



CITY OF SOMERVILLE, MASSACHUSETTS
Office of Strategic Planning and Community Development
JOSEPH A. CURTATONE, MAYOR

MEMORANDUM

Office of the Executive Director

MEMORANDUM

TO: Mayor Joseph A. Curtatone

FROM: George Proakis, Acting Executive Director

DATE: October 27, 2011

SUBJECT: Appropriation of a \$100,000 Mitigation Payment from IKEA
The Establishment of a Workforce Program Stabilization Fund
The Acceptance Of Six Computer Kiosks from IKEA

The Office of Strategic Planning and Community Development (OSPCD) respectfully recommends that you request the Board of Alderman establish a stabilization fund for a one hundred thousand (\$100,000) mitigation payment from IKEA, Inc, per the IKEA/City Local Hiring Agreement (“Agreement”) dated January 17, 2008. Also, OSPCD recommends that the Board of Alderman appropriate the IKEA mitigation payment to the Stabilization Fund and accept the donation of six computer kiosks per the same Local Hiring Agreement.

BACKGROUND

The U.S. Department of Housing and Urban Development (HUD) has implemented low to moderate income job creation requirements in conjunction with the federal funds allocated for the development of the Assembly Square area. To help meet these requirements, the City of Somerville (City) and IKEA signed a Local Hiring Agreement (“Agreement”) on January 17, 2008 aimed at providing workforce programs for Somerville residents. The Agreement is included herein for your reference.

The Agreement provides residents of the East Somerville Neighborhood Revitalization Strategy Area (ESNRSA) first opportunity at jobs created by the opening of the Somerville IKEA expected to open in the spring of 2010. The Somerville IKEA represents 340,000sqft of new retail space and is estimated to bring online ~500 new full-time-employee (FTE) jobs in sales, food service, warehouse, facilities maintenance, finance, administrative, interior and graphic design, logistics, customer service, and other supportive industries.

Recently, IKEA has expressed an interest in reaffirming their commitment to the development of a Somerville IKEA store in Assembly Square. IKEA understands the importance of this mitigation payment and is therefore contributing the \$100,000 mitigation payment early in good faith.

Additionally, IKEA is donating the six computer kiosks per the Agreement at this time although IKEA has yet to express the timing of construction. The six computer kiosks are suitable for internet access and shall be placed in locations that provide Somerville residents access to the IKEA online application. When appropriate, IKEA shall also train City staff and volunteers to assist applicants with the application website. These computers are considered a gift to the City and they may be permanently retained by the City. IKEA assumes no responsibility for the manner in which the computers may be used.

NEXT STEPS

Upon appropriation of the funds and acceptance of the computers, OSPCD will draft a Request for Proposal (RFP) that requests applications from qualified organization to maximize the use of these funds and computer kiosks through the development of recurrent workforce programs and services for Somerville residents.

RECOMMENDATION

It is recommended that the Board of Aldermen:

1. Establish a Stabilization Fund specifically designated for the Somerville Workforce Program.
2. Appropriate the \$100,000 Mitigation Payment from IKEA to the Somerville Workforce Training Stabilization Fund.
3. Accept six computer kiosks from IKEA.

Attachment: Local Hiring Agreement (January 17, 2008)