



# CITY OF SOMERVILLE, MASSACHUSETTS

## CLERK OF COMMITTEES

December 11, 2018  
REPORT OF THE FINANCE COMMITTEE

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

Others in attendance: Jill Lathan, Nicole Viele, Bill Shelton, Tom Galligani, Frank Wright, George Proakis, Eileen McGettigan, Candace Cooper, Annie Connor, Chief Fallon, Alan Inacio, Ed Bean, Tim Snyder and Brad Rawson.

The meeting started at 6:05 p.m. and ended at 9:15 p.m.

### 1. Approval of the November 14, 2018 Minutes

<b>RESULT:</b>	<b>ACCEPTED</b>
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**206896: That the Administration explain to this Board, in writing, how the recently-released US Treasury "Opportunity Zone" tax breaks will apply to the Union Square redevelopment, and whether this is expected to significantly increase the profit for the Union Square Master Developer.**

Alderman Ewen-Campen was the primary sponsor and he submitted four articles that discussed the implications of the tax code change and the substantial tax benefits to investors that could result from the change in law. Mr. Galligani described the process that Somerville followed. The State asked the City to designate 2 census tracts for identification as opportunity zones. The City initially looked at 7 census tracts and then narrowed it down to 2. The two opportunities zones encompass Assembly Square and the Ten Hills section to the Mystic River and Mystic Ave. and part of Union Square to Prospect St./Webster Ave. to Washington St. into Inner Belt and Boynton Yards. When asked by the Chair as why he had not submitted a written response as asked by the Order, Mr. Galligani said that at this point there was not much in the way of substantive analysis that he was able to locate. As a result, Mr. Galligani was unable

to respond to specific questions about the tax benefits that could flow to developers in Somerville. In response to a request by Ald. Niedergang, Mr. Galligani stated he would provide the Boar with a written response with more detail by the end of January. Chair White recommended that Mr. Galligani consult with the tax department of outside law firms that represent the City to see if they had prepared any analysis. Chair White stated that it likely was early in process in that the Internal Revenue Service had to enact regulations under the tax code to implement the law. Ald. Rossetti asked why the BOA was not informed about this program. The general consensus of the Committee was that if developers are going to receive additional tax benefits then the City should benefit by receiving additional benefits from developers.

<b>RESULT:</b>	<b>KEPT IN COMMITTEE</b>
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**204755: Requesting the transfer of a City-owned parcel (82-D-1) in the North Prospect Block to the Redevelopment Authority.**

Alderman Scott recused himself from this item.

Mr. Greg Karczewski, US2 president, read a statement that is attached to this item. The statement was regarding the Community Benefit Negotiations between US2 and the Union Square Neighborhood Council. In summary, the parties have met for 14 meetings, each of which has lasted for 90 minutes. . Ald. Rossetti asked Mr. Karczewski for a status on the MEPA process. US2 intends to submit the application in January 2019. After that, as part of the MEPA process, there is a period for public comments to which US2 must respond. Then the State reviews the application, comments and responses and decides whether additional responses are necessary and ultimately whether to issue a certificate that the project complies with MEPA. Ald. Mbah asked about location of parks in Union Square. Mr. Karczewski stated that US2 is negotiating with the Neighborhood Council about expanding a park on the D7 block and there will be a park in D1 block. He also talked about 90 units addressing the 3 different tiers of affordable housing. Members from the Neighborhood Council on the negotiation team appeared at the meeting to state they have been working with US2. The stated that in their view there is significant work ahead. The key areas for discussion are: housing, workforce development, outdoor civic space, sustainability and carbon neutrality. Their statement is attached to this item.

<b>RESULT:</b>	<b>KEPT IN COMMITTEE</b>
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**206099: City Solicitor submitting an Ordinance to replace Ordinance 5-32 regarding Fire Department salaries.**

Ms. Cooper stated that the Administration is beginning the process to hire a permanent fire chief. The city was told that that Civil Service was no longer offering the fire chief test and recommended that the City employ a Sole Designated Assessment Center. The City retained the Resource Management Association to serve. That Association recommended that the salary of the Fire Chief be decoupled from the firefighter's collective bargaining agreement and instead be set by a negotiated contract. Under the current ordinance, the Fire Chief receives double the salary of a private. Although this contract with the chief would be negotiated, the chief would retain civil service rights. The Board of Aldermen would be required to approve the contract, which cannot extend beyond five years. Because members had a number of questions, the item was kept in committee.

