



# CITY OF SOMERVILLE, MASSACHUSETTS

## CLERK OF COMMITTEES

June 4, 2019

### REPORT OF THE FINANCE COMMITTEE MEETING AS A COMMITTEE OF THE WHOLE

Attendee Name	Title	Status	Arrived
William A. White Jr.	Chair	Present	
Mary Jo Rossetti	Vice Chair	Present	
Matthew McLaughlin	Ward One City Councilor	Present	
Ben Ewen-Campen	Ward Three City Councilor	Present	
Katjana Ballantyne	Ward Seven City Councilor	Present	
1332	Ward Four City Councilor	Present	
Jefferson Thomas ("J.T.") Scott	Ward Two City Councilor	Present	
Lance L. Davis	Ward Six City Councilor	Present	
Mark Niedergang	Ward Five City Councilor	Present	
Wilfred N. Mbah	City Councilor at Large	Present	
Stephanie Hirsch	City Councilor At Large	Present	

The meeting was held in the Council Chamber and was called to order by Chairman White at 6:11 pm and adjourned at 7:46 pm.

Others present: Annie Connor - Legislative Liaison; Doug Kress - HHS; Frank Wright -Law; Chief Breen - Fire; Chief Fallon - Police; Anne Doherty - SomerPromise; John DeLuca - Water & Sewer; Alex Lessin - Water & Sewer; Jesse Moos - Engineering; Denise Taylor - Communications; Rich Raiche - Engineering; Ed Bean - Finance; Kimberly Wells - Assistant Clerk of Committees

#### Approval of the May 21, 2019 Minutes

<b>RESULT:</b>	<b>ACCEPTED</b>
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#### **208285: Director of Water and Sewer submitting amended proposed water and sewer rates for FY20.**

Chairman White recapped that there would be a temporary negative impact to the retained earnings, but that would be recouped in subsequent years, so there is no reason the department cannot move forward as intended.

Councilor Rossetti added that including the discussion of the impact of union labor in the most recent memo led her to conclude that she cannot support this increase. The Home Rule petition granted for a residential exemption has been sitting unaddressed, and we have not utilized the I&I fund to offset

any of this. Mr. Raiche shared that the I&I fund must have a direct accountability for removal of infiltration or inflow from the system; it cannot be directed toward labor, and due to the financing, would not be able to be utilized in instances that have much of an impact on rates. New positions would be phased in over time, so the department is willing to adjust this phasing if necessary, though the memo states that the positions will be for half of FY20. The intent is not to be a threat about labor, but to determine what rate increase would allow the department to maintain its reserves at a level it felt is safe. Chairman White confirmed that the memo states that the union employees would only be hired for half of the upcoming fiscal year. He emphasized that there are substantial reserves that would permit hiring, independent of any change to the rates at this time. Additionally, a higher rate once the residential exemption is in place can help make up the difference. Mr. Lessin noted that the intent is still to hire new staff, just on a modified timeline. Councilor McLaughlin also noted that the potential adjustment to delay the Flint Street Sewer Replacement capital by one fiscal year has left the project abandoned and the road in poor condition, despite being informed at the start that the money to finish the project already existed. His concern is that we are putting too much burden on homeowners. Mr. DeLuca shared that a balanced budget cannot be provided until the rates are approved. Chairman White noted that a draft budget with the rate assumptions could have been provided. He clarified that the new positions would all be for special heavy equipment operators (SHMEO). Councilor Scott confirmed that we have not hired a primary operator, but the project manager position has been filled, reporting to Mr. Raiche. Councilor Scott asked for an explanation of the difference between the revenue from a 0% increase to a 6% increase in rates. Chairman White noted that the reserves can be used as a funding source; because we have retained earnings, there will not be a deficit. Councilor Niedergang asked why there was a need for 30% retained earnings, and Mr. Lessin shared that it is intended to be sufficient to cover an emergency situation, and also indicates strong financial health for potential borrowing. Chairman White added that it was also intended to cover future debt that will be incurred for infrastructure needs.

Councilor Niedergang asked for information that would clarify the projected average increase to household bills. Mr. Lessin shared that there are 15,000 water accounts in the City, so it is difficult to quantify for each and it is not universal. Councilor Ewen-Campen added that the tiered billing system makes the calculation more complex than simple multiplication.

At Chairman White's request, Mr. DeLuca agreed that he will make updates to include hiring the new positions to start on July 1st and drawing funding from retained earnings. Councilor Scott confirmed that there are four out of six vacancies in the SMHEO positions, and we are looking to create seven additional positions. Mr. DeLuca noted that the salary has been updated to attract qualified candidates. President Ballantyne asked for the commitment in writing that the fourteen additional positions (seven in Water and seven in Sewer) will be fully funded in the budget for July 1. Mr. DeLuca will provide same and Mr. Bean confirmed that he will include them in the proposed budget. Councilor Davis clarified that in this new model, the Community Path Sewer Replacement will not be completed until 2024. Chairman White reiterated that the retained earnings could be utilized for the amount that was initially proposed for the next fiscal year (\$210,000). Mr. Raiche confirmed that he understands the desire to continue with all planned work and make up the difference to retained earnings with future year increases.

<b>RESULT:</b>	<b>APPROVED. [9 TO 1]</b>
<b>AYES:</b> White Jr., Rossetti, McLaughlin, Ewen-Campen, Ballantyne, Scott, Davis, Niedergang, Hirsch	
<b>NAYS:</b>	Clingan
<b>ABSENT:</b>	Mbah

**200773: That the Commissioner of Public Works describe to this Board, the rationale for treating multi-unit residences the same as single family residences for purposes of volume-based escalation of water rates.**

Mr. DeLuca shared that this will be included in a future financial model.

