



CITY OF SOMERVILLE, MASSACHUSETTS CLERK OF COMMITTEES

February 11, 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, Councilor Jesse Clingan, Tom Galligani - OSPCD, Frank Wright - Law, Eileen McGettigan - Law, Ed Bean - Finance, Denise Taylor - Communication, Chief David Fallon - SPD, Annie Connor - Legislative Liaison, Rositha Durham - Clerk of Committees.

The meeting took place in the Committee Room and was called to order at 6:00 PM by Chairman White and adjourned at 7:55 PM.

Approval of the January 22, 2019 Minutes

RESULT:	ACCEPTED
----------------	-----------------

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.

Mr. Galligani provided a slide presentation on Opportunity Zone (“OZ”) Update which will be posted on the city’s website. The slide presentation consisted of: Timelines, Zone Basics, Structure, Tax Benefits (most important), reinvested capital gain, and community strategies. Mr. Galligani stated that the biggest challenge for the City in utilizing the OZ benefits is how to benefit the community and provide value for investors. OZ will help developers attract more competitive capital to help finance development projects. The chair asked Mr. Galligani to identify specific parcels that could benefit from OZ. He replied that Boynton Yards, Ten Hills, Twin City Plaza, Brickbottom, Inner Belt and Assembly Square could benefit for OZ. The chair asked Mr. Galligani to work with Mr. Proakis to show on a map the possible areas in the City that could benefit from the OZ opportunity. Mr. Galligani informed the Committee that under

the OZ law, there was no requirement for developers using OZ benefits to inform the City. Chair White asked Mr. Galligani to consult with George Proakis about including in the City's proposed zoning a provision that developers seeking a special permit that are using OZ to fund the project, provide information on OZ funding as part of the application project. Because the Target site is included in an OZ area, Chair White asked Mr. Mr. Galligani if he had seen or discussed with the owners of the Target when the Target lease expired, because the Target site had great potential for transit oriented development. The chair asked that any information with regard to the lease be communicated to the City Council. The Chair stated that he would schedule the item for further discussion in two months as it is likely that the internal revenue service regulations on OZs should be finalized, which would provide further information on how OZs would operate.

RESULT:

KEPT IN COMMITTEE

207447: That the Administration appear before this Board to discuss ways the City and Union Square Master Developer can support the 300+ employees of Royal Hospitality Services, in light of Union Square redevelopment.

Councilors Ewen-Campen and Scott were contacted by representatives from employees who worked at Royal Hospitality Services and were concerned about the future of the company with regard to its location and the impact of the Urban Renewal Plan on the property. Several employees from Royal Hospitality Services attended the meeting and two representatives spoke. The speakers informed the committee that 150 out of 300 employees are residents of Somerville and the employees asked for the city's assistance in keeping this company in Somerville. The concern of the employees was that they would not be able to stay in Somerville if the company had to move. Their children attend Somerville schools they all depend on their jobs with this company.

Mr. Galligani stated that he heard about the employee concerns a couple of weeks ago. In 2009, in order to obtain City approval to expand the building, the owner agreed to extend its lease with Royal White with the understanding that the property would not be developed until the Green Line Extension was built. Based on this agreement, the Royal White lease will expire the end of 2022 with two one year extensions. Therefore, Royal White would be entitled to remain in the building until 2024. Mr. Galligani will send a communication to all Council members with this information. Mr. Galligani stated that there is no eminent domain proceedings with regard to the property. Additionally, US2 has not purchased the property, nor have they talked to the current owners. Therefore, it appears that Royal White has the right to remain in the building upto 2024. Mr. Galligani also stated that the City would work with Royal White to assist them in locating a site in the City when the time came.

RESULT:

WORK COMPLETED

204755: Requesting the transfer of a City-owned parcel (82-D-1) in the North Prospect Block to the Redevelopment Authority.

Ms. Connors provided an update that US2 filed a MEPA application on 1/15/19. Comments are due 2/22 and that a draft certificate may be issued in March and the MEPA process would continue based on the comments. The Chair asked if US2 had made any announcements about their partner for the development of the D2 parcel and Mr. Galligani responded that he was not

aware of any announcements. Councilor Ewen-Campen stated that at a recent meeting of the Somerville Redevelopment Authority, of which Councilor Ewen-Campen is a member, US2 had informed the SRA that US2 did have a partner but was not in a position to publicly announce the name of that partner.

RESULT:	KEPT IN COMMITTEE
----------------	--------------------------

207195: Requesting approval to create the Open Space Acquisition and Improvements Stabilization Fund for the purpose of acquiring and/or developing open space.

This request is to approve the Stabilization Fund first so that when funds become available they can be deposited in the Fund.

