



City of Somerville
Katjana Ballantyne
Mayor

To: Honorable City Council
From: Edward Bean, Finance Director
Re: FY25 Mid-Year Financial Report per Ordinance 2022-07
Date: February 27, 2025

In accordance with Ordinance 2022-07, I am presenting a report on Mid-Year Fiscal Performance for FY2025. You will find attached to this communication the following:

- Year to Date expense report for the General Fund by prime account
- Year to Date expense report for the School General Fund by prime account
- Year to Date General Fund Revenue by function with individual lines

The FY2025 General Fund Totals	\$378,772,444.
The General Fund includes:	
Municipal and School Appropriations:	\$361,542,862
State Assessments:	\$15,361,244
Overlay Reserve:	\$1,868,338

The FY2025 General Fund Budget Totals	\$376,904,106.
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For analysis, we exclude the Overlay Reserve. The Overlay Reserve is not an appropriated budget item.

The Budget includes all appropriations.

The Budget includes inter-fund transfers.

The Budget includes excluded debt for the Somerville High School Construction.

You will note that the General Fund is organized in two funds:

City General Fund (Fund 0001):	\$270,157,091
School General Fund (Fund 0003):	\$106,747,015

The original General Fund Budget appropriation of \$358,198,316 from June 2024 was supplemented by \$18,705,790 in additional appropriations. The additional appropriations included:

Police Collective Bargaining	\$150,000
E-911 Collective Bargaining	\$141,300
Firefighters Collective Bargaining	\$1,869,513
Fire Alarm Operators Collective Bargaining	\$37,041
Warming Center Expenses	\$186,000



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Increase in State Assessments	\$41,057
Building Insurance	\$186,343
90 Washington St. Judgments & Settlements	\$16,094,536

1: General Fund Performance-Expenses (as of 1/31/2025)

Total Budget	YTD Expend	Encumbered	Available	% Exp/Encumber
376,904,106	193,110,510	23,720,342	158,073,254	58.06%

The January 31st Report Date constitutes **59.3%** of the Fiscal Year. At this date, **51.7%** of the budget was expended and **58.06%** of the budget was expended and encumbered.

At this stage of the fiscal year in 2024, **51.1%** of the budget was expended; **59.2%** was expended and encumbered. indicating that the expenditure pace this year is slightly ahead of the pace of the previous year. In FY2023, **58.96%** of the budget was expended and encumbered by January 31st.

Breaking the General Fund down into School and City, the results are as follows:

City G.F. Budget	YTD Expend	Encumbered	Available	% Exp/Encumber
270,157,091	146,935,676	16,659,239	106,562,176	60.56%

School G.F. Budget	YTD Expend	Encumbered	Available	% Exp/Encumber
106,747,015	48,174,834	7,061,103	51,511,078	51.74%

If the current trend continues, we will estimate an under expenditure of appropriations by roughly the same percentage as last year. although, it is much too early in the fiscal year to accurately determine the amount. Appropriation Turn backs totaled \$17,467,143 in FY2024. Total General Fund spending was 95.4% of Budget.

We do not see projected deficits in any of the Personal Services accounts that cannot be remedied by internal transfers or under expended balances. We are looking closely at Police Overtime Accounts. The annual appropriation has been exceeded. Lag monies from Police Salaries have been transferred into account.



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No department head has indicated a need to remediate a deficit in an Ordinary Maintenance account. Over a third of the fiscal year remains so the possibility may exist. In that event, unexpended balances or transfers within the operating budget will be the preferred route to close the deficits.

The Snow Removal Account is the one General Fund Account that can legally run a deficit. However, it is poor financial practice to let it do so at year end. To date, the ledger shows that DPW has expended \$1,383,575 of the \$1,702,745 FY2025 Snow Removal Budget or 81% of the budget. However, outstanding bills from contractors from all storms have not been received by DPW. The DPW is allowed to encumber far more than the allocated budget to be prepared to bring in contractors when needed. We do expect final numbers to put the account into deficit. Deficit remediation starts with internal transfers from other DPW accounts and then from Free Cash appropriation.

The major accounts of Health Insurance, Pension, and Debt Service are all on budget.

2: General Fund Performance – Revenues (as of 1/31/2025)

The FY2025 General Fund Revenue Budget to meet appropriations is **376,904,106**.

