710	2 500	9 210
	Historical		1 015	550	1 565
	Conservation		45	125	170
	Peace Commission		50	150	200
	Rent Control		2 830		2 830
	Cable TV		1 590	1 000	2 590
	Debt Service		1 600		1 600
HUMAN RESOURCE DEVELOPMENT					
	Library		9 010	1 000	10 010
	Human Services		11 165	2 185	13 350
	Women's Commission		205	375	580
	Human Rights Commission		465	2 250	2 715
	Veterans		4 025	400	4 425
	Health		2 685	425	3 110
EDUCATION					
	School	250 000			250 000
	GRAND TOTAL	1 250 000	358 610	64 485	1 673 095

In City Council September 11, 1989.
Adopted by a yea and nay vote:-
Yeas 9; Nays 0; Absent 0.
Attest:- Joseph E. Connarton, City Clerk

A true copy; Joseph E. Connarton

ATTEST:-

Joseph E. Connarton, City Clerk

CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

September 11, 1989

To the Honorable, the City Council:

On August 7, 1989, I informed the City Council that the City would receive $3.5 million less in state aid during the current fiscal year than was previously expected. This reduction, which represents a 7.7 percent drop from last year's level, is a result of the Governor's action which conditionally vetoed $210 million in state aid to cities. As I said at that time, there are three ways in which these reduced revenues can be offset: further increases in the property tax; increased non-tax revenues; and reductions in the expenditure budget. It was my recommendation at that time that the City not increase the property tax levy any higher than the increase called for in the FY 1990 adopted budget. My reasons for not recommending a further increase in the property tax are twofold. First, the $109.5 million tax levy called for in the budget represents a substantial increase over the FY 1989 levy of $94.5 million, and second if the City were to add the full shortfall of $3.5 million to the tax levy, the City would essentially be at its estimated FY 1990 legal levy limit of $113 million.

The plan that I discussed at that time called for the shortfall to be made up from a combination of expenditure cuts ($1.9 million) and revenue increases ($1.6 million from the Cambridge Hospital). The details of the plan discussed on August 7 were as follows:

$1.60	million increased Hospital Receipts
1.00	million reduction Salary Adjustment Account
.35	million reduction Ordinary Maintenance Accounts
.05	million reduction Travel Accounts
.50	million reduction School Budget
$3.50	million

Since the August Council meeting, I have held a series of meetings with my budget staff, department heads, and school officials. While I am sorry to say that we must still make up this revenue shortfall, I am very pleased to report that by working cooperatively and positively with all parties, I can now submit firm recommendations to you which will bring the current year budget into balance. My revised plan to balance the current year budget is as follows:

$1.60	million increase in Hospital Receipts
1.00	reduction in Salary Adjustment Account
.358	million reduction Other Ordinary Maintenance Accounts
.065	million reduction Travel and Training Accounts
.250	million reduction in School Budget
.227	million increase in Miscellaneous Revenues
$3.50	million

My final recommendation essentially follows my earlier plan with one exception. The School Committee has requested that only $250,000 be reduced from the School Budget. It was the Committee's feeling that anything beyond that level would be disruptive to the educational process during the opening of the current school year. It was also the School Committee's belief that it would be more productive to concentrate their efforts on next years expected fiscal crunch. Given the cooperative effort of the School Committee in recent years and my similiar desire to not disrupt the educational process, I have agreed to recommend that only $250,000 be cut from the School Budget, and I will offset the balance with an increase in Miscellaneous Revenue.

As we address the current revenue shortfall, it is important to note that the financial policies of the City during the past several years have put this City in a better position than any other City in the Commonwealth to respond to the financial challenge that we now face. It is no mere accident that Cambridge has not joined the swelling ranks of those communities faced with school closings, severe reductions, and employee layoffs. However, as we begin the preparation of next year's budget, I must warn all that even Cambridge, as financially strong as we have been, can't withstand another year as fiscally difficult as the past year has been. Projections are that the development slowdown will continue and it is my belief that it is unlikely that any substantial increase in state aid will be forthcoming next fiscal year. These two factors combined with our legal tax levy limit make it likely that City services will be reduced in the next fiscal year.

In closing, I would like to thank all parties involved in the development of a response to the Governor's actions. As we face the coming fiscal year, it is reassuring to know that a positive, cooperative atmosphere remains in place. Such a relationship will go far in assisting us in meeting the financial challenge ahead. Passage of the attached Budget reductions is strongly recommended.

Very truly yours,

Robert W. Healy

Robert W. Healy
City Manager

Agenda # 2 F- 383

Rescinding $1,673,095 from the General Fund.

In City Council,

Sept. 11, 1989

Order adopted

9-0-0