

City of Somerville FY25 Budget



City of Somerville, MA
Mayor Katjana Ballantyne



*Presented to
Somerville City Council*
May 30, 2024

Our values guide our budget

Our goal

Create a thriving and equitable Somerville

A track record of progress

Building on prior investments and maintaining essential services

Thinking long-term

Setting the City up for success now as well as in the long term



Section 1

The landscape

Building a budget in a changing
environment

Progress despite new challenges

While many communities are cutting services, Somerville's outlook remains strong

- Sustained growth despite an uncertain economic environment
- FY25 new growth is expected to remain high despite moderation
- Current economic challenges have impacted revenue projections for FY25
- Our history of strong financial management girded us for this challenge

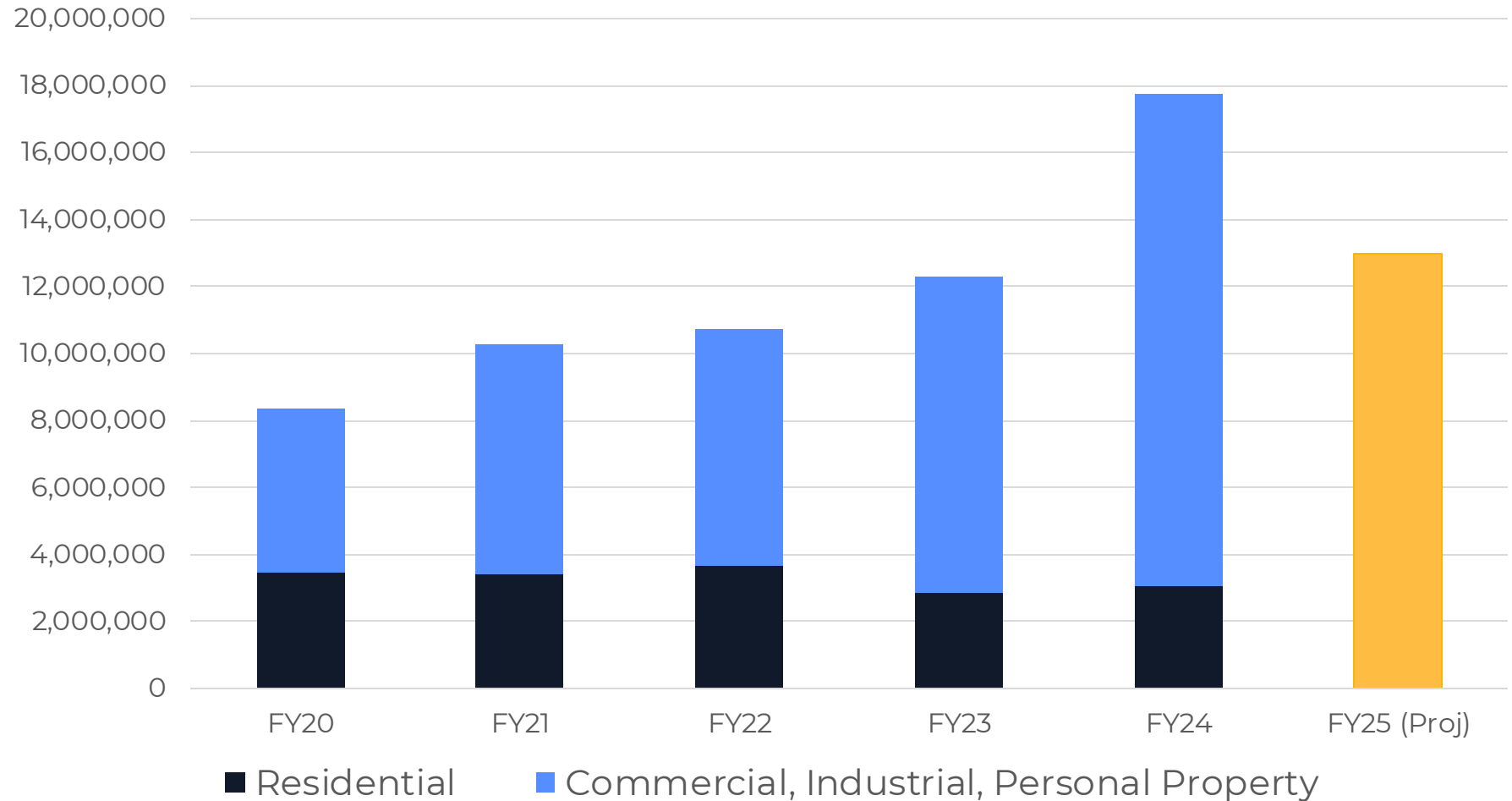


Careful planning and strategic growth have led to the second highest new growth in history

The City has seen record new growth each year since FY20, from \$8.3M up to \$17.7M in FY24.