Revenue Budget	Collected	To Collect	% Budget
376,904,106	256,796,217	120,107,889	68.13%

General Fund Revenue is not received on an even straight-line basis throughout the fiscal year. On average, we collect proportionally more of the annual revenue in the second half of the fiscal year. Some state aid accounts are received monthly, others quarterly.

The General Fund Revenue includes Free Cash appropriations and Overlay Surplus as Other Finance Sources to meet the 90 Washington Street Liability.

At this stage of the fiscal year in 2025, 68.13% of the annual revenue budget has been collected. For comparison, below is listed the % of budgeted revenue collected at the end of January for prior fiscal years.

FY2024 65.56%
 FY2023 58.92%.
 FY2022 71.24%



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The trend in recent fiscal years is to exceed the revenue budget. Collections at a higher % earlier in the fiscal year indicate that the revenue budget will be exceeded by year end. Collection rate in FY2025 exceeds that of FY2024. In FY2024, revenue collection exceeded budget by \$5,905,192 or 1.7%.

The chart below documents the performance to date in FY2025 by category.

Revenue & Other Financing Sources			
	Budget	Collected	% Budget
Property Taxes	264,969,749	183,491,907	69.25%
Excise Taxes	12,916,349	4,745,949	36.74%
Penalties & Interest on Taxes	745,332	627,413	84.18%
Payments in Lieu of Taxes	1,691,522	168,134	9.94%
Sanitation Fees	76,861	44,905	58.48%
Fees	1,656,415	1,285,647	77.62%
Rentals	89,644	55,940	62.40%
Other Department Revenue	40,000	40,655	101.64%
Licenses & Permits	9,889,038	7,113,828	71.94%
Fines & Forfeits	6,038,667	4,530,944	75.03%
Investment Income	3,750,794	2,304,654	61.44%
Miscellaneous Recurring	775,321	1,076,063	138.79%
State Revenue	54,541,630	31,587,349	57.91%
Other Financing Sources	19,722,784	19,722,784	100.00%
Total Revenue & OFS	376,904,106	256,796,217	68.13%



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We also segment some of the revenue sources that have historically outperformed the budget.

	Budget	Collected	% Budget
Building Permits	5,500,000	4,365,315	79.37%
Local Meals Excise	2,717,723	1,327,265	48.84%
Local Room Excise	3,104,518	1,960,866	63.16%
Investment Income	3,750,794	2,304,654	61.44%

3. Anticipated levy limit for FY2026

The Chief Assessor is estimating approximately \$9M in new growth for FY2026. In determining what the potential property tax levy limit could be in FY2026, the following is a calculation guide.

\$258,344,068 FY2025 Property Tax Levy -
 Under the Levy Limit
221,319 PLUS FY2025 unused levy
 258,565,387 EQUALS FY2025 Levy Limit

258,565,387 FY2025 Levy Limit
 +6,464,135 PLUS 2 ½ %
+9,000,000 PLUS new growth
274,029,522 EQUALS FY2026 Levy Limit

Based on these calculations, a potential **\$15,685,454** in new property tax revenue could be raised in FY2026. This is contingent on realizing the \$9,000,000 in new growth. The Chief Assessor and his staff will continue to monitor conditions in the field and will refine projections throughout the Spring.



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4: Amount of certified free cash remaining

The Department of Revenue certified **\$26,820,999** in "Free Cash" on October 23rd, 2024. The amount certified by DOR is based on the operational results of FY2024.

As of this date, three appropriations have been approved since the certification:

- Appropriation of \$12,000,000 for additional costs relating to the purchase of 90 Washington Street.
- Appropriation of \$110,000 for additional legal costs relating to 90 Washington Street.
- Appropriation of \$186,343 for additional Building Insurance

A fourth appropriation is currently pending:

- Appropriation of \$137,288 for an IT assessment of security and network infrastructure.

Assuming the pending appropriation is approved, the amount of certified "free cash" remaining would be **\$14,387,368**.

As a non-recurring revenue source, DOR guidelines recommend that free cash should be restricted to paying one-time, non-recurring and unforeseen expenditures, funding capital projects, funding capital equipment, or replenishing other reserves. Supplementation of operating budget items with free cash should be minimal, if at all.

The City has adopted guidelines for the expenditure of "Free Cash" in its Free Cash Fiscal Policy. The priorities for Free Cash include funding emergency expenditures, employee liability accounts, and the capital investment plan.

