

City of Cambridge

December 9, 1991

The Committee on Finance conducted a public hearing on Tuesday, December 3, 1991, beginning at 7:08 P.M. in the Sullivan Chamber, City Hall. The purpose of the hearing was to receive an update on the city's financial condition from the City Manager. Members present were: Councillor Ed Cyr, Councillor Francis Duehay, Councillor Walter Sullivan, Councillor Timothy Toomey, Councillor Sheila Russell, Vice Mayor Kenneth Reeves and City Clerk Joseph Connarton.

Councillor Ed Cyr, Chair of the Committee, opened the hearing by stating that he felt it was imperative that the Council get an update from the City Manager and the Assistant City Manager for Fiscal Affairs.

The Committee then heard from City Manager Robert W. Healy who informed them that during the past three years the City of Cambridge lost \$12,000,000 in State aid and that the future does not look any better. He further stated that both he and Mr. Maloney have met with the Secretary of Administration and Finance for the Commonwealth, Peter Nessen, who informed them that at best the City of Cambridge could hope to receive the same amount of State aid for fiscal year 1993 as it received in 1992 which is a \$6 million reduction.

The City Manager further stated that it was important for the City Council and all city employees to understand that Cambridge is not immune to the fiscal crisis of the Commonwealth. He continued that health costs for the municipal workforce are averaging \$1.8 million per month, which are running about \$300,000 above what was anticipated. Although we continue to try to avoid layoffs, he continued, a modified hiring freeze has been and remains in effect for all departments, with the exception of health care and public safety.

Mr. Healy further stated that he is currently requesting all department heads to submit a budget with only a 2% growth factor and with recommendations for how functions and positions can be merged. It may be he said, that some personnel reductions will have to be made given the expected shortfall.

At this time Mr. James Maloney, Assistant City Manager for Fiscal Affairs, outlined for the Committee a history of the tax levy and free cash for the past

several fiscal years. He outlined the use of \$5.4. of free cash to the 1991 tax levy and that some \$800,000 was used to pay legal settlements with commercial property owners. The current balance, he said, is \$ 10.7 million and that amount will most likely be reduced by another \$ 5.4 million for next years tax levy. These sums, he said, probably will not be able to be replenished.

Mr. Maloney further stated that there are a series of fiscal events which are going to cause Cambridge grave concern, including the fact that tax collections are only at 95.1%, which is the lowest in 10 years, also the hotel/motel tax and automobile excise tax is off by 10%, the building permit fees are off by 85%, interest earnings are off by 25%, the health insurance cost is up \$.9 million and the School budget is currently \$.4 million over its appropriation.

Finally he informed the Committee that it will be necessary to reduce the city operating budget for FY 93 and the most expensive cost is personnel. He said it will be necessary to reduce the municipal workforce by 139 positions by July 1, 1992.

Councillor Francis Duehay questioned the possibility of a Proposition 2 1/2 override.

The City Manager responded by stating that he would not recommend for the upcoming fiscal year.

Councillor Cyr questioned how the City Manager proposed that the City Council and Manager work together to determine the budget numbers for next year.

The City Manager responded by stating that he would assume that the Council will want to establish priorities for the upcoming year such as health care, public safety and schools, not necessarily in that order, and that he believed that everyone can work together to achieve a balanced budget. Furthermore, he stated that he currently has a management study ongoing at the Fire Department and the concept of a rubbish collection fee is under active consideration as possible alternatives to the city's problems. He stated that the days of Cambridge being the

bailout of all programs previously funded by either the State or Federal government are over, the money just isn't there.

Councillor Cyr stated that it would seem to him that the City Council need to be very clear on its positions and priorities for the next few years.

Councillor Duehay stated that the City Council as a committee of the whole will have to meet frequently during the budget preparation process prior to the submission date of April 1, 1992 at which time the City Manager will submit his budget to the Council. He further stated that the Council shouldn't be in a position of seeing what is not going to be funded six weeks before the budget is adopted and then go to the community to explain why.

At this time the Committee heard from Mr. Gerry Bergman, from the C.E.O.C. Food Pantry, who spoke on a previously submitted resolution of Councillor Myers relative to the funding of an Emergency Community Response fund. He stated that many people in Cambridge go through the day and night hungry and people just were not giving food stuffs voluntarily.

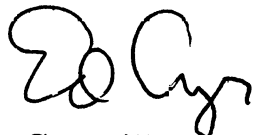
The City Manager responded by stating that the least prepared entity to deal with such global issues such as hunger and homelessness is local governments. Although he stated he certainly knew of the tremendous need for food and housing, the Federal government stopped its' assistance on these issues 10 years ago. The Manager stated he would not recommend something he cannot fund.

Councillor Cyr stated that he did agree that the City of Cambridge cannot pick up all of the programs the Federal government has abandoned, there are some things which really need our support. He requested that this issue be revisited at another meeting of the Committee.

Both Councillor Duehay and Councillor William Walsh expressed concern on this issue and stated that we really need to analyze this problem. Councillor Walsh stated that it is clear we are in a depression and we must realize it.

The hearing was adjourned at 8:16 P.M.

For the Committee,

A handwritten signature in black ink, appearing to read 'Ed Cyr', written in a cursive style.

Councillor Ed Cyr
Chair

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COMMITTEE REPORT

S-1260

Finance Committee Report for a hearing held on Tuesday, December 3, 1991 to receive an update on the city's financial condition from the City Manager.

In City Council,

December 9, 1991

*Report accepted
Placed on file*