

ANNUAL BUDGET 2011 - 2012

ADOPTED BY
THE CITY COUNCIL,
CAMBRIDGE,
MASSACHUSETTS

Photos courtesy of William Rawlin Associates, Architects, Inc. with Ann Beha Architects, ©Robert Benson Photography



Cambridge Public Library Receives 2010 Harleston Parker Medal for "Single Most Beautiful Building" Built in Boston Metropolitan Area in Past 10 Years.

The cover features a photograph of the renovated and newly constructed Cambridge Public Library Main Library, which was completed and re-dedicated in 2009. The renovation work preserved the integrity of the historic building, donated by Frederick Rindge and listed in the National Register of Historic Places, while adding a striking new, glass curtain wall enveloped, 76,700 square foot wing, a 33,000 square foot (70 space) underground parking garage and a renovated park. The renovations dramatically improved the energy efficiency of the historic structure and achieved LEED Silver designation for the project's many "green" features, while improving pedestrian and vehicular access, adding a climate controlled Cambridge History room, a computer training room, Children's reading and Young Adult rooms, and public meeting and performance spaces, including a 230 seat auditorium/lecture hall. Since its completion, the Main Library has received a host of prestigious architectural and design awards, including the following:

	BESTOWING ORGANIZATION	AWARD
1	Boston Society of Architects	2010 Harleston Parker Medal
2	Boston Society of Architects	2010 Honor Award for Design Excellence
3	Boston Society of Architects	2010 Award for Interior Design/Interior Architecture
4	AIA New England	2010 Honor Award for Design Excellence
5	ARCHITECT Magazine	2010 Annual Design Review Award (November 2010 issue)
6	Massachusetts Historical Commission	2010 Preservation Award
7	New Hampshire AIA	2010 Integrated Design/Integrated Development Award (IDID) for Excellence in Sustainable Design
8	Associated General Contractors of America	2010 AGC Aon Build America Award
9	American Libraries Magazine	2010 Library Design Showcase
10	Sustainable Buildings Industry Council (SBIC) – Beyond Green High-Performance Building Awards	2010 Citation for Innovative Envelope System

Articles that have been published about the Main Library:

- *Architectural Record* (Oct 2010), "Legible and Luminous" by Joann Gonchar (6-page feature)
http://www.archrecord.construction.com/projects/portfolio/2010/10/cambridge_public_library.asp
- *Architectural Record* (July 2010), "More than skin deep" by Joann Gonchar (Feature in the double-skin curtain walls issue)
- *Architect Magazine* (November 2010), "Annual Design Review Award: Cambridge Public Library"
<http://www.architectmagazine.com/government-projects/awardnew-cambridge-public-library-cambridgemass.aspx>
- *Boston Sunday Globe* (1/23/11) "Two very different buildings are honored" by Robert Campbell
http://www.boston.com/yourtown/cambridge/articles/2011/01/23/two_very_different_buildings_are_honored/
- *Architecture Week* (1/20/2010), "Cambridge Public Library" by James McCown
http://www.architectureweek.com/2010/0120/building_3-1.html



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

City of Cambridge

Massachusetts

For the Fiscal Year Beginning

July 1, 2010

Two handwritten signatures are present. The signature on the left is for the President, and the signature on the right is for the Executive Director.

President

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented an Award for Distinguished Budget Presentation to the City of Cambridge for its annual budget for the fiscal year beginning July 1, 2010.

In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operation guide, as a financial plan and as a communication medium.

The award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to the GFOA to determine its eligibility for another award.

A GENERAL PROFILE OF THE CITY OF CAMBRIDGE

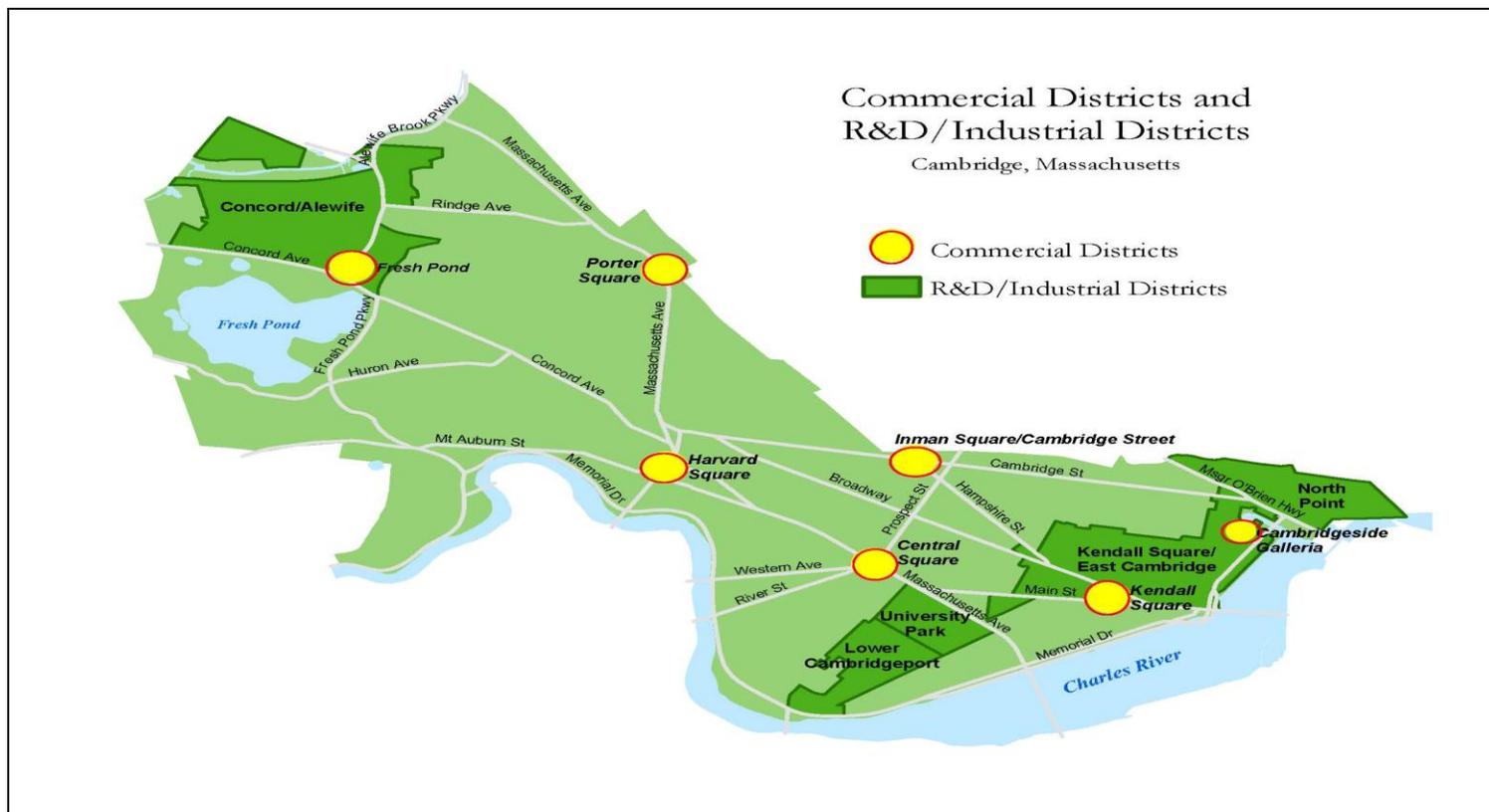
The City of Cambridge is located in southeast Middlesex County across the Charles River from the City of Boston, and occupies a land area of 6.26 square miles. The City is bordered by the Towns of Watertown and Belmont on the west and by the Town of Arlington and the City of Somerville on the north. According to the 2010 Census, the City's population in calendar year 2010 was 105,162, down from a 1950 peak of 120,740, but up from the 2000 population of 101,355.

Cambridge, first settled in 1630 by a group from the Massachusetts Bay Company, was originally incorporated as a town in 1636 and became a city in 1846. Since 1942, the City has had a council-manager form of government with nine City Councilors elected at-large every two years.

Cambridge is widely known as the University City. Harvard, America's oldest university, was established here in 1636, six years after the City itself was founded. It is also home to Lesley University, Cambridge College and the Massachusetts Institute of Technology. Over one-fourth of its residents are students, and over one in seven of all jobs are in these institutions. Yet Cambridge is more than a college town. It features blue collar workers and professionals, political activists, street musicians and immigrants from around the world.

- Cambridge residents live closely together; only 10 US cities with a population over 50,000 are denser (Source: 2000 US Bureau of Census).
- Cambridge is a city of 13 neighborhoods, ranging in population from 832 (Cambridge Highlands) to 12,991 (Mid Cambridge) (Source: 2010 US Bureau of Census). Most neighborhoods have their own political and community organizations. Residents often participate vocally in City debates. In addition, there are six Commercial Districts and five R&D/Industrial districts, which form the basis of the City's business community.
- Cambridge is ethnically diverse. 67% of all residents are white; 12% are black; 15% are Asian; and 6% are other races, including American Indian, Pacific Islander, or two or more races in combination. Eight percent (8%) of all residents are of Hispanic background (Source: 2010 US Bureau of Census).
- Cambridge is a city of renters. 67.7% of all households rent; 32.3% own. Approximately 7.5% of homes are single family; 14.3% are two families; 12.6 % are three families; 10.1% are in 4-6 unit buildings; 54.4% are buildings of 9 or more units; 27% of units are condominiums; 5.6% are mixed use residential / commercial; and 2.4% are rooming houses. 14.4% of all units are publicly owned or subsidized. (Source: 2010 Community Development Department).

- 89.4% of the population of Cambridge who are 25 years or older are high school graduates, while 65.1% of the same age group have completed four or more years of college (Source: 2000 US Bureau of Census).
- A majority of all local jobs are in services (87%). Service employment is dominated by education, business including research and development and computer/software, engineering, government and management, and health services. Nine percent (9%) of all jobs are in retail and wholesale trade; 4% are in manufacturing and construction. The largest employers in Cambridge include (1) Harvard University, (2) MIT, (3) City of Cambridge, (4) Novartis Institute, (5) Mt. Auburn Hospital, (6) Vertex Pharmaceuticals, (7) Genzyme, (8) Biogen IDEC, (9) Federal Government and (10) Pfizer (Wyeth). (Source: Cambridge Community Development Department and cited employers, 2010).
- Six commercial districts and five R&D/Industrial districts form the heart of Cambridge's diverse business community. The commercial areas successfully strike a balance between serving the local community and a wider regional market. Major areas of presence include biotechnology, education, medicine and government.



FACTS ON FILE

GENERAL

Population: Source: US Census Bureau (2010)	105,162
Area (Square miles):	6.26
Population Density	16,799 persons per sq mile
Massachusetts Pop. Density	839.4 persons per square mile

POPULATION CHARACTERISTICS

(Source: 2010 US Census Bureau)

	1990	2000	2010
White	75.3%	68.1%	66.6%
Black	13.5%	11.9%	11.7%
Asian	8.4%	11.9%	15.1%
American Indian	0.3%	0.3%	0.2%
Two or more races in combination	n/a	4.6%	4.3%
Other	2.5%	3.2%	2.1%
TOTAL	100%	100%	100%

Hispanic Origin	6.8%	7.4%	7.6%
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Persons of Hispanic origin may be of any race.

OTHER DEMOGRAPHIC

	2000	2010
Persons Under 18	13.3%	11.4%
Persons 18 or Older	86.7%	88.6%

GOVERNMENT

Founded:	1630
Date of Incorporation as a City:	1846
Form of Government:	Council/Manager
Mayor:	Elected by the Council
No. of Councillors:	Nine

COMMUNITY INFORMATION

Number of registered voters in Cambridge (Source: City's Record as of 4/04/2011)	63,603
Number of Parks & Play areas:	80
Number of Youth Centers:	5
Number of Community Schools:	12
Number of Senior Citizen Centers:	2
Number of Public Golf Courses:	1

HOUSING

(Source: City of Cambridge as of 01/01/10)

Type of House	Median Value	FY11Tax Bill*	# of Parcels
One family	\$670,450	\$3,870	3,786
Two family	\$638,550	\$3,609	2,618
Three family	\$721,500	\$4,286	1,305
Condominium	\$364,100	\$1,370	13,447

*includes residential exemption

INSTITUTIONS OF HIGHER LEARNING

(Source: Cambridge Community Development Department)

	Degree Candidates 2009-2010
Harvard University	17,372
Massachusetts Institute of Technology	10,178
Lesley University	4,815
Cambridge College	3,704

THE TEN LARGEST EMPLOYERS IN THE CITY:

(Source: Cambridge Community Development Dept. and cited employers, 2010)

Rank	Name of Employer	Nature of Business	Number of 2010 Employees
1.	Harvard University	Education	10,718
2.	MIT	Education	7,604
3.	City of Cambridge	Government	2,922
4.	Novartis	Biotechnology	2,095
5.	Mt. Auburn Hospital	Medical	1,665
6.	Vertex Pharmaceuticals	Biotechnology	1,600
7.	Genzyme Corporation	Biotechnology	1,504
8.	Biogen Idec	Biotechnology	1,350
9.	Federal Government	Government	1,316
10.	Pfizer (Wyeth)	Biotechnology	1,300

OFFICE/LAB MARKET FACTS (2010)

Source: CB Richard Ellis

- Office Market continued to expand, with positive absorption of 348,000 sq. ft. and a decline in availability rate of 14.0%
- Major tenants : Microsoft, Google, Art Technology Group all renewed and or expanded office space
- Cambridge Lab market exceeded expectations in 2010. Sanofi Aventis continued to increase its presence in Cambridge.

Cambridge continues to be a net importer of jobs within the region, enjoying its position as a center of employment in the Boston area. In 2009 the City's employment ratio was 105 jobs per 100 residents.

As can be seen in the chart to the right, the employment base extends across a diverse range of professions including higher education, research and development, consulting and health services. Compared to the previous year, the number of jobs has decreased by 2.0%, in contrast to the 3.4% decline experienced by the State.

The chart below shows a comparison of per capita personal income for Cambridge, surrounding communities, Massachusetts and the United States.

Per Capita Personal Income					
	2004	2005	2006	2007	2008
United States	\$33,881	\$35,424	\$37,698	\$39,392	\$40,166
Massachusetts	42,032	43,770	47,162	49,644	50,897
Boston MSA	45,656	47,610	51,493	54,117	55,187
Cambridge*	49,730	51,703	56,062	58,961	60,093
Cambridge as % of MA	118.3%	118.1%	118.9%	118.8%	118.1%
Cambridge as % of US	146.8%	146.0%	148.7%	149.7%	149.6%

*Cambridge-Newton-Framingham, MA Metropolitan Division of the Boston-Cambridge-Quincy, MA-NH MSA

Source: US Department of Commerce, Bureau of Economic Analysis, Per capita personal income; most recent, available information.

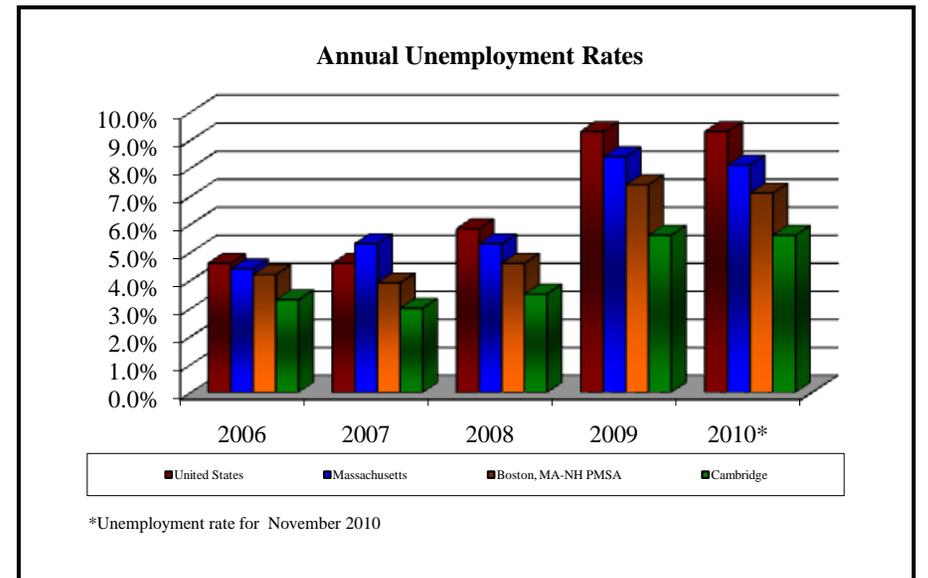
Note: 2004-2007 figures have all been adjusted since last year

The graph to the right illustrates that the City of Cambridge continues to enjoy a lower unemployment rate than the Boston PMSA, the State of Massachusetts and the United States. The unadjusted rate as of November 2010 was 5.6% for Cambridge, 7.1% for the Metro area, 8.1 % for the State and 9.3% for the United States.

Percentage Distribution of Jobs by Sector				
	2008		2009	
Other Goods Producing*	25	0.0%	64	0.1%
Trade, Transportation & Utilities	9,680	8.9%	9,160	8.6%
Construction	987	0.9%	768	0.7%
Manufacturing	3,854	3.6%	3,847	3.6%
Information	4,114	3.8%	3,609	3.4%
Financial Activities	2,523	2.3%	2,478	2.3%
Professional and Business Services	30,952	28.5%	30,424	28.6%
Education and Health Services	36,061	33.2%	36,020	33.9%
Leisure and Hospitality	9,135	8.4%	9,005	8.5%
Other Services	2,444	2.3%	2,461	2.3%
Government	8,770	8.1%	8,569	8.0%
TOTAL	108,545	100%	106,405	100%

Source: Mass. Executive Office of Labor and Workforce Development

*New Category since 2009. 2008 has been adjusted to reflect this.



Source: Mass Executive Office of Labor and Workforce Development

TAX FACTS

ASSESSMENTS (In Millions)

Fiscal Year	Real Property	Personal Property	Total
2011	\$23,202.5	\$959.6	\$24,162.1
2010	23,360.6	911.1	24,271.7
2009	23,107.9	768.2	23,876.1
2008	22,804.7	736.5	23,541.2
2007	21,507.8	659.3	22,167.1

TAX RATES

Fiscal Year	Commercial Industrial	Residential	Full Value
2011	\$19.90	\$8.16	\$10.08
2010	18.75	7.72	10.28
2009	17.97	7.56	9.76
2008	17.24	7.36	9.88
2007	18.30	7.48	9.55

CITY OF CAMBRIDGE LEVIES

Fiscal Year	Total Levy
2011	\$283,961,699
2010	268,662,984
2009	254,945,578
2008	242,334,374
2007	231,787,094
2006	222,960,291
2005	222,953,435
2004	209,599,396
2003	197,720,546
2002	187,444,551

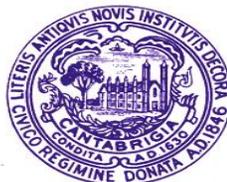
TOP TEN TAXPAYERS FISCAL 2011

Owner	Nature of Business	Assessed Valuation	Amount of Taxes	% of Total Tax Levy
Mass. Institute of Technology	Education *	\$1,780,800,100	\$33,929,810	11.95%
BioMed Realty Trust	Commercial	806,074,400	15,867,559	5.59
Boston Properties	Commercial	568,494,000	11,313,031	3.98
Equity Partners	Commercial	284,062,200	5,021,479	1.77
Pres. & Fellows of Harvard College	Education*	362,094,900	4,894,440	1.72
New England Development	Commercial	214,500,000	4,268,550	1.50
Novartis Pharmaceuticals	Commercial	195,624,900	3,892,936	1.37
PREEF American Reit II Corp.	Commercial	188,138,600	3,743,958	1.32
RB Kendall Fee LLC	Commercial	191,032,300	3,789,490	1.33
Alexandria Real Estate	Commercial	<u>156,467,400</u>	<u>3,109,721</u>	<u>1.12</u>
		\$4,747,288,800	\$89,830,974	31.63%

*Does not include Payments in Lieu of Taxes

Commercial Tax Rate Comparison	FY 11 Tax Rate (per \$1,000)	FY 10 Tax Rate (per \$1,000)	FY 09 Tax Rate (per \$1,000)
Cambridge	\$ 19.90	\$ 18.75	\$ 17.97
Brookline	\$ 18.30	\$ 17.80	\$ 17.32
Somerville	\$ 21.21	\$ 20.44	\$ 19.25
Boston	\$ 31.04	\$ 29.38	\$ 27.11
Watertown	\$ 25.87	\$ 24.58	\$ 22.54

Residential Tax Rate Comparison	FY 11 Tax Rate (per \$1,000)	FY 10 Tax Rate (per \$1,000)	FY 09 Tax Rate (per \$1,000)
Cambridge	\$ 8.16	\$ 7.72	\$ 7.56
Brookline	\$ 11.30	\$ 10.97	\$ 10.69
Somerville	\$ 12.71	\$ 12.30	\$ 11.71
Boston	\$ 12.79	\$ 11.88	\$ 10.63
Watertown	\$ 13.92	\$ 13.31	\$ 12.24



CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

Robert W. Healy, City Manager

Richard C. Rossi, Deputy City Manager

ADOPTED BUDGET MESSAGE

May 23, 2011

To the Honorable, the City Council
and the residents and taxpayers of Cambridge:

I herewith present to you the FY12 Operating and Capital Budgets for the City of Cambridge, approved by the City Council on May 23, 2011, as well as the proposed FY13 - 16 Capital Plan, which reflects no revisions to the City Manager's submitted budget amount.

