

# Union Square Infrastructure Improvements & District Improvement Financing (DIF) Requests

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*Financing infrastructure for today's needs and our  
vision of tomorrow*

City Staff

13 December 2017

# Process to date

- Presentations to the Board of Aldermen Finance Committee of the Whole on 10/11, 10/25, 12/5, and 12/11
- Public hearing on 11/28
- Presentation slides, supplemental information, and responses to questions posed during meetings are available on the City's public-facing website:

[www.somervillema.gov/usqdif](http://www.somervillema.gov/usqdif)



**Presentations &  
Resources**



**Documents**



**Secure Documents**

# Information currently on the website

- Presentations
  - December 5, 2017 – Early USQ Financial Analysis
  - November 28, 2017 – Public Hearing Presentation
  - October 25, 2017 – Long-Range Forecasting
  - October 11, 2017 – Introduction to District Improvement Financing (DIF)
- Submissions to the Board
  - October 26, 2017 – Proposed Union Square DIF Development Program
  - October 12, 2017 – Proposed Union Square DIF Development District
- Resources and follow up materials
  - November 28, 2017 - Union Square DIF Update Memo from Planning Department
  - October 6, 2017 - Union Square DIF Memo from RKG Associates
  - October 17, 2017 – Ten Year Revenue Projections
  - ASQ Captured Increment Actual vs. Projected Comparison
  - USQ DIF Captured increment vs. debt service scenarios
  - USQ infrastructure projects summary table
  - USQ Infrastructure Cost Memo 2017 Oct 23
  - USQ DIF Assessed Value and Captured Increment Detail
  - FY18-FY27 CIP Project List\_summary tables\_BOA
  - Long Range Forecasting Worksheet\_GF\_for BOA
  - Long Range Forecasting Worksheet\_EnterpriseFunds\_for BOA
  - FY18-FY27 CIP Project List\_BOA
  - USQ Infrastructure Drivers Memo 2017 Nov 13 v2
  - Long range Forecast Assumption Sheet
  - Long range Forecasting Worksheet & Aggregate Debt\_GF\_revised 11.12.17
  - Assessing Methodology for New Values and Taxes
  - MSBA Pro-Pay
  - Notes on bond rating agency benchmark metrics
  - DIF Development Program in order of development FINAL
  - DIF development schedule
  - DIF sub boundary map
  - USQ DIF Development Program – Intro.
  - Captured increment by year district
  - MWH USQ flood reduction strategies
  - Early Captured Increment vs. All GF Debt Service
  - Early DIF Financial Analysis
  - Long Range Forecasting Worksheet 12.11.17 update
  - Long Range Forecasting Worksheet Enterprise Funds
  - MassWorks memo 12.11.17
- **Additional materials as of 12/13/2017**
  - **Avg 2 Family Tax Impacts by Neighborhood Max Levy**
  - **Avg 2 Family & Condo Tax Impacts with Different Levy Scenarios**
  - **Captured Increment Example Calculation D2.1**
  - **DIF presentation 12.11.17 USQ MLDA and CIP**
  - **DIF presentation 12.11.17 developer contributions comparison**
  - **Avg Water & Sewer Bill Impact**

# Presentation Outline

- Why have the costs escalated?
- Are the projects independent?

Why have the costs  
escalated?

# Program evolution

- Game-changing GLX stormwater connection (Poplar St)
  - Roadmap to I/I and CSO regulatory compliance (+ Spring Hill)
- Better definition of individual project details
  - Informed by Somerville Ave final design & preliminary design of others
  - Identified obstacles & challenges
    - e.g. Prospect St crossing; diversion structures; police details; constituent services
    - Improved constructability & final operations
    - Details & sequencing reduce risk of construction phase escalations
- Extensive hydraulic & engineering analysis increased scope
  - Added improvements to reduce aging infrastructure risk
    - e.g. Structural reinforcement of 144-year old 6' CS & 116-year old 3' SS
  - Added details that optimize flood reduction & improve water quality
    - e.g. Pervious pavement, tree planting details, green infrastructure, larger box
- Achieve goals & unlock development → Include in DIF

