



City of Somerville, Massachusetts

City Council Finance Committee

Meeting Minutes

Tuesday, May 23, 2023

7:00 PM

This meeting was held via GoToWebinar and was called to order by Chair Wilson at 7:00 p.m. and adjourned at 8:57 p.m. on a Roll Call Vote: 5 in favor (Councilors Ewen-Campen, Clingan, Kelly, Scott, Wilson), 0 opposed, 0 absent.

Others present:

Michael Potere – Assistant Clerk of Committees; Hannah Carrillo – Legislative Liaison; Alan Inacio – Director of Finance & Community Development; Stephen Haynes – Director of Finance, Water and Sewer; and Demetrios Vidalis – Director of Water and Sewer.

Roll Call

Present: Chairperson Jake Wilson, Vice Chair Jefferson Thomas (J.T.) Scott, Charlotte Kelly, Jesse Clingan and Ben Ewen-Campen

1. Committee Minutes (ID # [23-0735](#)) Approval of the Minutes of the Finance Committee Meeting of May 9, 2023.

RESULT: ACCEPTED

AYE: Chairperson Wilson, Vice Chair Scott, City Councilor At Large Kelly, Ward Four City Councilor Clingan and Ward Three City Councilor Ewen-Campen

2. Committee Minutes (ID # 23-0842) Approval of the Minutes of the Finance Committee Meeting of May 23, 2023.

RESULT: KEPT IN COMMITTEE

Grant Acceptances

3. Mayor's Request (ID # [23-0606](#)) Requesting approval to accept and expend a \$5,063.14 grant, with no new match required, from the Barr Foundation for staff attendance at the Designing Cities 2023 conference.

Director Inacio stated that this item reflects a grant from the Barr Foundation to cover travel expenses to attend the National Association of City Transportation Officials conference in Denver, Colorado for two of the department's mobility staff member. Chair Wilson expressed support for this item.

RESULT: RECOMMENDED TO BE APPROVED

AYE: Chairperson Wilson, Vice Chair Scott, City Councilor At Large Kelly, Ward Four City Councilor Clingan and Ward Three City Councilor Ewen-Campen

4. Mayor's Request (ID # [23-0772](#)) Requesting approval to accept and expend a \$17,950 grant with no new match required, from the Massachusetts Department of Agricultural Resources to the Health and Human Services Department to restructure the food security coalition.

Chair Wilson stated that Director Carroll from the Department of Health and Human Services circulated a memorandum regarding this item, and noted there was no additional discussion from committee members.

RESULT: RECOMMENDED TO BE APPROVED

AYE: Chairperson Wilson, Vice Chair Scott, City Councilor At Large Kelly, Ward Four City Councilor Clingan and Ward Three City Councilor Ewen-Campen

Appropriations

5. Mayor's Request (ID # [23-0718](#)) Requesting approval to appropriate \$104,247.14 from the Bikeshare Stabilization fund for new stations at 5 Middlesex Ave and 10-50 Prospect St.

Director Inacio stated this item supports two bike docking stations to be installed in the city: one at Grand Union Boulevard in Assembly Square, and another on Prospect Street in Union Square. Director Inacio indicated these docks will likely be installed this summer, depending on when the equipment arrives. Director Inacio stated that the funds for these docking stations come from the stabilization fund that is paid for through developer contributions.

Councilor Ewen-Campen asked for an update regarding the addition of “e-bikes” to the blue bike fleet, and whether these docking stations would be compatible with them; Director Inacio responded that these are standard docking stations.

RESULT: RECOMMENDED TO BE APPROVED

AYE: Chairperson Wilson, Vice Chair Scott, City Councilor At Large Kelly, Ward Four City Councilor Clingan and Ward Three City Councilor Ewen-Campen

Contracts and Easements

6. Mayor's Request (ID # [23-0725](#)) Requesting approval to extend the contract with the Mystic River Watershed Association for Blessing of the Bay Park Revitalization Phase 2 for an additional 24 months.

Director Inacio stated the reason for this extension request is due to the drought in 2022 that delayed some of the planned plantings at this location, and the Mystic River Watershed Association would like additional time to

make sure the plantings have time to prosper.