Staff project \$13M in new growth for FY25.

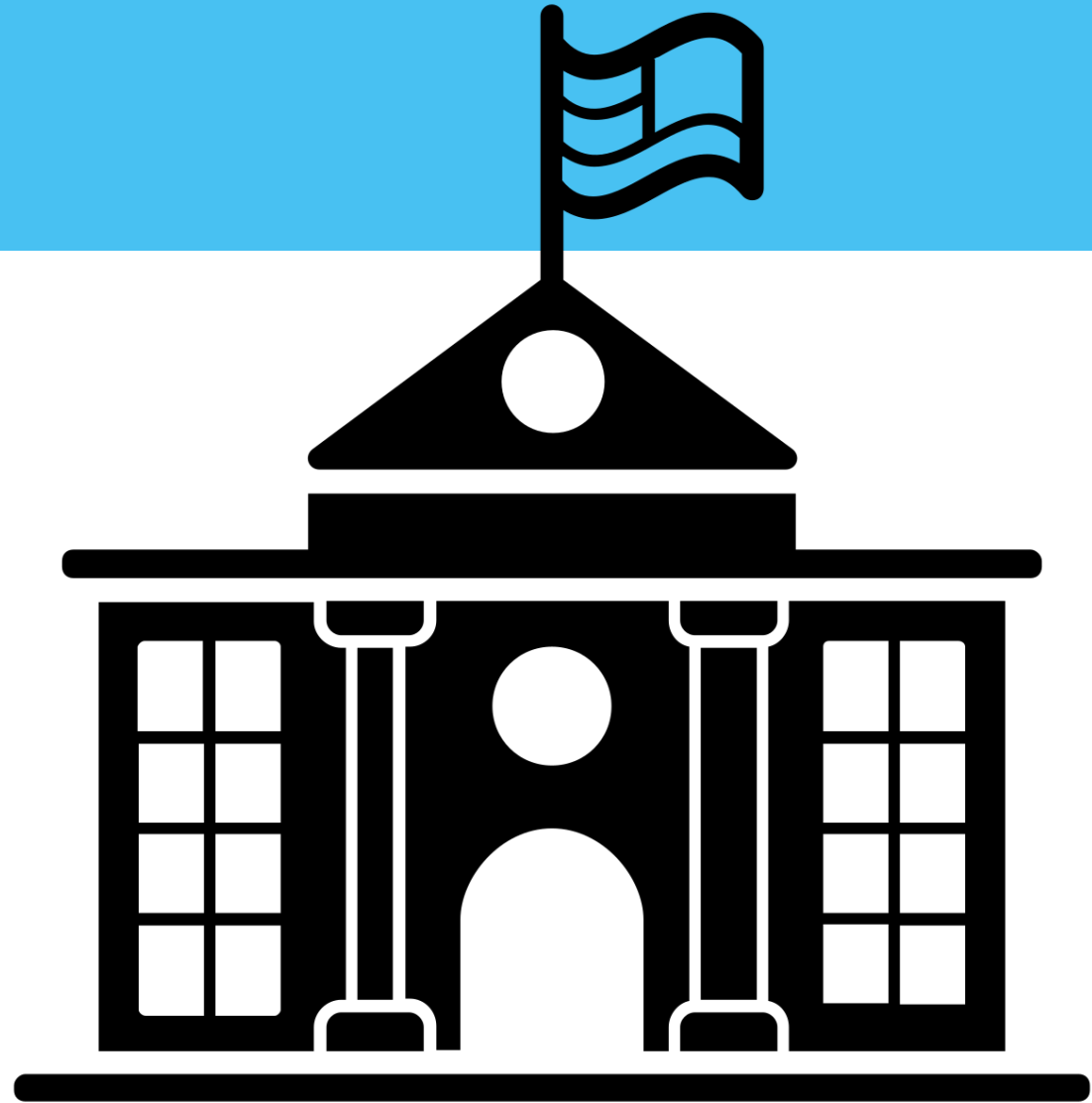
Growth is moderating but still strong.