# Cost comparison

		October 2017 CIP	MLDA	
Project Name	Type of Work	Cost Estimate	Phase	Cost Estimate
Somerville Ave. Utility & Streetscape Improvements	Water, Sewer & Streetscape	\$63,010,000	A	\$44,000,000
Nunziato Stormwater Storage	Sewer	\$14,560,000	Unidentified	\$0
Poplar St. Stormwater Pump Station	Sewer	\$19,600,000	B	\$19,600,000
Spring Hill Sewer Separation	Sewer	\$13,000,000	Unidentified	\$0
USQ Streetscape & Plaza Improvements	Plaza, central Somerville, Prospect	\$9,700,000	A	\$9,700,000
	Washington	\$3,700,000	B	\$3,700,000
	Washington, Webster, Bow, western Somerville	\$17,900,000	C	\$17,900,000
	<i>Streetscape</i>	<i>\$31,300,000</i>	<i>Subtotal</i>	<i>\$31,300,000</i>
<b>USQ Total</b>		<b>\$141,470,000</b>		<b>\$94,900,000</b>

- Please see 23 October 2017 memo for additional details

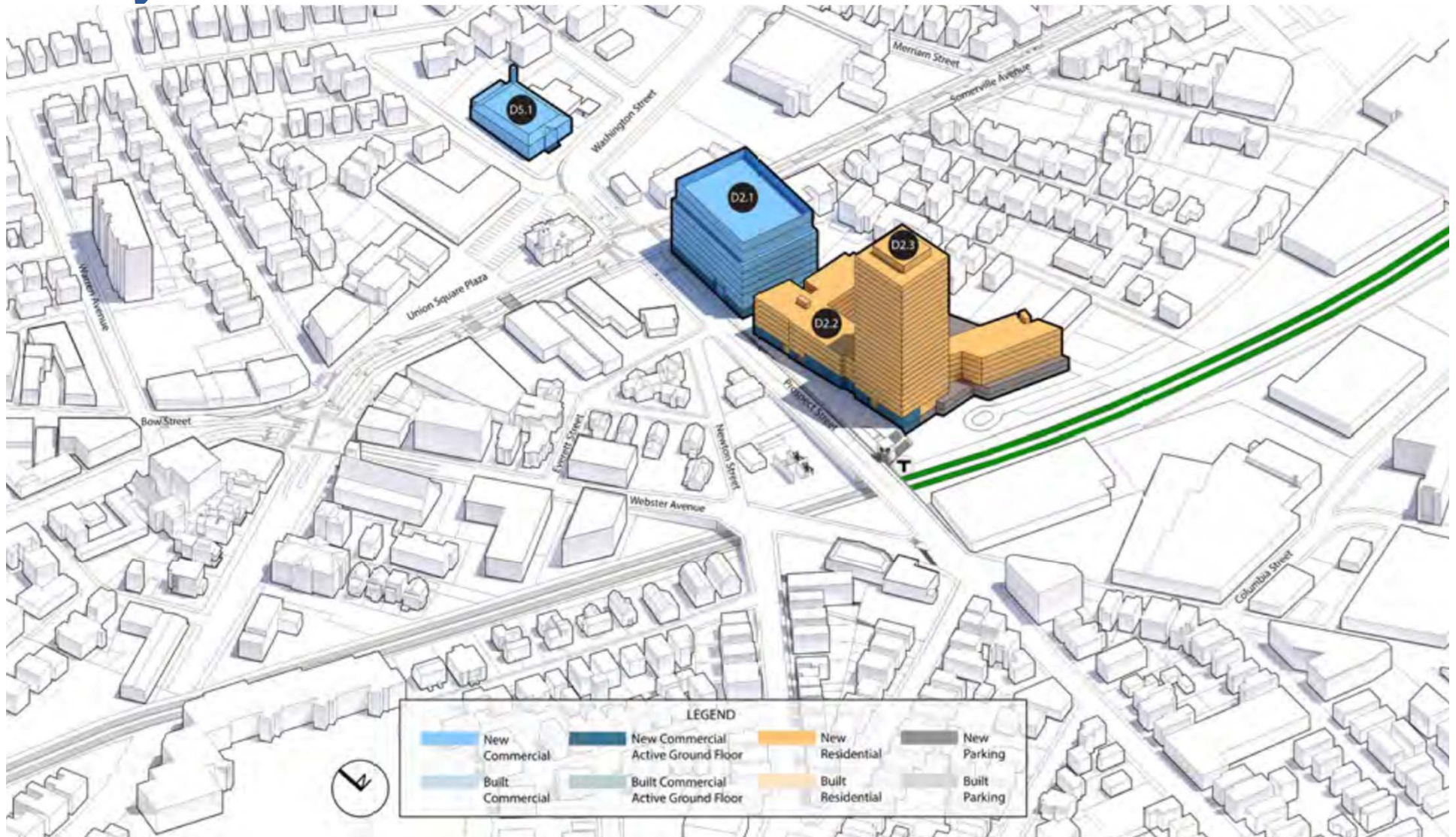
Are the projects  
independent?



