



CITY OF SOMERVILLE, MASSACHUSETTS

CLERK OF COMMITTEES

April 10, 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	

Others present: Alderman Mark Niedergang, Tom Galligani - OSPCD, Alan Inacio - OSPCD, Ed Bean - Finance, Frank Golden - Assessing, Michael Bertino - Treasury, Chief David Fallon - SPD, Nick Schonberger - OSPCD, Angela Allen - Purchasing, Scott Heyman - SCC, Greg Jenkins - SAC, Rachel Strutt - SAC, Charles Breen - SFD, Brad Rawson - OSPCD, Heidi Burbridge - OSPCD, Kristen Stelljes - SCPA/SomerStat, Annie Connor - Legislative Liaison, Charles Sillari - Clerk of Committees.

The meeting took place in the Committee Room and was called to order at 6:03 PM by Chairman White and adjourned at 8:31 PM.

Approval of the March 20, 2018 Minutes

RESULT:	ACCEPTED
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205380: Requesting authorization to borrow \$6,000,000 in a bond, and appropriate the same amount for the acquisition of affordable housing through the 100 Homes project, with debt payments to be funded through CPA revenue.

The committee discussed the 100 Homes project and the Affordable Housing Trust Fund.

Ald. McLaughlin queried the amount of homes currently secured in the program. He specifically expressed concern about a home on Illinois Avenue that is in need of repair.

There have been 45 units secured under the program thus far. The renovation of the properties was discussed as well as the projects' funding sources.

Ald. White requested information about the proposed bond including the details of the floating of the bond and the terms of the agreement with the 100 Homes project. The payment of the proposed bond will be paid for with the CPA funds. The bond will be a 30 year bond.

The legislation and the guidance of the Massachusetts DOR was discussed.

Ald. Rossetti queried the amount of CPA funds being used for affordable housing and open space. Forty-five (45%) percent of the funds are allocated for affordable housing and Fifteen (15%) percent for open space. Additional data will be provided to the committee from the CPA trust.

Ald. White requested additional information on the item considering the request is for such a large amount of money. In response, additional information was verbally given, including the amount of CPA funds used to date. Alderman White then asked Ms. Stelljes to provide the members of the Board with the written materials that respond to the issues raised by the members. The committee and Scott Heyman from the SCC discussed the manner in which the SCC funded the purchase of the properties. The combined use of loans, grants and CPA funds are all ways used fund the purchase and renovation of the properties in the program. The average cost of the subsidy per unit from the CPA is approximately \$173,000.00.

The proposed use of the bond funds were discussed. The \$6 million bond will retire an SCC bridge loan with East Boston Savings Bank in the amount of \$4.5 million that was used to acquire 25 units. The remaining funds will be used to acquire another 9 units.

Specific instances of people being helped were discussed..

Ald. White expressed concern over the cost of \$6,000,000 for 34 units. That equates to \$1.8 million for a triple decker which seems high despite the rising costs of real estate. He wants to support this item, but requested additional information.

Alderman White also questioned Mr. Heyman about the rent collected from tenants in the program by the SCC and whether an profit was generated by the SCC after payment of debt service and property expenses. Mr. Heyman assured the committee that any additional funds are placed in a reserve for the maintenance of the properties and that no surplus was generated that went to the SCC. Ald. White stated that it was important for folks to understand the funding and that the SCC did not use the program to generate any profits.

The recent increase in real estate prices were discussed and how those prices impact the program. Interest rates and their impact on the program were also discussed. There is a great deal of competition amongst the buyers due to developers ability to buy fast and with cash.

Ald. Ballantyne queried the use of the funds over time.

Most of the property being purchased is in East Somerville and Winter Hill. The condition of the current housing stock in Somerville requires a great deal of renovation.

The Affordable Housing Trust fund received \$1.2 million this year and approximately \$1 million last year from the CPA funds.

Ald. Ewen-Campen supports the item, but agrees that he would like to see more information submitted to the committee.