A foundation for progress for all

A sound budget that...

- meets our obligations,
- prioritizes our schools,
- provides fairness and equity for our workers,
- advances our aspirations for progress,
- secures critical priorities, and
- puts us on firm footing to weather future uncertainty.



\$360.0M

FY25 City of Somerville
General Fund Operating
Budget

\$19.7M increase over FY24

The Fiscal Year 2025 extends from
July 1, 2024 to June 30, 2025

Section 2

Budgeting the Somerville Way

Establishing goals and developing
approaches

We're listening to your priorities year-round



Delivering on FY24 goals

- Established first ever seasonal warming center
- Launched Municipal Voucher Program
- Rapidly relocated the WHCIS school and advanced the MSBA funding process
- Launched first-ever Participatory Budgeting
- Facilitated 344 units of affordable housing in the pipeline, including Clarendon, 299 Broadway, YMCA redevelopment, and more
- Advanced numerous infrastructure projects and tackled deferred maintenance
- Continued state advocacy and local efforts to open an Overdose Prevention Center
- Opened rehearsal space for dancers
- Made improvements to our permitting process
- Submitted rent stabilization home rule petition
- Released results of Public Safety for All Survey, informing progress of PSFA Task Force
- Conducted Cultural Capacity Planning for the Arts led by Cultural Ambassadors
- Expanded workforce of community health workers, multilingual Equity Support Team, and 311 staff
- Developed first ever Pollinator Action Plan
- Piloted free MBTA passes for SPS and City staff
- Launched Climate Forward 2050
- Created coaching for SHS graduates in their transition to post secondary education / careers
- Advanced digital equity planning, City named a 2023 Digital Inclusion Trailblazer

Continued focus on financial stability and sustainability

Somerville is a good investment, based on our 'focus on long-term planning'



Somerville, Massachusetts; General Obligation; Note

Credit Profile		
US\$92.289 mil GO BANs ser 2024 dtd 05/30/2024 due 05/30/2025		
Short Term Rating	SP-1+	New
US\$25.96 mil GO mun purp loan bnds ser 2024 due 05/15/2054		
Long Term Rating	AAA/Stable	New
Somerville GO		
Long Term Rating	AAA/Stable	Affirmed
Somerville GO BANs		
Short Term Rating	SP-1+	Affirmed

- *“**Very strong local economy**, anchored by a stable residential sector with new growth due to regional demand for life-science space and housing with access to local employment centers and universities, evidencing its participation in the broad, diverse Boston metropolitan statistical area;*
- ***Well-embedded strong financial-management policies, practices** under our Financial Management Assessment (FMA) methodology, reviewed consistently with a focus on long-term planning and regular reporting, and strong Institutional Framework score;*
- *Consistently **positive budgetary performance** with another positive result expected in fiscal 2024 with reserves higher than most similar-rated commonwealth peers, after including available stabilization funds and very strong liquidity”*