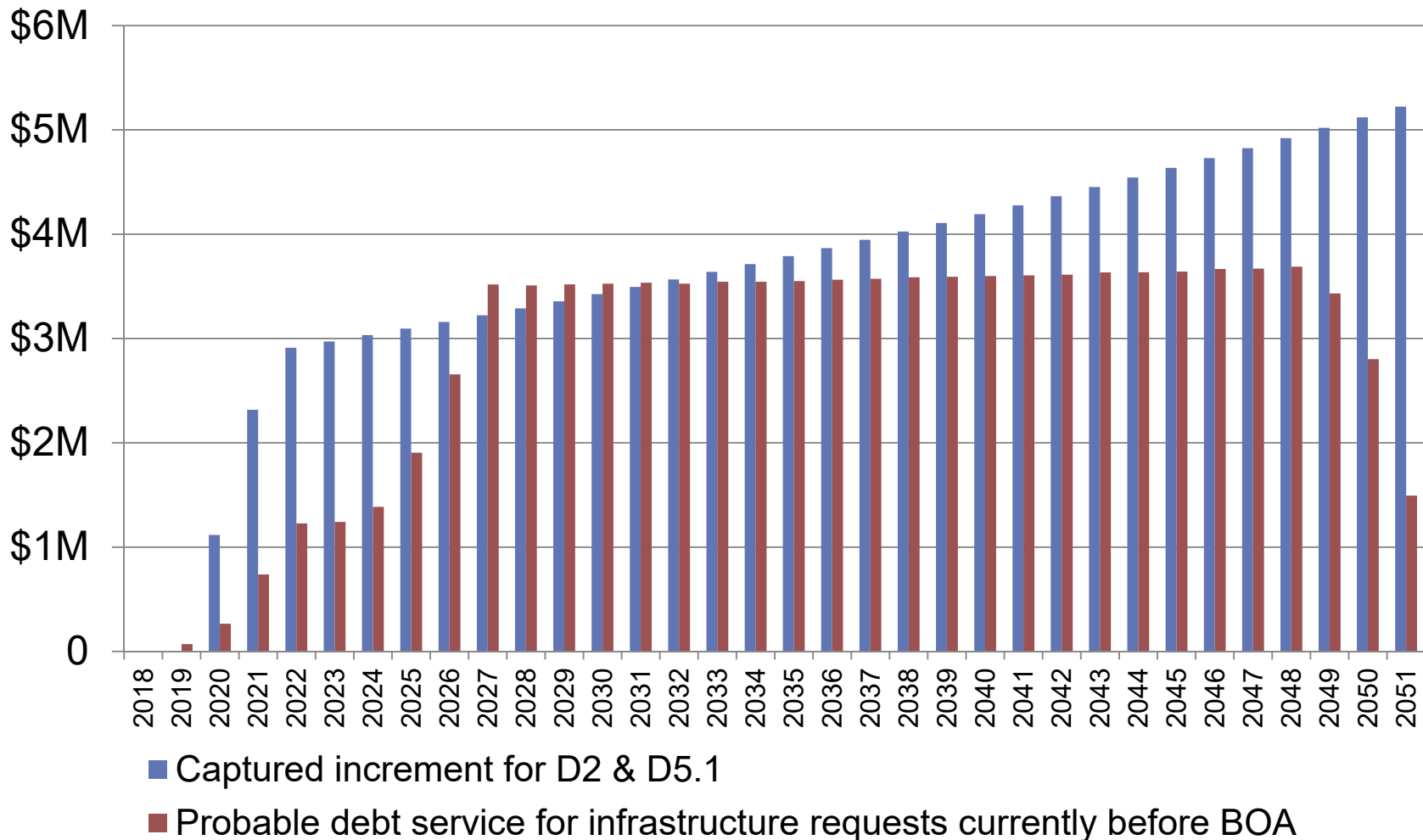
# Dependency matrix

Somerville Ave	Nunziato	Poplar St	Spring Hill	
	Independent of →	Dependent on →	Dependent on & optimizes →	Somerville Ave
Independent of →		Independent of →	Optimizes →	Nunziato