The adopted Operating Budget of \$472,196,095 represents an increase of \$8,102,965, or 1.75%, over the FY11 adjusted budget. The budget increase is largely attributable to an 11.8% increase in employee health insurance and a 5.5% increase in employee pension costs, plus a one-time \$2.0 million allocation based on the latest pension actuarial study. Also included is \$0.9 million to cover the cost of a 53rd pay period in FY12 for employees who are paid on Fridays. In addition, the Operating Budget reflects a net decrease of 3 full-time positions. Overall, the City has reduced 30 full-time positions since FY03 while being able to provide programmatic and operational staffing for the major new facilities the City has opened in recent years. This Budget accomplishes the following:

- 1) Maintains City and school services that citizens have come to expect, supports the City Council Goals and provides for a strong capital plan, which includes funding to begin the multi-year Elementary School Rebuilding Program in conjunction with the recently adopted Innovation Agenda by the School Committee. In addition, it addresses our unfunded pension liability in a prudent and responsible manner. This Budget continues to provide stability and reinvestment in our community and, given the fiscal challenges facing many cities and towns in the Commonwealth, this is a major achievement; and
- 2) Achieves the above with a moderate increase in the property tax levy, in spite of a continued reduction in State Aid, which supports the City Council Goal of "evaluating expenditures with a view of maintaining a strong fiscal position and awareness of the impact on taxpayers while providing a high quality of city services."

The FY12 Adopted Budget reflects State Aid revenue amounts based on the Governor's FY12 State Budget released in January 2011. The House of Representatives and State Senate prepare and adopt their own separate State Budgets, which are then reconciled in Conference Committee before being forwarded to the Governor for approval. This process is scheduled to be completed before June 30, 2011. However, if these amounts are different than estimated, adjustments will be made in the fall of 2011 when the City Manager submits his recommendations to the City Council to set the final property tax levy amount, as part of the tax rate setting process.

The City estimates receiving \$1,267,670 less in FY12 than it did in FY11 (budget to budget) for the two major local aid categories (Unrestricted General Government Aid and Chapter 70 School Aid), for a total of \$25,499,990. These two local aid categories represent 5.4% of the total FY12 Operating Budget.

The spending plan for the Operating and Capital Budget, as adopted, including non-budget items such as overlay reserve, calls for a total FY12 property tax levy of \$302,322,025, an \$18,360,325 or a 6.47% increase. This is slightly below the 6.6% increase included in our five-year financial projections that were presented to the major credit rating agencies in January, 2011.

It is anticipated that the City will be able to use increased non-property tax revenues, such as parking fund revenue, meals excise or other revenues, at a higher level than what is included in the FY12 Budget, once actual FY11 receipts and final state aid figures are known, to lower the property tax levy. Because of the policies followed by the City Council, the City has been able to accumulate significant reserve balances, including free cash, and has an excess levy capacity of \$99.4 million. The City has developed a financial strategy, which takes into consideration the possibility of the current economic challenges, in order to mitigate the impact on the operating and capital budgets. This has afforded the City the flexibility to proceed cautiously without major reductions in services.

Despite our ability to manage our resources to provide services and infrastructure improvements, Cambridge faces the same challenges as other cities and towns with regard to municipal financing and reliance on the property tax. The City receives approximately 65% of its revenues from the property tax. Fortunately, Cambridge has been able to stay below the Proposition 2 ½ property tax levy limit because of its ability to generate non-property tax revenues, new construction growth, controlled budget growth and the prudent use of reserves. In addition, the City has been able to achieve a low property tax rate and an overall lower residential property tax bill than surrounding communities.

The FY12 adopted Capital Budget totals \$55,967,525, an increase of \$33,582,510 or 150%, over the previous year, with the Property Tax allocation shown in the FY12 financing plan increasing from its adjusted FY11 level of \$1,150,000 to \$1,500,000. The Bond Proceeds component of the financing plan has increased substantially, from \$12,450,000 in FY11 to \$44,354,300 in FY12. Property Tax-supported debt has increased from \$7,200,000 to \$10,600,000 in FY12. The FY12 allocation of \$10,600,000 will fund a wide range of projects, which are detailed in Section V.

There has been a significant increase in the amount of Water Service Charges allocated to the capital budget, primarily due to the continuing decrease in debt service related to the retirement of bond issues to finance the construction of the water treatment plant. The debt service on water projects decreased from \$6,146,595 in FY11 to \$4,529,980 in FY12, which will provide sufficient funds to increase the capital allocation from \$1,750,000 to \$2,750,000 and cover all operating budget increases, while maintaining the water block rates at their FY11 levels, with a zero percent increase in FY12.

The Sewer Reconstruction budget has increased significantly from its FY11 level of \$7,044,000 to \$36,004,300 in FY12, due to large increases in the two major revenue components of the budget, Sewer Service Charges and Bond Proceeds. The increase in the Sewer Service Charge allocation is similar to that described above relating to Water System Improvements, in that a large reduction in Debt Service requirements has enabled the reallocation of these funds to the capital budget, while covering all operating budget increases, including the Massachusetts Water Resources Authority (MWRA) assessment, and maintaining the sewer block rates at FY11 levels, with a zero percent increase in FY12.

The allocation of Sewer Service revenues to the capital budget has been increased by \$1,450,000 to \$2,250,000 from the previous year's level of \$800,000, in recognition of the need to: provide additional funds for the maintenance of the sewer system, including emergency repairs; fund the first phase of the Climate Change Adaptation Plan; and fund the replacement of a truck which cleans sewer and drain lines and catch basins for \$350,000. The Bond Proceeds component has increased from \$5,250,000 to \$33,754,300, with the additional funds allocated mainly to the Fresh Pond/Alewife and Western Avenue projects.

In keeping with the practice of recent years, the proposed FY12 Budget closely links the operating and capital expenditure plans with priorities established by the City Council for FY12 and FY13. Department heads have carefully reviewed their budget narratives, accomplishments, goals and performance measures and have made significant modifications to them to demonstrate their department's efforts to address the City Council's goals and objectives. While I encourage readers to review each department's budget in detail, the submitted budget message beginning on page I-7 highlights the adopted spending plan to implement City Council priorities.

OUTLOOK AND CONCLUSION

While overall economic conditions have improved, there are ongoing uncertainties that will force us to be cautious in the short-term. These uncertainties include: the impact of significant federal budget reductions on local and state governments; increasing energy costs and their impact on inflation and the economic recovery under way; the impact of increasing health insurance costs as well as implementation of cost containment strategies for municipalities at the state level, which are currently being formulated; and the impact of future declines in State Aid to cities and towns. Despite these challenges, Cambridge has survived relatively well in comparison to other municipalities both locally and nationally, while our City continues to move forward. In fact, the City received very positive feedback in the latest biennial Citizen Opinion Survey (2010).

The major priority affecting future budgets will be the multi-year Elementary School Rebuilding Program in conjunction with the recently adopted Innovation Agenda by the School Committee. Our current five year capital plan has \$55 million budgeted for this purpose, with \$3.0 million recommended in FY12 for design services for the first elementary school to be upgraded. In addition, the City is in the process of updating its Other Post Employment Benefits (OPEB) actuarial study, which is scheduled to be completed by mid-year. It is likely that the City will need to budget additional OPEB contributions on an annual basis in the future until the City's unfunded pension liability is eliminated in 2029, based on the latest funding schedule. It is the City's intention to use the excess appropriations that will result when the pension liability is met to fund the City's OPEB liability.

FY10 was a solid year financially for the City of Cambridge, considering the economic circumstances. Our sound financial practices have left the City with substantial reserves including \$89.3 million in Free Cash, \$98.6 million in excess levy capacity, \$13.0 million in Parking Fund balances and \$6.3 million in Water Fund balances. In addition, the Health Claims Trust ended FY10 with a balance of \$16.2 million, with the Debt Stabilization Fund reflecting a \$13.4 million balance and the School Stabilization Fund showing a \$7.3 million balance. It is anticipated

that the City will also end FY11 in strong financial position. This Budget continues to use these reserves strategically to lessen the increase of the property tax levy. While the above factors are important, as we continue to navigate through these difficult economic times, we also need to continue to expand our non-property tax revenues.

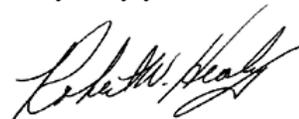
The long-term outlook for Cambridge continues to be very strong as long as we continue to manage our resources wisely. This has been confirmed by our continued AAA bond rating at a time when some communities have seen a reduction in their ratings. As I mentioned earlier in my message, we have planned for a time when State Aid and non-property tax revenues would stop increasing. Fortunately, we have been prudent in maintaining a healthy excess property tax levy capacity, saving and building our reserves and prudently managing our budget growth, which has allowed us to maintain our City services.

We will continue to use our five year financial and capital plan, debt and reserve policies and the City Council Goals as a blueprint for our long-range planning to maintain stability and predictability in our budgeting and financial planning processes. As we are aware, Cambridge is not insulated from current economic realities, but we have positioned ourselves well to respond to these challenges in order to preserve the high level of municipal services which residents have come to expect, as well as meet the needs of our infrastructure, while remaining cognizant of the City Council Goal of maintaining an awareness of “the impact on taxpayers.”

I believe we have responded to the City Council’s Goal of producing an FY12 Budget which reflects a 1.75% increase and a moderate growth in the property tax levy. The growth in the property tax levy has again been impacted by reductions in State Aid. Because the City Council and City Administration continue to operate with the same basic principles/lessons which have served us well in the past, we have been able to weather these challenging times. These principles include: 1) understanding that failure to make difficult decisions today will lead to even more difficult decisions in the future; 2) being realistic in our expectations in both good and bad economic times, which has resulted in us being able to manage our resources wisely; and 3) developing effective short and long term financial, economic and programmatic planning strategies.

I am confident that we can continue to provide the wide array of services that our residents have come to expect, while working through these difficult economic times.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert W. Healy". The signature is fluid and cursive, written over a white background.

Robert W. Healy
City Manager

SUMMARY: OPERATING BUDGET (all funds)

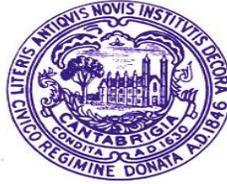
FY10 ACTUAL	FY11 PROJECTED	PROGRAM EXPENDITURES	FY12 BUDGET
\$41,921,410	\$44,267,265	General Government	\$52,867,025
96,751,710	102,417,815	Public Safety	104,151,875
95,803,835	100,879,915	Community Maintenance & Development	97,372,795
28,699,795	30,485,935	Human Resource Development	31,100,035
133,250,475	136,027,325	Education	140,719,260
42,447,480	47,126,360	Intergovernmental	45,985,105
<u>\$438,874,705</u>	<u>\$461,204,615</u>		<u>\$472,196,095</u>

FINANCING PLAN	FY12 BUDGET
Taxes	\$333,342,295
Licenses & Permits	7,000,350
Fines & Forfeits	9,657,085
Charges for Service	68,517,140
Intergovernmental Revenue	37,717,960
Miscellaneous Revenue	15,961,265
	<u>\$472,196,095</u>

SUMMARY: CAPITAL BUDGET

PROGRAM EXPENDITURES	FY12 BUDGET
General Government	\$605,000
Public Safety	680,000
Community Maintenance & Development	50,249,525
Human Resource Development	1,433,000
Education	<u>3,000,000</u>
	<u>\$55,967,525</u>

FINANCING PLAN	FY12 BUDGET
Property Taxes	\$1,500,000
Parking Fund	800,000
Sewer Service Charge	2,250,000
Water Service Charge	2,750,000
Block Grant	1,355,090
Chapter 90	1,995,135
Resident Sticker	780,000
Street Preservation Offset Fund (SPOF)	135,000
War Memorial	28,000
Bond Proceeds	44,354,300
Golf Course Fees	<u>20,000</u>
	<u>\$55,967,525</u>



CITY OF CAMBRIDGE • EXECUTIVE DEPARTMENT

Robert W. Healy, City Manager

Richard C. Rossi, Deputy City Manager

SUBMITTED BUDGET MESSAGE

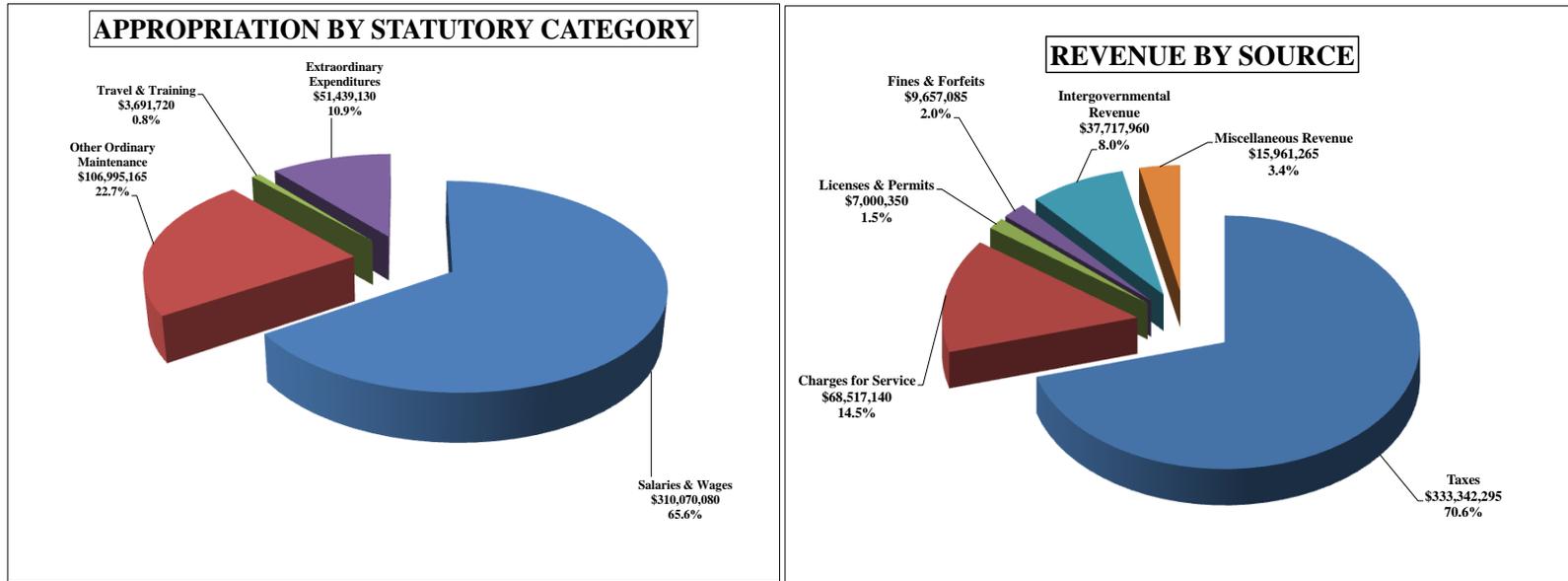
April 25, 2011

To the Honorable, the City Council
and the residents and taxpayers of Cambridge:

I herewith submit for your consideration the proposed FY12 Operating and Capital Budgets for the City of Cambridge as well as the proposed FY13 - 16 Capital Plan.

The proposed Operating Budget of \$472,196,095 represents an increase of \$8,102,965, or 1.75%, over the FY11 adjusted budget. The budget increase is largely attributable to an 11.8% increase in employee health insurance and a 5.5% increase in employee pension costs, plus a one-time \$2.0 million allocation based on the latest pension actuarial study. Also included is \$0.9 million to cover the cost of a 53rd pay period in FY12 for employees who are paid on Fridays. In addition, the Operating Budget reflects a net decrease of 3 full-time positions. Overall, the City has reduced 30 full-time positions since FY03 while being able to provide programmatic and operational staffing for the major new facilities the City has opened in recent years. This Budget accomplishes the following:

- 3) Maintains City and school services that citizens have come to expect, supports the City Council Goals and provides for a strong capital plan, which includes funding to begin the multi-year Elementary School Rebuilding Program in conjunction with the recently adopted Innovation Agenda by the School Committee. In addition, it addresses our unfunded pension liability in a prudent and responsible manner. This Budget continues to provide stability and reinvestment in our community and, given the fiscal challenges facing many cities and towns in the Commonwealth, this is a major achievement; and
- 4) Achieves the above with a moderate increase in the property tax levy, in spite of a continued reduction in State Aid, which supports the City Council Goal of “evaluating expenditures with a view of maintaining a strong fiscal position and awareness of the impact on taxpayers while providing a high quality of city services.”



TOTAL OPERATING BUDGET \$472,196,095

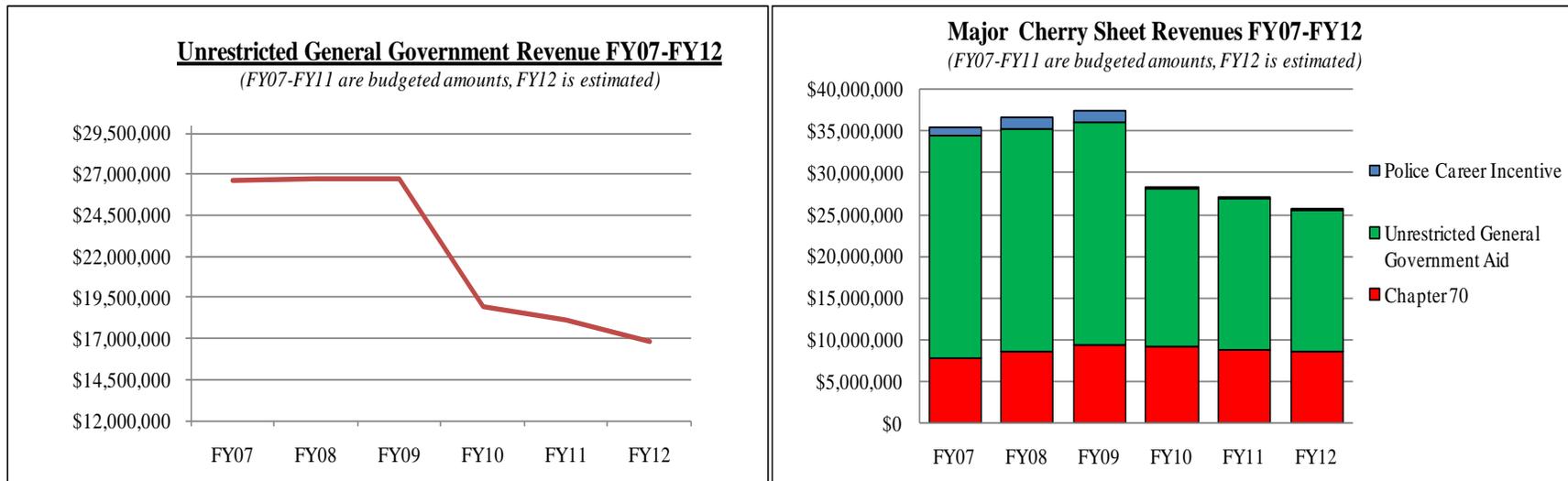
State Aid

FY12 State Aid (Local Aid) revenue projections to the City are based on the Governor’s FY12 State Budget, released in January 2011. Local Aid refers primarily to distributions from the Commonwealth to municipal general revenue for Chapter 70 Education (School) Aid and Unrestricted General Government Aid (UGGA). The House of Representatives and State Senate prepare and adopt their own separate State Budgets, which are then reconciled in Conference Committee before being forwarded to the Governor for approval. This process is scheduled to be completed before June 30, 2011. However, if these amounts are different than estimated, adjustments will be made in the fall of 2011 when the City Manager submits his recommendations to the City Council to set the final property tax levy amount, as part of the tax rate setting process.