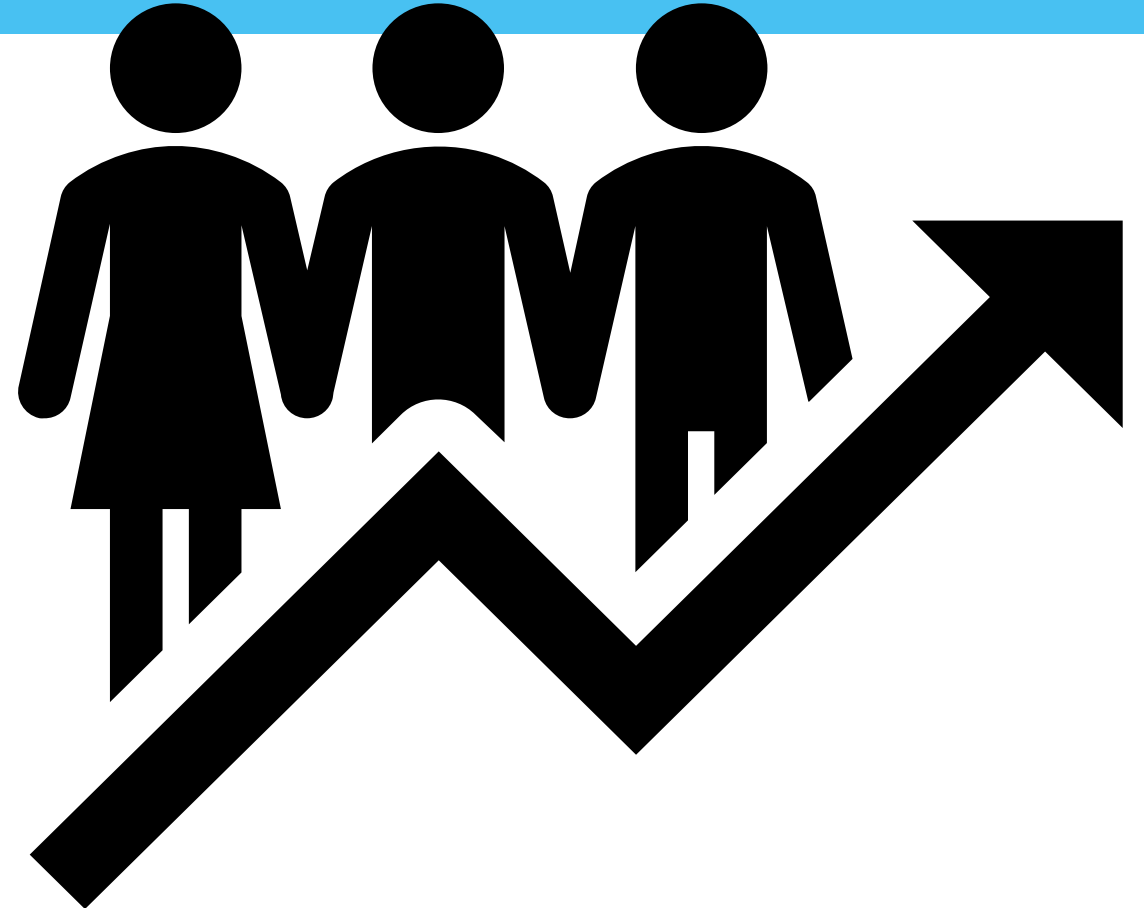
Funding community needs & priorities in FY25

Our priority remains centered firmly on what we see and hear from our constituents and stakeholders

We remain guided by community goals and priorities:

FY25 focuses on

- schools,
- worker equity and retention,
- critical immediate priorities,
- targeted aspirational goals,
- and an eye towards fiscal stability



Section 3

Multiple budgets built on one another

Strengthening previous investments to
achieve our goals

The FY25 budget builds on investments we've made together

Foundational

- IT staff has grown by 33% since FY22
- 10 new positions in Health & Human Services since FY22

Core + More

- Multiple Housing and Housing Stability staff added
- Anti-Displacement and Digital Bridge staff added for first time
- SomerViva Office of Immigrant Affairs budget has tripled since FY22
- Office of Sustainability & Environment staffing has doubled since FY22

Generational Investments

- New Somerville High School
- Somerville Ave Utility & Streetscape Improvements
- New parks & open space
- Planning advancing for new Winter Hill School project

Holding the budget to foundational standards

Equity

Do **ALL** residents have equitable access to the services and resources they need?

Sustainability

Are we **moving** the needle on Climate Forward?

Work Better Task Force

Are we **supporting** staff and the recommendations of the Work Better Task Force?

