



CITY OF SOMERVILLE, MASSACHUSETTS

CLERK OF COMMITTEES

May 18, 2020

REPORT OF THE FINANCE COMMITTEE

Attendee Name	Title	Status	Arrived
Jefferson Thomas ("J.T.") Scott	Chair	Present	
Katjana Ballantyne	Vice Chair	Present	
William A. White Jr.	City Councilor At Large	Present	
Mary Jo Rossetti	City Councilor at Large	Present	
Wilfred N. Mbah	City Councilor at Large	Present	

Others present: Mayor Joseph Curtatone, Annie Connor-Mayor's Office, Khushbu Webber-Mayor's Office, Mike Mastrobuoni-SomerStat, Ed Bean-City Auditor-Finance Department, Kate Hartke-Grants Development and Omar Boukili-Incident Commander

The meeting was held virtually and was called to order at 8:02 p.m. by Chairperson Scott and adjourned at 9:46 p.m.

210035: That the Director of Finance update this Council on all money received to date related to the COVID-19 situation.

Mayor Curtatone provided updates regarding the state budget and revenue projections. Revenue projections are looking worse than previously expected of 20% and now could be 25% lower than previous year for state-wide revenue. The Mayor stated that Speaker DeLeo thought it would be a 1/12 month budget for the upcoming year. Local aid does not seem clear. Governor Baker administration to provide relief on budget and liquidity with other challenges. Mr. Bean also stated that DOR will provide a list of tools to help unify the communities. Mr. Bean met with 20 other municipal finance directors and DOR is receptive to structure a list of tools with a list of 20 different items. The funding can be used towards the public health emergency, getting more PPE and school building needs. Mayor Curtatone stated that Speaker DeLeo understands that the city may need to use some of the Rainy-Day Stabilization funds to help backstop. FEMA will provide 75% reimbursement on July 1, there will be a special Covid account. FEMA will not pay for teleconferencing or Zoom meetings but the CARES account will pay for these services. Mr. Bean will run a deficit report and use FEMA fist then the CARES Act to supplement afterwards. Free Cash will not go to Covid-19 expenses but will help the budget in 2021. Councilor Rossetti inquired about the \$2M current funds that may be used to cover Covid expenses. Mr. Bean stated the city will meet Covid expenses from operating budget using the \$2M that will be transferred back to operating funds.

Ms. Hartke had a slide presentation on Federal Coronavirus Relief Fund and talked about the funds from the CARES Act. The City of Somerville is eligible for \$7,191,135 in two rounds around June 5 and another round later in the fall. There are conditions the city must meet such as: using funds due to public health emergency and must maximize FEMA first. Ms. Hartke was not sure if the school remote learning is eligible for reimbursement. Although, the Chromebooks are likely to be eligible under the education stabilization fund.

Ms. Hartke had a slide on grants being worked on now. Mass Dept of Public Health for \$200,000, National Endowment for the Arts requesting \$50,000, FEMA Assistance to Firefighters Grant Supplemental requested \$16,791, BJA Coronavirus Emergency Supplemental Funding of \$54,000 due in two weeks and State-Administrated Federal Coronavirus Relief Fund \$7.19M which can be used for overtime, PPE, contractors brought in for emergency work.

Mr. Bean met with department heads to transfer funds into lines for Covid use. He also shared Munis report and how each line has Covid Ordinary Maintenance & Personal Services. These slides were Councilor Ballantyne's request from a previous meeting. Mr. Bean spoke of remediating deficits with any unspent money before June 30th.

Councilor Rossetti asked about the Munis report showing money encumbered on the Covid line Ordinary Maintenance and Personal Services. Mr. Bean stated the available budget shows 13.8M hoping spending to be down with more than \$2M left. The budget has been spent by 82.8% and hoping 2.2% or higher which should be more than \$2M and part of that will go to Free Cash.

Councilor Rossetti asked about the custodial service contract that is currently outsourced. Mr. Bean stated the question has been raised to the legal office and he will get back to Councilor Rossetti and the committee with a response.

Mr. Boukili responded to Councilor Rossetti's question if \$1M is actually money spent and if it was necessary. Mr. Boukili stated funds were used for overtime, PPE, public safety unit duties for education, compliance, and ongoing security of certain assets.

Councilor Rossetti also asked Mr. Boukili about buildings and grounds operations line showing cleaning of buildings with \$120,000 used for cleaning of various city buildings, trash pickup and disposal, not used for living quarters in Tufts building. Mr. Boukili also stated that \$110,000 is for everything relating to disinfecting, cleaning of squares and cleaning benches in the plaza.

RESULT:	KEPT IN COMMITTEE
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210036: That the Director of Finance update this Council on all expenditures, encumbrances and anticipated expenses to date related to the COVID-19 situation.

See item #210035

RESULT:	KEPT IN COMMITTEE
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210117: That the Director of Finance provide a written rolling cash flow analysis every 2 weeks during this COVID-19 emergency and include forecasts to ensure sufficient operating liquidity by estimating the available cash deposits, expected inflows, and required disbursements.

See item #210035

RESULT:

KEPT IN COMMITTEE

201740: Proposing an ordinance relative to a mid-fiscal year report of municipal finances, with next-fiscal year budget projections.

See item #210035

RESULT:

KEPT IN COMMITTEE

209789: That this Council's Committee on Finance discuss the peoples' budget and priorities for FY21.

Mr. Bean & Mr. Mastrobuoni were asked how to proceed with the budget.

Mr. Mastrobuoni stated he is hoping to do a 12-month budget and not sure of the time line. He also stated the main issue is finding out information about whether the cut will be 20% or 25% to state aid. Mr. Mastrobuoni wants to propose a budget with the best information available. Chairman Scott wants public hearing earlier in the process to review the budget. The city will need time to advertise to the public.

Mr. Bean stated there is a tremendous amount of uncertainty with the budget, not hearing from the state. Mr. Bean stated the GIC moved open enrollment from May 1 to June 1 and will not have numbers until after June 1.

Councilor White stated that over the past budget hearings, the city council has spent 75% of the time going over various line items. He stated assuming level service, all services will be the same as previous. Mr. Bean stated that he will be sitting with the unions very shortly to explain potential budget cuts and the biggest part of the budget is personal services.

Mr. Bean and Mr. Mastrobuoni are making cuts now and may not be enough to cut during budget hearing. Councilor White suggested having a separate document to explain cuts that have already been cut prior to budget hearing to help make an easier and efficient budget hearing.

Councilor Mbah asked Mr. Bean what to expect for new growth. Mr. Bean stated the city's valuations are based on 2019 with the assessor predicting \$10M in new growth. FY2022 will be based on valuations in 2020 with not as much growth.

Councilor Ballantyne made requests to both Mr. Bean and Mr. Mastrobuoni to insure the budgetary documents clearly identify changes from FY20 to FY21 budget.

Chair Scott suggested the following schedule for the budget hearing:

June 1-5 -- budget delivered to city council

June 8-10 -- public to review budget

June 8-12 - public hearing

June 22 - full city council meeting (if not sooner)

Next finance committee meeting will be held May 26th.

RESULT:

KEPT IN COMMITTEE

Handouts:

- Finance Committee 5.18.20_Commonwealth AF Funds (with 210035, 210036)