Independent of →	Optimizes →		Dependent on & optimizes →	Poplar St
Independent of →	Independent of →	Independent of →		Spring Hill

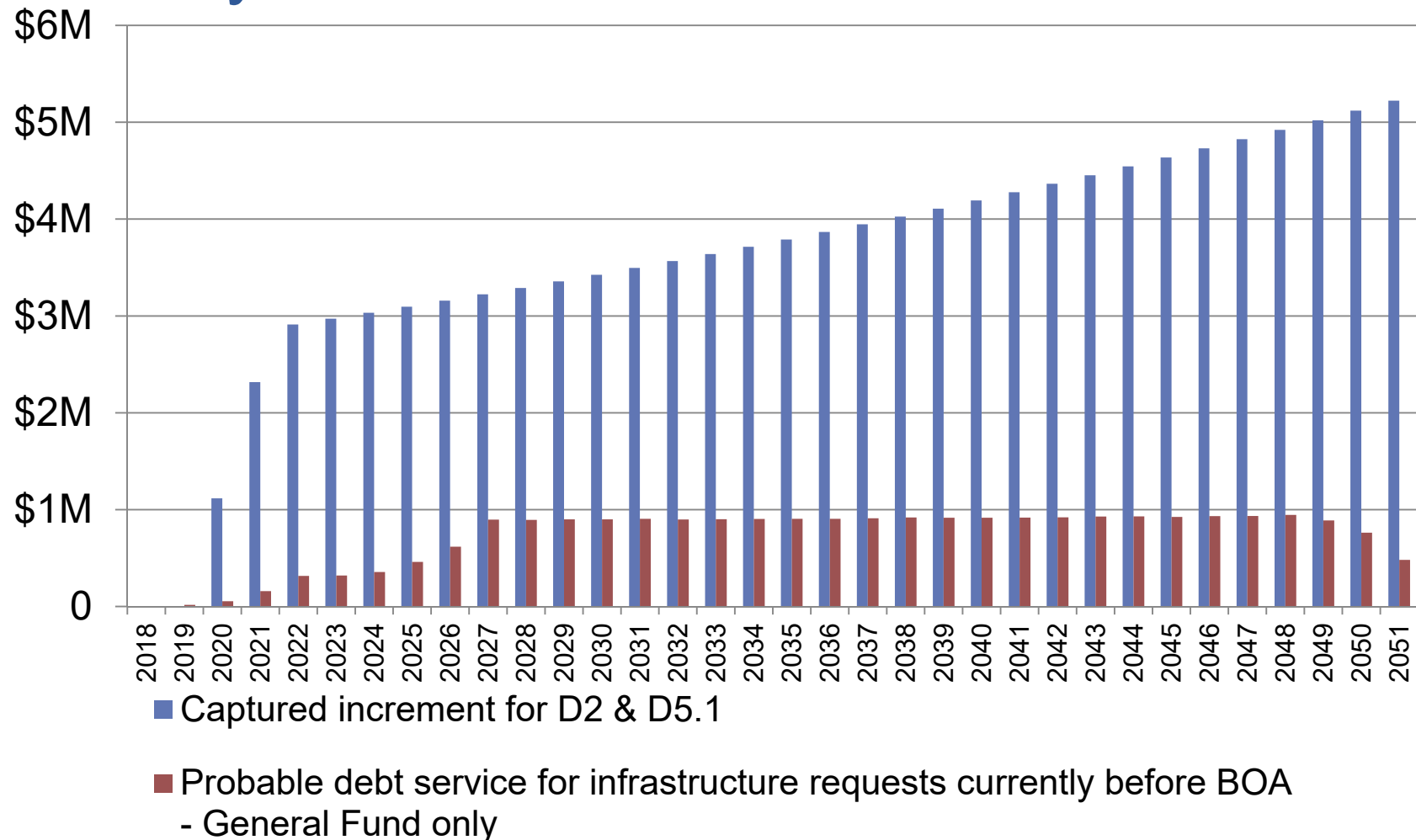
# What development would be supported by Somerville Ave? – Phase 1