The Administration will be discussing plans for the expenditure of free cash in accordance with the Free Cash Policy before your Honorable Council in the upcoming weeks. Free cash may be appropriated up until June 30th.



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5: Existing debt service schedule and projects to be borrowed in FY2025

Current projects are those for which the City has already borrowed and there is a determinate debt service. In FY2025, the debt service for these projects totaled **\$15,080,422**.

Active projects are those authorized by the Mayor and the City Council but have yet to be borrowed. The City plans on borrowing for these projects in May 2025. As such, the cost of debt service is not definitively known. The City estimates additional new debt service in the aggregate amount of **\$3,394,887**. This is assuming a Long-Term Borrowing Rate of 3.80% and a Short-Term Rate of 3.5%.

A listing of both Current and Active Projects is provided.

DEBT SERVICE

General Government Debt Service		
Capital Projects	FY2025 Debt Service	FY2026 Debt Service
East Somerville Rebuild	5,570.00	5,370.00
Lincoln Park School	729,229.99	711,147.89
Powder House Comm Sch Ret	29,580.00	-
Central Hill Park Fy08	39,950.00	43,700.00
Grimmons Park Fy08	67,681.26	-
Albion Park Fy08	57,268.76	-
Hodgkins Park Fy08	67,681.26	-
Fire Rescue Truck Fy2010	62,475.00	-
Trum Field House Project	156,000.00	150,400.00
Escs-Reconstruction Proj	99,400.00	56,350.00
42 Cross Street	21,987.50	21,378.13
High Sch Flooring	21,606.26	20,996.88
Public Safety Building	50,581.26	49,159.38
Resurfacing Streets	31,843.76	35,546.88
Community Path	26,031.26	-
Outdoor Ice Skating Rink	240,487.50	241,393.75
Morse Kelley Park	27,381.26	26,365.63
Dickerman Park	16,331.26	15,721.88



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High School Roof Repair	13,612.50	13,206.25
Elderly School	581,606.26	584,840.63
Fire Dept Aprons	5,125.00	-
Renovation Isd Office	7,456.26	7,256.26
Chuck Harris 15-25 Cross St	29,000.00	28,000.00
District Improve Finance - Dif	1,508,495.00	1,509,195.00
Recon & Streetscape E Broadway	59,600.00	62,500.00
City&Sch Bldg Improvement	111,675.00	114,075.00
Replace Fire Ladder Truck Fy13	95,572.50	96,447.50
Reconstruction Of Public St	83,296.26	84,671.26
Shs Room 143	17,118.76	16,668.76
Retain Wall Repairs - Davis Sq	29,400.00	28,450.00
North Street Veteran Playgrnd	30,650.00	29,500.00
Renov Engine#7 Fire Station	7,000.00	6,750.00
Kenny Park Improvement	45,300.00	43,550.00
Fire Apparatus	173,900.00	173,150.00
Ada Access Curb Ramp Improve	45,950.00	49,200.00
Public Street Improvement	94,300.00	96,000.00
Salt Shed	17,825.00	17,325.00
Fire Radio Box	42,000.00	-
Repair Hs Auditor, Kitch,&Caft	182,575.02	182,875.02
Fire Engine 6 Arch & Engineer	6,556.26	6,356.26
Dpw Vehicles Fy14 Cap Proj	71,500.00	68,750.00
James Mccarthy Field Lighting	14,450.00	13,950.00
Citywide Bike & Pedes Upgrade	13,800.00	18,300.00
Fy15 Ada Assess & Curb Ramp	97,400.00	94,100.00
Fy15 Public Street & Sidewalk	163,750.00	168,550.00
Fy15 Ada Building Improve	29,806.26	29,156.26
Dpw Fy15 Vehicle & Equipment	65,400.00	67,900.00
Opm - West Branch Library	13,418.76	18,218.76
Lp&Argen Sch Fields	32,150.00	30,900.00
Dpw Snow Removal Equipment	72,200.00	74,450.00
Powderhouse Square Rotary	48,300.00	36,400.00
Fy15 Sidewalk Repair	26,500.00	30,500.00
Engine 7 Roof Replacement	8,100.00	7,900.00
Dpw Led Lights Conversion	281,250.00	275,100.00
Union Sq Street & Util Proj	184,075.00	183,075.00
Fire Station Engine 3	44,425.00	48,625.00



