

CAN's Unofficial Notes on the Cambridge City Council Budget Session

The Cambridge City Council had its first work session on the 2025 budget on Monday night. The meeting was designed to be an informal discussion between the Commissioners and the City Staff. No votes were allowed to be taken.

Tom Carroll, the City Manager, opened the meeting with an explanation of the budget design which separates the operating budget (the general fund) from the many Special Projects the City has going on. This allows the Council to understand the costs of the basic day to day operational cost of the City from the many onetime grants which can vary significantly from year to year. This is a welcome change for budget nerds like me.

Besides the budget format changes, Mr. Carroll was happy to announce the City was in very good shape financially. The following is a summary:

General Fund: Total revenue for this fund is projected to be \$17,462,224, an increase of \$835,664 over last year. The revenue for the General Fund comes from mainly Real Estate Taxes, Personal Property, Income Tax and 31 smaller areas. The total includes \$300,000 of the Federal ARPA funds which is the last year of this program. As to Expenses, they are projected to be \$16,872,380 which is \$589,844 below revenue. Before you do a happy dance, that surplus will probably go to cover overages for one or more of the many construction projects when they run into unforeseen problems.

The biggest expense in the General Fund is the Police Department at \$7.3 million, followed by Buildings and Grounds, \$2.1 million; Sanitation and Waste, \$1.2 million; Highways and Streets, \$1.1 million; Debt Service on loans, \$986 thousand of which \$723 thousand is for the Police and Fire Building; Fire and Rescue, \$953 thousand; Engineering, \$795 thousand; Finance, \$662 thousand; Information Technology, \$533 thousand; Building Safety Services, \$503 thousand and several other smaller categories. Overall, the General Fund supports 128 City employees.

Special Funds: This fund has total revenues of \$13.6 million from various grants and ARPA funds (\$3.4 million). Expenses are projected to be \$13 million on 18 construction projects. These projects include the HOW project, \$2.6 million; the Community Development Block Grant (CDBG) special project, \$1.8 million; Flood Mitigation, \$1.6 million; Cannery Park, \$1 million; Road resurfacing, \$600 thousand; \$430 thousand for Marina wave reduction and several other construction projects. This is going to put a major strain on the Engineering Department next year, but good things will come.

Sewer Fund: This is one of three enterprise funds in the budget. An enterprise fund has its own separate funding source and its expenses are kept separate from the General Fund. The revenue for the Sewer fund is projected at \$9.7 million, most of which comes from the sewer charge on your MUC bill (\$4.1 million) and a grant/loan for the Trenton St. pumping station. Expenses include \$3.5 million for plant operation, \$4.1 million for revamping the Trenton St. station, and the start of the West End Sewer replacement which was funded last year at \$3.8 million but will begin construction this month.

Water Fund: This is the second enterprise fund in the budget. Its revenue is almost totally from water sales is \$2.7 million. Expenses are projected to be \$1.6 million. There are no major construction projects planned for the Water Fund.

Marina Fund: This is the third enterprise fund in the budget. It's projected revenue of \$812 thousand is from rental of slips (\$381 thousand) and fuel sales (\$178 thousand). The revenue also includes a State grant of \$250 thousand for dock adjustment and/or replacement. Expenses include salaries for 3 positions, fuel costs, and \$315 thousand for the docks. Dock A – the one used by the watermen – needs to be reconfigured, Docks E, F, and G need to be replaced, and the docks along the shore line need to have the sidewalk replaced. All three enterprise funds have substantial reserves to cover any shortages.

Reserves: The City also has 7 special unencumbered reserves, as follows: a Rainy Day reserve, \$2.9 million; a debt service reserve, \$987 thousand; a shoreline resiliency reserve, \$420 thousand; a CWDI litigation reserve, \$500 thousand; an Economic Development reserve of \$500 thousand; a dock replacement reserve of \$750 thousand and Art in Public Places reserve of \$212 thousand.

As you can see the City Budget is a very complex document. Perry Peregoy, the new Finance Director and intern Cameron Waters did an outstanding job, but the vision comes from City Manager Tom Carroll. Praise also has to go to the Finance Department employees who have to keep all these funds straight and process thousands of documents each year. As a former Budget Officer at the Treasury Department, I know how tough the job can be, and we should be thankful for such an outstanding staff.

Chuck McFadden, CAN President