RESULT: RECOMMENDED TO BE APPROVED

Transfers

- 7. Mayor's Request (ID # [23-0812](#))

Requesting approval of a transfer of \$15,000 from the City Clerk Salaries Account to the City Clerk R&M - Software Account to expand the digital accessibility and archiving of the Code of Ordinances and Zoning Ordinances.

Chair Wilson stated that this item would be taken together with Item 8 (ID # 23-0823)

Chair Wilson noted that these items were identified as a priority by the City Clerk last year and expressed support for them.

RESULT: RECOMMENDED TO BE APPROVED

AYE: Chairperson Wilson, Vice Chair Scott, City Councilor At Large Kelly, Ward Four City Councilor Clingan and Ward Three City Councilor Ewen-Campen

- 8. Mayor's Request (ID # [23-0823](#))

Requesting approval of a transfer of \$15,000 from the Clerk of Committees Salaries - Monthly Account to the City Clerk R&M - Software Account to expand the digital accessibility and archiving of the Code of Ordinances and Zoning Ordinances.

Chair Wilson stated that this item would be taken together with Item 7 (ID # 23-0812)

Chair Wilson noted that these items were identified as a priority by the City Clerk last year and expressed support for them.

RESULT: RECOMMENDED TO BE APPROVED

AYE: Chairperson Wilson, Vice Chair Scott, City Councilor At Large Kelly, Ward Four City Councilor Clingan and Ward Three City Councilor Ewen-Campen

Communications and Discussions

- 9. Officer's Communication (ID # [23-0550](#))

Director of Water and Sewer conveying the FY 2024 Water & Sewer Rate proposal.

Director Haynes presented the slideshow attached to this item as "Finance - 2023-05-23 Water and Sewer Public Hearing Info Session FY24 (with 23-0550).pdf."

Councilor Scott asked about the projected revenue for fiscal year 2024 based on the increased rates presented by Director Haynes, who responded that revenue for water is projected at \$18,996,902, and \$34,446,160 for sewer. Councilor Scott noted that, for water, that was a \$1.75 to \$2 million increase

from fiscal year 2023, and asked for the break down between base charges and volume charges, to which Director Haynes stated that usages charges are estimated to be \$17,022,808 and base charges at \$987,594.

Councilor Scott asked about the 59% figure for MWRA on Slide 4 of the presentation, and asked why in a separate document, the figure is 49% for sewer and 50% for water. Director Haynes replied that the figure in Slide 4 reflects the aggregation of both water and sewer, which amount to a total of 59% of the department's budget, and Director Vidalis added that the reason the figure is 59% in the aggregate is because sewer revenue is higher than water revenue in terms of dollars.

Councilor Scott expressed concern that the Water and Sewer Department currently has eleven open Heavy Equipment Operator positions, and that the cost to fill those positions would be \$550,000 annually, compared to the \$2.4 million annually the Department is currently spending to outsource these services. Councilor Scott expressed further concern that, as such, the bulk of the increase in overall revenue based on these increases would likely be spent on these third-party vendors, and that even a \$10 per month increase in rates for some residents, particularly those with fixed incomes, is not justified to do so. Director Vidalis responded that the personnel vacancies are currently being addressed by the Human Resources Department, and that several of these positions are union positions that are currently being negotiated. Director Vidalis added that, even when fully staffed, the department would still need to hire outside contractors for various projects as needed. Legislative Liaison Carrillo later added that the administration is currently aware of the urgency in filling the department's open positions, and that they remain open not for a lack of motivation to fill them.

Councilor Scott asked how many households are participating in the Cambridge water and sewer assistance program, and Director Vidalis replied that there were 83 participants in that program in Somerville. Director Haynes later updated that the number currently enrolled in the program was 134 total households as of May 16, 2023. Chair Wilson asked if that program was still accepting applications, and Directors Vidalis and Haynes indicated that they were. Councilor Scott asked about the application process for that program, and Director Haynes responded that Somerville's role is to confirm that the applicants are qualified, as a final step in the process.