The City estimates receiving \$1,267,670 less in FY12 than it did in FY11 for these two major local aid categories, for a total of \$25,499,990. These two local aid categories represent 5.4% of the total FY12 Operating Budget. The amount of Local Aid funds to be distributed is listed on each community’s cherry sheet along with other, relatively smaller, Commonwealth programs such as library aid, veteran’s benefits, police career incentive, school lunch, Charter School and other reimbursements. There are additional net decreases in other state aid categories equaling \$2,741,970, which bring the total decrease in State Aid to \$4,009,640 for FY12. The primary reduction is \$2,771,885 in Charter School Tuition Reimbursements. The amount provided on the Cherry Sheet for this purpose can fluctuate from year to year because it is based on estimated enrollments, provided to the State, of Cambridge students attending Charter Schools.

State Aid over the six years has been significantly reduced. For example, in FY07, the City received \$26,623,055 in UGGA and \$1,159,950 in Police Career Incentive Reimbursements, for a total of \$27,783,005. Police Career Incentive Reimbursements have been significantly reduced in recent fiscal years. Using the estimated FY12 amounts, the City is receiving \$9,766,185 less in UGGA and \$1,049,960 less in Police Career Incentive reimbursements than it did in FY07, for a total loss of \$10,816,145 or 38.9%. School Aid/Chapter 70 revenues were \$7,772,240 in FY07 and increased to \$9,316,695 in FY09 before being reduced over the previous two fiscal years to an estimated \$8,643,120 in FY12.

If the City received the same amount of UGGA in FY12 as it did in FY07, the estimated property tax levy increase would only be 3.0% or 2.7% if there had been no reduction in the Police Career Incentive Reimbursement amount from FY07.



Property Tax Levy and Reserves

In the past six fiscal years, we have been able to produce budgets that have reflected an average annual increase of 4.1% in the property tax levy. In FY11, this resulted in having approximately 51.7% of residential taxpayers receiving a property tax bill that was lower, the same as or only slightly higher (less than \$100) than the previous year.

The spending plan for the Operating and Capital Budgets, as submitted, including non-budget items such as overlay reserve, calls for a total FY12 property tax levy of \$302,322,025, an \$18,360,325, or 6.47%, increase over FY11. This percentage increase is slightly below the 6.6% increase that was included in our five-year financial projections that were presented to the major credit rating agencies in January 2011.

The actual tax levy will be determined in September 2011, when the City Council votes on the City Manager’s property tax and classification recommendations. It is anticipated that the City will be able to use increased non-property tax revenues, such as parking fund revenue, meals and hotel excise, building permit fees, free cash or other revenues, at a higher level than what is included in the FY12 Budget, once actual FY11

receipts and final state aid figures are known, to lower the property tax levy. Because of the policies followed by the City Council, the City has been able to accumulate significant reserve balances, including free cash, and has an excess levy capacity of \$99.4 million. The City has developed a financial strategy, which takes into consideration the possibility of the current economic challenges, in order to mitigate the impact on the operating and capital budgets. This has afforded the City the flexibility to proceed cautiously without major reductions in services.

It is also important to realize that when determining a homeowner's property tax bill, there are three major factors. The first is the Budget, which determines the levy amount required. The remaining two, which will not be known until the fall, include individual property valuation changes and the residential/commercial mix.

Despite our ability to manage our resources to provide services and infrastructure improvements, Cambridge faces the same challenges as other cities and towns with regard to municipal financing and reliance on the property tax. The City receives approximately 65% of its revenues from the property tax. Fortunately, Cambridge has been able to stay below the Proposition 2 ½ property tax levy limit due to its ability to generate non-property tax revenues, new construction growth, controlled budget growth and the prudent use of reserves. In addition, the City has been able to achieve a low property tax rate and an overall lower residential property tax bill than surrounding communities.

The FY12 Budget continues to use reserves and other non-property tax revenues to reduce the increase in the property tax levy in the following ways:

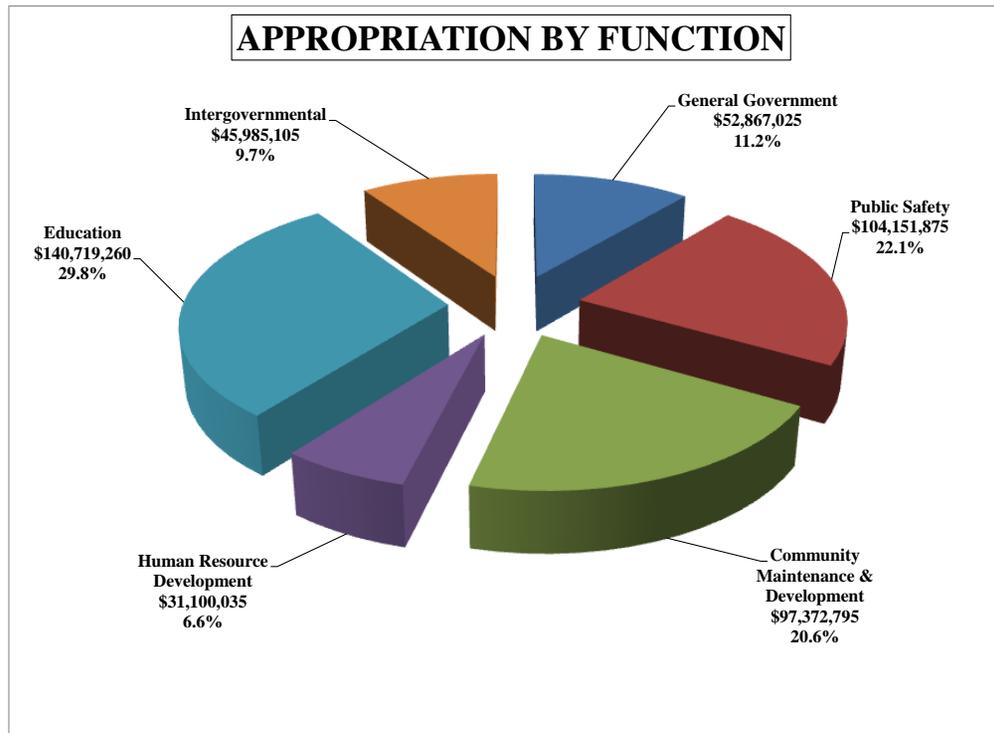
- The FY12 Budget includes the use of \$5.0 million from the City's (Debt) Stabilization Fund to offset the impact of increasing debt service costs on the property tax levy. This is a planned use of the City's Stabilization Fund, which began in FY06. The City has issued almost \$252 million in bonds through FY11 for a range of projects and has used \$30.3 million in Debt Stabilization Funds since FY06 to offset the impact of increasing debt service costs on the property tax levy.

The total balance in the Stabilization Fund as of June 30, 2011 is projected to be approximately \$5.2 million, which will be used in FY12. Based on the financial condition of the City at the end of FY11, additional allocations may be made from free cash to the Debt Stabilization Fund to offset the increases on the property tax levy for new debt service costs related to the renovation or rebuilding of elementary schools over the next several years.

- \$2,000,000 in overlay surplus balances accumulated from prior fiscal years is again being used to lower the tax levy increase.
- It is estimated that the City will again use \$9.0 million in Free Cash in FY12, as it did in FY11, to lower the property tax levy increase, which is consistent with the City's financial plan.
- The FY12 Budget includes the use of \$250,000 Water Fund Retained Earnings to support a 0.0% water rate increase.
- Parking Fund Revenues are providing \$8,250,065 to support the Operating Budgets of various departments.
- The Health Claims Trust Fund is providing \$7,300,000, an increase of \$300,000, to support the Health Insurance Budget.
- The FY12 Budget uses \$0.6 million from the School Debt Stabilization Fund to cover a portion of the debt costs of the War Memorial Recreation Center.

- The Teacher Retirement Fund Transfer has been increased to \$1.6 million in FY12, which utilizes the available fund balance, to cover a portion of a one-time allocation of \$2.0 million to fund the accrued pension liability, based on the revised funding schedule. This one-time allocation, in addition to the annual \$300,000 additional payment, will allow the City to fund its unfunded pension liability by 2029.

As I noted to the City Council at the beginning of this economic downturn in FY09, I believed that we were in a difficult period for several budget cycles even after the economic conditions improved, which has proved to be true. While we have been able to continue over the years to absorb operating and programmatic costs associated with our new facilities, cover increased salary, fringe benefit and debt service costs and absorb significant State Aid reductions, we will need to continue to work to identify cost reduction opportunities and non-property tax revenue increases to ensure future budgets reflect a modest increase in the property tax levy.



Public Investment (Capital) Budget

The FY12 proposed Capital Budget totals \$55,967,525, an increase of \$33,582,510, or 150.0%, over the previous year, with the Property Tax allocation shown in the FY12 financing plan increasing from its adjusted FY11 level of \$1,150,000 to \$1,500,000. The Bond Proceeds component of the financing plan has increased substantially, from \$12,450,000 in FY11 to \$44,354,300 in FY12.

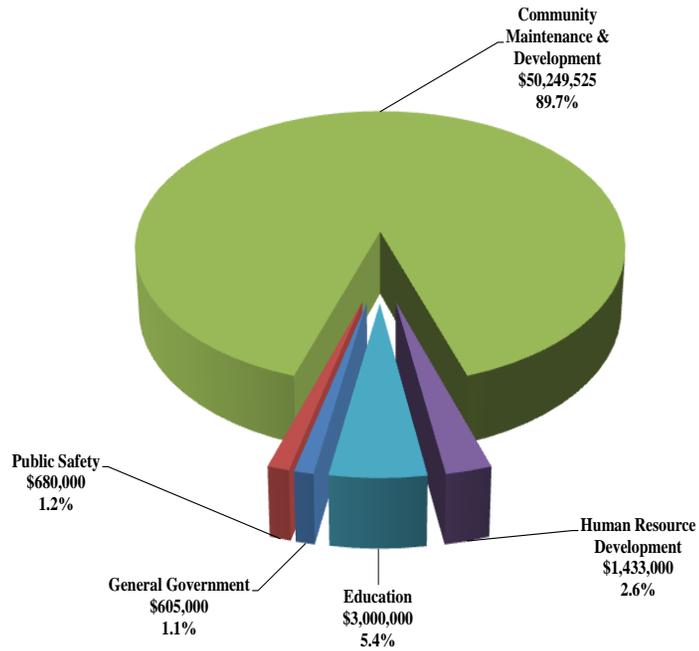
Property Tax-supported debt has increased from \$7,200,000 to \$10,600,000 in FY12. The FY12 allocation of \$10,600,000 will fund a wide range of projects, including the replacement of the Ryan Garage / Simard Building roof (\$1,485,000), renovations to Engine 5 (Inman Square) and Engine 3 (East Cambridge) (\$515,000), street reconstruction (\$2,000,000), improvements to Kendall Square (\$300,000), renovations to David Nunes Park, Alberico Park and Fulmore Park as well as the establishment of a community garden at Riverside Press Park (\$1,300,000), improvements to the Harvard Square Tunnel (\$2,000,000), and the design phase of the first elementary school to be rebuilt or renovated under the Elementary School Rebuilding Program (\$3,000,000).

There has been a significant increase in the amount of Water Service Charges allocated to the capital budget, primarily due to the continuing decrease in debt service related to the retirement of bond issues to finance the construction of the water treatment plant. The debt service on water projects decreased from \$6,146,595 in FY11 to \$4,529,980 in FY12, which will provide sufficient funds to increase the capital allocation from \$1,750,000 to \$2,750,000 and cover all operating budget increases, while maintaining the water block rates at their FY11 levels.

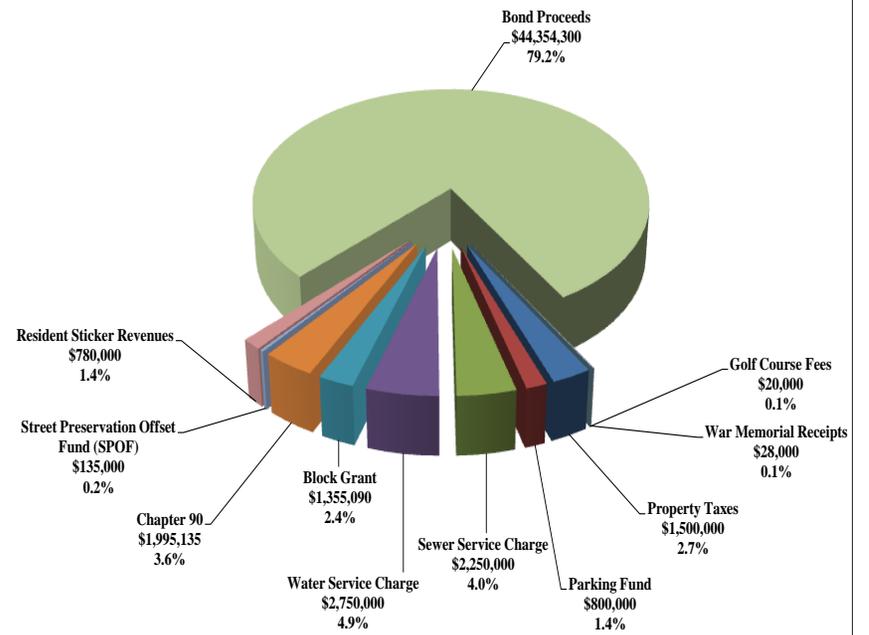
The Sewer Reconstruction budget has increased significantly from its FY11 level of \$7,044,000 to \$36,004,300 in FY12, due to large increases in the two major components of the budget, Sewer Service Charges and Bond Proceeds. The increase in the Sewer Service Charge allocation is similar to that described above relating to Water System Improvements, in that a large reduction in Debt Service requirements has enabled the reallocation of these funds to the capital budget, while covering all operating budget increases, including the Massachusetts Water Resources Authority (MWRA) assessment, and maintaining the sewer block rates at FY11 levels.

The allocation of Sewer Service revenues to the capital budget has been increased by \$1,450,000 to \$2,250,000 from the previous year's level of \$800,000, in recognition of the need to: provide additional funds for the maintenance of the sewer system, including emergency repairs; fund the first phase of the Climate Change Adaptation Plan (\$150,000 in FY12 with the remaining \$150,000 included in the FY13 Capital Budget); and fund replacement of a truck which cleans sewer and drain lines and catch basins for \$350,000. The Climate Change Adaptation Plan involves conducting an assessment of vulnerabilities, and working with the community to develop a plan with adaption strategies, which may include strengthening sewer and stormwater infrastructure to protect against flooding. The Bond Proceeds component has increased from \$5,250,000 to \$33,754,300, with the additional funds allocated mainly to the Fresh Pond/Alewife and Western Avenue projects.

**PUBLIC INVESTMENT APPROPRIATIONS
FISCAL YEAR 2012**



**PUBLIC INVESTMENT FINANCING PLAN
FISCAL YEAR 2012**



In keeping with the practice of recent years, the proposed FY12 Budget closely links the operating and capital expenditure plans with priorities established by the City Council for FY12 and FY13. Department heads have carefully reviewed their budget narratives, accomplishments, goals and performance measures and have made significant modifications to them to demonstrate their department's efforts to address the City Council's goals and objectives. While I encourage readers to review each department's budget in detail, the following section highlights the proposed spending plan to implement City Council priorities.

INTEGRATING CITY COUNCIL PRIORITIES WITH THE PROPOSED BUDGET

Since 1996, the City Council has conducted an in-depth biennial process to develop and produce its Goals for the City. Since 2000, the process has included a statistically valid telephone survey of the opinions of Cambridge residents with regard to City services and City government. The process also includes an opportunity for Cambridge citizens to gather together to voice their concerns and opinions about what the City Council should focus on in setting its goals. In 2010, the Government Operations and Rules Committee hosted its second annual "World Café," an interactive conversational format that allowed diverse and creative points of view about Cambridge's needs to emerge, as the public comment opportunity. A cross section of Cambridge residents spent the evening in a series of facilitated dialogues on the topic of "What is important to focus on to improve life in Cambridge?"

This year the City Council took a different approach to setting City goals. They used the information from the citizen satisfaction survey and the World Café, as well as the results from a roundtable discussion on the goals, to set broad overarching goals for the next fiscal years. Instead of moving on to develop more specific objectives at that time, the City Council chose to develop that level of detail in a more collaborative way, involving the City staff whose work encompasses the subject area of the particular goal. Especially in this time of continuing financial uncertainty and declining federal and state support, the City Council and the City's administrative staff need the flexibility and collaboration that will ensure that the City's most pressing needs are addressed in accordance with our highest civic aspirations. The goals were adopted by the City Council on December 13, 2010, and will guide the annual budget planning process.

As part of the City Council's goal setting process last year, it articulated its Mission Statement as follows:

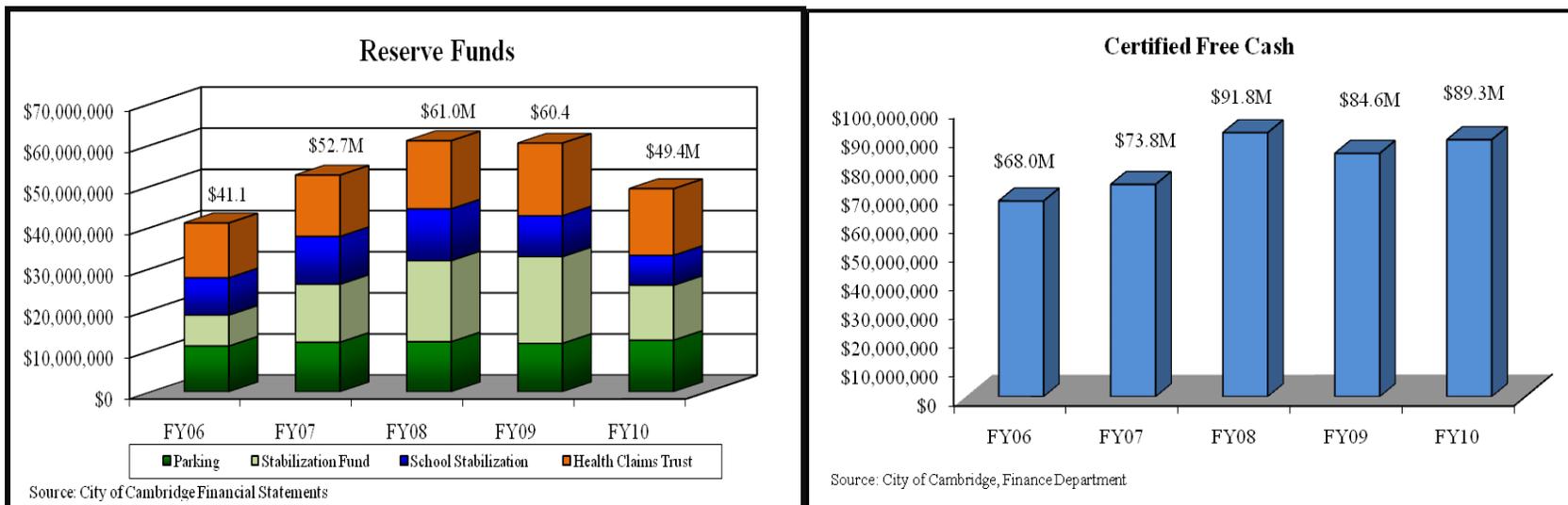
"The City of Cambridge is dedicated to continuing to improve the quality of life for everyone in our community in an environment of excellence while maintaining a strong financial position including awareness of the impact on taxpayers."

- **EVALUATE CITY EXPENDITURES WITH A VIEW OF MAINTAINING A STRONG FISCAL POSITION AND AWARENESS OF THE IMPACT ON TAXPAYERS WHILE PROVIDING A HIGH QUALITY ARRAY OF CITY SERVICES.**

The FY12 Budget reflects a 1.75% increase, which reflects increased costs related to health and pension costs, the cost of a 53rd pay period in FY12 for employees who are paid on Fridays and continued decreases in State Aid. The FY12 Budget reflects a modest property tax levy increase of 6.47% while maintaining City services and providing for improvements to our infrastructure. This percentage increase is slightly below the 6.6% increase that was included in our five-year financial projections, which were presented to the major credit rating agencies in January 2011.

As noted, the final property tax levy amount will not be determined until the City Council votes on the City Manager’s property tax and classification recommendations in September 2011.

