



CITY OF SOMERVILLE, MASSACHUSETTS

CLERK OF COMMITTEES

October 25, 2017
REPORT OF THE FINANCE COMMITTEE

Attendee Name	Title	Status	Arrived
Tony Lafuente	Chair	Present	
Maryann M. Heuston	Vice Chair	Present	
Katjana Ballantyne	Ward Seven Alderman	Present	
Matthew McLaughlin	Ward One Alderman	Absent	
William A. White Jr.	Alderman At Large	Present	
Robert J. McWatters	Ward Three Alderman	Present	
Mark Niedergang	Ward Five Alderman	Present	
Lance L. Davis	Ward Six Alderman	Absent	
John M. Connolly	Alderman At Large	Present	
Mary Jo Rossetti	Alderman at Large	Present	
Dennis M. Sullivan	Alderman At Large	Present	

Others present: Michael Glavin - OSPCD, Brad Rawson - OSPCD, Tom Galligani - OSPCD, Russell Koty - OSPCD, Dick Bauer - HPC, Rob King - Capital Projects, Mark Levy - Assessing, Michael Mastrobuoni - SomerStat, Michael Bertino - Treasury, Ed Bean - Finance, Tim Snyder - Mayor's Office, Charles Sillari - Clerk of Committees.

The meeting took place in the Committee Room and was called to order at 6:40 PM by Chairman Lafuente and adjourned at 9:12 PM.

Approval of the October 11, 2017 Minutes

RESULT:	ACCEPTED
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204328: Requesting to brief this Board on the Union Square District Improvement Financing strategy.

Mr. Mastrobuoni explained the details of the project and said that authorization is the first step. Any grants will net down the amount of the bond. Alderman White asked for clarification about how much will be borne by the water enterprise fund. Mr. Bean discussed the fiscal health of the general fund and spoke about working with the city's financial advisor. The committee discussed the ability to match resources with spending, maintaining adequate reserves, 5-year bands and 25-year bonds and non DIF projects.

Alderman White asked about an anticipated surplus and Mr. Bean said the surplus may be around \$8 million. He anticipates reserves being put back into the mix for the high school, GLX or other projects. Alderman White is concerned about having a surplus with nothing given to the taxpayers. Alderman Rossetti asked about the rental income and was told that it comes from the Buena Vista garage and some school buildings.

Mr. Beane discussed the city's Moody ranking and spoke about utilizing stabilization funds.

Mark Levy went over real estate tax revenues and Alderman Ballantyne said she would like to see what real estate taxes will look like in 5 years. Alderman Niedergang asked about major debt coming from the new high school project and asked how a recession would impact the plan. He also asked how deficits would be dealt with and was told that there are adequate reserves to cover deficits.

Mr. Mastrobono discussed projected revenue from development and said that the water and sewer enterprises would rise. The goal is to manage rates and keep the reserve balance. He explained that annual budgets get re-evaluated each year and that the rates of water and sewer enterprise funds can be subsidized by the general fund. Alderman White asked about using money from the general fund. At the close of FY-17 rates will be raised and sewer rates are usually higher than water rates. Alderman Rossetti asked about how the amount of water sent to Deer Island and requested a report from the Water Department. Mr. King discussed taking storm water out of the sewer system and said that the Poplar Street pump station will help to offset MWRA costs.

Alderman White asked about the state funding of the new high school and how it is impacted by a DIF and Mr. Bertino explained how the state will pay the city for the work.

RESULT:	KEPT IN COMMITTEE
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204437: Requesting approval of the proposed Union Square District Improvement Financing Development District.

RESULT:	KEPT IN COMMITTEE
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204438: Requesting an appropriation and authorization to borrow \$63,000,000 in a bond for Somerville Avenue streetscape and utility improvements.

RESULT:	KEPT IN COMMITTEE
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204439: Requesting the appropriation of \$500,000 from the CPA Fund's Open Space Reserve and Undesignated Fund Balance Accounts for the acquisition of 5 Palmer Ave.

Mr. Bauer discussed the purchase of the land and Alderman Heuston questioned the cost of the land versus the cost of the house, the subsequent costs of land cleanup and moving the house. Mr. Galligani said the city may find a buyer for the house and they would pay for moving it.

The value of the land is \$175,000, (plus or minus). The house on the property is in bad condition and is owned by the estate of Blanche M. Holland, who has passed away.

Chairman Lafuente said the contamination at 50 Tufts Street is a 100-year contamination and it spreads from water flow. Some properties are contaminated in the neighborhood and some are not. He wants to make sure that any future open space is not contaminated. Venting systems have been put into homes to remediate contamination.

The committee discussed how property values have been impacted by the contamination in the neighborhood. Alderman Sullivan feels \$500,000 is a good price and he would like to see the land become part of the school. The assessed value is \$372,000.

Alderman White requested copies of any appraisals that were done as well as the environmental report. Alderman Heuston asked about the possibility of not being able to use the lot for open space. Chairman Lafuente suggested voting on this item at the BOA meeting on October 26, 2017.

RESULT:	KEPT IN COMMITTEE
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204441: Requesting acceptance of a \$1,703,572 grant that requires a match, from HUD to the SPCD Housing Division for its lead abatement program.

The details of the grant and the match requirements were discussed.

RESULT:	APPROVED
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