Councilor Scott asked about Somerville's planned City Assistance Program, as discussed on Slide 13 of Director Haynes's presentation, and whether the means test for that program was income or asset based. Director Vidalis replied that the program itself, including the means test determination, was still under evaluation and development by the department, and that a consultant would be hired to assist in that process. Councilor Scott asked

how much the department would be paying for the services of that consultant, and Director Haynes indicated that the budgeted amount was approximately \$250,000. In response, Councilor Scott again expressed skepticism about the implementation of the proposed rate increases.

Councilor Ewen-Campen asked why the current requested rate increases are larger than those from years past, and why they are not predictable from year to year, adding that the basis for this question stems from constituent inquiries. Director Vidalis replied that inflation rates and the costs for various projects have increased dramatically since 2020, and that the department has also endeavored to take on larger infrastructure projects so the city can remain in compliance with regulatory requirements, noting that the city's water and sewer infrastructure is aging needs attention. Director Vidalis added that the Poplar Street Pumping Station project was one such project that required a large capital investment.

Councilor Ewen-Campen again asked about the predictability of the department's annual rate increases moving forward, and Director Vidalis replied that the forecasting of future rates is an ongoing process that is based on the city's necessary capital improvements, as well as the financing rates available, which vary each year. Chair Wilson later asked about the department's proposal from Fiscal Year 2023, which indicated planned rate increases of 11% for Fiscal Years 2024, 2025, and 2026, and then leveling off to between 5% and 7% after that, and if this projection was no longer accurate. Director Vidalis responded that those estimates were still accurate, but that the department needs to be fluid regarding those increases based on situational and unanticipated world events unfold. Director Haynes added that, for example, the financing for the Poplar Street Pumping Station was derived prior to the onset of the COVID-19 pandemic, which resulted in increased construction costs and federal interest rate hikes, all of which the department could not have anticipated. Chair Wilson responded that he appreciates those changes, but that his concern is chiefly with setting cost expectations for the city's ratepayers as predictably as possible.

Councilor Ewen-Campen asked about the department's proposed affordability program and why it is targeted towards homeowners and at the potential exclusion of renters, who make up a larger portion of the city's residents. Director Vidalis replied that the program was targeted towards homeowners to address residents with income levels that were not otherwise addressed by the low-income water housing assistance program. Director Vidalis added that water rates for renters are generally controlled by and through their landlords, not the city. Legislative Liaison Carrillo later added that the administration is aware of the potential for disparate impacts on income-based assistance programs for the city's renters, and that it is an important aspect of its planning and implementation of such a program, given that Somerville is a renter-majority city.

Councilor Ewen-Campen asked about the feasibility of a separate water meter program for residents who use water for their gardens and lawns, noting that although these residents are using water, they are not correspondingly using sewer services for this purpose, and yet they are nevertheless being charged for sewer usage. Director Vidalis stated that the city's metering software is not currently situated to handle a separate billing system for residents who use water for a specific purpose, adding that not only would the software need to be updated, but also that city inspectional services would need to be utilized to ensure that residents with a separate meter were in compliance with the city's plumbing code. Director Vidalis concluded by stating that although such a system was not impossible, it would be expensive for the city to implement.

Councilor Clingan expressed concern about the size of this year's proposed rate increase, in part because another increase would likely be expected in the following year, and that although these dollar amounts can seem small to individual ratepayers, they add up and can make it difficult for some residents to afford. Councilor Clingan expressed additional concern regarding the city's inability to control how landlords submeter their tenants' water usage and what those tenants are correspondingly charged. Director Vidalis responded that the State of Massachusetts regulates how landlords bill their tenants for submetered water usage, and that it is up to the tenants to hold their landlords accountable for compliance with those regulations, adding that the city has links to the state laws regarding the same on its website.

Councilor Kelly expressed concern with not only the proposed rate increases, but also with how the funds derived therefrom would be used, and in particular, with costs associated with hiring consultants for the proposed City Assistance Program, which is money that could be better spent by providing direct relief to the city's residents. Councilor Kelly then asked the department to prepare a more granular outline of those costs so that they could be discussed during the upcoming budget presentation. Director Vidalis responded that the consultants are being hired to ensure that the department does its due diligence regarding the implementation of the program, and does not, for example, miss out on additional resources from federal funding for which the department is not currently aware. Councilor Kelly replied that, in that event, the proposed budget for direct assistance should be at least four-times the amount spent on the consultants, and Director Vidalis confirmed that it would be, and that the proposed allotment for direct assistance is \$1 million.