Ald. Ballantyne has a request submitted to follow the FRIT waiver and would like to know when the city will be getting installments paid. She also wants to know when the city will be getting linkage payments.

Motion by Ald. Ballantyne that the committee receives a report from the administration regarding when the city will be receiving payment installments from FRIT regarding the affordable housing waiver- Approved

Ald. Rossetti asked how much of the bond being requested will be used towards administrative fees. She also expressed concern about the way the funds are being budgeted by the trust.

The payment of the bond debt service was discussed.

The committee discussed the urgency of this matter and some people feel that the housing situation in the city is in crisis.

Ald. Rossetti stated that many constituents feel that the open space issue isn't receiving enough of the CPA funds.

\$6.1 million from CPA funds have been used for 78 units thus far.

RESULT:	APPROVED
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205382: Requesting approval to lease a space at 337 Somerville Ave (aka Bow Market) for the Arts Council's Nibble program.

Rachel Strutt and Greg Jenkins discussed the details of the lease for the proposed Nibble space. It has been reviewed by the City Solicitor. They gave an overview of what the Nibble program is about and how it benefits Somerville. They explained how food relates to art. The program helps people of lower economic levels. The growth of Nibble was discussed. The ways in which Nibble serves the community was discussed. Examples of the successes and challenges of Nibble were given to the committee. The space will be a co-working space and allow people to start businesses who otherwise may not be able to afford it.

Residents who have benefited from the Nibble program spoke about their experiences.

The committee discussed possible expenses and income at the proposed Nibble space.

RESULT:	APPROVED
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205304: Requesting acceptance of a \$60,000 grant with no new match required, from the MA Office of Public Safety & Security to the Fire Department for Fire Dept. staffing costs.

RESULT:

APPROVED

205036: Requesting the acceptance of a grant of \$38,000 from the MA Office of Public Safety for Police Department staffing.

RESULT:

APPROVED

205213: Requesting approval to create the 259 McGrath Stabilization fund and accept a payment to the Fund of \$3,500.

RESULT:

APPROVED

205381: Requesting approval to appropriate \$49,495 from the Traffic Safety Stabilization Fund for the Somerville High School Phase II parking study.

RESULT:

APPROVED

199297: That the Administration implement a PILOT program to promote partnerships with major local non-profit institutions for fair-value voluntary PILOTs.

Frank Golden explained what the Boston methodology is and how it can be utilized in Somerville. He will provide the committee with information on what Partners would be paying to the city if they were not a non-profit organization. In Boston all institutions with a value of \$15 million are asked to participate in the PILOT. Boston asks that such institutions pay %25 of what their tax payments would be if they were not tax exempt. Boston also may reduce that 25% amount by 50% in exchange for the value of community benefits provided by the non-profit.

Mr. Bean said that the Boston methodology was adopted after the City's PILOT negotiation with Tufts in 2012. The city looked at all of the Tufts property then. It will be re-evaluated since the property values have increased significantly.

Ald. Ballantyne queried what community type benefits that Tufts has provided to Somerville.

There have been scholarships and field usage included in the benefits provided to the community by Tufts.

The city has hired a consultant to assist it in negotiations with Tufts because of the benefits that a consultant that is experienced in pilots with educational institutions would provide the City.

The city and the consultant are looking at various colleges to see what other municipalities are doing.

Ald. Rossetti requested info on the cost of the consultant. She also mentioned a group of concerned citizens that are already working on getting community benefits from Tufts. Somerville residents and Medford residents are joining together to work with Tufts.

The Committee requested information on the value of property owned by Tufts and Partners Health and how much the city would be receiving in taxes if the ownership entities were not tax exempt.

RESULT:	KEPT IN COMMITTEE
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200593: That this Board discuss the two reports received from the Fire and Police Departments of tax exempt facilities and services rendered over a two year span.

RESULT:	WORK COMPLETED
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201740: Proposing an ordinance relative to a mid-fiscal year report of municipal finances, with next-fiscal year budget projections.