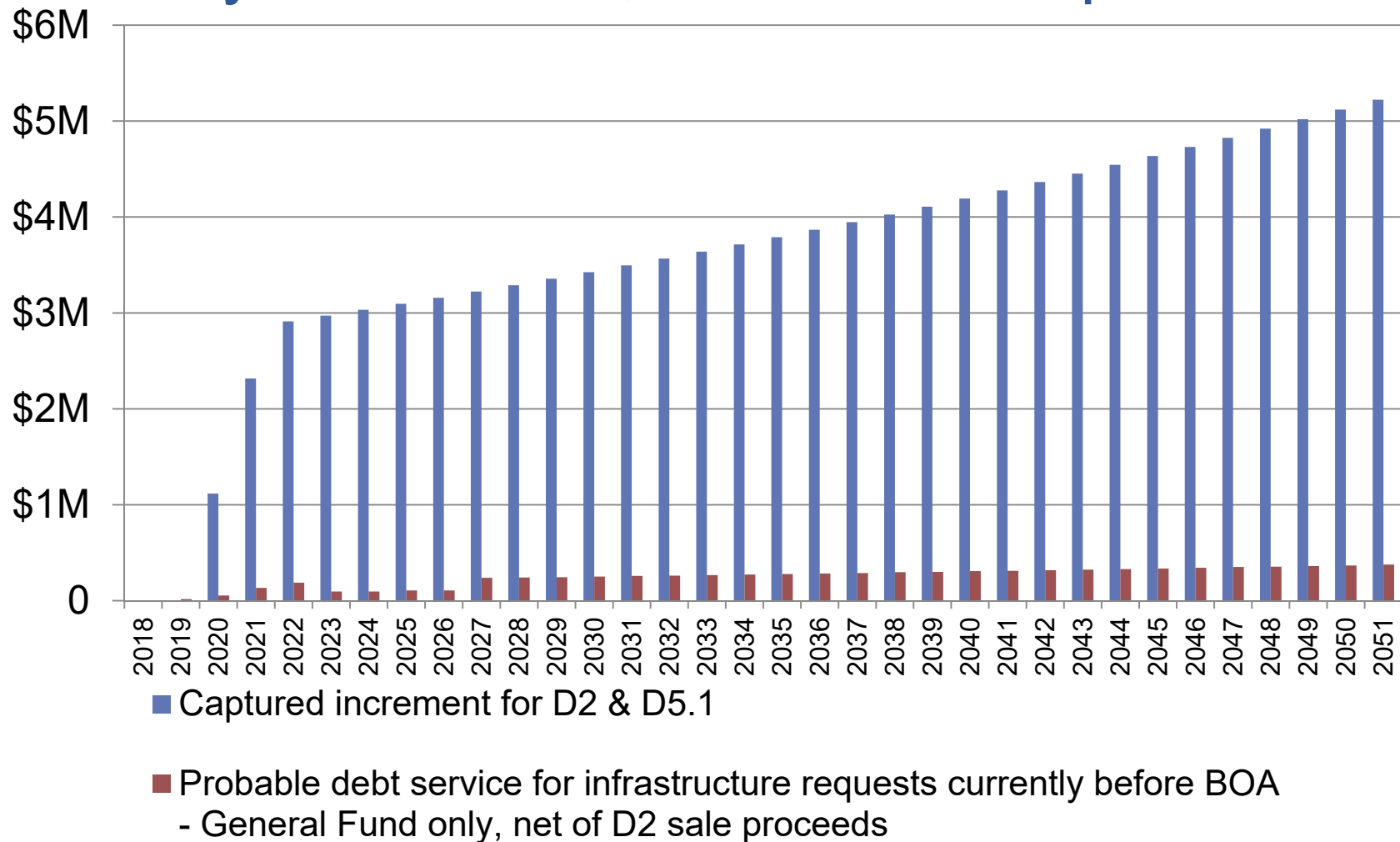
# Captured increment for D2 & D5.1 vs. debt service for all infrastructure requests currently before BOA