<b>RESULT:</b>	<b>KEPT IN COMMITTEE</b>
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**206245: Special Counsel submitting Notice of a Settlement in the matter of Prospect Iron v. the Somerville Redevelopment Authority.**

This item and item number 10 (#207086) were addressed together by Ms. McGettigan. This relates to the settlement of \$5 Million that the Somerville Redevelopment Authority made in a lawsuit brought by a property owner with regard to the value of his property that was taken as part of the Union Square Urban Renewal Plan. The City is obligated to pay this settlement amount and has been questioned by the judge as far as when the City would make payment. Interest is running on the \$5Million settlement. Under the Land Disposition Agreement between US2 and Redevelopment Authority, US2 is obligated to pay this amount in addition to other funds expended by the City and the Redevelopment Authority as part of the Urban Renewal Plan when US2 closes on its purchase of the property. The closing had been anticipated to take place prior to now and that US2 would have paid this settlement amount. Because of the delay caused by need for US2 to undergo the MEPA process, the closing has been delayed and the City must now pay the settlement. Members asked about the valuation process and why there was a substantial difference between the amount that the Redevelopment Authority paid the owner based on its appraisal versus the settlement amount. Part of the reason involved the method of valuation that the judge stated he would use if the case proceeded to trial.

<b>RESULT:</b>	<b>WORK COMPLETED</b>
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**206871: Requesting approval to pay a prior year invoices totaling \$176,891.54 using available funds in various DPW General Fund Accounts.**

Mr. Halloran appeared to answer questions about the prior year invoices in question. Members questioned various invoices and asked for additional information. The item was kept in committee, pending receipt of the requested information.

<b>RESULT:</b>	<b>KEPT IN COMMITTEE</b>
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**206968: Requesting the appropriation of \$450,000 from the Unreserved Fund Balance to the Law Department's Legal Services Account, to fund anticipated outside legal counsel invoices.**

The Chair motioned to go into Executive Session to discussion and all 8 BOA members voted in favor. They were Scott, Mbah, Rossetti, Niedergang, Ewen-Campen, Ballantyne, McLaughlin and White. Mr. Wright stated the reasons why the additional funds were needed in executive session as part of the litigation strategy discussion.

There were no votes taken in executive session.

<b>RESULT:</b>	<b>APPROVED</b>
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**206974: Requesting acceptance of a \$17,216 grant with no new match required, from the Office of Justice Programs to the Police Department for Active Shooter Response Training in schools and public buildings.**

Chief Fallon stated this is training for police department. Ald. Niedergang asked Chief Fallon to describe who in the public schools would be involved in this program. The Chief has been working with Mr. Mellilo of the School Department with regard to school lock down drills. Also, the Chief stated that he had not heard any concerns from parents on this matter.

<b>RESULT:</b>	<b>APPROVED</b>
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**205956: Requesting acceptance of a rapid deployment vehicle, ballistics helmets, and sunglasses from OEM, with no match required, for the Police Department's Special Response Team.**

Chief Fallon talked about the Mercedes Van and that it will be shared with nine communities as part of a regional federally funded security initiative that is divided between the nine communities each year. The Chief does not consider this to be the “militarization” of the police department as the van is not armored nor does it have any weapons.

<b>RESULT:</b>	<b>APPROVED</b>
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**207086: Requesting the appropriation of \$5,155,479.11 from the Unreserved Fund Balance ("Free Cash") to the Judgments & Settlements Account, to fund the settlement of Prospect Iron & Steel v. Somerville Redevelopment Authority.**

This item and item number 5 (#206245) were addressed together by Ms. McGettigan. Mr. Bean stated that there were only two options to pay the settlement; i.e. bonding or free cash. If a bond were floated, then the City would be required to pay interest over the life of the bond. As the City was recently certified to have \$14M in free cash, Mr. Bond thought that the use of free cash would incur less costs for the City.

