



CITY OF SOMERVILLE, MASSACHUSETTS CLERK OF COMMITTEES

March 26, 2019
REPORT OF THE FINANCE COMMITTEE

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	

Others present: Councilor Mark Niedergang, Chief David Fallon - SPD, Rich Raiche - Engineering, Eileen McGettigan - Law, George Proakis - OSPCD, Tom Galligani - OSPCD, Courtney Kirk - OSPCD, Brad Rawson - OSPCD, Ed Nuzzo - Capital Projects, Nick Salerno - Elections, Ed Bean - Finance, Annie Connor - Legislative Liaison, Rositha Durham - Clerk of Committees.

The meeting took place in the Committee Room and was called to order at 6:05 PM by Chairman White and adjourned at 8:45 PM.

Councilor McLaughlin was recused from all Police Department matters.

Approval of the March 11, 2019 Minutes

RESULT:	ACCEPTED
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207577: Requesting approval to appropriate \$200,000 from the Capital Stabilization Fund for Assembly Square Master Planning.

Mr. Proakis and Mr. Galligani appeared before the committee to discuss the request. Because the Council had raised concerns about an earlier request for \$360,000. The administration wants to use these funds to hire a consultant who will conduct public meetings and provide professional assistance to develop a master plan to deal with the remaining undeveloped sites at Assembly Square. Included in this planning will be the future of the existing strip mall, the Home Depot/Circuit City site, and the existing Middlesex Ave. office building and parking lot. Mr. Proakis stated that an RFP will be put out for the master planning. Mr. Proakis would like a team who can handle a larger scale and understands how to integrate with building plans. Councilor Ballantyne stated it would make it easier if there was a map to identify the buildings and give to the committee before Thursday.

Mr. Bean stated that \$2.1M has been drawn down to date and \$2.3M will remain in the Capital Stabilization Fund. Capital Stabilization Funds will also be used for the Draw 7 Park, transportation improvements, and East Somerville improvements. Councilor Ballantyne stated that plans for the Boathouse are needed before spending the money.

Mr. Bean stated that the total for the planning work would be \$400,000 and that the additional \$200,000 would come from a payment that Federal Realty made to the City pursuant to the Covenant that the City had entered into with Federal Realty. The Committee then questioned Mr. Bean about the Covenant and other payments that Federal Realty made to the City and how those funds were spent.

Chair White moved *that Mr. Bean provide a financial update on all funds that FRIT paid to the City pursuant to the covenant, any funds expended by the City from those payments and the amount remaining and the accounts in which these funds remain.* The Motion was unanimously approved.

All members agreed that planning for the future development of Assembly Square was important so the request was unanimously approved.

RESULT:	APPROVED
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203888: Requesting approval to appropriate \$360,000 from the Capital Stabilization Fund for the Assembly Square Master Plan.

Withdrawn by the Administration.

RESULT:	WITHDRAWN
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205673: Conveying a License Agreement with the MBTA re: construction in the Gilman Sq area.

Ms. McGettigan provided a brief description about this item. Essentially, the City gave a license to the MBTA to demolish the Homan's building in connection with the Green Line Extension construction. After demolition and completion of the Green Line Extension work, there will be 20 parking spots available for the high school. Councilor Rossetti voiced a concern regarding the impact of the GLX construction work in Gilman and the need for the High School building contractor to use a longer crane for the high school project. The High School contractor has argued that it originally had planned on using a smaller crane, but the GLX work in the same area, requires it to use a larger crane because it cannot locate it in the intended area. The contractor is claiming an additional \$200k, which would be added to the high school budget if a larger sized crane was needed for the high school. The reason for this development resulted from a significant delay in the High School project because of the discovery of asbestos. The original schedule would have allowed the use of the smaller crane because the GLX work scheduled at that time would not have interfered with the scheduled High School work. Councilor Rossetti stressed that she believed that the GLX should pay for any additional costs. Chair White asked whether the City could coordinate with the High School to work around the area in question to permit the use of the smaller crane. Mr. Rawson assured the Committee that the Administration has informed the T of the Committee's position that the City should not have

to pay for the larger crane and that the GLX is working with the city to avoid any additional costs.

RESULT:	WORK COMPLETED
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207077: That the Administration provide an updated cost for the proposed public safety building at 90 Washington Street, including fire equipment.

Ms. Connor stated that the anticipated cost is \$51 Million, assuming a ground breaking in the middle of 2020. No additional fire equipment will be necessary.

RESULT:	WORK COMPLETED
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207078: That the Administration detail how the parcel at 90 Washington Street will be used, and whether underground parking is possible.