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Dpw Refuse Truck 'Fy16	37,800.00	36,400.00
West Branch Library Renovation	58,781.26	57,531.26
Lincoln Park	876,450.00	871,350.00
Beacon St Reconstruction	155,700.00	155,200.00
Public St,Sidewalk Repair &Ada	324,507.50	324,257.50
Winterhill & Nunziato Field	20,400.00	19,650.00
Ada Access. Bldg. Improvements	25,600.00	30,100.00
Winter Hill Soccer Field	29,450.00	28,450.00
Winterhill Comm Innov School	38,350.00	37,350.00
St Resurfacing, Ada,Ramps Impr	253,747.15	251,755.00
45 College Ave Acquisition	84,831.26	82,581.26
Sweepers 2018 # 204676	24,000.00	23,000.00
Buena Vista 2018 #204497	103,150.00	100,650.00
Union Sq Bo#204438	581,500.00	582,750.00
Ada Bldg Improvements	25,982.50	30,482.50
West Branch Library Const/Reno	426,225.00	431,475.00
Paving & Sidewalk Improvement	231,989.44	232,000.00
West Branch Library Reno&Const	75,387.50	73,637.50
Somerville Redevelopment Autho	443,287.50	442,787.50
Field/Playground Improvements	70,150.00	72,900.00
Sacramento Street Underpass	61,400.00	64,400.00
Davis Sq Improvements	71,125.00	69,750.00
Opm Prof. Svcs Reno	116,425.83	116,000.00
Fire Pumper	74,050.00	76,300.00
90 Washington St Prep Work	204,000.00	205,000.00
Conway Park	73,950.00	71,200.00
217 Somerville Ave Acquisition	64,862.50	63,362.50
Central Hill Camp Op Space	129,262.50	125,512.50
Fy20 Street And Sidewalk	202,966.70	208,300.00
Arthur Healey Schoolyard	549,120.00	548,620.00
Conway Park Rem & Renov	369,117.50	368,617.50
Dilboy Stadium Improvement	121,997.50	123,497.50
Somerville Armory Acq	294,425.00	294,675.00
Building Improvements	164,892.50	161,892.50
Sprng Hill S Impv Streetscape	610,864.48	609,750.00
9-11 Allen St Acquisition	90,242.50	88,742.50
Strt Resurf, Sidewalk, Ada Imp	304,158.87	304,750.00
City Owned Bldg Imprvment	66,288.26	68,437.50



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Elderly Education Ctr Bldg Imp	119,109.58	122,225.00
Esco (East Somerville Community School)	417,057.50	427,777.50
East Somerville Community School	297,413.46	293,103.12
School Remodeling	7,140.00	-
Ban Payment Due	677638.14	
Total General Government (Current)	15,080,422.10	13,989,643.02
		Estimated
Estimated FY2025 borrowing due FY26		Due FY2026
Somerville Ave Streetscape		439,167
Paving And Sidewalk Improvements		5,296
City Hall Sch & Elderly Design & Engineer		32,469
Union Sq Street Scape & Plaza Design		35,000
Central Hill Camp Op Space		173,650
Streets & Sidewalk Improve		88,822
Spring Hill Sewer Improvement Streetscape		119,905
Street Resurfacing, Sidewalk, Ada Ramps Impv		434,125
Clarendon Hill Redevelopment Dif (Not Fixed Asset?)		660,950
Building Improvements		152,372
Clarendon Hills Infrastructure Improve Project		42,513
Somerville Ave Streetscape (Sausi) Gf		147,000
Assembly Square Fire Station Fit-Out		452,467
Elderly Education Center & Winter Hill Community School Building Imprv		37,854
Fire Pumper		37,088
217 Somerville Ave Pocket Park		43,413
Fire Pumper		46,230
90 Washington Settlement		446,565
Total Estimated Projects borrowed FY25 due FY26		3,394,886.78
Total FY2025 Debt & Projected FY26	15,080,422.10	17,384,529.80

The Somerville High School Debt Exclusion is as follows:

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Somerville High School Debt Exclusion		
Capital Projects	FY2025 Debt Service	FY2026 Debt Service
Somerville High School Long Term	6,331,173.76	6,331,430.01
Somerville High School Bond anticipated notes	294,506.60	
Total Somerville High School (Current)	6,625,680.36	6,331,430.01
		Estimated Due FY2026
Estimated FY2025 borrowing due FY26		
Somerville High School Long Term	-	230,302.00
Somerville High School Bond anticipated n	-	157,164.00
Total Estimated Projects borrowed FY25 due FY26		230,302.00
Total FY2025 Debt & Projected FY26	6,625,680.36	6,561,732.01