<b>RESULT:</b>	<b>APPROVED</b>
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**207087: Requesting a supplemental appropriation of \$400,000 to the SPCD Transportation and Infrastructure Special Items Account in order to fund a temporary GLX construction detour shuttle service.**

Mr. Rawson heard from the Mayor and many members about the impact of the closing of two green line bridges, one in Ball Square and one in East Somerville. Mr. Rawson was asked the frequency of the shuttle bus and hours. There would be one bus and one driver Monday-Friday, 7 a.m. - 7 p.m. It would be free to the public without a need for an ID. The shuttle would run from Magoun Square to Powderhouse Boulevard, Cedar Street, College Avenue and Tufts to Pearl to McGrath. The BOA would like to see the written documentation for this service. Mr. Rawson said they received quotes from two vendors. The service would start a couple of weeks before the bridges close. The bus would hold 10-12 people.

<b>RESULT:</b>	<b>APPROVED</b>
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**207090: Requesting to appropriate \$227,459 from excess FY19 Community Preservation Act Fund revenue to the Community Preservation Act Fund Budgeted Reserve.**

<b>RESULT:</b>	<b>APPROVED</b>
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**207091: Requesting the appropriation of \$162,439 from the Salary Contingency Account to various DPW School Custodian Personal Services Accounts to fund the FY2019 portion of the Agreement with the SEIU Local 3 School Custodians Union.**

The Chair motioned to go into Executive Session to discussion and all 8 BOA members voted in favor. They were Scott, Mbah, Rossetti, Niedergang, Ewen-Campen, Ballantyne, McLaughlin and White.

There were no votes taken in executive session.

<b>RESULT:</b>	<b>APPROVED</b>
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**207092: Requesting the appropriation of \$72,095 from the Salary and Wage Stabilization Fund to the DPW School Custodians Other Lump Sum Benefits Account to fund the FY2018 portion of the agreement with the SEIU Local 3 School Custodians Union.**

<b>RESULT:</b>	<b>APPROVED</b>
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**207093: Requesting approval to appropriate \$33,102 from the Capital Stabilization Fund for the purchase of gym equipment.**

Ms. Lathan and Ms. Viele talked about an alternate student athletic center at the ice skating rink to house this equipment during the high school construction, when the existing facility would not be available. Students would use the space and equipment for strength and conditioning. The space could also be used by members of the community. Parks and Recreation would run the facilities. Students could leave school during the day to work out. A bus would be provided for students. The BOA asked how many students would take advantage of the work out facilities. Ald. Scott asked for the size of the weight room. He has concerns about the equipment fitting in the room Ald. Scott also had concerns of using the equipment safely and whether there would be supervision. The BOA asked for the schematic design of the center because the fitness dealer selling the equipment was the person responsible for recommending the number of pieces of equipment for purchase and placement in the room. The Committee was assured that there would be supervision and that liability forms would be completed by those who would like to use the equipment and space. All members agreed that more information is needed before approving this request.

<b>RESULT:</b>	<b>KEPT IN COMMITTEE</b>
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**207094: Requesting the transfer of \$644,489 from the CPA Fund Undesignated Fund Balance to various Reserve Accounts for certain CPA projects and expenses.**

<b>RESULT:</b>	<b>APPROVED</b>
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**207095: Requesting the transfer of \$193,340 from the CPA Fund Budgeted Reserve to various Reserve Accounts for certain CPA projects and expenses.**

<b>RESULT:</b>	<b>APPROVED</b>
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**207123: City Solicitor requesting that the Finance Committee convene in Executive Session to discuss litigation strategy re: #206968 (an appropriation of \$450,000 to the Legal Services Account for outside counsel), and to provide an update on collective bargaining.**

The Chair motioned to go into Executive Session to first discuss litigation strategy which was unanimously approved by a roll call vote. Ald. McLaughlin recused himself. Later in the meeting, the Chair then moved to go into executive session to discuss the second part of the request to address collective bargaining, which was unanimously approved on a roll call vote.

There were no votes taken in executive session.

<b>RESULT:</b>	<b>WORK COMPLETED</b>
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## **COMMITTEE MEETING HANDOUTS**

1. Economist-OZ-Boondoggle
2. Economist-The biggest tax cut you've never heard of
3. FinancialTimes-Opportunity knocks in the US for rundown areas
4. WSJ-New 'Opportunity Zone' Tax-Break Rules
5. OZ questions from Ald Ewen-Campen