# Captured increment for D2 & D5.1 vs. General Fund debt service for all infrastructure requests currently before BOA



# Captured increment for D2 & D5.1 vs. General Fund debt service for all infrastructure requests currently before BOA, net of D2 sale proceeds



# Dependency matrix

US2 Phase 1	US2 Phase 2	US2 Phase 3	I/I & CSO	
Requires → MLDA Phase A	→	→	→	Somerville Ave
			Requires → Capacity needed for Union Square East & Grand Junction.	Nunziato
	Requires → MLDA Phase B	→	→	Poplar St
	Requires → Not in MLDA	→	→	Spring Hill
Requires → MLDA Phase A	Requires → MLDA Phase B	Requires → MLDA Phase C		Streetscape & Plaza

# Current requests

- Somerville Ave. Utility & Streetscape Improvements
  - Renews highest risk/highest impact pipes
  - Provides initial capacity & streetscapes for first D-blocks
  - First step toward I/I and CSO regulatory compliance
  - Leverages MassWorks Grant
- Poplar Street Stormwater Pump Station
  - Critical component for I/I and CSO regulatory compliance
  - Critical component to create capacity for USQ development
  - Leverages MBTA commitment & negotiation
- Spring Hill Sewer Separation
  - Additional reduction of risk for aging infrastructure
  - 3<sup>rd</sup> component of I/I and CSO regulatory compliance
  - Creates capacity for USQ development
  - Enables developers' 4:1 I/I offsets