RESULT:	APPROVED
----------------	-----------------

207333: Requesting the acceptance of MGL c64G s3A, imposing a 6% local excise tax on a bed and breakfast, hotel, lodging house, short-term rental ,or motel.

Mr. Wright stated that according to DOR it is was not necessary to accept 3a.

RESULT:	PLACED ON FILE
----------------	-----------------------

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 stated that according to DOR this only applies to short term rentals and recommends revising to delete bed & breakfast, hotel and lodging house. This statute applies to short term rentals for owners who have 4 units or more and it is questionable whether these types of rentals would be permitted under the proposed ordinance Mr. Wright will consult with the planning staff at to whether these types of short-term rentals would even be permitted under the proposed ordinance.

RESULT:	KEPT IN COMMITTEE
----------------	--------------------------

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.

Councilor Hirsch had requested financial information on this matter and Ms. Connor is working with SomerStat to provide the answers to Councilor Hirsch. The new statute will go into effect on July 1st and a community has until June 1, 2019 to adopt it in order for it to be effective for fiscal 2020. The item was kept in committee pending the receipt of the information requested.

RESULT:	KEPT IN COMMITTEE
----------------	--------------------------

204888: That the Director of Parks and Recreation and the Director of Finance report to this Board how much money was spent per year on girls' programs and boys' programs during FY16, FY17 and FY18 to date.

RESULT:	KEPT IN COMMITTEE
----------------	--------------------------

205109: That the Administration and Director of Parks and Recreation develop a financial policy for programming for persons under 18 years of age that ensures gender equity when using public funds.

RESULT:	KEPT IN COMMITTEE
----------------	--------------------------

206827: Director of Parks & Recreation responding to #205109 re: a policy for gender equity for programs serving persons under 18.

RESULT:	KEPT IN COMMITTEE
----------------	--------------------------

204989: That the Administration provide an update on the "DIF for Affordable Housing" plan identified as one of the Mayor's goals for the upcoming year.

Ms. Connor stated that Mr. Proakis will speak on this matter at the next meeting.

RESULT:	KEPT IN COMMITTEE
----------------	--------------------------

205076: That the Administration appropriate funds to contract a community organization to provide free or low-cost legal services on immigration and naturalization issues to immigrants living in Somerville.

Councilor Rossetti recused herself.

Ms. Taylor stated that she had found that 9 other cities in the country provided such assistance. She stated that the Administration is in full support of this order and that they are in the process of presenting a request to the Board. She stated that the City is currently referring individuals to attorneys providing pro bono legal services and that in 2017, approximately 1,200 people were connected with legal support while in 2018, approximately 1,400 people were so connected. However, the point has been reached where funding is necessary. Councilor Ballantyne suggested that when the Administration presents this funding request, they provide details and information to show that there are no redundancies and that there is coordination with the social service agencies currently providing assistance. Ms. Taylor stated that the funding would not be sought to hire internally but to provide assistance to local non-profits.

RESULT:	WORK COMPLETED
----------------	-----------------------

205478: That the Director of Purchasing, with the Administration, provide this Board with an analysis of the cost of raising the living wage to \$15.00 per hour, and determine if a more appropriate inflation adjuster may be used.

Mr. Mastrobuoni could not attend tonight's meeting to provide the Committee with the requested information. Ms. Connor will send the information to all members. See attached document. The purchasing director had provided some information in the past on this matter. The Chair stated that it was his intention to schedule this item for further discussion in the near future to obtain the financial information.

RESULT:

KEPT IN COMMITTEE

205663: That the Administration consider adopting MGL c58 s8(c), which would allow the city to abate a portion of outstanding property taxes to create affordable housing.

Mr. Bean spoke to the chief assessor, Fank Golden, and will schedule a meeting with the Board of Assessors on this item. After that meeting, Mr. Golden will discuss it with the Committee. He stated that only the City of Lynn uses MGL c58 s8(c).

RESULT:

KEPT IN COMMITTEE

206162: Director of SPCD responding to #204982 re: possible financial incentives and a community benefits agreement in the city's Amazon bid.

RESULT:

PLACED ON FILE

206164: That, pursuant to Ordinance 2-121, this Board authorizes and requires the employment of other counsel to issue legal opinion and assist in resolving the questions of the Confirmation of Appointments and Personnel Matters Committee around sequencing of appointments and confirmation, and on release of requested information from the Administration for consideration by the Committee.

This item will be discussed as committee of the whole so that Councilor Scott can participate in the discussion.

RESULT:

KEPT IN COMMITTEE

207080: That the Administration present this Board's Committee on Finance with the preliminary test results for the ballfield at Conway Park, and, if existent, the remaining unopened portions of Conway Playground.

Ms. Connor stated that the test results were provided on 1/10/19 and additional updates will be available early next week. The chair asked Ms. Connor to send the update as an official communication that can be referred to the Finance Committee.