The City’s excess tax levy capacity, an extremely important indicator of the City’s financial health, is \$99.4 million. The excess levy capacity reflects the difference between the amount raised from property taxes and the amount that legally could be raised from taxes. Cambridge continues to have the largest excess levy capacity in the Commonwealth. In addition, the City has been able to maintain or increase fund balances in a variety of its funds, including the Parking Fund, Water Fund, Stabilization Fund, Health Claims Trust and Free Cash. However, the Stabilization and Health Claims Trust Funds have declined in recent years based on a planned use of the fund balance. As noted in the previous section, the FY12 Budget utilizes the City’s reserves as part of its fiscal planning strategy. The following charts reflect the City’s Reserve Fund and Free Cash balances for the past five years.



By continuing the fiscal policies adopted by the City Council, which include maintaining the City’s positive reserves and free cash balances and conservatively managing expenditure and property tax levy growth, the City has been able to deal with the recent fiscal and other economic challenges in a responsible manner with a limited impact on service delivery. This includes proceeding with a public investment program that will result in a projected increase in our annual tax supported bonding costs. Without the use of the Debt Stabilization Fund in FY12, the cost of property tax supported debt would be \$5.0 million higher (\$30.3 million vs. \$25.3 million). Cambridge is unique in its ability to maintain services while improving our infrastructure in these challenging economic times. It is not uncommon to see neighboring communities requiring Proposition 2 1/2 overrides for Operating Budgets and/or for Debt Exclusions in order to fund capital projects.

The achievement of a lower property tax levy increase than projected was emphasized early in the budget process with the issuance of strict budget guidelines to City Department Heads for the development of the Operating and Capital Budgets. Department Heads were given very clear direction on the preparation of their budget submissions in relation to cost increases and the impact on the property tax levy.

The Budget process again included a review of all vacancies, with Department Heads required to describe the operational impact on their department if vacant positions were reduced. No initial increases in non-salary budgets were allowed, except for energy costs and operational costs related to the new facilities. All operating items known to be increasing were to be absorbed within existing budgets and Department Heads were required to document the impact on their Operating Budget if cost increases were absorbed in their existing budget. And lastly, supplemental requests were required to have a corresponding reduction.

City and school officials have worked collaboratively early in the Budget process to establish a financial guideline that could be adhered to by the School Committee without requiring additional resources later in the process. The School Department Budget, adopted by the School Committee, reflects an increase of 2.3% in FY12.

The Capital Pay-As-You-Go Budget (capital requests funded from property taxes) for FY12 is \$1,500,000, an increase from the \$350,000 budgeted in FY11. The following guidelines were put in place: departments were instructed to submit Pay-As-You-Go capital requests that were equal to or less than the approved/funded amount received in FY11. All requests that exceeded the FY11 amount were required to be designated as “supplemental requests.” Departments that did not receive a Pay-As-You-Go appropriation in FY11 could submit an FY12 request but it was required to be submitted as a supplemental request.

Finally, the City Council Finance Committee hosted two citizen forums to explain the City’s budget process and to solicit input from the public in conjunction with the development of the City Manager’s FY12 Budget. These forums built upon changes begun last year to provide more budget information to citizens and to solicit more input.

Please see Section II for the Budget Calendar and further information on the Budget Process and Procedures.

Listed below are some additional activities that demonstrate the City’s achievement of this City Council Goal.

- The City Council approved a water and sewer rate increase of 0.0% in March 2011 for FY12.
- In conjunction with the sale of \$46.2 million in bonds in February 2011, the City of Cambridge continued to be one of approximately 30 cities in the United States to receive a “AAA” rating from the nation’s three major credit rating agencies. The City’s AAA bond rating allowed the City to sell these bonds at the low interest rate of 3.21%. It should be noted that the interest rate received by Cambridge is approximately a sixth of a percentage point lower than the interest rate received in comparison to other bond sales conducted that day by other Triple A communities and approximately one-half of a percentage point lower than communities with the next highest rating grade. This difference is attributable to the credit market’s favorable view of Cambridge as a very secure credit.

In its rating opinion, Moody’s Investor Services noted, “Although Moody’s expects local governments’ recovery from the recession to lag the general economic recovery, Cambridge is expected to maintain a healthy financial position in the near term. The city continues to benefit from high financial flexibility and robust reserve levels, which position it to absorb several years of flat or declining state aid and local revenues with only moderate declines in reserves. Cambridge’s strong management team has historically followed a prudent fiscal

strategy, and beginning in fiscal 2008, follows formally adopted fiscal policies for its annual budgeting. Steady revenue streams, generated by its substantial and economically vibrant tax base, provide a notable degree of flexibility to address future budgetary challenges.”

In its rating opinion, Fitch Ratings noted that their rating rationale was based on the following: “Cambridge’s exceptional financial management is characterized by its high reserve and liquidity levels; Conservative budgeting practices along with a use of reserves the last two years has helped keep tax levy increases at moderate levels while the city faces increases in education and public safety costs; The stable presence of higher education, health care, biotechnology, and life sciences industries supports the well-diversified economy with low unemployment and above-average wealth levels; Growth in assessed value provides the city with tax levy flexibility for operations and debt service as the gap between the city's actual tax levy and the statutory levy limit has grown to its highest level in the city's history; and Debt levels are moderate and expected to remain manageable, aided by the city's rapid amortization rate.”

Standard & Poor’s reaffirmed its “strong” Financial Management Assessment (FMA) of the City. An FMA of “strong” indicates that practices are strong, well embedded and likely sustainable. The strong rating indicates that the government maintains most best practices deemed critical to supporting credit quality and that these are well embedded in the government’s daily operations and practices. Formal policies support many of these activities, adding to the likelihood that these practices will continue into the future and transcend changes in the operating environment or personnel.

- Section II of this document contains policies on investment practices, debt management and fund balance reserves for approval by the City Council. This practice is recommended by the rating agencies and the Government Finance Officers Association (GFOA).
- While the FY12 Budget maintains the current level of services and covers increased costs including those associated with the new facilities, with a modest increase in the property tax levy, savings were required to be identified. The FY12 Budget contains a net reduction of 3 full-time positions. The Departments which reflect position reductions are: General Services (1) and Water (4). The Departments that reflect position additions are: Finance- Information Technology (1) and Public Works (1).
- The FY10 Adopted State Budget provided cities and towns in the Commonwealth the opportunity to replace some or all of their loss in local aid by allowing, for the first time, an allocation of 0.75% of the Meals Excise upon local acceptance for local use, and allowed a local option to increase the room occupancy excise by 2%. Both options were approved by the City Council in July 2009. The FY12 Budget uses \$13.1 million from these two sources, which is an increase of \$1.4 million.
- The Other Post Employment Benefits (OPEB) Working Group continues to oversee the implementation of GASB 45. The Working Group made recommendations to the City Manager to accept Chapter 479 of the Acts of 2008, which provided for the establishment of an OPEB liability trust fund. This trust fund is in an irrevocable trust and its assets can only be used to fund the OPEB liability. The Working Group also recommended providing initial funding to the OPEB liability trust fund through a \$2 million transfer from the Health Claims Trust account. Both recommendations were submitted to and approved by the City Council in December 2009. The OPEB Working Group also provided necessary financial information to the City’s actuarial firm to develop an updated OPEB actuarial liability as of January 1, 2011. An updated report is scheduled to be completed mid-year.

- Continued use of a vacancy committee created several years ago, consisting of the City Manager, Deputy City Manager, Finance Director, Budget Director and Personnel Director. This committee reviews requests from departments to fill vacancies as they occur. In some cases, position vacancies are held open by the committee.
- Every two years, the Cambridge Retirement Board performs an actuarial study to determine the level of yearly contributions needed to fully fund the Pension System's actuarial accrued (unfunded) liability by the year 2040, as required by the Commonwealth of Massachusetts. The latest actuarial study was completed as of January 2010. Based on this study and revised funding plan, a one-time allocation of \$2.0 million is included in the FY12 Budget, which will allow the City to fund its unfunded pension liability by 2029.
- In FY11, the City successfully completed the triennial Department of Revenue (DOR) certification of real and personal property valuation process. The next DOR full certification process will take place in FY14.
- The Investment Oversight Committee continued to review cash investments on a quarterly basis. It monitored cash balances to ensure that cash was invested with safety and diversification taking priority over the best rates.
- Received, for the 26th consecutive year, the GFOA Award for excellence in preparation of the FY11 Operating and Capital budgets, as well as the GFOA Certificate of Achievement for Excellence in Financial Reporting, for the 25th consecutive year.
- Continued to coordinate the development of formal investment, debt service and reserve policies adopted by the City Council. This, coupled with existing financial management practices, has resulted, in part, in Standard and Poor's continued Financial Management Assessment (FMA) of the City as "strong." An FMA of "strong" indicates that practices are strong, well embedded and likely sustainable.
- Increased Personal Property data collection and audit verifications, which has resulted in new Personal Property Tax collections of \$2.9 million since FY09.
- Collaborated with various regional partners and the General Services Administration (GSA) to execute contracts for road salt, fuel and radio equipment.
- Continued to create standards for online credit card payments and to develop a review process for expanding the number of City programs accepting credit card payments. Expanded remote electronic deposit of checks by more departments, which has resulted in more timely deposits of funds.
- **PRESERVE AND CREATE AFFORDABLE HOUSING ACROSS THE CITY FOR LOW, MODERATE AND MIDDLE-INCOME FAMILIES AND OTHER RESIDENTS.**

With the voters' acceptance of the Community Preservation Act (CPA) surcharge in 2001, the City's affordable housing program is now funded by a portion of the proceeds from the 3% property tax surcharge levied under the CPA. CPA funds may only be used for certain affordable housing, open space and historic preservation purposes. In addition, the City receives a matching amount from the state and has received approximately \$40.7 million from this source since the inception of the program. Since these funds are deposited into trust funds established for the three CPA purposes, there are no direct allocations contained in this budget document.

Since the implementation of the CPA in FY02, \$101.8 million has been appropriated/reserved for housing (\$81.4 million), open space (\$10.2 million) and historic preservation (\$10.2 million). FY12 local revenues from the CPA are expected to be up slightly based on a higher property

tax levy. In addition to the CPA funds raised locally, the City receives state matching funds, which will be available in October 2011. In prior years, the City received a 100% state match. However, the percentage match has decreased as a result of decreasing collections of fees at the Registry of Deeds and the increased number of communities participating in the program. The Department of Revenue estimates that the balance in the state trust fund will be sufficient to provide a first round match of approximately 27% of the surcharge levied by each city and town.

The Community Preservation Act Committee will be making its recommendations for the use of the FY12 CPA revenues of approximately \$9.6 million from all sources during the upcoming months. Recommendations will be forwarded to the City Council for appropriation prior to the setting of the property tax rate.

The City, through its prior budget allocations to the Affordable Housing Trust, current allocations through the CPA and other commitments, has created or preserved in excess of 3,150 units of affordable housing since the end of rent control in 1995.

The FY12 Operating Budget for the Housing Division contained in the Community Development Budget supports a multitude of activities in support of this goal. The Housing Division supports the development of affordable rental and homeownership opportunities, provides education, counseling and financial assistance for first-time homebuyers; preserves long-term affordability of existing affordable housing; offers low-interest loans to homeowners to make improvements which protect the housing stock; advances initiatives to increase access to affordable housing, such as inclusionary and incentive zoning; supports the City's non-profits in the development and management of affordable housing; coordinates with federal and state governments to leverage additional resources; and provides planning assistance and public information related to housing issues.

The FY12 Capital Budget contains continued funding for Housing Rehab and Development Programs in the amount of \$850,090. This funding, which is combined with funds from the federal HOME program, Affordable Housing Trust Fund and other public and private sources, finances renovations to existing housing units and the development of new ones for low and moderate income Cambridge residents.

During FY11, the Community Development Department achieved the following in support of this City Council Goal:

- Worked with the Affordable Housing Trust, non-profit housing developers, and the Cambridge Housing Authority on efforts to preserve or create 369 affordable units under development with Community Preservation Act (CPA) funds in FY11. Preserved permanent affordability for 125 units with expiring affordability restrictions through nonprofit agency purchase of Inman Square and CAST 2 apartments. Construction began on 40 new affordable units at Putnam Avenue and Sidney Street, and 19 new affordable units on Cambridge Street. Revitalization of two public housing developments also began with complete renovations of 45 units at Jackson Gardens, and replacement of 60 existing units at Lincoln Way with 70 new units. Completed substantial rehabilitation of 12 affordable rental units on Pine Street, which received LEED Platinum designation. City-funded affordable housing is under development or has been recently completed in Mid-Cambridge, Neighborhood Nine, Area 4, Wellington-Harrington and Cambridgeport.
- Provided education, counseling and financial assistance to first-time homebuyers. Through the homebuyer programs, the Housing Division educated more than 520 people, provided individual counseling to more than 150 homebuyers, and facilitated the sale of more than 20 affordable homeownership units to first-time buyers in FY11, helping to preserve socio-economic diversity of the community. By facilitating the production and preservation of both rental and homeownership units, and a variety of unit sizes and configuration, the City is able to meet the affordable housing needs of a broad cross section of residents in all Cambridge neighborhoods. Through these programs

and with assistance from City staff, more than 240 families have become homeowners in the past 5 years. Also, worked with private developers to create 10 new affordable units through the City's Inclusionary Housing Program. Inclusionary housing units are located in neighborhoods throughout the city and include both rental and first-time homebuyer units.

- **STRENGTHEN AND SUPPORT HUMAN SERVICES, PUBLIC EDUCATION AND OUT OF SCHOOL LEARNING IN CAMBRIDGE FOR THE BENEFIT OF RESIDENTS OF ALL AGES.**

The proposed FY12 Budget contains a recommended School Budget of \$140,719,260, an increase of \$3,226,985 or 2.3% over the current year. In addition, an allocation of \$3,000,000 in Bond Proceeds will be used towards architectural design for the first elementary school to be either rebuilt or renovated as part of the multi-year Elementary School Rebuilding Program. This appropriation coincides with the recently adopted Innovation Agenda by the School Committee. With this change, Cambridge will become a district of junior kindergarten through grade 5 schools, with four upper school campuses that feed into the high school. For additional information on the FY12 School Budget, please go to page IV-388, or visit the Cambridge Public Schools Web page www.cpsd.us.

In addition to the recommended funds for the School Department, the City's Operating Budget continues to fund a wide array of programs and activities, which support not only this City Council Goal and Objective but other ones as well.

For example, within the Department of Human Services Programs (DHSP), the FY12 Budget continues to support the following:

- Funding for the Baby University program, Cambridge's version of the Harlem Children's Zone's Baby College, which works with parents of children birth to age 3 to enhance their parenting skills and connect them to a variety of community services so that they can better promote their children's physical, emotional and educational development.
- Increased funding by \$50,000 to support the inclusion of children with disabilities in the City's Out of School Time Programs.
- The Childcare and Family Support Services Division, which provides six licensed Pre-School programs and seven licensed After School Programs and the Center for Families. Together these programs serve 285 children in licensed programs and over 500 families in family support services.
- The King Open Extended Day Program (KOED), which provides a positive and safe out-of-school time setting that promotes the social, emotional and intellectual development of children.
- The Community Learning Center (CLC) supports the above City Council Goal as well as the Goals of valuing diversity and fostering community. The Community Learning Center, located at 19 Brookline Street, provides adult basic education classes to almost 1,000 adults each year. In addition, the City Council approved an appropriation and loan order in FY11 for \$14,535,000 for extensive renovations to the old police station to accommodate the administrative offices of the Cambridge Housing Authority as well as the Community Learning Center and Multi-Service Center.
- The Community Schools Division, which provides a network of neighborhood services offering educational, cultural, social and recreational opportunities for all age groups. Community Schools also offer summer camps in most of the City's elementary schools.

- Through the Council on Aging, the budget supports daily meals, the senior food pantry, educational and wellness activities, multicultural celebrations and social services to meet the needs of Cambridge seniors.
- Through the Multi-Service Center, the budget supports continued services to homeless individuals and families and to those who are at risk of losing their housing.
- The Office of Workforce Development (OWD), whose mission is to expand employment and training opportunities for Cambridge youth and adult residents. It does so by developing partnerships with employers, community-based organizations, the schools and post-secondary institutions. Through a combination of direct service, program coordination and outreach efforts, OWD services reach over 1,000 residents and businesses each year.
- The Transitional Jobs program will be launching its seventh round in FY12, working with disengaged adults who lack the skills to secure and retain employment, offering them a temporary job, intensive case management, soft skills development and job search assistance to help find unsubsidized employment after program completion.
- The Mayor's Summer Youth Employment Program (MSYEP) will again serve over 900 youths in jobs throughout the city and offers workshops to increase participants' skills and career/college readiness. This includes collaborating with regional and state workforce development staff to take advantage of federal stimulus funding and state funding for at-risk youth.
- The Youth Center Division will continue to offer programs through its network of five youth centers located in different neighborhoods of the city. The centers include classroom space, meeting rooms, gymnasiums and easy access to parks and fields. The Centers will again be sponsoring popular summer camps, year round pre-teen and middle school programs and teen intensive programs.
- The Recreation Division will continue to offer programming through the War Memorial Recreation Center, the Fresh Pond Golf Course, through many of the City parks and through the summer basketball league for young people. The Division will continue to sponsor its evening and Saturday recreational programs for individuals with special needs as well as its popular summer camp.

Other City Departments contribute to this Goal, examples of which are listed below.

- The Community Development Department (CDD) sponsors the Employment Program Fund (\$355,000) through the Just-A-Start (JAS) Rehabilitation Assistance Program, which trains and employs Cambridge youth to provide a range of low-cost housing rehabilitation, energy conservation and de-leading services throughout Cambridge and for the Cambridge Housing Authority.
- The Cambridge Public Library adds over 40,000 books, magazines, DVDs and CDs to the library's collection each year and makes them available to residents at no direct cost. The library also borrows 200,000 items from other libraries. Residents take home over 1,000,000 items and access 300,000 resources online 24 hours a day. In addition, the Library provides free or low cost admission to local museums for over 7,000 cardholders each year.
- The Library's Adult Literacy Program provides 2,000 tutoring sessions, computer classes and educational programs for adult learners, primarily new immigrants, and the library attracts over 47,000 children and teens to its programs that promote literacy development and encourage recreational reading. Summer reading by children and teens in FY11 increased 56%, to a record high of 83,781.

- The Water Department staff provides many guided tours of the Walter J. Sullivan Water Purification Facility and the Fresh Pond Reservation, to educate both children and adults about the features and importance of Cambridge's water system. Also, the Water Department is working to enhance educational opportunities for Cambridge school children with the improvements underway at Black's Nook within the Fresh Pond Reservation. This location is used extensively by elementary age school children to learn about the Fresh Pond Reservation as a habitat for the species that live within it. Water Department staff assist with many school system educational events at the Maynard Ecology Center, a Cambridge Public School facility housed in the bottom floor of Neville Place, overlooking Fresh Pond.
- The Cambridge Police Department, in collaboration with the Mayor's Summer Youth Employment Program, will continue to host a six week Cambridge Youth Police Academy. This is a unique opportunity for youth to learn about what police officers do on a day to day basis, and to teach youth the importance of maximizing out of school time with learning opportunities, while refraining from being involved in activities that could land them in trouble.
- **FOSTER COMMUNITY AND SUPPORT NEIGHBORHOOD VITALITY. SUPPORT OPPORTUNITIES FOR CITIZENS TO PARTICIPATE AND TO KNOW EACH OTHER WITHIN THEIR NEIGHBORHOODS AND ACROSS THE CITY AND VALUE AND SUPPORT THE RACIAL, SOCIOECONOMIC, CULTURAL AND RELIGIOUS DIVERSITY OF OUR CITY.**

The proposed FY12 Operating Budget continues to support and maintain the venues and activities in which citizens have the opportunity to know each other within neighborhoods and across the city, which also promotes the racial, cultural and socioeconomic diversity of Cambridge. This includes support for two senior centers, youth programs, five youth centers, youth leagues, arts gatherings, public celebrations and events, library programs and branches, community policing and outreach programs, neighborhood planning and community meetings, oral history publications, a public health network, community schools and the scores of parks and play areas located throughout the city.

In addition, the FY12 Budget contains support for facilities, roadways, sewer and water system improvements and other public investment projects, which contribute to the preservation and enhancement of neighborhoods. Also, the City has made a major investment in a new state-of-the-art public safety facility to house police and emergency communications operations, major renovations to the Main Library, War Memorial Recreation Center and CRLS and construction of a new West Cambridge Youth and Community Center. In FY12, the City will begin a multi-year program to rebuild or renovate its elementary schools.

