



CITY OF SOMERVILLE, MASSACHUSETTS
CLERK OF COMMITTEES

May 26, 2020
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: Annie Connor-Mayor's Office, Khushbu Webber-Mayor's Office, Mike Mastrobuoni-SomerStat, Ed Bean-City Auditor-Finance Department, Kate Hartke-Grants Development, Brad Rawson-OSPCD, Alan Inacio-OSPCD, Chief Charles Breen-Fire Department, Deputy Chief Christopher Major-Fire Department and Omar Boukili-Incident Commander

The meeting was held virtually and was called to order at 8:05 p.m. by Chairperson Scott and adjourned at 9:33 p.m.

Approval of the May 6, 2020 Minutes

RESULT:	ACCEPTED
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210143: Requesting approval to appropriate \$76,000 from the Wynn/Encore Small business Assistance Stabilization fund to pay for technical assistance for small businesses impacted by COVID-19.

Mr. Inacio stated that a portion of the funds would be used to provide technical assistance coaching to small businesses relating to COVID-19. Mr. Inacio stated there will be \$74,000 remaining out of the \$150,000, in response to Councilor White's question.

RESULT:	APPROVED
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210144: Requesting approval to create the Alpine Street Stabilization fund and accept a payment to the Fund of \$10,000 from 2-13 Alpine St. LLC for Open Space improvements.

This request was previously negotiated and requesting to accept funds.

RESULT:

APPROVED

210168: Requesting acceptance of a \$325,000 grant with no new match required, from the MBTA for public safety emergency first responder costs.

Chief Breen and Deputy Chief Major stated the funds would be used to cover overtime for staff, additional staffing costs, equipment and apparatus relating to bridge closures.

RESULT:

APPROVED

210035: That the Director of Finance update this Council on all money received to date related to the COVID-19 situation.

Ms. Connor will provide an update from the Mayor at a later date, who was not able to attend tonight's meeting. Mr. Bean stated he had very little to update from the state. The state had previously promised to provide updates within a week, but nothing so far.

Chair Scott stated that New York state legislatures had put forward a statewide commission looking at statewide banks to help with liquidity issues. Mr. Bean stated this proposal was advanced into discussions with the state administration.

Mr. Bean provided updates to the COVID-19 Summary documents since last reported on May 16. Actual expenses went up \$66,000, encumbrances went up to \$80,485, deficit reduced by \$68,750 and other departments transferred money in to increase budget by \$215,295.

There were changes to IT dept increase of \$1,800 covering COVID work from home, communication special \$2,400 COVID mask outreach flyers, DPW highway hand sanitizer, cones, social distancing, Building & Grounds \$66,727 for fence, padlocks, employee supplies, \$61,000 from Parks & Recreation to Board of Health. Mr. Bean will have departments transfer more funds to assist with deficits. He is running expenses through special revenue account which will be more centralized. There will be a certain number of approvers to maintain control of the accounts. The final amount from CARES Act is \$7.19M. Expenses can be submitted through the calendar year. Councilor White asked if a special account will be set up for the reimbursements. Mr. Bean stated funds could flow back to general funds from FEMA. The strategy is to maximize FEMA funding. Money on the CARES ACT can flow very quickly. FEMA can take a little longer, which could be months for reimbursements.

Councilor Ballantyne inquired about the estimate of being short \$12M in revenue for fiscal year 2021, which now could be \$14M. Mr. Bean stated FY20 should exceed revenue budget. Revenue came in over budget and received 3/4 of meals and hotel/motel revenue tax. He stated that the Budget gap is between \$5M-7M and will potentially close gap with some reserves. Mr. Bean will look at Free Cash first before going to reserves. He also stated this is a multi-year problem and want to reserve Free Cash to handle two-year situation and beyond. Additionally, some small businesses may go out of business and cannot expect same amount of revenue as in previous years.

Councilor Mbah inquired about COVID-19 dorms expenses. Mr. Boukili has not seen the invoice yet. He stated that \$110,000 used for 24 units at Tufts University for 1st responders, isolation in case of being tested positive, cleaning, disinfecting assets, trash pickup, disposal, and cleaning linen.

RESULT:

KEPT IN COMMITTEE

210036: That the Director of Finance update this Council on all expenditures, encumbrances and anticipated expenses to date related to the COVID-19 situation.

See item #210035

RESULT:

KEPT IN COMMITTEE

210117: That the Director of Finance provide a written rolling cash flow analysis every 2 weeks during this COVID-19 emergency and include forecasts to ensure sufficient operating liquidity by estimating the available cash deposits, expected inflows, and required disbursements.

See item #210035

RESULT:

KEPT IN COMMITTEE

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

See item #210035

RESULT:

KEPT IN COMMITTEE

209789: That this Council's Committee on Finance discuss the peoples' budget and priorities for FY21.

Mr. Mastrobuoni detailed progress with the budget, looking at a smaller number of outstanding issues. He stated that the city was extremely successful sale of bonds last week. Mr. Mastrobuoni stated that health insurance open enrollment closes next month. Meeting with departments and collective bargaining happening this week. State may be pursuing 1/12 month budget which will make managing contracts very difficult. He stated the city is facing a deficit of \$6M or \$7M as of today. Need some clarity on what reopening looks like for the city.

Mr. Mastrobuoni stated difficulties with 1/12 budget would be like putting business of the city on hold. Contractual issues would be critical for outside work. Having a 1/12 budget would be for salaries and critical cashflow issues. Mr. Bean stated the city will most likely present a 25% reduction in state aid and estimates will be very conservative.

Councilor White inquired about budget not getting passed and if it would revert to a 1/12 month budget of the prior year. Mr. Bean stated it's not automatic and the mayor would have to submit a budget for approval. Mr. Bean will ask the legal department for an opinion on this matter and send to the committee. Councilor White stated that city may not be able to enter into any contracts that are longer than a month, if go into 1/12 month budget. Mr. Bean stated that the city will reserve enough for FY21 budget and bank more of it in stabilization fund in case needed for FY2022.

Councilor Mbah inquired on how cuts will be established for various departments. Mr. Bean and Mr. Mastrobuoni do not anticipate cuts across the departments. They are trying to make cuts in

the most tactical way possible way, to preserve public health and safety, while reducing liability and increasing revenue.

Chair Scott suggested budget public hearing June 8-10. Mr. Mastrobuoni stated his best estimate to submit budget to council would be the second week of June. The city is using a budget software that will assist with posting raw budget on line ahead of narrative component.

Mr. Mastrobuoni expects to have final budget numbers week of June 8th. Chair Scott pointed out that this timeline compresses the city council timeline down to two weeks to review and approve the budget. Chair Scott also needs time to advertise to the public for 7-10 days in advance of the budget hearing.

The chair asked for the committee members feedback on the dates and procedure relating to the budget. Councilor Ballantyne stated that she understands the intent and what's been of concern to her constituents is safety and food. She has talked to the state delegation a number of times and they have not received any guidance. Councilor also talked to the school committee representatives and they have not received guidance either. Councilor Ballantyne stated she wants people to keep their jobs, level fund as much as possible, and prioritize programs based upon those who need it the most.

Councilor White responded to Councilor Mbah's comments regarding paraprofessional budget which comes from the school committee's budget. Both Councilor White and Mbah had information about what could happen if the budget was not approved and they will send the information to Clerk Forcellese to distribute to the committee members. Chair Scott will follow up with the DOR and the city's law department on this matter.

RESULT:	KEPT IN COMMITTEE
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