Chair Wilson asked about the impact of the city not receiving favorable bond rates for future projects, and whether that would result in even larger ratepayer increases moving forward, or if those rates are locked in. Director Haynes replied that Director Bean would have more information regarding that issue, but that to the best of the information available, the bonds are

long-term and therefore are unlikely to fluctuate very much in the future.

Chair Wilson expressed additional concern that the proposed financial assistance program would disfavor the city's renters. Director Vidalis replied that the program will seek to ensure that no residents would be paying more than 2.5% of their income on water and sewer services, which is the industry standard. Chair Wilson replied that, as such, a resident who earns \$60,000, for example, could pay up to \$1,500 annually for water and sewer services, and that amount is substantial and potentially quite harmful for certain residents.

Chair Wilson asked about rate increases for residents resulting from the installation of new water meters, and Director Vidalis confirmed that some residents may see increased bills resulting from more accurate readings of their water usage, and that those residents were likely being under-billed previously due to inaccurate usage because their meters were not correctly sending usage signals to the city. Chair Wilson asked if these increases in cost would be one-time, and Director Vidalis indicated that, if the resident's outdated meter was consistently under-reporting their usage, their costs would be larger moving forward based on more accurate readings from new meters, adding that the new meters also allow residents to monitor their usage online so they can better manage their water consumption and associated costs.

Councilor Scott again expressed concern regarding the allocation of the funds associated with the rate increases, and in particular that they would be used to pay for consultants and third-party vendors. As such, Councilor Scott stated that they would not be supporting the proposed rate increases, noting the positive outcomes that occurred the last time the City Council declined to accept them.

Councilor Clingan asked about the department's use of outside contractors, and whether it was for responsive maintenance or for general preventative maintenance. Director Vidalis replied that a lot of general maintenance is still handled internally within the department, and that a lot of the repairs needed more recently are the result of the city's aging water infrastructure. Director Vidalis added that, with a larger staff, more preventative maintenance could take place.

Councilor Clingan asked if the department has been in communication with union representatives regarding their ongoing negotiations with the city, and Director Vidalis responded that there was some informal discussion, but that those negotiations are largely taking place outside of the department.

Councilor Clingan stated that they would not be supporting the proposed rate increases.

Councilor Ewen-Campen asked about the consequences for not approving the proposed rate increases. Director Vidalis replied that the department would have difficulty meeting regulatory requirements and could face additional delays with the Poplar Street Pumping Station. Councilor Scott later stated that funding for projects like the Poplar Street Pumping Station could come from other sources, and that the department is not necessarily constrained to using Water and Sewer Enterprise Funds for those purposes. Councilor Scott added that, for example, funding from free cash could be used for such purposes, without passing on those costs directly to ratepayers, and that such supplemental appropriations have been proposed and approved by the City Council on multiple occasions during the past two years. Director Haynes replied that, although the department can make such requests from the City Council, having the resources available in the Water and Sewer Enterprise Fund will allow it to respond to various situations more effectively and without having to await approval from the City Council, which Councilor Scott acknowledged.

Councilor Ewen-Campen expressed frustration with the lack of predictability with the department's rate increases, but added that costs are going up due to inflation across the entire economy, not just with the city's water and sewer rates. Councilor Ewen-Campen concluded that, on the whole, they are inclined to support the increases to ensure that the city continues to meet its water and sewer obligations to its residents.

Chair Wilson stated that this was a difficult decision to make, and noted that the proposed increase to the city's ratepayers would be difficult for many residents to manage. Councilor Clingan stated that if a lower increase was proposed, they might support it, but not at the level currently before the Committee.

A Roll Call Vote was held on this item: 1 in favor (Councilor Ewen-Campen), 4 opposed (Councilors Clingan, Kelly, Scott, Wilson), 0 absent.

RESULT: RECOMMENDED TO BE NOT APPROVED

AYE: Ward Three City Councilor Ewen-Campen

NAY: Chairperson Wilson, Vice Chair Scott, City Councilor At Large Kelly and Ward Four City Councilor Clingan

Ordinances

10. Ordinance (ID # [23-0827](#))

By Councilor Scott and Councilor Wilson
Amending Section 2-323 of the Code of Ordinances, Salary Ranges, to provide cost-of-living adjustments for School Committee Members and City Councilors.