Another way that the Budget supports these City Council Goals is through committing significant resources to a variety of major open space projects. The City has renovated several parks, including Donnelly Field, Lowell Park, Squirrel Brand Park, Dana Park, Gold Star Mothers Park, Alden Park, Russell Field Complex, William G. Maher Park, Jill Brown-Rhone Park at Lafayette Square, Father Callanan Playground at the Tobin School, Trolley Square Plaza, Greene-Rose Heritage Park, Clement Morgan Park, Alexander Kemp Playground at the Cambridge Common, an off-leash dog run at Danehy Park, and the new City Park on Memorial Drive at Western Avenue in the Riverside neighborhood. In addition, replacement of the existing artificial turf on one of the soccer fields at Danehy Park and the resurfacing of the running track are scheduled to be completed in the summer 2011.

The City sponsors, supports, permits and enables a wide range of neighborhood events that foster community. These events include over 75 outdoor and scores of indoor special events, neighborhood meetings to discuss public safety or infrastructure improvements, and workshops that

bring people together on specific topics. In addition, DPW strengthened public/private partnerships to improve public open spaces by coordinating 300 volunteers in landscaping and cleanup projects. In addition, the following FY12 Budget allocations support these two goals.

- An allotment of \$1,240,000 will be used for improvements to Alberico Park (\$400,000); David Nunes Park (\$400,000) and Fulmore Park (\$440,000). Existing pressure treated wood playground equipment at all three playgrounds will be replaced with equipment that will encourage imaginative play and interaction with natural materials. Additional replacements include safety surfacing, fences, signage, addition of a small water play feature at Alberico, basketball and street hockey court repairs, general landscaping, irrigation and drainage.
- \$60,000 has been included in the Capital Budget to create a new, universally accessible community garden at Riverside Press Park.
- In order to continue the program of making public facilities more accessible to people with disabilities, \$50,000 has been recommended in the Capital Budget.
- An allocation of \$35,000 has been included in FY12 to continue the seasonal flower program that includes construction of new planting sites as well as enhancements to high profile intersections.
- An increase of \$50,000 for veterans' benefits in the FY12 Veterans' Budget. The veterans' benefits budget is \$677,000 with this increase. It is anticipated that the state will reimburse the City for a portion of this cost increase.
- \$20,000 has been added in the Human Services Budget to support existing summer youth basketball and midnight basketball programs. Also, an additional \$13,800 has been included for transportation services provided by SCM Community Transportation.
- \$30,000 has been included in the Capital Budget to support the conservation and maintenance of the public art program, which will allow for the ongoing maintenance, treatment and reassessment of the collection.

These City Council Goals are also addressed through the following examples:

Through the Human Services Department's Community Engagement team, outreach workers representing the linguistic and racial diversity of the city work within their communities to help connect families to services and to help engage them in civic life.

The Personnel, Police and Affirmative Action Departments collaborated with the Commonwealth of Massachusetts, Human Resources Division to promote the Municipal entry-level Police Officer Exam, launching a recruitment campaign targeting Cambridge residents and under-represented protected classes. In one of its most successful campaigns, the City logged-in 149 applications. 52% of those applications are from people of color and 29% are from women, all Cambridge residents. The U.S. Census Bureau reports that a successful recruitment campaign for Cambridge would expect to yield 27% of the applications from People of Color and 9.1% from female applicants. In a time when application fees have increased dramatically and opportunities across the Commonwealth are limited, the City of Cambridge has been able to attract a large and diverse pool of applicants.

The Cambridge Police Department's "door-to-door" campaign involved various housing developments and surrounding neighborhoods, wherein staff from various City departments and organizations (Department of Human Services, Cambridge Housing Authority, Margaret Fuller House and the North Cambridge Crime Task Force), who introduced themselves to residents, identified resources that are needed by the community and

advised the community about resources that are currently available. These door-to door-campaigns included: information about forums that were held within the community, on employment for youth in the summer, summer camp and other resources for children and families; the transitional job program; crime updates; and CPD's community policing programs that support neighborhood initiatives. This outreach initiative will continue in FY12, with a focus on some additional neighborhoods and follow up with neighborhoods already involved in the initiative.

The Cambridge Public Library attracts over 50,000 residents each year to library sponsored book discussion groups, English conversation groups, toddler sings, author visits, neighborhood pot luck dinners, lectures, and other kinds of events that foster community and support neighborhood vitality. The library also matches volunteer tutors with adult learners who wish to improve their reading and writing skills. The Main Library, O'Neill Branch and the Central Square Branch provide space for community groups to meet and present programs to the general public. The Library estimates that 750 groups will take advantage of this service in FY12.

The Community Development Department (CDD) published a report on "Housing Options for Older Cantabrigians" that led to a public forum on ways to successfully age in the community. Working with the Department of Human Service Programs, the City will continue dialogue with other public and non-profit organizations to follow-up on ways to support aging in Cambridge. Also, CDD schedules regular planning updates within each of the city's 13 neighborhoods, which entail interdisciplinary conversations and result in specific action plans to be implemented within short and long-term time frames. CDD provides a range of information and materials to the public designed to provide clarity and support effective community process.

The City has begun working with the community, businesses and property owners to refocus the vision for Kendall Square, Central Square and the transition area between them, and to produce recommendations addressing an appropriate mix of uses, development potential, enhanced activation of the squares, urban design character, long term sustainability, transportation and infrastructure improvements. Also, the City has commenced implementation of recommendations of the Charles River planning study, which focused on access to and experience of the waterfront, including discussions with neighborhood groups and working with DCR to address amenities and infrastructure.

The Nightlife & Outdoor Activities Taskforce and began implementation of recommendations to encourage greater utilization of parks, plazas and performance venues for special events and entertainment, and to help local businesses benefit from the increased activity. Worked with Cambridge Office for Tourism to develop a master events calendar for the city, and held a workshop to assist neighborhood groups and others with special event planning. The City continues to support increased outdoor dining at local establishments.

- **PROMOTE A HEALTHY COMMUNITY AND ENVIRONMENT TO ADVANCE CAMBRIDGE AS A LEADER IN PUBLIC HEALTH AND ENVIRONMENTAL SUSTAINABILITY.**

City Departments continue to implement strategies to demonstrate progress in achieving this City Council Goal. In May 2010, the City was one of the first 35 communities in Massachusetts to be designated as a Green Community by the Commonwealth. This designation was a result of meeting five criteria, among them making a commitment to reducing energy consumption in municipal buildings by 20% over a 2008 baseline, by 2013. In FY11, the City took steps to meet this goal by replacing failing or outdated boilers at the Longfellow School building, Moore Youth Center and the Public Works Frazier Administration building, and by installing energy-efficient lighting and occupancy sensors at five municipal buildings (Area IV, Frisoli and Gately Youth Centers, Engine 3 and Senior Center) and four schools (Baldwin, Haggerty, Kennedy-Longfellow

and Peabody). This work was performed using \$759,600 in Federal Energy Efficiency and Conservation Block Grant (EECBG) stimulus funds and \$131,000 of the FY11 School Department public investment allocation. NSTAR subsidized the project costs with more than \$160,000 in utility rebates. In addition, \$283,770 in state Green Communities grant funds is being used to design and install heating, ventilating and air conditioning (HVAC) improvements at Area IV Youth Center, Frisoli Youth Center and the Haggerty School.

An allocation of \$780,000 in the Capital Budget, from additional revenues from FY11 and FY12, resulting from a rate increase in resident parking stickers adopted in FY11 by the City Council, will be used to further the City's work in reducing energy consumption. A total of \$400,000 will be used for municipal and school buildings. These projects will consist of lighting upgrades and installation of occupancy sensors where appropriate and improvements to HVAC systems, such as installation of variable speed drives and direct digital controls, as well as boiler replacement. The City will also apply for NSTAR rebates to increase the total project value. \$280,000 will be allocated toward a bike share program, with \$100,000 to be used toward branding and continued outreach activities aimed at reducing energy consumption.

Public Works continues to act as a lead sponsor of Cambridge GreenSense, a municipal energy and sustainability awareness program committed to improving energy efficiency throughout City government. Since 2009, GreenSense has engaged 75 municipal employees in more than 40 City buildings to meet the program goals and advance the City's role as a "green" leader. In its first year, the program helped reduce electricity consumption by 5% in participating City buildings. In FY11, Cambridge GreenSense helped to promote single-stream recycling, highlighting the energy savings and greenhouse gas emissions reduced by recycling.

The City increased the tons recycled by over 10% and decreased trash disposed of by 6% during the first 6 months of "single stream" recycling—in which residents place paper, cardboard, glass, metal and plastic containers together in one recycling toter on wheels. This program required extensive public education and outreach, and the distribution of over 14,000 toters to residents, which was funded in the FY11 Capital Budget (\$700,000).

The FY12 Budget includes a \$6,000,000 allocation to the Cambridge Health Alliance (CHA). CHA has remained a vital asset to the citizens of Cambridge since its establishment by home rule legislation on July 1, 1996. CHA is a nationally recognized public, academic health care delivery system that provides comprehensive clinical, public health, teaching and research programs in the City of Cambridge. It is comprised of three campuses in Cambridge, Somerville and Everett, a network of ambulatory sites, the Cambridge Public Health Department and Network Health, a growing managed care plan. CHA is a teaching affiliate of Harvard Medical School and has departmental affiliations with Tufts University School of Medicine.

An integral part of CHA, the Cambridge Public Health Department is responsible for protecting the health of Cambridge residents, workers and visitors. Department programs include communicable disease prevention and control, school health, emergency preparedness, environmental health, community health and wellness, epidemiology and data services, and regulatory enforcement. In 2010, the Department developed a food allergy policy, which was implemented by the Cambridge Public Schools; established a school absenteeism and communicable disease surveillance system in schools and universities; helped launch Baby University, a citywide collaborative focused on parenting; participated on a federal planning committee to develop large-scale regional emergency preparedness exercises; and implemented the Cambridge Biosafety Regulation. The Department continued to play a major role in several City initiatives, including the Agenda for Children, the Men of Color Health

Initiative and the Domestic Violence Free Zone Initiative. In 2010, Cambridge received national recognition for programs associated with these three initiatives.

Other examples that demonstrate the City's ongoing progress to achieve this goal include:

- The Main Library and West Cambridge Youth and Community Center were awarded Silver certification by the U.S. Green Building Council's Leadership in Energy Efficient Design (LEED) certification program.
- Cambridge was named a Tree City USA by the National Arbor Day Foundation for the 18th consecutive year, and named a winner of the more prestigious Growth Award for the 3rd consecutive year. These awards recognize the City's overall urban forestry program, and in particular the five-fold increase in the City's annual tree pruning budget during the past year and the strengthening of tree planting specifications used by the City and its contractors. The FY12 Capital Budget contains \$100,000 to fund the ongoing program to perform structural pruning to approximately 600 trees in parks throughout the City and at the Cambridge Cemetery.
- Commenced implementation of the new zoning arising from the work of the Green Building Task Force regarding environmental standards for new construction, and recommendations concerning wind power, solar power and removing zoning impediments to energy efficient building measures. Worked with the Planning Board and developers on the application of recently adopted zoning.
- Funded by a \$350,000 federal Energy Efficiency and Conservation Block Grant (EECBG) allocation for outreach to businesses and residents, with a special focus on low-income households, CDD worked with the Cambridge Energy Alliance (CEA) to promote energy audits and efficiency measures. CDD oversaw purchase of renewable energy certificates, which is supported in the operating budget to offset municipal electricity use.
- Received a \$150,000 state grant to fund subsidies toward purchase of additional hybrid cabs through the Cambridge Clean Air Cab program and began to develop plans for infrastructure for electric vehicles.
- Installed parking for 150 bicycles, funded by EECBG, and continued programs to improve conditions for cyclists, pedestrians and transit users, including work on bicycle wayfinding, bike fix-it stations, bus shelters and bicycle sharing.
- Continued to work with the Climate Protection Action Committee (CPAC) and with community groups to set new goals and to develop and implement strategies to reduce greenhouse gas emissions. Cambridge was selected as one of eight US cities to pilot the ICLEI – Local Governments for Sustainability program to help communities adapt to climate change. Began process of assessing the city's vulnerability to climate disruption, including impacts of heavier precipitation and more severe storms, sea level rise and hotter summers. The Capital Budget contains \$150,000 to develop a Climate Change Adaptation Plan within the next two years to prepare for the environmental impacts that will result from climate change.
- The Water Department initiated an "Energy Efficiency Study" of the water treatment plant and associated gatehouses, with the anticipated goal of reducing energy consumption.
- Implemented a pilot test of LED streetlights on Inman Street from Broadway to Mass. Ave. The test will involve a review of how well the streetlights perform with regard to color, light levels, light trespass onto private property, dark sky issues, energy savings, maintenance and the perceptions of the abutters.

- \$2,750,000 has been allocated in the Capital Budget to support water system improvements and \$36.0 million has been recommended for sewer reconstruction work in Harvard Square, Agassiz and mid-Cambridge communities and in the Alewife watershed. It is expected that the infrastructure reconstruction project will begin in the fall of 2011 on Western Avenue and will continue thereafter for a period of two years.
- **PROMOTE DOING BUSINESS IN CAMBRIDGE AND WORK TO STRENGTHEN OUR MUTUALLY BENEFICIAL PARTNERSHIPS WITH BUSINESSES AND UNIVERSITIES.**

Cambridge has been fortunate that it has been able to operate within the confines of Proposition 2½. It is important to understand that new development is one of the keys to our continued success, as well as the ability to generate non-property tax revenues while controlling expenditure growth. It is also important to maintain a reasonable tax rate for both commercial and residential property owners and reliable water and sewer services at affordable rates. By achieving these goals, Cambridge will continue to be a place where individuals and businesses want to visit and/or locate.

The Cambridge Office for Tourism (COT), with a budget of \$407,700, is a non-profit agency that serves as the central clearinghouse for all tourism marketing and visitor information in Cambridge. COT seeks to enrich the City of Cambridge by promoting its many special attractions and cultural amenities for the enjoyment of both residents and visitors. By coordinating tourism marketing efforts, COT seeks to increase recognition of Cambridge as an important component of the Greater Boston destination, thereby developing a stable and consistent tourism base in the local economy. The Office produces printed collateral material to assist visitors, including a Cambridge bookstore guide, a seasonal Calendar of Events, a marketing brochure, a dining guide, a historical walking guide and a comprehensive Visitors Guide.

COT also maintains a constantly updated tourism Website and produces sales and marketing materials for the hotels to use to attract convention and conference business to Cambridge. COT has made additions and improvements to its Website, which allows it to be more interactive and user friendly, integrates connections with Twitter and Facebook, and enables more mobile tourism from the site. Also, COT has developed a mobile Website that will be compatible with smart phones and handheld devices.

COT has purchased a Cambridge section on Trip Advisor, currently the most popular and utilized travel Website, that features Cambridge hotels and restaurants via rotating advertisements, events listings, maps marking points of interests and editorial content. In coordination with the City, COT implemented a new software system called Trumba that allows for one central calendar of all events to be on the Tourism and City Websites.

In support of this City Council Goal, the Public Information Office (PIO), has promoted these efforts and informs Cambridge citizens, City staff, businesses, institutions and the general public through a range of outreach efforts, including the following: produced and mailed the *CityView* newsletter to over 49,000 Cambridge households in November and May; produced the 2010-11 edition of *The Cambridge Life Magazine & City Resource Guide*; managed and posted daily information on the City Website home page, keeping content fresh and updated; and provided ongoing support to City departments requesting publicity assistance, Website postings and online Website calendar assistance.

One of the many functions the Information Technology Department (ITD) fulfills is to continuously develop and improve the City's Website, which provides remote access to important City resources and information. This includes the ability to transact business with online payment options, permit and license application services, access to City Council meeting agendas and information, property search capability and City mapping information via the GIS system. Some of the initiatives undertaken by ITD to achieve the above Goal include:

- Launched the new City Website. Designed and implemented new Library and DPW Websites.
- Launched new City webcast pages with upgraded player functionality, providing cross-platform support and smart phone compatibility.
- Created a system allowing for online reporting of potholes.
- Enhanced online permitting to allow for online payment of DPW permits.
- Implemented Wi-Fi service at all Youth Centers and the parks associated with them. Completed the design and implemented the network and Wi-Fi service at the renovated CRLS.
- Received data and managed the citywide flyover project for Cambridge. The flyover took place on April 14, 2010, to enable creation of new GIS base map layers and color orthophotos (seamless aerial photos). GIS layers include paved surfaces, buildings, rail lines, water bodies, pavement markings, traffic features, topographic contours and an impervious surface layer.
- Improved the web-enabled interactive GIS tool, Cambridge CityViewer, for City staff and for use on the Internet. Added more data connections and updated all of the basemap information with new April 2010 base map layers and aerial photography. Added new viewers for both staff and public use.
- Conducted a search for, and participated in the evaluation of a new permitting system that will be implemented for Inspectional Services and DPW.
- Enhanced online permitting capability for the DPW, Traffic and License Departments.
- Implemented online Registration and Payment System (Rec Trac) for the DHSP programs.
- Work is under way to implement a Real Estate Tax online payment mechanism, which includes an option to pay by electronic check (ACH) or credit/debit card for a fee, prior to the first half Real Estate billing in October 2011.

The FY12 Budget includes the addition of a web innovation developer position to develop and implement new technology and improve City services delivered on the Internet and through mobile devices as part of the City's Information Technology Web team. In addition, an allocation of \$535,000 in the Capital Budget will fund the planned upgrade of the Peoplesoft financial, human resources and payroll systems (\$300,000); implementation of a web-based online Permit System for Inspectional Services, which is an extension of the Cambridge Request System (CRS) application (\$75,000); upgrades to department Websites using the new Sitecore Content Management system (\$75,000); upgrades to the City's fiber optic network by replacing obsolete equipment (\$75,000); and for enhancements to the GIS web tools for public access to City infrastructure assets (\$10,000).

The Economic Development Division of the Community Development Department provides support to the Cambridge business community through a variety of programs and activities. The Division provides services in the following areas: commercial district revitalization (including

the Façade Improvement and Best Retail Practices programs); technical assistance to existing and start-up entrepreneurs; support for women- and minority- owned businesses; programs to encourage workforce development, especially in the emerging environmental or green jobs fields; and real estate information in support of the City's development districts and neighborhood retail areas. The Division also maintains close relationships with existing larger businesses to retain major employers and works to attract new businesses to the City.

In addition, CDD regularly attends meetings of associations representing the city's businesses and provides technical assistance to facilitate their efforts to keep Cambridge's commercial districts and corridors vibrant. The City works actively through government and regional collaboration, and directly with organizations to recruit new businesses to Cambridge and to fill vacant commercial space. Cambridge also collaborates with its educational institutions on a variety of levels to ensure that city residents have the opportunity to share in the many resources provided by the presence of these institutions. These collaborations have resulted in tangible advances in the City's climate, housing, open space, transportation and infrastructure, education, arts, and human service initiatives.

The City continues to support within the Capital Budget the Façade Improvement Matching Grant Program (\$100,000). An additional, \$150,000 in the Capital Budget supports a wide range of economic development workshops and programs that include the Retail Best Practices Program (\$20,000), Biomedical Careers Program (\$81,000) and small business workshops (\$49,000).

Additional examples of continued work to support this City Council include:

- Provided assistance to over 140 existing and potential Cambridge entrepreneurs through small business educational workshops including "E-Commerce – Building a Web Presence," "Real Estate Basics for Small Businesses," "Introduction to Record Keeping and Accounting," "Enhancing Your Marketing Strategy" and "Introduction to Quickbooks." Offered 12 two-hour financial literacy workshops for Cambridge residents on topics such as budget and credit management, savings and banking basics.
- Building upon earlier public discussions and the Central Square Intercept Survey, supported the Red Ribbon Commission in its efforts to enliven the Square. Provided technical assistance to residents and businesses in their initiatives to increase outdoor entertainment and enhance the economic environment in Central Square.
- Through the Retail Best Practices Program, assisted 44 Cambridge retailers and provided 10 matching grants for interior and marketing improvements to businesses. Through the Façade Improvement Program, provided matching grants for 12 commercial storefronts and provided architectural design services to 10 additional businesses.
- Provided technical assistance to further strengthen the recently-established East Cambridge Street Business Association and Kendall Square Association, in a continuing effort to support the city's commercial districts and corridors.
- Marketed Cambridge as a desirable location for business at networking events and conferences and by working with existing and potential new companies, with emphasis on biotech, life sciences and green technology firms. Initiatives include collaboration with state and regional business development officials and participation in Bio2011, the world's largest biotechnology conference, held in Washington, DC, to attract additional life sciences companies to Cambridge.