RESULT:	KEPT IN COMMITTEE
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202971: Green Cab requesting a waiver of Taxi Medallion fees.

The administration has been working on an agreement with Green Cab for this waiver and report to the Board prior to the beginning of the budget process.

RESULT:	KEPT IN COMMITTEE
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203230: That the City Solicitor advise this Board whether the city may restrict financial institutions from participating in city borrowing based on their business activities, and whether the city may engage in a negotiated underwriting process with a pre-selected lending institution under certain circumstances.

RESULT:	KEPT IN COMMITTEE
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203395: That the Administration consider a veterans' exemption on fees related to the Community Preservation Act.

RESULT:	WORK COMPLETED
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203448: That the City Assessor and Finance Director provide revenue comparisons for real estate and other taxes received, for a hotel vs. a commercial building of comparable size.

Frank Golden will provide the committee with detailed information in writing. He discussed the Marriott hotel going into Assembly Row and it will be valued at about \$35 million and bring in between \$88k to \$1 million in revenue to the city.

RESULT:	KEPT IN COMMITTEE
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203587: That the Director of Purchasing provide a written review for this Board on the implementation of the Living Wage Ordinance, including the current hourly rate and its

use in city agreements.

Angela Allen stated that the Living Wage ordinance is triggered for all city service contracts of \$10k or more. She stated that she is unaware of any complaints filed for violations of the ordinance since its inception. Contractors must certify that they will abide by the ordinance.

Ald. White discussed with Ms. Allen how the living wage is set and adjusted over time.

Ald. Rossetti asked for the difference between prevailing wages and the living wage. Ms. Allen explained who is covered by the living wage ordinance and by prevailing wages. The living wage must be paid by contractors that provide services to the City.

Prevailing Wages apply to certain contracts governed by federal and state law, such as construction contracts. Compliance for the prevailing wage is included in a contract that goes out to bid. Bidders must acknowledge that they understand what the requirements of the contract are and then the contracts are reviewed by the City for compliance with payment of prevailing wages.

Ald. Niedergang requested information on the prevailing wage used for the Russell Disposal trash hauling contract.

Ald. Ewen-Campen said he saw a documentary where private trash collectors violate human rights and take advantage of undocumented individuals. He would like to know more about private trash collection.

Motion by Ald. White that the director of purchasing provide a financial analysis to this Board on the cost to the city if the living wage were raised to \$15.00 per hour and that the administration review the inflation adjuster to determine if a more appropriate number can be used-Approved (This item should get a separate item number and be referred back to finance)

RESULT: WORK COMPLETED

203740: That the Grant Manager report to this Board by October 15, 2017 on progress in supporting SomerPromise.

Annie Connor provided the committee with an update explaining that there is a need for an independent grant writer. The committee discussed how there have been changes in the SomerPromise program.

RESULT: WORK COMPLETED

203741: That the Director of Personnel implement bi-weekly payroll for all employees.

RESULT: PLACED ON FILE

203742: That the Fleet Manager provide a 2017 mid-year report of all services provided by the Fleet Management Department, and the expenses to date in each of its line items.

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

RESULT:	KEPT IN COMMITTEE
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204491: That the Administration consider increasing permit fees to cover the cost of a new position to oversee street reconstruction and utility work.

RESULT:	WORK COMPLETED
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204864: That the Administration consider a mid-year appropriation for additional traffic coordination or engineering staff to manage the many complex projects underway, communicate with residents and businesses, and carry out any possible immediate traffic calming using real-time data.

RESULT:	PLACED ON FILE
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203810: Director of Purchasing responding to #203587 re: the Living Wage Ordinance.

RESULT:	WORK COMPLETED
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204025: Asst. City Solicitor responding to #203230 re: restricting or pre-selecting financial institutions for city borrowing.

RESULT:	KEPT IN COMMITTEE
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Handout:

- Bow Market Info (with 205382)