RESULT:	WORK COMPLETED
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207079: That the Administration provide a realistic estimate of the value of the property at 90 Washington Street.

RESULT:	WORK COMPLETED
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207674: Requesting approval of the attached 2019 Local Election Calendar.

Mr. Salerno handed out the proposed election schedule which mirrors the 2015 schedule. Nomination papers will be available the first week in May, allowing approximately five weeks for signatures. Chair White questioned Mr. Salerno about whether the calendar was too front-end loaded in that it required potential candidates to decide early in the election cycle and whether a longer period had been used in the past. Mr. Salerno stated that this proposed calendar period had been used for a number of municipal elections in the past and that it provided more than sufficient time for candidates to obtain signatures. There were a few requested changes to the calendar to correct a typo relating to a date and to make clear that the campaign finance report deadlines only applied to school committee candidates because council and mayoral candidates file with the State Office of Campaign Finance.

RESULT:	APPROVED
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207665: That the City Auditor analyze the City's debt structure, including current and pending borrowing, borrowing requests that the City anticipates, and the anticipated cost of the new public safety building.

Chair White had filed this Motion because of his concern with the mounting debt that the City is incurring and contemplated for the future. Chair White stated that according to the latest handout, the City had \$303,596,045 in authorized debt. In addition, Chair White stated that the Public Safety projected cost of \$51 Million should be added. In addition, Chair White noted that the Administration was seeking a bond to hire a project manager for the City building rehabilitation plan for \$2,000,000. Chair White stated that if the Committee approved that

amount then it would be logical to approve the funding for the project which the project manager will oversee. The estimated amount for that work is between \$46 to \$60 Million. Likewise, the City is seeking a \$1,000,000 bond to fund the design for the Union Square Streetscape and Plaza design. (item 10). The total construction costs for that project is estimated at \$29,000,000. Plus, there is a substantial amount of funding that the Administration will be seeking for the water and sewer upgrades. Chair White expressed a concern that from all of these items, it appeared that the Administration would be seeking funding that could amount to \$1/2 Billion. The information showing the projected annual costs for principal and interest payments on existing and approved debt indicates that this additional debt could result in annual interest and principal costs exceeding \$20 Million. Mr. Bean recognized this projected debt and informed the Committee that he will be meeting with the City's financial advisors to examine this debt, the anticipated principal and interest payments for this debt and related issues. Pres. Ballantyne questioned whether the projects are on schedule. Mr. Bean also informed the Committee that there will be additional property tax revenues from the anticipated development and from new revenue sources such as retail cannabis and Airbnb. Councilor McLaughlin stated his concerns that Airbnb and marijuana revenue may be lower than expected. As a result of this discussion, the item remains in Committee until such time as Mr. Bean has obtained the analysis from the City's financial advisors. The Chair cautioned about undertaking additional bonding requests until this report is received and discussed.

RESULT:

KEPT IN COMMITTEE

207521: Requesting an appropriation and authorization to borrow \$1,000,000.00 in a bond for the Union Square Streetscape & Plaza Design.

Mr. Rawson and Ms. Kirk, a new staff hire and Somerville resident, led the discussion. The bond is sought to fund about 25% , which would cover roadway and concept development for design for streetscape plaza, including public input. There is a schedule attached to this report for all of the anticipated costs for all of the phases for the entire redesign for Union Square. There are 7 phases and this request covers 6 of the 7 phases. The final 7th phase is Bow Street, which is anticipated to be addressed at a later time. The City projects that the overall cost for all of these 7 phases will be \$2.4M. The schedule also shows anticipated costs of construction. The total amount for both design and construction is appx. \$22, 000,000. With the Bow St. plaza, the total would be \$29,000,000. Councilor Ballantyne suggested that these items be included on the Capital Improvement Plan to add clarity to the documents. The Committee discussed the schedule and costs. Councilor Ewen-Campen stated that 60% of Union Square is off limits due to the current construction and that Webster Avenue is a nightmare and extremely unsafe. Additionally, he is concerned about Bow Street's scheduling at a later date and that currently there with no crosswalks and constant traffic issues. Mr. Raiche assured Councilor Ewen-Campen that those issues would be addressed in the near future and not be put off until the final plan is developed. The chair asked if there are additional items to be funded. Mr. Raiche stated he will come forward with a request for the water and sewer construction.

RESULT:

KEPT IN COMMITTEE

207528: Requesting the appropriation of \$408,102 from the ESCS Rehabilitation-Insurance Proceeds Account to the Debt Service-Principal on Long-Term Debt Account to fully fund

debt service in FY2019.