- Continued payments in lieu of tax (PILOT) agreements that the City has negotiated with Harvard University and MIT and other institutions. Not only do these agreements provide additional revenue to the City each year, but they also provide long-term revenue protection and stability.
- **PROMOTE PUBLIC SAFETY AND ADDRESS THE CHALLENGES AND OPPORTUNITIES FOR MULTIPLE MODES OF TRANSPORTATION TO SAFELY SHARE ROADS AND SIDEWALKS.**

The FY12 Budget provides significant resources to support this Goal. The total Public Safety Budget for FY12 is \$104,151,875, or 22.1% of the Operating Budget, and includes the following departments: Animal Commission, Fire, Police, Traffic, Parking and Transportation, Police Review and Advisory Board, Inspectional Services, License, Weights and Measures, Electrical and Emergency Communications.

The FY12 Budget of \$39.1 million supports a Class 1 rated Fire Department with neighborhood fire stations and an accredited ambulance service. The Insurance Services Office (ISO), through its Public Protection Program, has continued to give the City of Cambridge Fire Department a Class 1 designation, the highest rating a fire department can receive. The Class 1 designation reflects the City's ability to contain and control fires. Of the more than 37,000 fire departments in the United States, only 57 are currently classified as Class 1. Cambridge is the only department in Massachusetts rated Class 1.

The FY12 Capital Budget contains \$80,000 to provide funding for the replacement of two Fire vehicles, including a Paramedic Squad van and a Division Squad vehicle. In addition, \$540,000 has been budgeted to provide funding for window replacement at Engine 3 in East Cambridge (\$150,000), stair replacement (\$229,000) and bathroom renovations (\$136,000) at Engine 5 in Inman Square and \$25,000 for miscellaneous improvements.

The FY12 Budget of \$43.5 million supports the Police Department Budget. The Police narrative provides extensive detail on its initiatives, performance measures, goals and crime statistics. The 2010 customer satisfaction responses collected from incident reports rated the Department at 91% satisfaction with Overall Response and 98% satisfaction with Professionalism of Officer Conduct. Several initiatives have been instituted to continue to promote effective community partnerships, predictive deployment and enforcement strategies and programs to address crime prevention and quality of life issues. These initiatives continue to support the Department's goal of building and maintaining relationships as well as solving problems in the community that affect public safety. In addition, one of the major department initiatives embarked upon during 2010 that will carry the Department through FY12 is the strategic planning effort. The Police Department is identifying key initiatives, major goals and measurable steps for assessing service delivery to the residents of and visitors to Cambridge.

In addition, the Police Department, in collaboration with the Department of Human Services Programs (DHSP) and the Cambridge Health Alliance (CHA), has successfully initiated a Safety Net Collaboration, a diversion program for Cambridge youth and their families. The Department works with the Pedestrian Committee, Bicycle Safety Committee and other agencies on transportation issues. Members of the Department are assigned as liaisons to work with groups to promote alternative means of transportation and to work on the many transportation challenges in Cambridge. The Police Department also collaborates with Cycle Kids, Inc., a program focused on healthy lifestyles, bicycle safety and safety based curriculum, throughout the year to educate youth on safe and effective bicycle operation in the city. Lastly, the Police Department initiated a law enforcement in-service training program to incorporate officers from the Harvard University and MIT Police Departments. This

effort sought to promote high level training to all officers within the police departments in the city, to ensure common police practices are instituted in the community. This combined training initiative provides a tremendous opportunity for officers to build relationships with university police, mutual understanding of department policies, and a learning opportunity for the officers in attendance.

The License Commission works to promote public safety by conducting inspections of the licensed alcohol establishments. Inspections are carried out in conjunction with the Inspectional Services Department and Fire Department. There are currently 265 licensed liquor establishments in the city. The Commission also conducts routine investigations of all other categories of licenses to ensure safe and proper conduct of business. In addition, the Commission continues to work closely with the Cambridge Licensee Advisory Board to educate establishments regarding underage drinking.

The License Commission also strives to maintain a safe taxi industry. Semi-annual inspections are carried out. In addition, taxi school instruction increased from 3 days to 5 days with a 60 day probationary period for all new drivers. The Commission continues to work toward reducing complaints and increasing professionalism in the industry.

The Traffic, Parking and Transportation (TPT) Department oversees public parking and traffic operations in the city and actively promotes walking, bicycling and transit. In support of this Goal, TPT continues to install and maintain pavement markings that support the needs of pedestrians and bicyclists for bicycle lanes and crosswalks. Well marked travel lanes, such as the work recently done on Prospect Street, improve safety for all travel modes. Also, bike lanes have been added on Brookline Street from Henry to Franklin Streets and on Brattle Street from Sparks Street to Fresh Pond Parkway.

TPT performs traffic signal coordination to manage traffic volumes, while allocating time for safe use by pedestrians and bicycles. Pedestrian countdown timers and walk indicators, just before vehicles get their green signal, support pedestrian safety. TPT provides transportation review of large development projects, which has allowed the approved parking supply to match need, without reaching over-supply. In concert with the transportation demand strategies being implemented at these projects, the percentage of commuters driving to work has declined, while use of transit, walking and bicycling has increased. The increased development in Kendall Square has resulted in far fewer trips, due to these efforts, than was anticipated in the 1970s when the urban renewal efforts started.

The FY12 Capital Budget contains \$800,000 to support: Traffic Signal Repair and Upgrades (\$250,000), Parking Garage Repair and Upgrades (\$200,000), Parking Meters and Parking Pay Stations (\$50,000) and Traffic Calming (\$300,000), which focuses on redesigning streets to improve the comfort and safety of people walking, biking and driving on them.

The Public Works Department issued the third update to the City's *Five Year Sidewalk and Street Reconstruction Plan*, which prioritizes street and sidewalk reconstruction on the basis of condition, accessibility and location. This year's Plan update increased the emphasis on a "complete streets" program, where streets are designed for all users—pedestrians, cyclists, bus riders, drivers and residents—and included more sidewalk reconstruction and missing ramp reconstruction on major arterials to increase accessibility for pedestrians. The Capital Budget contains \$4,445,135 for street and sidewalk reconstruction at various locations throughout the city, which includes an additional \$2.0 million from bond proceeds. Also, an additional \$2.0 million has been added to the \$2.5 million appropriated last year for improvements to the Harvard Square Tunnel and \$300,000 for design services and repairs for Kendall Square.

OUTLOOK AND CONCLUSION

While overall economic conditions have improved, there are ongoing uncertainties that will force us to be cautious in the next fiscal year. These uncertainties include: the impact of significant federal budget reductions on local and state governments; spiraling energy costs and their impact on inflation and the economic recovery under way; the impact of increasing health insurance costs as well as implementation of cost containment strategies for municipalities at the state level, which are currently being formulated; and the impact of future declines in State Aid to cities and towns.

Despite these challenges, Cambridge has survived relatively well in comparison to other municipalities both locally and nationally, while our City continues to move forward. In fact, the City received very positive feedback in the latest biennial Citizen Opinion Survey (2010). The percentages cited below reflect responses of excellent or good to the questions asked. Highlights of the survey include the following:

- 92% of respondents indicated the “Overall Quality of Life” as either excellent or good
- 90% indicated that Cambridge was either an excellent or good “Place to Live”
- 67% rated the “City Government/Overall Performance” as either excellent or good
- 85% rated the “Overall Quality of Their Neighborhood” as either excellent or good
- 76% indicated that Cambridge was either an excellent or good “Place to Raise a Child”
- 3% indicated that taxes are the ‘Single Most Important Issue Facing the City Today’

The survey also reflects feedback regarding specific services provided by the City. Overall, the results reflect positive rating increases over the five prior survey averages.

The results of the Citizen Opinion Survey should be a source of pride to the City Council, Department Heads and City Staff, especially during these challenging economic times and at a time when there is a great deal of cynicism about government in general.

The City Council adopted its Goals for FY12 and FY13 in December 2010. These Goals are included earlier in my message or can be found in the City Council Budget narrative in Section IV of the Budget. The administration and department heads have used these Goals in the development of the FY12 Budget, which can be evidenced in my message and by reading individual departmental narratives.

We will continue to use our five year financial and capital plan, debt and reserve policies and the City Council Goals as a blue print for our long-range planning to maintain stability and predictability in our budgeting and financial planning processes. Our financial projections indicate that we will be able to produce future budgets that will reflect a moderate growth in the property tax levy, which is our primary revenue stream. However, the issues noted above could have a negative impact on our financial projections.

The major priority affecting future budgets will be the multi-year Elementary School Rebuilding Program in conjunction with the recently adopted Innovation Agenda by the School Committee. Our current five year capital plan has \$55 million budgeted for this purpose, with \$3.0 million recommended in FY12 for design services for the first elementary school to be upgraded. In addition, the City is in the process of updating its Other Post Employment Benefits (OPEB) actuarial study, which is scheduled to be completed by mid-year. It is likely that the City will need to

budget additional OPEB contributions on an annual basis in the future until the City's unfunded pension liability is eliminated in 2029, based on the latest funding schedule. It is the City's intention to use the excess appropriations that will result when the pension liability is met to fund the City's OPEB liability.

FY10 was a solid year financially for the City of Cambridge, considering the economic circumstances. Our sound financial practices have left the City with substantial reserves including \$89.3 million in Free Cash, \$98.6 million in excess levy capacity, \$13.0 million in Parking Fund balances and \$6.3 million in Water Fund balances. In addition, the Health Claims Trust ended FY10 with a balance of \$16.2 million, with the Debt Stabilization reflecting a \$13.4 million balance and the School Stabilization Fund showing a \$7.3 million balance. It is anticipated that the City will also end FY11 in strong financial position. This Budget continues to use these reserves strategically to lessen the increase of the property tax levy. While the above factors are important, as we continue to navigate through these difficult economic times, we also need to continue to expand our non-property tax revenues.

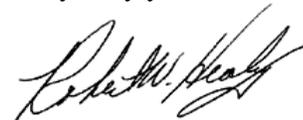
The long-term outlook for Cambridge continues to be very strong as long as we continue to manage our resources wisely. This has been confirmed by our continued AAA bond rating at a time when some communities have seen a reduction in their ratings. As I mentioned earlier in my message, we have planned for a time when State Aid and non-property tax revenues would stop increasing. Fortunately, we have been prudent in maintaining a healthy excess property tax levy capacity, saving and building our reserves and prudently managing our budget growth, which has allowed us to maintain our City services.

As we are aware, Cambridge is not insulated from current economic realities, but we have positioned ourselves well to respond to these challenges in order to preserve the high level of municipal services which residents have come to expect, as well as meet the needs of our infrastructure.

I believe we have responded to the City Council's Goal of producing an FY12 Budget which reflects a 1.75% increase and a moderate growth in the property tax levy. The growth in the property tax levy has again been impacted by reductions in State Aid. Because the City Council and City Administration continue to operate with the same basic principles/lessons which have served us well in the past, we have been able to weather these challenging times. These principles include: 1) understanding that failure to make difficult decisions today will lead to even more difficult decisions in the future; 2) being realistic in our expectations in both good and bad economic times, which has resulted in us being able to manage our resources wisely; and 3) developing effective short and long term financial, economic and programmatic planning strategies.

I am confident that we can continue to provide the wide array of services that our residents have come to expect, while working through these difficult economic times.