6: Review of current city staffing trends and vacancies

To date in fiscal year 2025, the City successfully filled 142 vacancies and processed 80 transfers. Currently there are 134 open vacancies. Despite challenges posed by the current job market, there are encouraging indicators. Notably, the city has achieved an average time from posting to offer acceptance of 104 days, significantly outperforming the NEOGOV average of 119 days for local government positions.

A sample of some of the key positions we are currently focusing on filling are listed below, however there are critical vacancies in many departments.

- Director of Capital Projects- IAM
- Social Worker - HHS
- Heavy Motor Equipment Operator/Laborer - DPW
- Legislative Liaison - Executive
- Special Heavy Motor Equipment Operators/Catch Basin Cleaners - Water & Sewer
- Working Foreman Plumber - DPW
- Fleet Manager- DPW



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- Human Resources Manager- HR
- Benefits Manager- HR
- Energy Manager- OSE
- Director of Planning & Zoning- OSPCD
- Finance Manager- Police

Positions that were open for more than 150 days (but have now had offers accepted) include:

- Homelessness Contracts Coordinator- HHS
- Planner – OSPCD
- Chief of Police – Police
- Director of Racial & Social Justice- RSJ
- Youth Workplace Learning Coordinator- HHS
- Social Services Manager- HHS
- Head Water Meter Technician- Water & Sewer

7: Any additional fiscal concerns

There are macroeconomic factors and challenges facing the City in the development of the FY2026 General Fund Operating Budget. It is too early to accurately predict what our budget capacity will be for FY2026, but all signs point to a difficult budget year. Costs are growing and revenue growth is slowing. Major components that feed into the budget such as anticipated revenue sources, new growth, debt service, health insurance expenses, state aid, etc. are not fully vetted out and resolved until late spring. We are studying a host of macro level concerns that will impact the FY2026 General Fund budget.

DECLINE IN NEW COMMERCIAL TAX GROWTH

Economic challenges come in cycles; unemployment rises and falls; inflation spirals up and down; old industries decline while new ones grow. Our cycle in Somerville has been one of unprecedented growth since about 2014 spurred on by commercial development in Assembly Square, Boynton Yards, and Union Square. Growth allowed investment in new programs and additional staff; new commercial taxes helped pay for the services residents expect and deserve. Our General Fund Operating Budget grew from \$195 million in 2014 to \$376.9 million today. But, as in all economic cycles, there is going to be expansion and then a lull. We are now experiencing a lull, and that lull has ramifications for the amount of revenue we can raise for



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the FY2026 Budget. Development has slowed due to high interest rates, inflationary pressures on construction costs, and difficulty in finding tenants for the new commercial space. There is 18 million square feet of commercial life science lab office space coming online in the Greater Boston area. The market for life science space has fallen leading to a depreciation in the life science market of 25% from FY2024 to FY2025. In Somerville, there are 1.9 million square feet out of 3.3 million rentable square feet of vacant lab space. Vacant lab buildings are taxed at 60% of their potential value and there are presently 7 vacant lab buildings in the city. The FY2026 new growth estimate has been reduced from the FY2025 number of \$14,139,848 to \$9,000,000 due to the falling life science market. In addition, the construction of small housing projects in neighborhoods is slowing down due to economic factors. The Assessors will be evaluating the trends throughout the Spring and will have updated numbers at budget time.

BUILDING PERMIT REVENUE

The slowdown in development affects the amount of Building Permit revenue we can collect. In FY2023 we collected \$18,753,755. In FY2024 we saw a drop to \$11,182,344. We budgeted \$5,500,000 in FY2025. We expect to budget between \$3.5m-\$4m in the FY2026 Budget.