RESULT:

KEPT IN COMMITTEE

207198: Requesting the appropriation of \$25,000 from Unreserved Fund Balance ("Free Cash") to the Communications and Community Engagement Department Ordinary Maintenance Account to fund the citizenship efforts of the SomerViva Office of Immigrant Affairs.

Councilor Rossetti recused herself.

The Administration asked to withdraw this item because of current staffing issues and the need to integrate this item with their response to the similar item 205076. As a result, it was placed on file.

RESULT:	PLACED ON FILE
----------------	-----------------------

206003: Requesting approval of an Order of Taking for 90 Washington Street.

Because of the change to the SRA taking the property in connection with it being a “Demonstration Project,” a new taking order will be submitted to the City Council. As a result, the item was PLACED ON FILE

RESULT:	PLACED ON FILE
----------------	-----------------------

206004: Requesting an appropriation and authorization to borrow \$8,745,000 in a bond to purchase land by eminent domain.

RESULT:	KEPT IN COMMITTEE
----------------	--------------------------

206005: Requesting an appropriation and authorization to borrow \$1,860,000 in a bond for new Public Safety Building design, architectural, engineering, and owner's and contractual project management services.

RESULT:	KEPT IN COMMITTEE
----------------	--------------------------

207343: Director of SPCD conveying the draft Memorandum of Agreement with the Redevelopment Authority for 90 Washington Street.

The chair had asked the members to review the documents prior to tonight’s meeting. In addition to changing the name Board of Aldermen with City Council, there was one change made by the SRA to the original draft. Please see attached draft. The Committee approved the draft as amended and the chair asked that the amended version be formally submitted at Thursday night’s City Council meeting for adoption.

RESULT:	APPROVED AS AMENDED
----------------	----------------------------

207344: Director of SPCD conveying the draft Demonstration Project Plan for 90 Washington Street.

Chair White received an email from Attorney McLaughlin just before the committee meeting. The chair will forward the email to the city clerk, special counsel and city councilors. The chair read the email to the committee, with the attorney stating his client is opposed to the taking of the property and questioned its validity as a demonstration project. The committee will discuss the email in a future meeting. Because the appraisal for 90 Washington Street is good until 3/18/19, the Administration requested a vote on the matter before the deadline. The chair proposed having a Committee of the Whole to discuss the bond. Special counsel is working with the bond counsel for the correct language.

RESULT:	APPROVED AS AMENDED
----------------	----------------------------

207395: Requesting the acceptance of a grant of \$74,542 from the MA Office of Public

Safety for Police Department staffing.

Councilor McLaughlin recused himself from this item.

There is no match required for this grant. It will be used to fund salaries for officers in the bike unit, which will especially be useful in working with the community on issues with bridge closures. The SPD has received this grant annually. Last year, the SPD received \$30k, which was used for community policing and Assembly Row policing.

RESULT:	APPROVED
----------------	-----------------

207454: Requesting an appropriation and authorization to borrow \$442,235 in a bond for Water Department vehicles.

Mr. Deluca discussed the reasons why his department needed a new large dump truck and backhoe. Ms. Connors from the Mayor’s office provided debt services in connection with the bonds. See attached sheet. This document had been previously requested by the President and city councilors to be sent at least a day prior to the meeting. Councilor Rossetti asked why should the money be bonded when there appears to be enough funds in the enterprise fund retained earnings to purchase the equipment outright. Mr. Bean stated that because of the life of the equipment, traditionally long-term assets like the ones requested are bonded. The Enterprise fund would pay for the principal and interest on the bond. Also, Mr. Bean stressed the need to build retained earnings because of the large scale infrastructure improvements that the City requires. The goal is to use the reserves in the future to reduce the amount of bonding that will be necessary for these improvements.

Voice vote, Councilors Rossetti and McLaughlin voted against, with a 3 to 2 vote.

RESULT:	APPROVED
----------------	-----------------

207455: Requesting the appropriation of \$71,865 from the Sewer Enterprise Retained Earnings Account to the Capital Outlay-Vehicles-Sewer Enterprise Account, to purchase vehicles and accessories for the Water & Sewer Departments.

RESULT:	APPROVED
----------------	-----------------

207456: Requesting the appropriation of \$33,819 from the Water Enterprise Retained Earnings Account to the Capital Outlay-Vehicles-Water Enterprise Account, to purchase vehicles and accessories for the Water & Sewer Departments.

RESULT:	APPROVED
----------------	-----------------

Handouts:

- Opportunity Zone Update (with 206896)
- Royal Hospitality Info (with 207447)
- Living Wage Comparison (with 205478)
- Draft Memorandum - revised (with 207343)

- Debt Data (with 207454)