



**CITY OF SOMERVILLE, MASSACHUSETTS
CLERK OF COMMITTEES**

December 7, 2021
REPORT OF THE FINANCE COMMITTEE

Attendee Name	Title	Status	Arrived
Jefferson Thomas ("J.T.") Scott	Chair	Present	
Katjana Ballantyne	Vice Chair	Present	
William A. White Jr.	City Councilor At Large	Present	
Mary Jo Rossetti	City Councilor at Large	Absent	
Wilfred N. Mbah	City Councilor at Large	Present	

Others present: Hannah Carrillo-Mayor's Office, Lauren Racaniello-Mayor's Office, Ed Bean-Auditor/Finance, Tom Galligani-OSPCD, George Proakis-OSPCD, Jill Lathan-DPW, Eric Weisman-DPW, Ben Bloomenthal-DPW, Craig Seymour-RKG and Jahangir Akbar-RKG.

The meeting was held virtually and was called to order at 6:05 p.m. by Chairperson Scott and adjourned at 7:47 p.m.

Clarendon Hill DIF

212661: Requesting approval of the Clarendon Hill District Improvement Financing (DIF) Development Program.

Items 212661 and 212662 were discussed together.

Mr. Proakis provided background to ask for approval of a DIF district and set up DIF finance for development that will replace and improve the public housing. There are 216 public housing units on this site. There is a grant from MassWorks to adjust and change the roadway to make the park and roadway better. The city has made commitments to make this work to help the public housing side work. OSPCD is asking up to \$10M using this program called DIF. This site will become a tax producing site. This program will help stretch the city's affordable housing budget.

Mr. Galligani stated there are two votes this evening. The votes are for the approval of DIF along with certification from the city assessor certifying the boundaries and baseline, along with the DIF plan which is an 8-page document describing the DIF district. Additionally, how much borrowing and revenue will be in order to pay off the bond.

Mr. Proakis talked about using the DIF which was originally \$6M and is now \$10M due to increased costs of construction.

Mr. Galligani introduced two consultants from RKG, Craig Seymour and Jahangir Akbar.

Mr. Seymour, senior advisor, stated he has been working with DIF around the Commonwealth and with the City of Somerville over the last several years.

Mr. Akbar from RKG, shared slides detailing the purpose of the DIF funds and how it could be used to offset future infrastructure costs. See attached slides. He stated that DIF program is regulated at the local level through a community's legislative body. Examples of DIF use: Assembly Square, Union Square, Downtown Quincy and City Square in Worcester.

Councilor White asked and it was confirmed that all funds will flow through the general funds.

Councilor Mbah asked why isn't there another alternative to subsidize affordable housing. Mr. Proakis stated there are other different ways and this tool allows flexibility for borrowing without tapping into funds from affordable housing.

Chair Scott asked about the 5-year BAN and how much flexibility in terms of time line. Mr. Proakis stated there are some financing risk, but he is confident that the phases will occur on time. Mr. Galligani stated the city does not need to release the money until it's ready and can spread out the money as needed. He also stated there's a pending agreement with the housing authority and developers which has not been signed yet. Mr. Proakis does not believe there is a specific agreement in place. The city will have to get into an agreement with the housing authority with understanding of how the DIF can be used.

Councilor Ballantyne stated there were 11 community meetings over two-year period, as well as ZBA meetings.

RESULT:

APPROVED

212662: Requesting approval of Clarendon Hill District Improvement Financing (DIF) Development District.

Items 212661 and 212662 were discussed together.

RESULT:

APPROVED

DPW Invoices

212624: Requesting approval to pay prior year invoices totaling \$1,096,778.31 using available funds in the Buildings Division for outstanding Electricity and Natural Gas charges.

Ms. Lathan and new F&A director Ben Bloomenthal led the discussion on these items.

Mr. Bloomenthal requesting approval of payment for prior invoices using available funds from building budget. The outstanding invoices are result of prior internal control issues. They have implemented new policies for paying bills. They will be monitoring the usage very closely.

Mr. Bloomenthal stated they were only made aware of the expenditures recently. They did not receive the invoices on a timely basis due to how they were sent to DPW. Some of the invoices came in to the accounting department, via email or in the mail. They have implemented systems for specific individuals who are working on different parts of the business to ensure that the city is current on all the bills.

The chair stated the FY21 electricity budget was \$2.9M. He shared a copy of the invoices that do not show any dates. Mr. Bloomenthal stated the invoices cover the entire FY21 and DPW was just made aware of the outstanding invoices. Mr. Bean stated if the invoices were not paid then they were not encumbered. The funds would go back into general funds at the end of the year. Chair Scott asked Mr. Bean to go back and look at period 13 in FY 21 budget. Ms. Lathan stated that DPW was significantly down in administrative staff. The chair asked what is the city's expenditures of YTD for natural gases. Mr. Bloomenthal will provide that information to the chair tomorrow. The chair stated that the city's current years electricity line total is \$2.5M. Mr. Bean stated supplemental funds would be the last resort, with internal transfers would be the first take on funding the outstanding invoices.

Councilor White expressed concerns and stated it would have to be internal transfer to pay the outstanding invoices.

Chair Scott is concerned with the outstanding funds and how this will impact DPW's ability to deliver services to the city. He will meet with Mr. Bloomenthal over the break.

Councilor Mbah asked if DPW is expecting to receive additional outstanding invoices.

RESULT:	DISCHARGED W/NO RECOMMENDATION
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212625: Requesting approval to pay prior year invoices totaling \$23,379.67 from various DPW Divisions as listed below and attached.

Mr. Bloomenthal stated for items associated with fleet and sanitation are invoices turned in late and missing prior year close. They do have the capacity to cover the costs and to turn in the invoices on time.

RESULT:	DISCHARGED W/NO RECOMMENDATION
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212628: Requesting approval of a 1 Year Extension for the Dagle Electrical Contract

Mr. Weisman stated they have a contract with Dagle to support maintenance and repairs of street lights and the contract ended August 31, 2021. They are looking to secure another contract and will go out to bid. There is \$50k in unspent funds left in the 3rd year of the contract. This extension would be in place until another contract is in place

RESULT:	APPROVED
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212699: Requesting approval to pay a prior year invoice totaling \$63,474.53 using available funds in the DPW Department from various Admin, Fleet, Buildings, Sanitation, and Highway accounts.

Mr. Bloomenthal stated that \$35,000 in invoices are for COVID mitigation which will come from the COVID funds, not general funds. Mr. Bean stated the order should be revised for the correct amount. Ms. Lathan stated there are some time sensitive items that need to pay soon.

RESULT:	DISCHARGED W/NO RECOMMENDATION
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HP Receipts

212400: That the Director of Finance and the Treasurer create a separate revenue account for deposit of all funds received from handicapped parking violations, and allocate said funds to the Commission for Persons with Disabilities, as authorized under MGL.

Councilor White stated he is all set and it has been explained. The fund has been established.

RESULT:	WORK COMPLETED
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Reference Material:

- Clarendon Hill DIF Program (with 212661)
- CLARENDON HILL DIF Assessors Certification (with 212662)
- 2021-12-07_Clarendon DIF Presentation (with 212661, 212662)