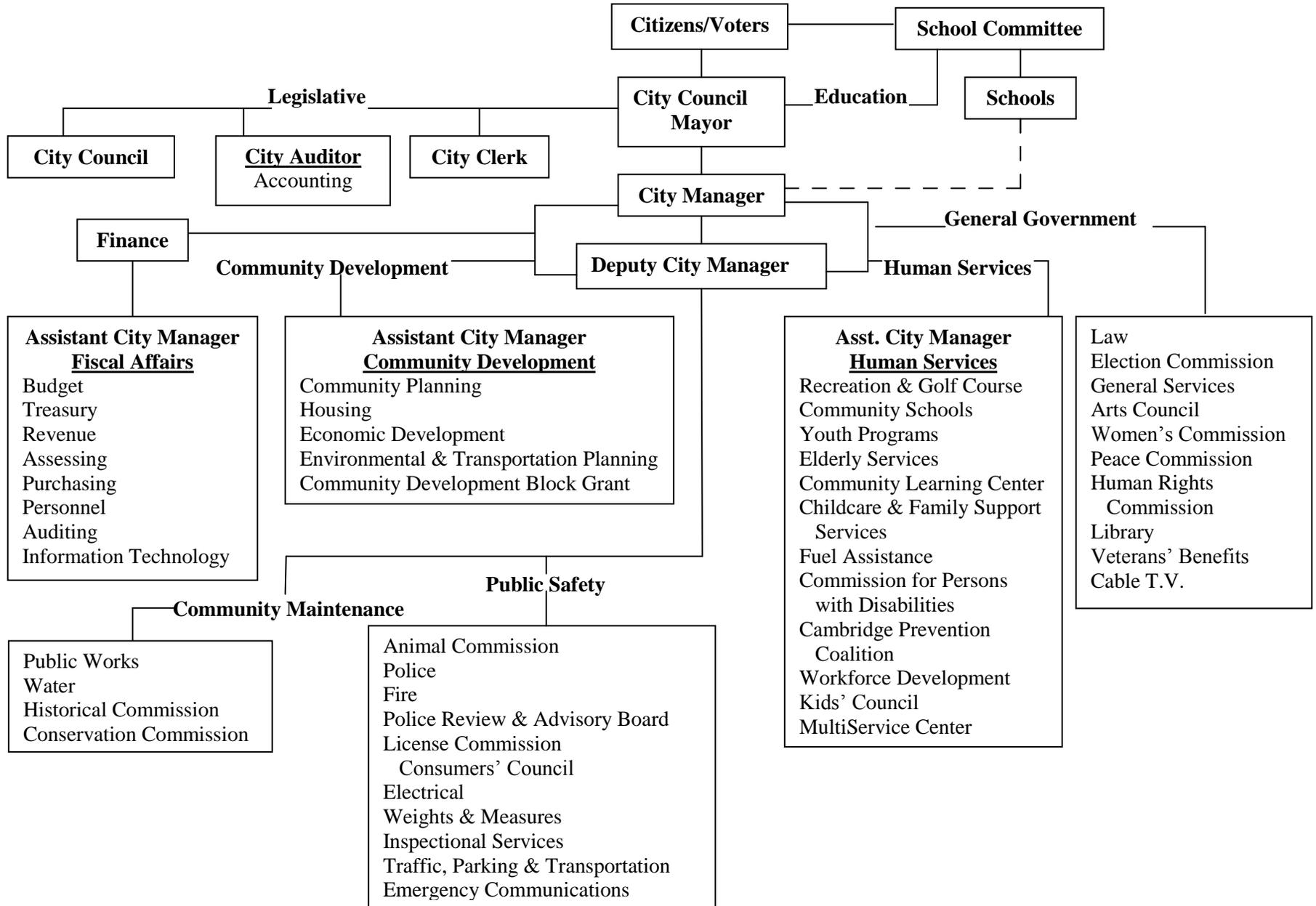
Very truly yours,



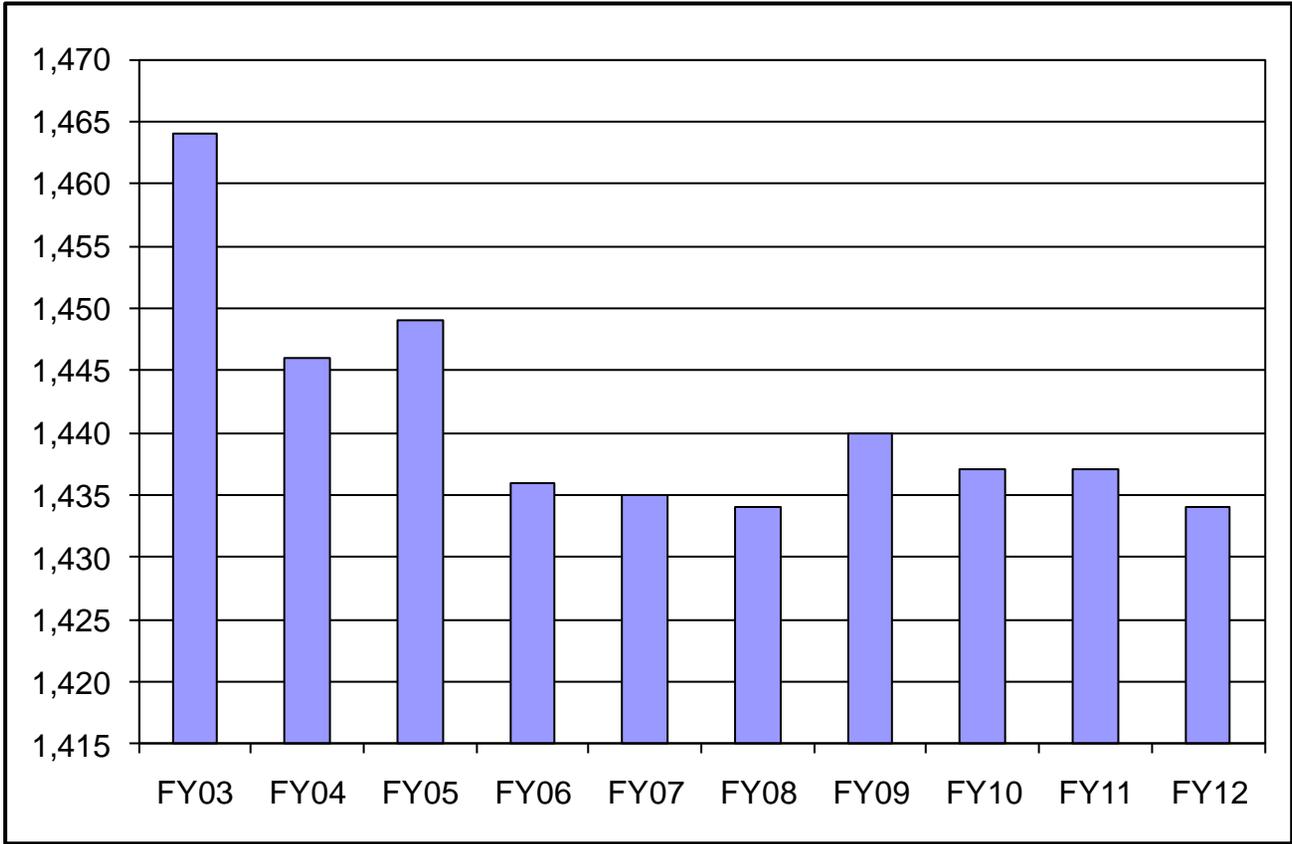
Robert W. Healy
City Manager

ORGANIZATIONAL CHART

City of Cambridge, Massachusetts



POSITION LIST COMPARISON
Excluding Schools

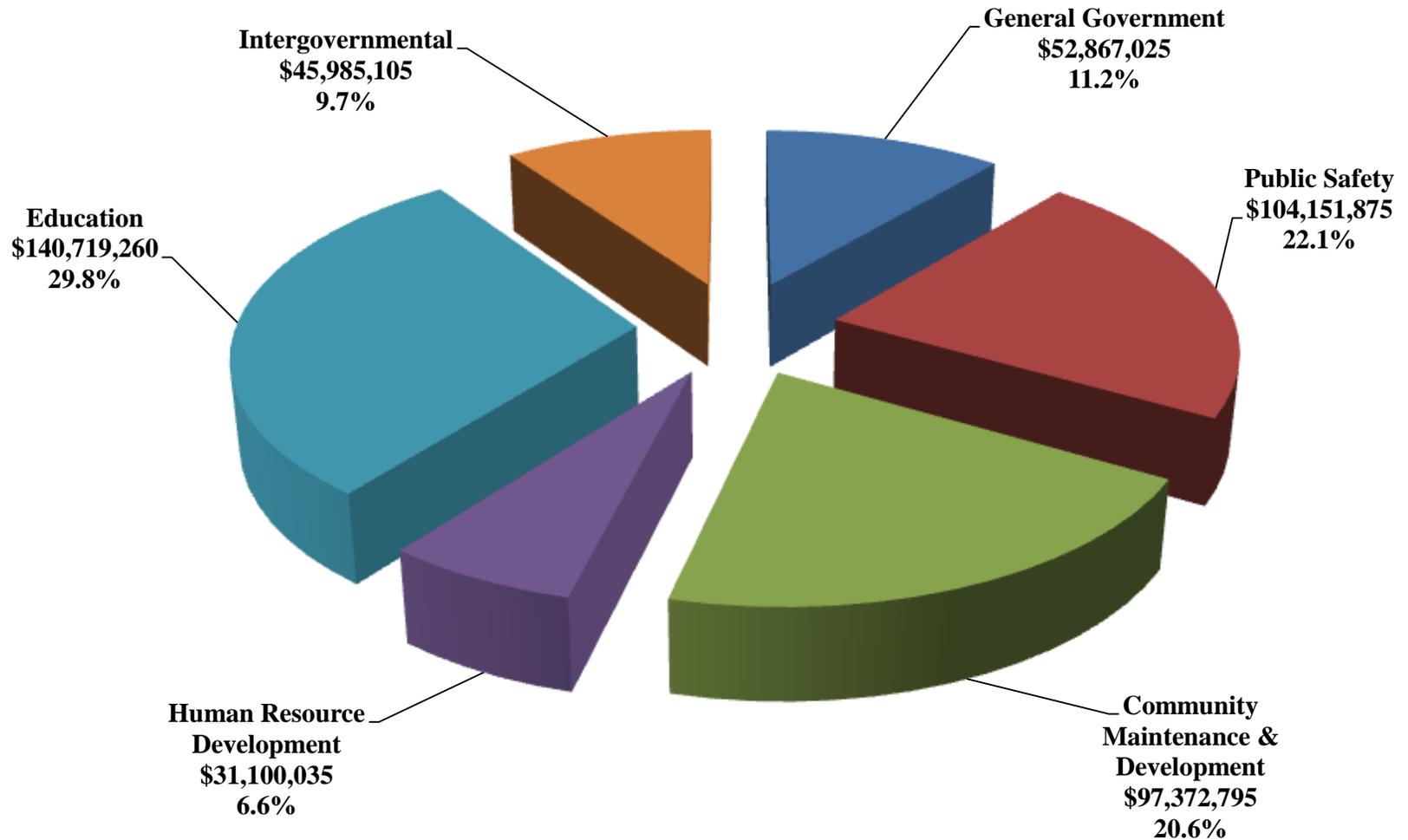


FY03	1,464
FY04	1,446
FY05	1,449
FY06	1,436
FY07	1,435
FY08	1,434
FY09	1,440
FY10	1,437
FY11	1,437
FY12	1,434

Only Full Time Positions Are Included in This Chart

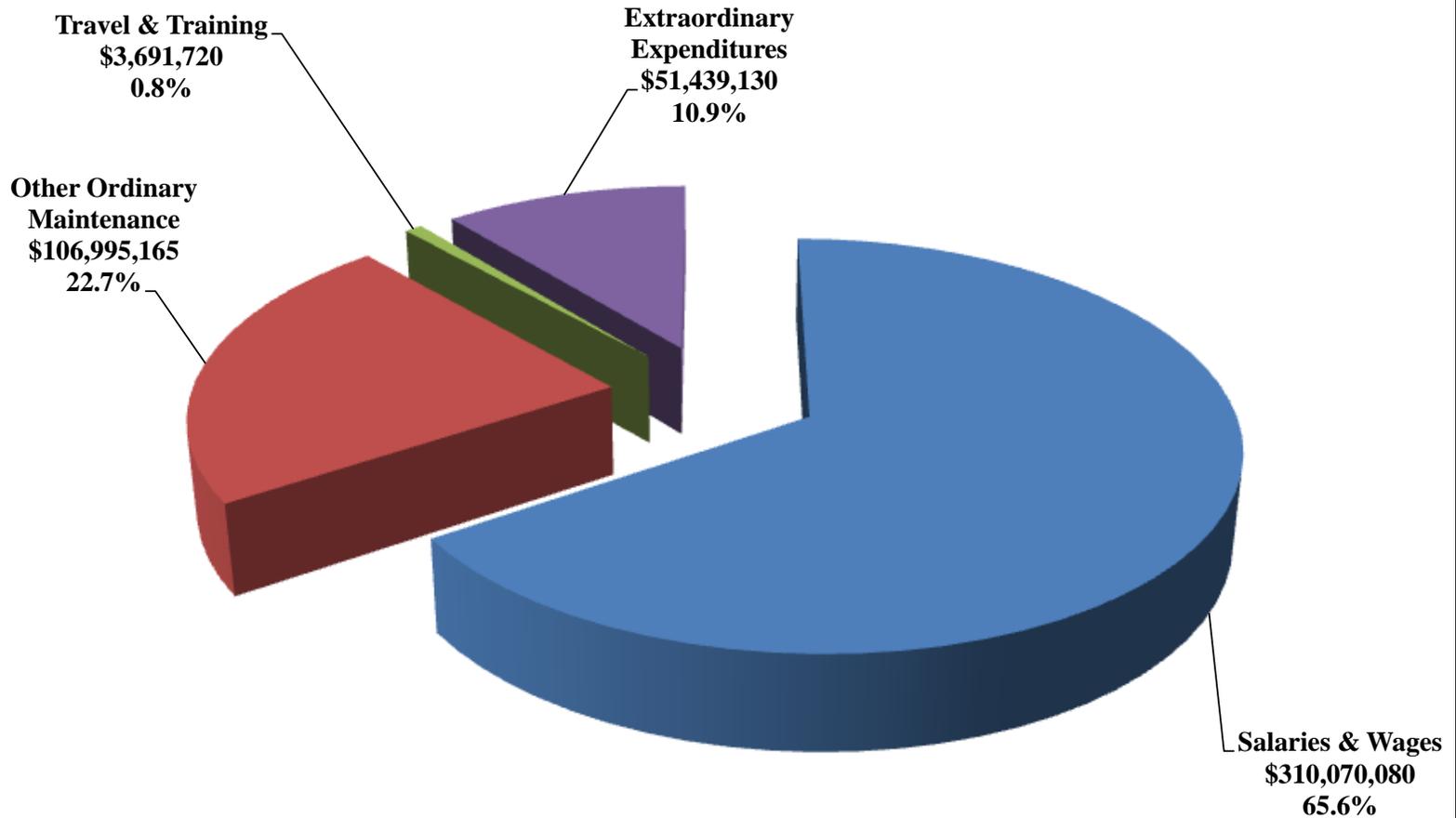
The City created a vacancy committee several years ago consisting of the City Manager, Deputy City Manager, Finance Director, Budget Director and Personnel Director. This committee reviews requests from departments to fill vacancies as they occur. In some cases, position vacancies are held open by the committee. This review, in conjunction with the budget process, has yielded a net reduction of 30 positions since FY03.

APPROPRIATION BY FUNCTION



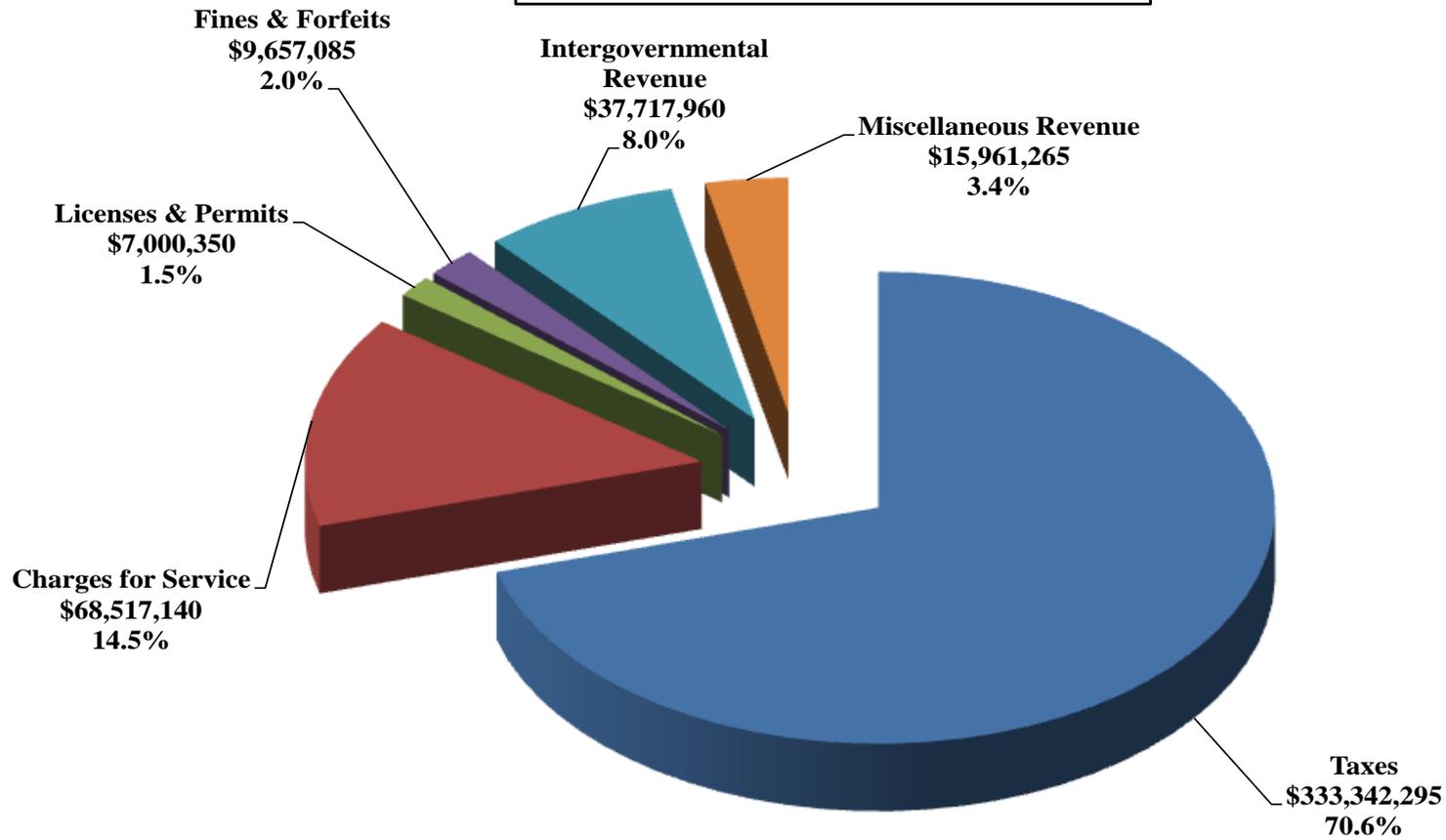
TOTAL OPERATING BUDGET \$472,196,095

APPROPRIATION BY STATUTORY CATEGORY



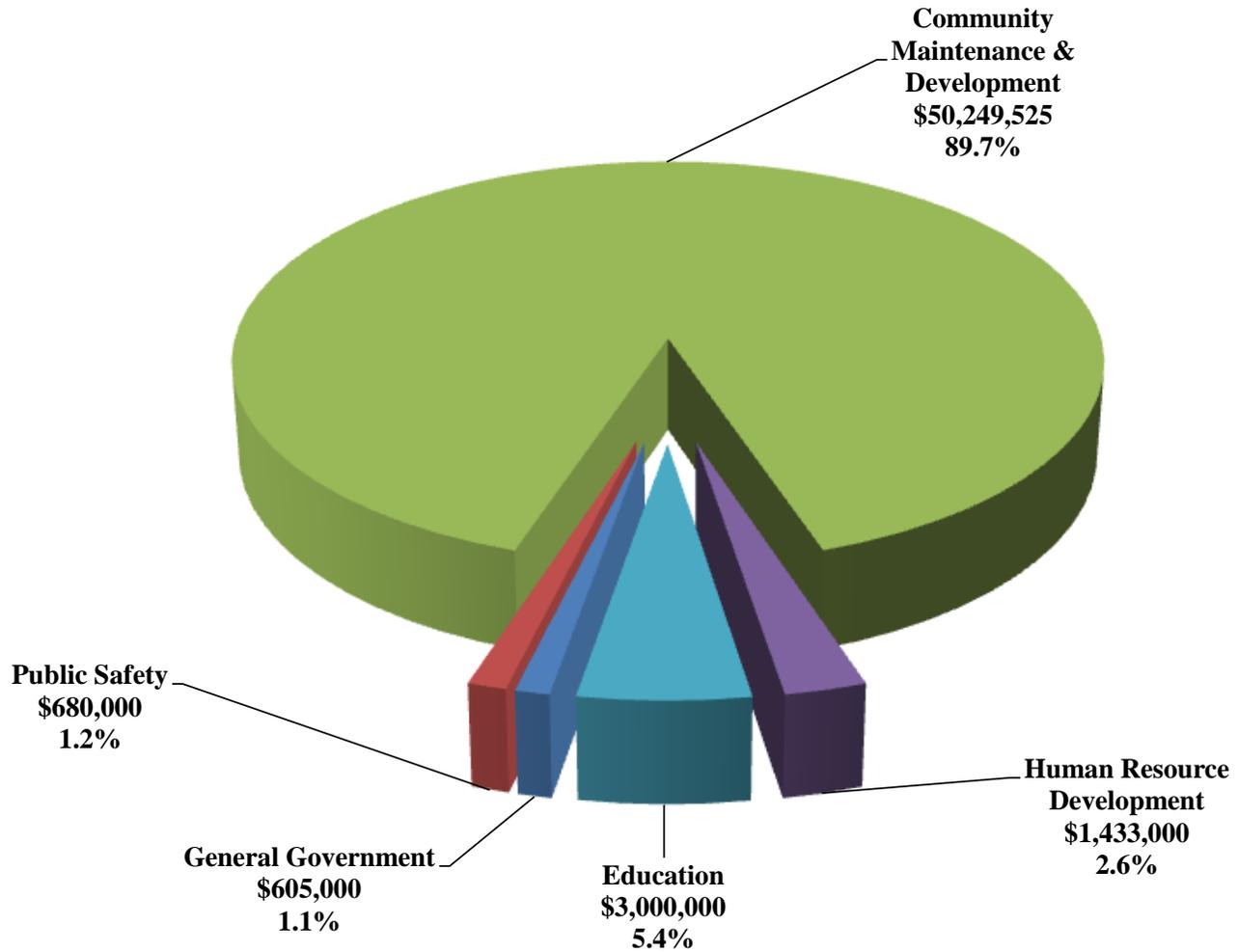
TOTAL OPERATING BUDGET \$472,196,095

REVENUE BY SOURCE



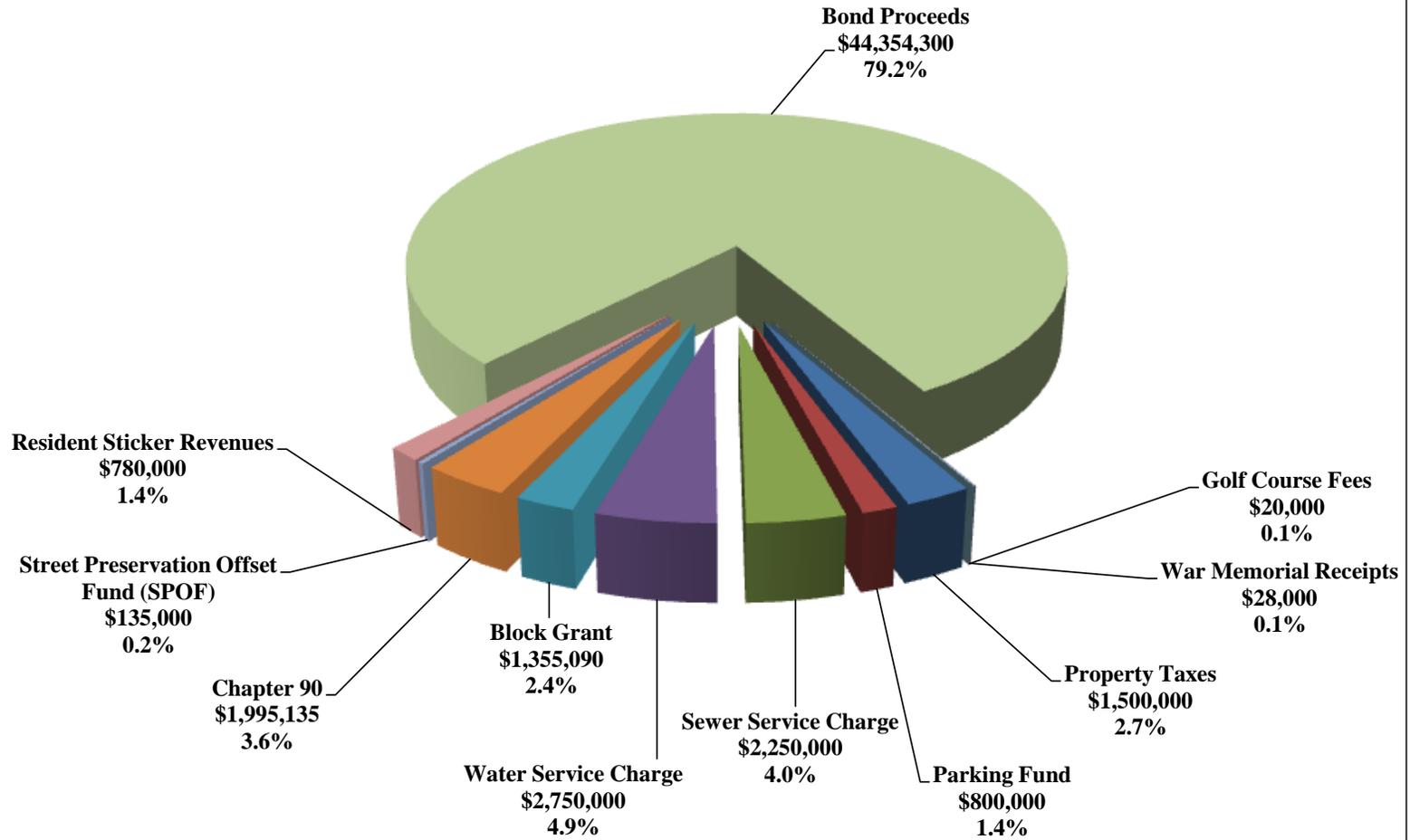
TOTAL OPERATING BUDGET \$472,196,095

PUBLIC INVESTMENT APPROPRIATIONS FISCAL YEAR 2012



TOTAL CAPITAL BUDGET \$55,967,525

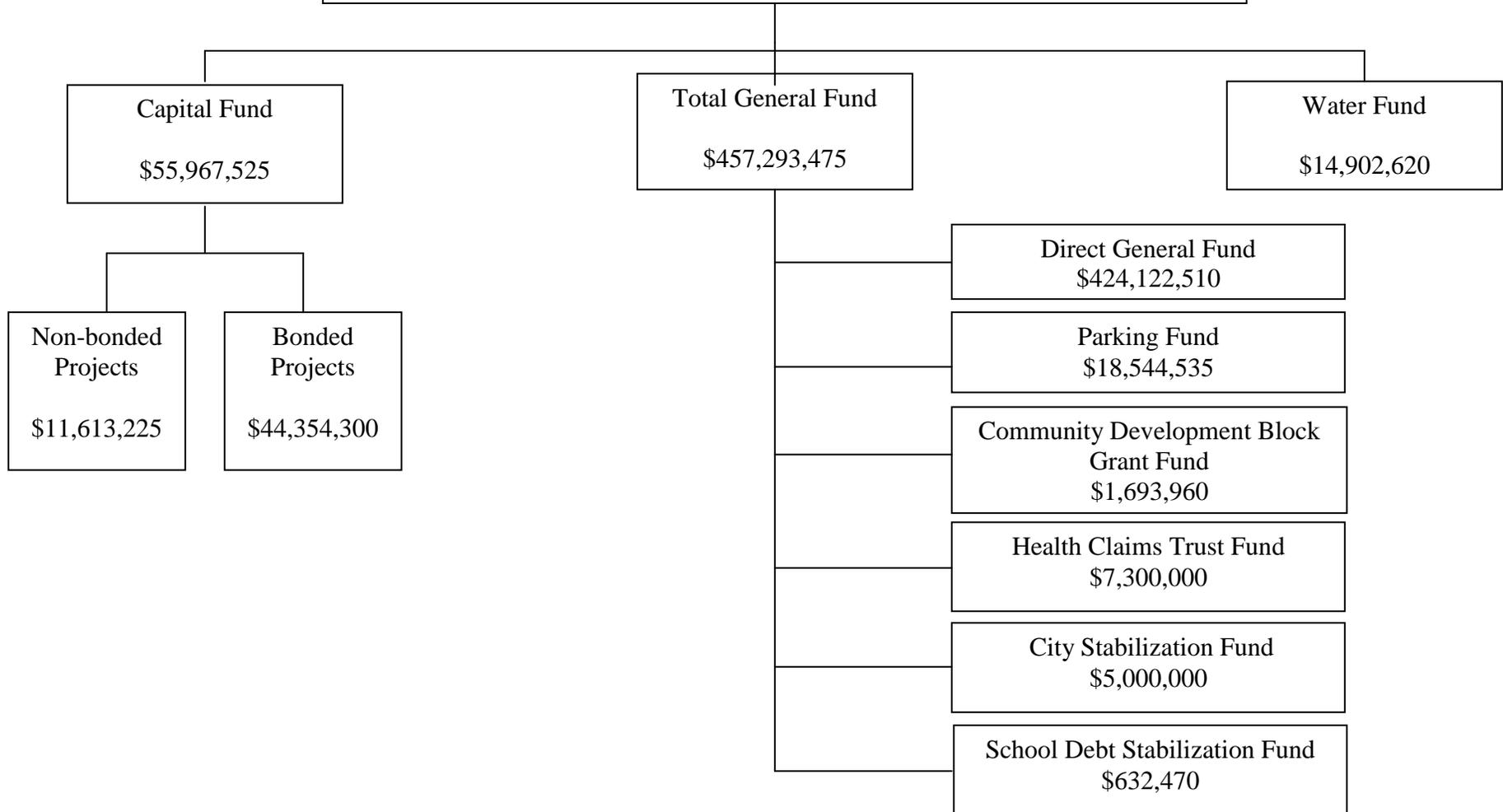
PUBLIC INVESTMENT FINANCING PLAN FISCAL YEAR 2012