<b>RESULT:</b>	<b>WORK COMPLETED</b>
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**208132: That the Director of Water and Sewer discuss the option for property owners to add a second water meter to use for irrigation and other outdoor uses.**

Mr. DeLuca shared that this is still underway and the research will be reported to the Committee soon.

<b>RESULT:</b>	<b>KEPT IN COMMITTEE</b>
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**208279: Requesting a transfer of \$11,000 from the SomerPromise Professional and Technical Services Account to three Public School Accounts, to fund student programming for children and teens.**

Ms. Doherty shared that these were ongoing projects, jointly executed with the Schools, so there was a procedural issue and it recently became clear that it made sense for some of the work to take place on the Schools side.

<b>RESULT:</b>	<b>APPROVED</b>
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**208280: Requesting acceptance of a \$20,000 grant with no new match required, from the MA Department of Public Health to the Police Department for the SOR Program.**

Councilor McLaughlin recused himself from this matter.

Chief Fallon shared that the grant was started by the Community Outreach Recovery office for follow-up on opioid cases.

<b>RESULT:</b>	<b>APPROVED</b>
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**208281: Requesting acceptance of a \$2,000 grant with no new match required, from the MA Dept. of Public Health to the Fire Department for Mass Decontamination Unit equipment and training costs.**

<b>RESULT:</b>	<b>APPROVED</b>
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**208282: Requesting acceptance of a \$2,000 grant with no new match required, from Project Bread to the Health & Human Services Department to support the summer meals**

**program.**

Mr. Kress shared a flier with the information about the summer meals.

**RESULT:**

**APPROVED**

**208283: Requesting creation of a Consolidated Gift Account to support the "One Somerville" campaign.**

Councilor Rossetti recused herself from this matter.

Ms. Taylor would like to be able to create an account to allow for distribution of collateral and to begin a fund.

**RESULT:**

**APPROVED**

**208288: Director of Communications requesting appointment of Epstein & August, LLP as outside legal counsel in the pending cable license renewal negotiations.**

Councilor Rossetti recused herself from this matter.

Ms. Taylor has long used Kerbey Harrington, who no longer serves the region, and would like to work with Mr. Epstein, who has a great deal of experience in this area.

**RESULT:**

**APPROVED**

**207334: Requesting the acceptance of MGL c64G s3D(a), imposing a community impact fee of 3% on a bed and breakfast, hotel, lodging house, short-term rental, or motel.**

Mr. Wright noted that there may be no application for this, since the City passed a separate ordinance. Councilor Rossetti asked if the financial implications were included in the FY2020 budget, and Ms. Connor noted that there was no inclusion of funding from this in the budget. Mr. Wright also clarified that the way this statute is interpreted by the Department of Revenue to be applied only to short-term rentals, not to tourist homes or other types of properties.

**RESULT:**

**PLACED ON FILE**

**207335: Requesting the acceptance of MGL c64G s3D(b), imposing the community impact fee allowed under MGL c64G s3D(a) on each transfer of occupancy of a short-term rental unit in a 2-family or 3-family dwelling that includes the operator's primary residence.**

See #207334

**RESULT:**

**PLACED ON FILE**

**206486: That the City take by eminent domain for a public purpose the property at 217 Somerville Ave, for the sum of \$1,200,000.**

Councilor Scott noted that the Mayor's office seems dedicated to a process that is delaying the movement of this issue. Ms. Connor noted that the Open Space Task Force is finalizing its report, which will include a list of criteria for evaluating these types of opportunities.

**RESULT:**

**KEPT IN COMMITTEE**

**208323: Requesting approval of a transfer of \$4,000 in the Police Animal Control Division, from the Professional & Technical Services Account to the Overtime Account, to cover projected overtime FY19 costs.**

Chief Fallon shared that there is an increase in calls for stray animals and wildlife.

The item initially passed on a voice vote. Councilor McLaughlin asked that it be recorded that his vote is No.

Councilor Davis moved to reconsider this item. The motion for reconsideration was approved.

Councilor McLaughlin shared that there are concerns about neglect on the part of an Animal Control Officer, and it was voted to not confirm his appointment. This overtime is unwarranted, as it is incurred on behalf of an employee who should not be in the role. Councilor Ewen-Campen asked that a vote wait until the Chief can share his thoughts.

The committee voted to keep this item in committee.

**RESULT:**

**KEPT IN COMMITTEE**

**208324: Requesting acceptance of a \$508 grant with no new match required, from the MA Sewer Rate Relief Fund to the Sewer Department for the purpose of reducing sewer rates.**

**RESULT:**

**APPROVED**

**207253: PERAC submitting the required FY 2020 retirement system appropriation.**

**RESULT:**

**PLACED ON FILE**

**208244: That the Administration consider not collecting parking meter receipts from Ball Square until March, 2020, as a way to encourage patronage to the local businesses located there.**

Councilor Rossetti expressed a concern that residents would begin using the spaces for long-term parking and would hinder patronage of the businesses in Ball Square. Ms. Connor added that the administration and the Director of Traffic and Parking share that concern and stressed that other activities are being planned to encourage promoting the businesses in that area, but this would likely hurt more than help. Councilor Niedergang noted that the business association in the area is weak, and did not express strong support for this.

**RESULT:**

**WORK COMPLETED**

**Handouts:**

- Flyer (with 208282)
- Memo - Water & Sewer Rates (with 208285)