STATE AID

The Governor's proposed Budget (House 1) was filed with the State Legislature. House 1 would increase the main discretionary local aid account, Unrestricted General Government Aid, by 2.2% over fiscal year 2025, which aligns with the consensus forecast for state tax revenue growth, announced in January. Governor Healey had proposed a 3% increase in FY2025. A 2.2% increase results in an additional \$682,546 for Somerville. Governor Healey proposes increasing the "minimum education aid" figure in the Chapter 70 formula to \$75 per pupil, significantly above the statutory minimum of a \$30 per student increase each fiscal year. For Somerville, that totals an additional \$386,625 or a 1.78% increase over FY2025 Levels. However, these increases are blunted by a budgetary decrease of \$544,895 in Charter School Tuition Reimbursement money. The total of all estimated receipts in House 1 for Somerville in FY2026 totals \$55,408,643, an increase of \$681,580 or 1.25% over FY2025 levels. On the State Assessments side of the ledger, state assessments against the city decreased by \$411,654. The net result measuring receipts against assessments is an increase of \$1,093,234 in state aid compared to FY2025 Levels. That represents a 2.7% increase. The House and Senate budget plans are customarily released and debated in April and May. The governor's state budget proposal is the first step in a months-long process. The House and Senate Ways and Means committees are expected to host a budget hearing in the coming months on municipal and school aid for fiscal 2026, and the House is expected to debate its budget bill in April, with the



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Senate deliberating its own bill in May. The Legislature will work to get a final budget bill to the governor by the beginning of the fiscal year on July 1.

HEALTH INSURANCE-GIC

We are expecting the Group Insurance Commission to report premium increases of anywhere from 8-11 percent per health insurance plan for FY2026. The exact rate increases by plan will not be available until early/mid-March. The aggregate increase in FY2025 was 9.6%. The cost hikes, coming nearly five years after the start of the COVID pandemic, are the result of a combination of factors. These include increases in utilization of specialty drugs such as Wegovy, Ozempic, and Mounjaro; increases in utilization of services including inpatient and outpatient hospitalization; generalized inflation; and the consolidation of primary care practices under hospital umbrellas. The GIC decided not to make any plan design changes for FY2025. It is not clear what they will do in FY2026. Health insurance expenses constitute 9.33% of the annual General Fund Budget. A 10% Aggregate increase in health insurance premiums would add approximately \$3.2 million to the FY26 Budget.

DEBT SERVICE

Interest rates have risen sharply over the past year. As of today, the interest rate on a 30-year municipal bond is 3.9%. A year ago, at this time, the interest rate was 3.52%, 38 basis points lower. Debt costs are growing with additional capital investments. The City traditionally borrows in May to fund capital project deficits by June 30th. The city works closely with its Financial Advisor to survey the market. We can expect debt service to become a larger percentage of the operating budget as we borrow to remediate critical infrastructure needs. Debt service is currently 6% of the Operating Budget. The City's AAA bond rating will help. We estimate an increase of approximately \$2.3 million in the Debt Service Budget next year for existing capital projects. That number is merely an estimate at this point and market conditions may change in May.

COLLECTIVE BARGAINING

The City inked new collective bargaining agreements with following unions in FY2025: SMEU Unit B; Firefighters Association of Somerville, Local 76; (representing firefighters and Fire Alarm operators); and SEIU, Local 888 representing E-911 Operators. The City is currently engaged in successor contract negotiations with the Somerville Police Employees Association and the Somerville Police Superiors Officers Association. The full impact of these settlements will now hit the budget base in FY2026, and that impact will be several million dollars.



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PENSIONS

A new actuarial study of pension liability was conducted by the Somerville Retirement Board. The study was submitted to and approved by the state agency PERAC. The pension appropriation will increase by \$1,359,251 in FY2026.

THREAT OF FEDERAL CUTBACKS

Since his inauguration, President Trump has issued Executive Orders threatening to cut off federal funds to sanctuary cities unwilling to use municipal resources to carry out federal responsibilities. The Department of Justice has warned of criminal and civil prosecutions against them while freezing all DOJ funding; and the Department of Transportation (DOT) has said it will de-prioritize transportation funding to sanctuary cities. The City has filed a federal lawsuit challenging these actions.

MUNICIPAL EMPOWERMENT ACT

Governor Healey has re- filed legislation designed to increase municipal flexibility and strengthen municipal finances. The bill would enable communities, at local option, to increase the local meals tax from 0.75% to 1% and increase the lodging tax from 6% to 7%. A new local-option vehicle excise tax surcharge of 5% would be available to all 351 municipalities. Should the legislation pass, and should Somerville adopt all three options, I estimate an additional \$1.6 million could be raised based on current budgetary estimates.