Project Management

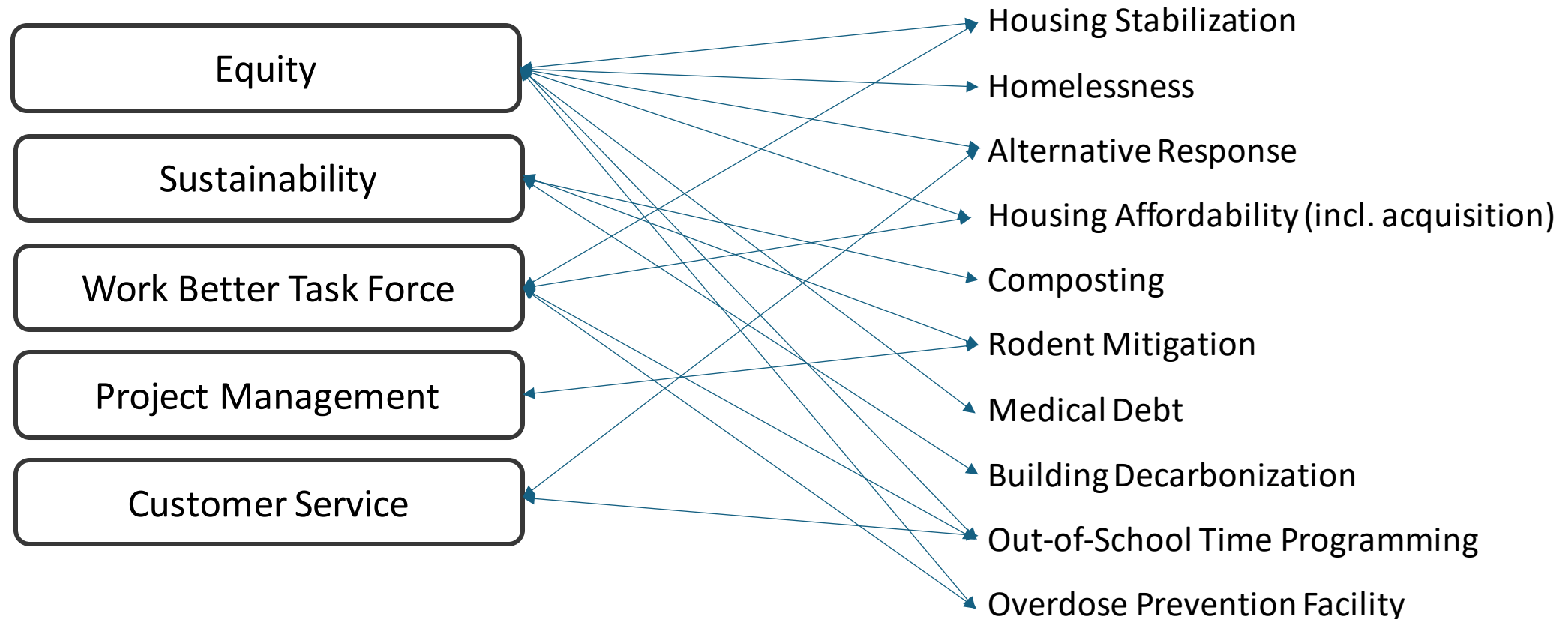
Are we **creating** project management capacity and identifying lead staff on initiatives?

Customer Service

Are we **enhancing** customer experience with City services and interactions?

Delivering on community priorities

Inclusive leadership helps inform a municipal budget by ensuring diverse community perspectives and needs are considered, leading to more equitable and effective allocation of resources.