Councilor Scott explained the mathematical justification for the proposed salary rates, indicating that they were consistent with historic cost-of-living salary increases. Councilor Scott added that if the study conducted by the

consultants hired by the administration regarding compensation reflected different amounts, that they would support those amounts in the alternative, but noted that results of that study had not yet been presented to the Committee. Councilor Scott also indicated that, for these increases to take effect for the next fiscal year, they would need to be approved now.

Chair Wilson stated that an RFP for a compensation study for elected officials was previously circulated by Legislative Liaison Carrillo, who in turn confirmed that it was sent on May 19, 2023. Legislative Liaison Carrillo added that two compensation studies were being conducted, one for union employees and one for non-union employees. Councilor Scott stated that, in either event, the results of these studies would not be received prior to the administration's budget proposal, which is set to be released in three days. Legislative Liaison Carrillo stated that the presentation from the consultant regarding compensation will be taking place on Thursday, May 25, 2023, and that information regarding the study and its progress will be disseminated at that time.

Chair Wilson expressed support for common-sense cost-of-living wage increases for everyone, not just City Councilors, and that these proposed increases align with the United States Bureau of Labor's statistics for Consumer Price Index (CPI) inflation.

Councilor Ewen-Campen expressed support for the item, stating that all city employees, City Councilors included, should be compensated commensurate with the work they do. Councilor Ewen-Campen also stated that they would support the conclusions from the administration's compensation study, but absent that, would be supporting this item.

Councilor Clingan expressed support for the item, noting that workers everywhere should be compensated fairly and properly.

Chair Wilson stated that it would be preferable if, in the future, these cost-of-living wage increases were automatic and tied to the federal CPI.

Councilor Kelly asked about the procedure for making the proposed salary changes. Councilor Scott replied that this type of ordinance change typically goes through the Finance Committee, to be adopted by the City Council, and that the city's wage ordinances are actually amended and standardized every year based on the administration's compensation study for non-union employees. Councilor Kelly asked if the item being approved during this meeting would move through the same ordainment and approval process as any other ordinance code amendment, and Councilor Scott replied that it would, with the main difference being that amendments to City Council Ordinances require a vote for approval by a two-thirds majority, as opposed to a simple majority.

Councilor Kelly expressed support for the item, not only for the current City Council, but also for future City Councilors.

Chair Wilson asked about the consequences for not taking action on the item during this meeting, and instead waiting for the results of the administration's compensation study, and then voting on the matter in July, and Councilor Scott replied that the city's charter only permits ordinances to take effect if passed within the first 18 months of a Councilor's term, a date that would pass before the Finance Committee's next regular meeting in July.

A Roll Call Vote was held on this item: 5 in favor (Councilors Ewen-Campen, Clingan, Kelly, Scott, Wilson), 0 opposed, 0 absent.

RESULT: **RECOMMENDED TO BE APPROVED**

AYE: Chairperson Wilson, Vice Chair Scott, City Councilor At Large Kelly, Ward Four City Councilor Clingan and Ward Three City Councilor Ewen-Campen

Orders

11. Order
(ID # [23-0457](#))

By Councilor Pineda Neufeld

That this City Council discuss data from the FY 2023 budget hearings and assess the budget hearing process for FY 2024.

Chair Wilson stated that Councilor Pineda Neufeld requested to be present for this discussion, and therefore kept this item in committee.

RESULT: **KEPT IN COMMITTEE**

Referenced Documents:

- Finance - 2023-05-23 FinanceMemo_5_21_23 (with 23-0772)
- Finance - 2023-05-23 City Clerk Memo (with 23-0812, 23-0823)
- Finance - 2023-05-23 FY24 Rate Memo 0519 (with 23-0550)
- Finance - 2023-05-23 Memo re Water & Sewer Rates (with 23-0550)
- Finance - 2023-05-23 Water and Sewer Public Hearing Info Session FY24 (with 23-0550)
- Finance - 2023-05-23 Rate Conveyance Presentation (with 23-0550)