Items 207528 and 207529 were discussed together. Mr. Bean stated that the amounts for items 11, 12, 13, and 14 in the budget were less than the amounts actually needed so additional funding was necessary because of an error. There were also errors on the enterprise funds too. Because the East Somerville Community School project was closed, the City actually has funds from the insurance proceeds that remain, so they will be used to fund items 11 and 12.

RESULT:	APPROVED
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207529: Requesting the appropriation of \$289,510 from the ESCS Rehabilitation-Insurance Proceeds Account to the Debt Service-Interest on Long-Term Debt Account to fully fund debt service in FY2019.

Items 207528 and 207529 were discussed together.

RESULT:	APPROVED
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207531: Requesting the appropriation of \$77,620 from the Sewer Enterprise Fund Retained Earnings Account to the Sewer Enterprise Fund Debt Service Account in order to fully fund FY2019 Debt Service.

The reasons for this request and item 207532 are due to the same type of interest miscalculation discussed for items 207528 and 207529.

RESULT:	APPROVED
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207532: Requesting the appropriation of \$9,711 from the Water Enterprise Fund Retained Earnings Account to the Water Enterprise Fund Debt Service Account to fully fund FY2019 Debt Service.

RESULT:	APPROVED
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207608: Requesting an appropriation and authorization to borrow \$729,000 in a bond to reconstruct the Sacramento Street Underpass.

Mr. Raiche stated that this underpass near Star Market on Beacon Street needs repairs, lighting and is not ADA compliant. Members of the Committee agreed, with Councilors Ballantyne, Ewen-Campen and McLaughlin discussing their personal experiences with that underpass.

RESULT:	APPROVED
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207671: Requesting an appropriation and authorization to borrow \$2,000,000 in a bond for Owner's Project Manager professional services to support the renovation of various buildings recommended in the Building Master Plan.

Mr. Raiche stated that this is the first step in implementing the Building Master Plan. This Building Plan includes the 1895 High School building which will not be demolished and the repairs to City Hall. The Plan does not cover the Central Hill Campus plan, which will be the

redesign and construction of a new Central Hill plan that runs from the Library to City Hall. Councilor Rossetti stated that at the latest building committee for the high school, there was discussion about cutting some items from the High School Building project because of an overrun caused by the costs spend to deal with unanticipated asbestos. There was a proposal at that meeting to cut number of items from the High School Project in the amount of \$1.1 Million, such as landscaping and the use of pervious pavers because these items would be included in the work covered by the Building Master Plan and the Central Hill Campus Plan. it. Councilor Rossetti stated that she was not comfortable on voting on those cuts because there was no guarantee that the City Council would vote for the Building Master Plan because of the debt situation. The Committee discussed in detail the proposed expenditures for 1895 Building renovations, landscaping and planting. Chair White also pointed out that the Central Hill Campus Plan and anticipated costs had not been presented to the Council. Because of the bonding concerns that were already expressed by the Committee the item remains in Committee, pending the financial analysis on the bonding situation from the City's Financial analysts as discussed earlier.

RESULT:	KEPT IN COMMITTEE
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207672: Requesting an appropriation and authorization to borrow \$596,450 in a bond for the costs of installing a new boiler in City Hall.

Mr. Raiche and Mr. Nuzzo stated the heat for City Hall had been provided by a boiler that was located in the High School. With the demolition of the High School, City Hall needs a boiler so that City Hall can be heated in the winter. The original request for this boiler was anticipated to be \$767k but Mr. Bean found other funding sources which brought the cost down to \$596,450. Councilor Ballantyne asked Mr. Bean why the city should borrow instead of paying for this item. Mr. Bean stated a boiler is a capital asset but he may be able to find additional sources so that bonding may not be necessary. He will revisit this matter and submit a revised request.

RESULT:	KEPT IN COMMITTEE
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207673: Requesting acceptance of a \$16,000 grant with no new match required, from the MA Office of Public Safety and Security to the Police Department for traffic enforcement programs.

Councilor McLaughlin recused himself from this item.

Chief Fallon appeared before the committee. The funds would be used for overtime for the month of April, May for "Click it or Ticket it," and July through December for distracted drivers. Councilor Ballantyne inquired about Chapter 90 violation tickets that the City issues, and Chief Fallon stated that the City receives a certain percentage of that ticket revenue.

RESULT:	APPROVED
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Handouts:

- BondAuthorizations32619CityCouncil
- Supporting memo re ASQ Neighborhood Plan funding request 03222019 (with 207577)

- Proposed Election Calendar (with 207674)
- Aggregate Debt Service (with 207665)
- Debt Service Template 3262019 (with 207665)
- Union Sq Info (with 207521)