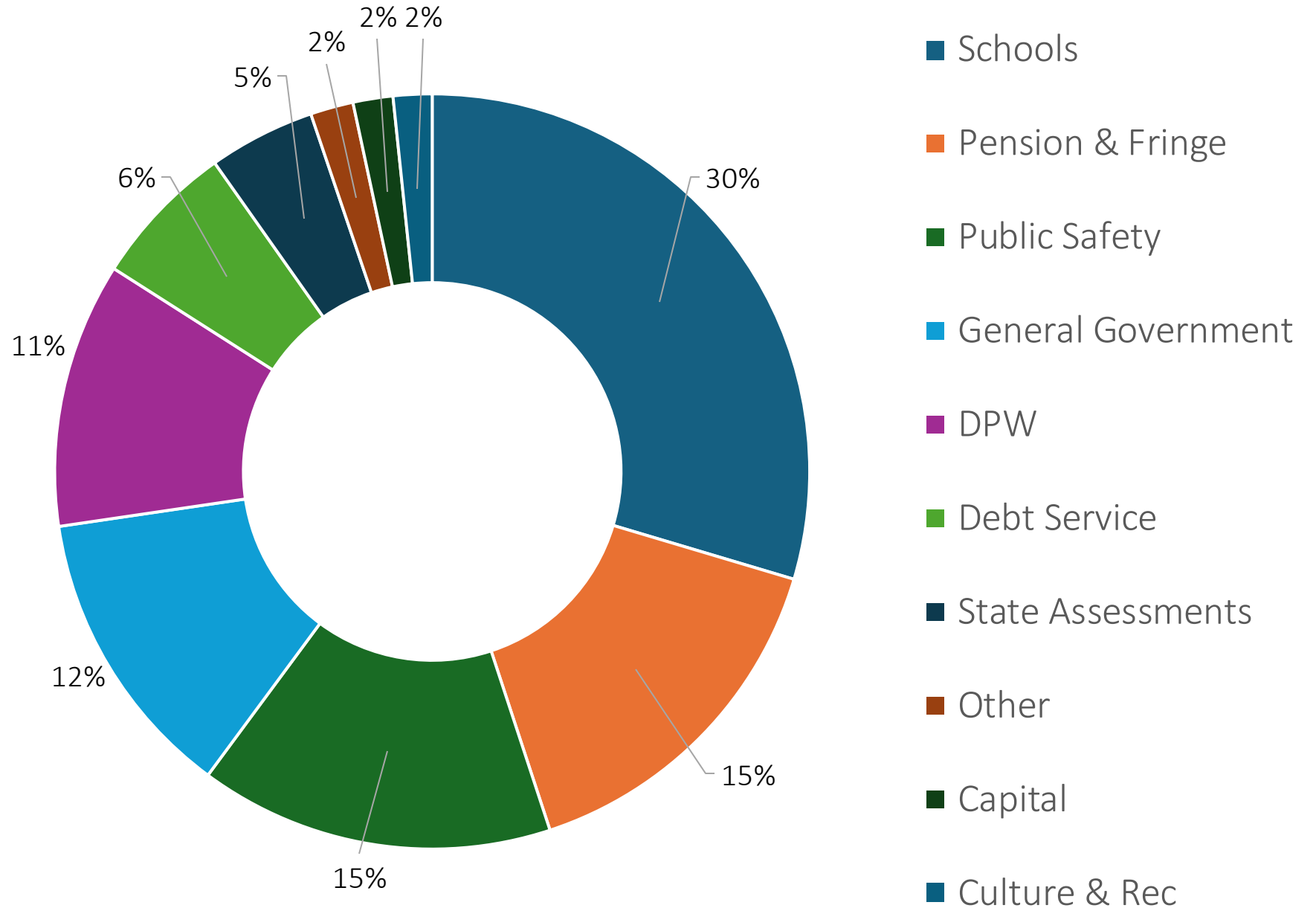


Section 4 Prioritizing Investments for FY25

Ensuring support for schools and
City workforce

FY25 Budget Composition

Schools remain the largest component of the City budget, at 30% of all budgeted expenditures.



Prioritizing youth and schools

First and foremost, this budget invests an additional \$7M in Somerville Public Schools and funds 36.6 net new school staff on the budget

Our school budget bucks regional school trends toward cuts and layoffs

Significant increase in school staffing:
+36.6 net new full-time equivalent (FTE) positions funded

Focus on comprehensive support for students from cradle to career as they recover from pandemic impacts

Establishment of long-term budget planning for schools incorporates with City-side planning

School districts across Massachusetts weigh teacher and staff cuts

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LOCAL NEWS

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Lowell School Committee cuts district budget, approves reorganization