# Infrastructure is the last action item

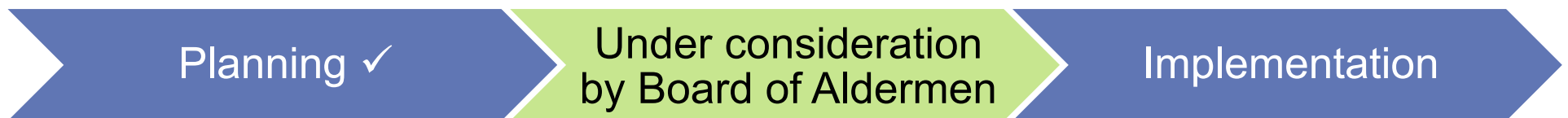
## GLX



## USQ Zoning



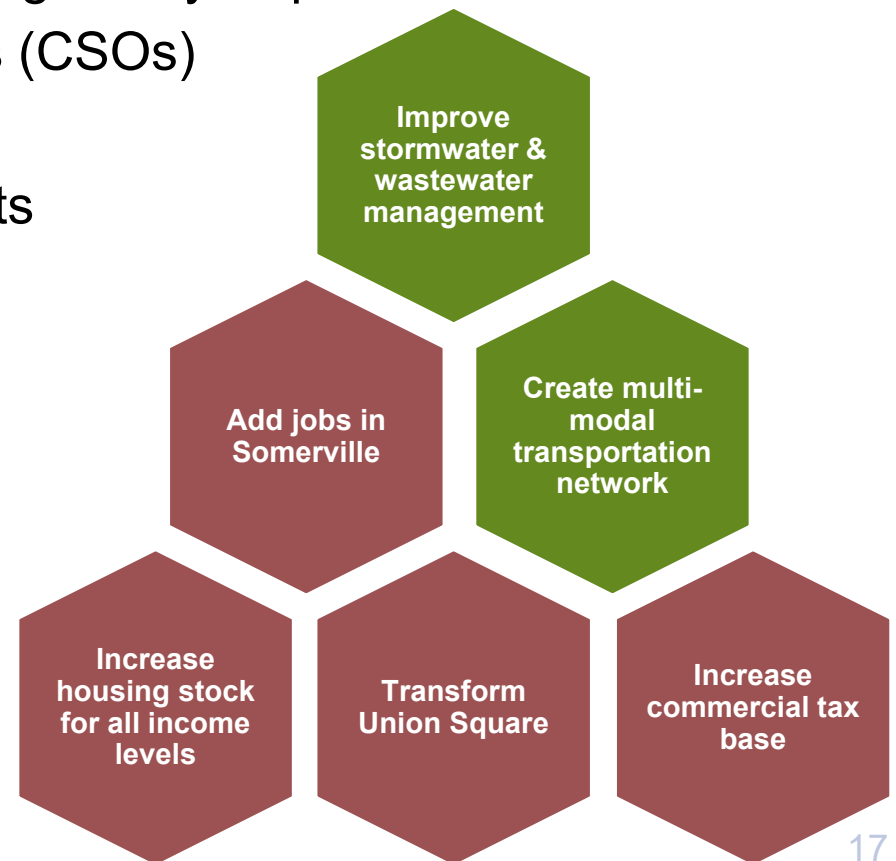
## Infrastructure





# The program addresses needs, regulatory drivers & supports SomerVision Goals

- ❑ Reduce aging infrastructure risk
- ❑ Solve existing system deficiencies
- ❑ Achieve city's Infiltration/Inflow (I/I) regulatory requirements
- ❑ Reduce Combined Sewer Overflows (CSOs)
- ❑ Create capacity for development
- ❑ Support development I/I requirements
- ❑ Safe, multi-modal transportation



# Before the Board of Aldermen

MGL Ch. 40Q requirements for using DIF:

1. Development District (submitted on 10/12)
2. Development Program (submitted on 10/26)

Infrastructure program requests\*:

1. Construction funding for Somerville Ave. Utility & Streetscape Improvements: \$63M\*\* (submitted on 10/26)
2. Design funding for Poplar St. Stormwater Pump Station: \$2.1M (submitted on 11/9)
3. Design funding for Spring Hill Sewer Separation: \$1.5M (submitted on 11/9)

*\*Requests for the rest of the components of the infrastructure program will be submitted to the Board of Aldermen for consideration at the appropriate time*

*\*\*Net cost to City is \$50M with \$13M MassWorks grant*

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