TOTAL CAPITAL BUDGET \$55,967,525

**TOTAL FY 2012 CITY BUDGET
APPROPRIATED FUNDS**

- Total General Fund	\$457,293,475
- Water Fund	14,902,620
- Capital Fund	<u>\$55,967,525</u>
Total:	\$528,163,620



SUMMARY: GENERAL GOVERNMENT

FY10 ACTUAL	FY11 PROJECTED	PROGRAM EXPENDITURES	FY12 BUDGET
\$499,850	\$534,485	Office of the Mayor	\$587,235
\$1,842,665	\$1,991,710	Executive	\$1,999,890
\$1,413,025	\$1,503,250	City Council	\$1,602,960
\$893,705	\$946,235	City Clerk	\$964,540
\$2,687,530	\$2,016,075	Law Department	\$2,112,790
\$11,185,095	\$11,612,815	Finance	\$12,046,005
\$20,873,575	\$23,195,285	Employee Benefits	\$30,922,965
\$754,805	\$826,860	General Services	\$739,215
\$1,024,605	\$886,400	Election Commission	\$1,062,480
\$746,555	\$754,150	Public Celebrations	\$791,445
\$0	\$0	Reserve	\$37,500
<u>\$41,921,410</u>	<u>\$44,267,265</u>		<u>\$52,867,025</u>

FINANCING PLAN	FY12 BUDGET
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Taxes	\$35,801,240
Charges For Services	\$838,200
Licenses and Permits	\$52,300
Fines & Forfeits	\$316,500
Intergovernmental Revenue	\$6,458,785
Miscellaneous Revenue	<u>\$9,400,000</u>
	\$52,867,025

SUMMARY: PUBLIC SAFETY

FY10 ACTUAL	FY11 PROJECTED	PROGRAM EXPENDITURES	FY12 BUDGET
\$284,405	\$281,955	Animal Commission	\$288,660
\$36,678,780	\$38,617,045	Fire Department	\$39,055,065
\$40,083,140	\$42,807,310	Police	\$43,496,275
\$9,453,480	\$9,852,570	Traffic Parking & Transportation	\$10,294,470
\$84,515	\$94,925	Police Review and Advisory Board	\$103,745
\$2,657,755	\$2,894,545	Inspectional Services	\$2,992,440
\$839,220	\$870,095	License Commission	\$931,910
\$120,415	\$131,535	Weights & Measures	\$130,025
\$2,577,875	\$2,748,825	Electrical	\$2,773,865
\$179,955	\$0	Emergency Management	\$0
<u>\$3,792,170</u>	<u>\$4,119,010</u>	Emergency Communications	<u>\$4,085,420</u>
\$96,751,710	\$102,417,815		\$104,151,875

FINANCING PLAN	FY12 BUDGET
Taxes	\$80,166,670
Charges For Services	\$8,329,005
Licenses and Permits	\$6,331,050
Fines & Forfeits	\$7,884,265
Intergovernmental Revenue	\$1,246,385
Miscellaneous Revenue	<u>\$194,500</u>
	\$104,151,875

SUMMARY: COMMUNITY MAINTENANCE AND DEVELOPMENT

FY10 ACTUAL	FY11 PROJECTED	PROGRAM EXPENDITURES	FY12 BUDGET
\$27,957,480	\$31,727,820	Public Works	\$30,397,855
\$17,459,450	\$16,289,925	Water	\$14,902,620
\$5,189,755	\$5,381,425	Community Development	\$5,283,620
\$507,950	\$575,800	Historical Commission	\$571,470
\$90,275	\$99,425	Conservation Commission	\$100,305
\$103,745	\$114,270	Peace Commission	\$119,590
\$1,269,280	\$1,385,595	Cable Television	\$1,402,505
<u>\$43,225,900</u>	<u>\$45,305,655</u>	Debt Service	<u>\$44,594,830</u>
\$95,803,835	\$100,879,915		\$97,372,795

FINANCING PLAN	FY12 BUDGET
Taxes	\$51,294,505
Charges For Services	\$34,045,350
Licenses and Permits	\$617,000
Fines & Forfeits	\$1,311,320
Intergovernmental Revenue	\$4,620,325
Miscellaneous Revenue	<u>\$5,484,295</u>
	\$97,372,795

SUMMARY: HUMAN RESOURCES AND DEVELOPMENT

FY10 ACTUAL	FY11 PROJECTED	PROGRAM EXPENDITURES	FY12 BUDGET
\$7,541,905	\$8,173,070	Library	\$8,398,455
\$19,862,990	\$20,882,305	Human Services	\$21,227,585
\$204,120	\$211,635	Commission on the Status of Women	\$217,720
\$154,635	\$187,325	Human Rights Commission	\$222,615
<u>\$936,145</u>	<u>\$1,031,600</u>	Veterans' Services/Benefits	<u>\$1,033,660</u>
\$28,699,795	\$30,485,935		\$31,100,035

FINANCING PLAN	FY12 BUDGET
Taxes	\$26,267,540
Charges For Services	\$3,099,405
Fines & Forfeits	\$45,000
Intergovernmental Revenue	<u>\$1,688,090</u>
	\$31,100,035

SUMMARY: EDUCATION

FY10 ACTUAL	FY11 PROJECTED	PROGRAM EXPENDITURES	FY12 BUDGET
<u>\$133,250,475</u>	<u>\$136,027,325</u>	Education	<u>\$140,719,260</u>
\$133,250,475	\$136,027,325		\$140,719,260

FINANCING PLAN	FY12 BUDGET
Taxes	\$117,231,845
Fines & Forfeits	\$100,000
Intergovernmental Revenue	\$22,504,945
Miscellaneous Revenue	<u>\$882,470</u>
	\$140,719,260

SUMMARY: INTERGOVERNMENTAL

FY10 ACTUAL	FY11 PROJECTED	PROGRAM EXPENDITURES	FY12 BUDGET
\$21,019,360	\$21,622,820	Mass. Water Resources Authority	\$21,699,800
\$15,428,120	\$19,503,540	Cherry Sheet	\$18,285,305
<u>\$6,000,000</u>	<u>\$6,000,000</u>	Cambridge Health Alliance	<u>\$6,000,000</u>
\$42,447,480	\$47,126,360		\$45,985,105

FINANCING PLAN	FY12 BUDGET
Taxes	\$22,580,495
Charges For Services	\$22,205,180
Intergovernmental Revenue	<u>\$1,199,430</u>
	\$45,985,105

INTRODUCED BY CITY MANAGER ROBERT W. HEALY

AN ORDER CONCERNING APPROPRIATION FOR THE FISCAL YEAR BEGINNING JULY 1, 2011

ORDERED: That the following sums, designated as appropriations, are hereby appropriated in the General Fund of the City of Cambridge.

FUNCTION	DEPARTMENT	SALARIES & WAGES	OTHER ORDINARY MAINTENANCE	TRAVEL & TRAINING	EXTRA ORDINARY EXPENDITURES	CITY APPRO- PRIATION	STATE ASSESS- MENT	GRAND TOTAL
GENERAL GOVERNMENT								
	Mayor	\$446,605	\$111,130	\$29,500		\$587,235		\$587,235
	Executive	1,456,790	504,400	38,700		1,999,890		1,999,890
	City Council	1,501,205	41,900	59,855		1,602,960		1,602,960
	City Clerk	904,010	56,110	4,420		964,540		964,540
	Law	1,393,890	506,655	212,245		2,112,790		2,112,790
	Finance	8,921,150	2,846,935	215,120	\$62,800	12,046,005		12,046,005
	Employee Benefits	30,083,865	839,100			30,922,965		30,922,965
	General Services	217,945	521,270			739,215		739,215
	Election	693,470	366,740	2,270		1,062,480		1,062,480
	Public Celebrations	402,920	387,400	\$1,125		\$791,445		791,445
	Reserve		37,500			37,500		37,500
	TOTAL	\$46,021,850	\$6,219,140	\$563,235	\$62,800	\$52,867,025		\$52,867,025
PUBLIC SAFETY								
	Animal Commission	\$275,205	\$13,305	\$150		\$288,660		\$288,660
	Fire	37,316,340	1,105,225	523,500	\$110,000	39,055,065		39,055,065
	Police	40,745,725	2,066,950	291,500	392,100	43,496,275		43,496,275
	Traffic, Parking & Transportation	6,936,030	3,271,040	23,400	64,000	10,294,470		10,294,470
	Police Review & Advisory Board	100,045	700	3,000		103,745		103,745
	Inspectional Services	2,822,615	123,400	46,425		2,992,440		2,992,440
	License	869,750	57,435	4,725		931,910		931,910
	Weights & Measures	120,000	7,280	2,745		130,025		130,025
	Electrical	1,460,735	1,286,460	1,670	25,000	2,773,865		2,773,865
	Emergency Communications	3,917,360	148,210	15,850	4,000	4,085,420		4,085,420
	TOTAL	\$94,563,805	\$8,080,005	\$912,965	\$595,100	\$104,151,875		\$104,151,875

FUNCTION	DEPARTMENT	SALARIES & WAGES	OTHER ORDINARY MAINTENANCE	TRAVEL & TRAINING	EXTRA ORDINARY EXPENDITURES	CITY APPRO- PRIATION	STATE ASSESS- MENT	GRAND TOTAL
COMMUNITY MAINTENANCE AND DEVELOPMENT								
	Public Works	\$19,139,305	\$10,784,520	\$104,030	\$370,000	\$30,397,855		\$30,397,855
	Community Development	4,799,625	428,685	11,100	44,210	5,283,620		5,283,620
	Historical Commission	530,540	40,130	800		571,470		571,470
	Conservation Commission	96,705	2,200	1,400		100,305		100,305
	Peace Commission	107,415	10,325	1,850		119,590		119,590
	Cable T.V.	549,625	849,430	3,450		1,402,505		1,402,505
	Debt Service		216,000		44,378,830	44,594,830		44,594,830
	TOTAL	\$25,223,215	\$12,331,290	\$122,630	\$44,793,040	\$82,470,175		\$82,470,175
HUMAN RESOURCE DEVELOPMENT								
	Library	\$6,447,825	\$1,908,980	\$41,650		\$8,398,455		\$8,398,455
	Human Services	18,198,360	2,924,125	80,100	\$25,000	21,227,585		21,227,585
	Women's Commission	207,160	9,535	1,025		217,720		217,720
	Human Rights Commission	217,860	4,055	700		222,615		222,615
	Veterans	300,260	54,900	678,500		1,033,660		1,033,660
	TOTAL	\$25,371,465	\$4,901,595	\$801,975	\$25,000	\$31,100,035		\$31,100,035
	CITY TOTAL	\$191,180,335	\$31,532,030	\$2,400,805	\$45,475,940	\$270,589,110		\$270,589,110
EDUCATION								
	Schools Operating	\$112,854,135	\$25,427,580	\$1,204,335	\$1,233,210	\$140,719,260		\$140,719,260
	TOTAL	\$112,854,135	\$25,427,580	\$1,204,335	\$1,233,210	\$140,719,260		\$140,719,260
INTERGOVERNMENTAL								
	Massachusetts Water Resources Authority		\$21,699,800			\$21,699,800		\$21,699,800
	Cherry Sheet Assessments						\$18,285,305	18,285,305
	Cambridge Health Alliance		6,000,000			6,000,000		6,000,000
	TOTAL		\$27,699,800			\$27,699,800	\$18,285,305	\$45,985,105
	GRAND TOTALS	\$304,034,470	\$84,659,410	\$3,605,140	\$46,709,150	\$439,008,170	\$18,285,305	\$457,293,475

BE IT FURTHER ORDERED: That the city appropriations and state assessments in the General Fund are to be financed by estimated revenues drawn from the following sources:

FUNCTION	DEPARTMENT	TAXES	LICENSES & PERMITS	FINES & FORFEITS	CHARGES FOR SERVICE	INTER-GOVERN- MENTAL REVENUE	MISCELL- ANEOUS REVENUE	GRAND TOTAL
	Mayor	\$555,235				\$32,000		\$587,235
	Executive	1,581,025		\$215,000	\$40,000	163,865		1,999,890
	City Council	1,588,850				14,110		1,602,960
	City Clerk	667,740	\$39,000		238,500	19,300		964,540
	Law	1,962,790	2,500	97,500		50,000		2,112,790
	Finance	10,381,420			558,950	605,635	\$500,000	12,046,005
	Employee Benefits	16,679,140				5,343,825	8,900,000	30,922,965
	General Services	640,390		4,000		94,825		739,215
	Election	952,405			750	109,325		1,062,480
	Public Celebrations	754,745	10,800			25,900		791,445
	Reserve	37,500						37,500
	TOTAL GENERAL GOVT.	\$35,801,240	\$52,300	\$316,500	\$838,200	\$6,458,785	\$9,400,000	\$52,867,025
	Animal Commission	\$268,710	\$18,000	\$1,250	\$200		\$500	\$288,660
	Fire	38,108,515	100,000	4,000	815,550		27,000	39,055,065
	Police	37,546,635	124,765	3,207,925	1,613,355	\$966,595	37,000	43,496,275
	Traffic, Parking & Transportation		302,500	4,663,290	5,298,680		30,000	10,294,470
	Police Review & Advisory Board	103,745						103,745
	Inspectional Services	(818,260)	3,673,200		52,500		85,000	2,992,440
	License	(1,246,260)	2,089,650	6,800	27,720	54,000		931,910
	Weights & Measures	75,100		1,000	36,000	17,925		130,025
	Electrical	2,043,065	22,935		485,000	207,865	15,000	2,773,865
	Emergency Communications	4,085,420						4,085,420
	TOTAL PUBLIC SAFETY	\$80,166,670	\$6,331,050	\$7,884,265	\$8,329,005	\$1,246,385	\$194,500	\$104,151,875

FUNCTION	DEPARTMENT	TAXES	LICENSES & PERMITS	FINES & FORFEITS	CHARGES FOR SERVICE	INTER-GOVERN- MENTAL REVENUE	MISCELL- ANEOUS REVENUE	GRAND TOTAL
	Public Works	\$21,940,630	\$562,000	\$1,058,195	\$5,233,820	\$1,316,060	\$287,150	\$30,397,855
	Community Development	3,447,940	55,000	125,000	296,395	1,209,285	150,000	5,283,620
	Historical Commission	561,970				5,000	4,500	571,470
	Conservation Commission	59,850			40,455			100,305
	Peace Commission	96,140				23,450		119,590
	Cable T.V.	(94,535)			1,497,040			1,402,505
	Debt Service	25,282,510		128,125	12,075,020	2,066,530	5,042,645	44,594,830
	TOTAL COMMUNITY MAINTENANCE & DEV.	\$51,294,505	\$617,000	\$1,311,320	\$19,142,730	\$4,620,325	\$5,484,295	\$82,470,175
	Library	\$7,945,535		45,000		407,920		\$8,398,455
	Human Services	17,366,055			3,099,405	762,125		21,227,585
	Women's Commission	207,760				9,960		217,720
	Human Rights Commission	222,615						222,615
	Veterans	525,575				508,085		1,033,660
	TOTAL HUMAN RESOURCE DEVELOPMENT	\$26,267,540		\$45,000	\$3,099,405	\$1,688,090		\$31,100,035
	CITY TOTAL	\$193,529,955	\$7,000,350	\$9,557,085	\$31,409,340	\$14,013,585	\$15,078,795	\$270,589,110
	Schools Operating	\$117,231,845		\$100,000		\$22,504,945	\$882,470	\$140,719,260
	SCHOOL TOTAL	\$117,231,845		\$100,000		\$22,504,945	\$882,470	\$140,719,260
	Massachusetts Water Resources Authority				\$21,699,800			\$21,699,800
	Cherry Sheet Assessments	\$16,580,495			505,380	\$1,199,430		18,285,305
	Cambridge Health Alliance	6,000,000						6,000,000
	TOTAL INTERGOVERNMENTAL	\$22,580,495			\$22,205,180	\$1,199,430		\$45,985,105
	GRAND TOTALS	\$333,342,295	\$7,000,350	\$9,657,085	\$53,614,520	\$37,717,960	\$15,961,265	\$457,293,475

INTRODUCED BY CITY MANAGER ROBERT W. HEALY

AN ORDER CONCERNING APPROPRIATION FOR THE FISCAL YEAR BEGINNING JULY 1, 2011

ORDERED: That the following sums, designated as appropriations, are hereby appropriated in the Water Fund of the City of Cambridge.

FUNCTION	DEPARTMENT	SALARIES & WAGES	OTHER ORDINARY MAINTENANCE	TRAVEL & TRAINING	EXTRA ORDINARY EXPENDITURES	CITY APPRO- PRIATION	STATE ASSESS- MENT	GRAND TOTAL
COMMUNITY MAINTENANCE & DEVELOPMENT	Water	\$6,035,610	\$4,050,450	\$86,580	\$4,729,980	\$14,902,620		\$14,902,620

BE IT FURTHER ORDERED: That the city appropriations in the Water Fund are to be financed by estimated revenues drawn from the following sources:

FUNCTION	DEPARTMENT	TAXES	LICENSES & PERMITS	FINES & FORFEITS	CHARGES FOR SERVICE	INTER-GOVERN- MENTAL REVENUE	MISCELL- ANEOUS REVENUE	GRAND TOTAL
COMMUNITY MAINTENANCE & DEVELOPMENT	Water				\$14,902,620			\$14,902,620

INTRODUCED BY CITY MANAGER ROBERT W. HEALY

AN ORDER CONCERNING APPROPRIATION FOR THE FISCAL YEAR BEGINNING JULY 1, 2011

ORDERED: That the following sums, designated as appropriations, are hereby appropriated in the Public Investment Fund of the City of Cambridge.

FUNCTION	PROJECT	APPROPRIATIONS	FUNCTION	PROJECT	APPROPRIATIONS
GENERAL GOVERNMENT			COMMUNITY MAINTENANCE & DEV. (cont.)		
	Acquisition of Personal Computers	\$70,000		Sewer Reconstruction	\$2,250,000
	Technology Upgrades	535,000		Traffic Calming	300,000
		\$605,000		Façade Improvement Program	100,000
PUBLIC SAFETY				Employment Program Fund	355,000
	Fire Vehicles/Equipment	\$80,000		Housing Rehab & Development	850,090
	Fire Station Renovations	25,000		Neighborhood Business Development	150,000
	Police Station Building Systems	25,000		Public Art Conservation Fund	30,000
	Replacement of Street Lights/Poles	35,000			\$10,710,225
		\$165,000	HUMAN RESOURCE DEVELOPMENT		
COMMUNITY MAINTENANCE & DEV.				Parks & Recreation	\$83,000
	Public Building Renovations	\$100,000		Accessibility Improvements	50,000
	Energy/Transportation Improvements	780,000			\$133,000
	Streets/Sidewalks Reconstruction	2,445,135		TOTAL	\$11,613,225
	Park and Cemetery Tree Pruning	100,000			
	Parking Improvements	500,000			
	Water System Improvements	2,750,000			

BE IT FURTHER ORDERED: That the above appropriations are to be financed with the following sources:

FINANCING PLAN CLASSIFICATION	REVENUE	FINANCING PLAN CLASSIFICATION	REVENUE
Property Taxes	\$1,500,000	War Memorial Receipts	28,000
Parking Fund	800,000	Street Preservation Offset Fund (SPOF)	135,000
Sewer Service Charge	2,250,000	Block Grant	1,355,090
Water Service Charge	2,750,000	Chapter 90	1,995,135
Resident Parking Sticker Revenue	780,000	Golf Course Fees	20,000
			\$11,613,225