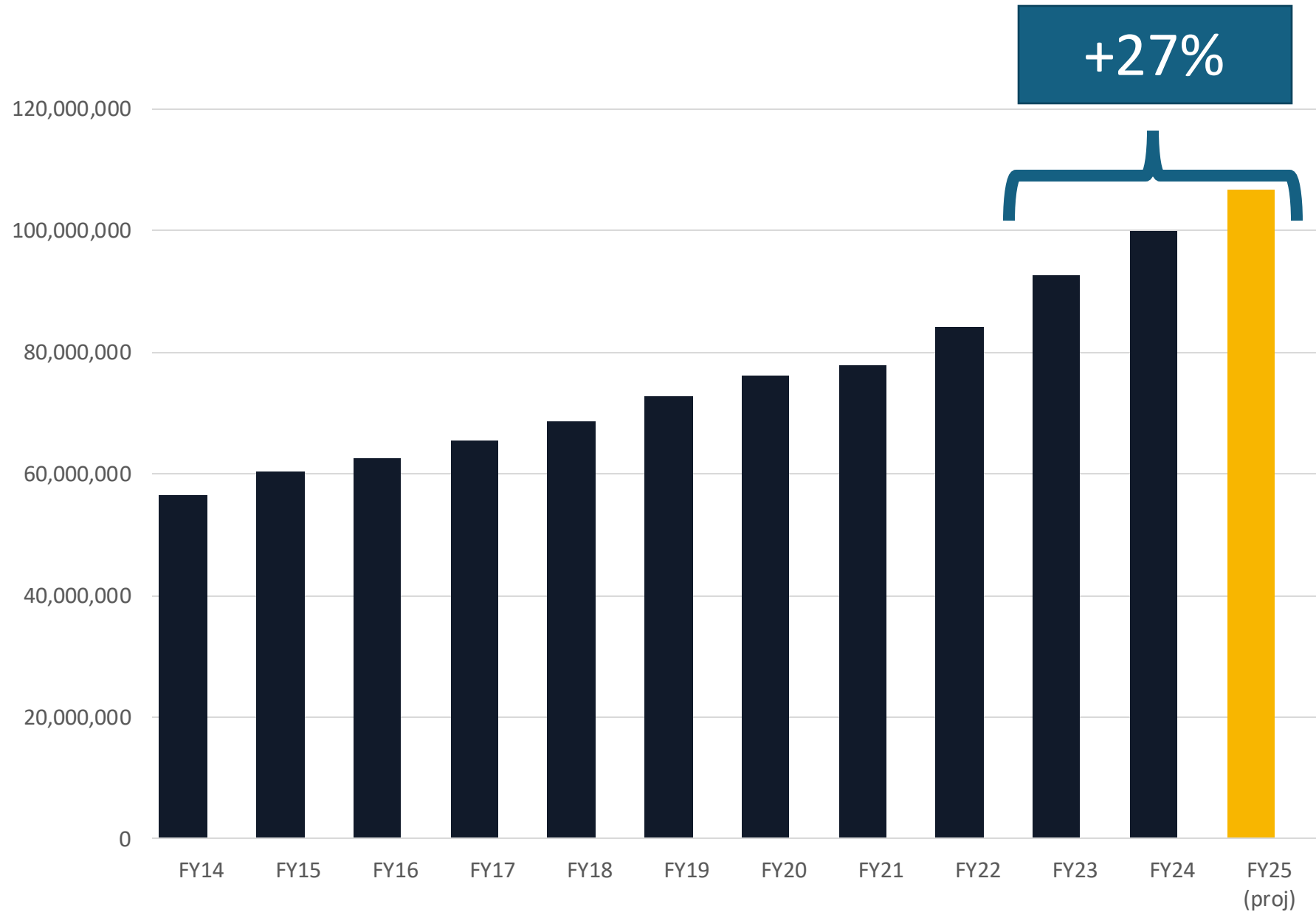
LOCAL NEWS

Pepperell, Townsend voters reject overrides

School budget by year

The **greatest proportion of growth** in our budget has been to the School Department.

The SPS budget including the FY25 proposed budget, will have increased 27% in three years. (+\$22M over FY22)



Advancing employee equity and organizational capacity

Funding in Salary Contingency will be used to fund data-backed increases to employee wages

The budget includes salary contingency funding for union negotiations and the wage compensation study

This benefits staff and the City:

1. Commitment to **fair and equitable pay**
2. Addressing long-standing inequities
3. Supporting worker **recruitment** for quality applicants
4. Saving on costs by enhancing worker **retention**
5. **Reducing the need for overtime** and costly outside contractors by getting more positions filled



Section 5 Strategic investments

Maintaining core services and
advancing progress for all

We're listening to your priorities year-round



Details about FY25 investments



Homelessness &
Housing

**Homelessness
Coordinator** in HHS

Additional funds to the
**Affordable Housing Trust
Fund**

Additional staff support
for the Office of Housing
Stability



Facilities &
Infrastructure

Facilities Coordinator in
DPW

**Construction Liaison &
Design Manager** in IAM

Roof repairs and **Central
Library carpeting**



Seniors & Vulnerable
Residents

Continue the **senior tax
program** through FY25

Wage Theft Coordinator
in OSPCD

Maintain **Community
Health Worker Manager**
in HHS



Sustainability

**Transition away from
rodenticide** in city and
school buildings

**Green stormwater
infrastructure**
maintenance

Curbside **composting**
pilot

Details about MORE FY25 investments



Youth

Increased **part-time temporary staffing and programming support** in Parks & Recreation



Fire Safety

Fit out, supplies, and staffing for the **new fire station** at Assembly Row

Implementation of a new modern **fire alerting system**



Public Safety Recommendations

Civilian Crossing Guard Supervisor position added to Police



Project & System Management

Customer-centric training for public-facing staff

FMLA third-party administration vendor contract

Resourceful financing BEYOND the General Fund

One time, temporary, or experimental investments have been funded through alternative sources



A **Public Safety for All (PSFA) Program Manager** to develop and advance initiatives including alternative emergency response, anti-violence, civilian oversight, and accountability efforts, as well as results of the SPD Staffing & Operations Analysis, funded by the **Racial & Social Justice Stabilization Fund**



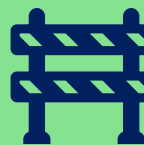
Funding for **parent/guardian MBTA passes** as a bridge to a long-term strategy funded by **free cash**



A **Curbside Composting PILOT Program** to advance Somerville Climate Forward goals for energy efficient waste management in the amount of \$350,000 from **Certified Free Cash**



Regular investments into the **Affordable Housing Trust Fund**, including \$2M of free cash, \$1.3M from Community Preservation Act funds to bring the total balance to **\$33.9 in the AHTF**



Funding for a city building **roof replacement** as well as replacement of **carpeting at Central Library**

Section 6

Planning in a changing environment

How to thoughtfully and carefully
continue progress against financial
headwinds

Investments within the FY25 budget

We took a careful approach during budget development

Permanent, ongoing investments were prioritized for general fund inclusion at this time.

We were able to make these tactical investments due to:

1. Use of reserves to fund debt service, as planned in the CY23 CIP,
2. Use of free cash to fund a portion of our planned OPEB contribution,
3. Use of capital stabilization to fund one-time smaller capital projects,
4. Delay of ARPA inclusion to general fund in order to prioritize ESSR,

Short- and long-term strategies for financial sustainability



ARPA usage

Eligible City ARPA projects have been allocated funding through FY25 to prioritize a shift to the School budget for ESSR-funded projects lacking that flexibility.



Beacon Hill

Continued lobbying for more flexible funding sources is essential to the long-term health of Somerville's budgets.



Stay anchored to our key financial metrics

City policy references specific measures of fiscal health which **must be adhered to in the long-term.**

1. Ensuring projected surpluses in future years.
2. Utilizing Debt Service in a sustainable way.
3. Fully funding our long-term liabilities such as OPEB.

By sticking to a financial framework, we can mitigate the impacts in leaner times.

Continued progress coming in FY25

- Launch ADA Task Force
- Work to develop a Cultural Trust model
- Implement Guaranteed Basic Income (GBI) Pilot
- Mobilize across City and SPS to advance implementation of climate goals
- 2nd cycle of Participatory Budgeting (PB)
- Establish City's first ever Language Access Ordinance
- Continue to develop employee engagement programs and trainings on equity
- Enhance website accessibility
- Offer career advancement trainings and support for Somerville residents, including adult English Language Learners
- Support local business districts, including technical assistance and small business marketing campaign
- Design and construct numerous parks, schoolyards, and open spaces
- Develop Out of School Time Task Force
- Plan for sustainability of ARPA funded initiatives
- Deliver on infrastructure projects and maintenance of buildings



Thank You

For more information, visit:
www.somervillema.gov/budget