

FY21 Budget Presentation

June 19, 2020

Mayor Joseph A. Curtatone



Agenda

1. FY21 Proposed Budget: Facing Unprecedented Challenges
2. Targeted New Operational Investments
3. Racial and Social Justice Investments

FY21 Proposed Budget: Facing Unprecedented Challenges

Budgeting during the COVID-19 pandemic

- The COVID-19 global pandemic has made preparing this budget extraordinarily challenging
- There is enormous uncertainty for revenue projections, both for local and state revenue sources
- The state and federal government have provided no non-COVID monetary support for municipalities
- Department heads and their staff rose to the challenge in an unbelievable way to adjust their FY21 budget proposals and revenue projections, all while:
 - Serving our residents as best as possible under unprecedented circumstances
 - Supporting the City's emergency response to the public health and economic crises
 - Adjusting FY20 plans in order to reduce spending as much as possible

The FY21 budget process

- The Administration has a statutory obligation to submit a 12-month budget.
- We are preparing a continuing appropriation, or one-month budget, for July in the event the Council is still deliberating the proposed 12-month budget.
 - To be submitted the week of June 29th
 - Will include personal services and essential ordinary maintenance spending
- If a budget or continuing appropriation is not passed by June 30th, staff and vendors will not be paid in July, causing significant disruption to services.

Projected revenue impacts in FY21

State Revenue

\$6.7M in lost revenue

25% reduction in State Aid

 **13%**

Fines & Forfeits

\$3M in lost revenue

Ordinance Violations down 48%
Parking Fines reduced 46%

 **49%**

Licenses & Permits

\$700k in lost revenue

Parking Permit revenue down 48%
COVID-related permits waived

 **7%**

Parking Meter Receipts

\$1M in lost revenue

 **42%**

Excise Taxes

\$2.3M in lost revenue

 **23%**

Tactical reductions to spending

- Reduced proposed ordinary maintenance budgets in nearly every department
 - Required putting on hold some important projects, programs, and services
- Halted new investments with a few critical exceptions
- Froze hiring for vacant positions for much of FY21 with a few essential exceptions
- Eliminated annual salary increases for non-union staff

Prioritizing community values

- Maintain essential services and programs and the staff necessary to support them
 - No furloughs or layoffs
- Meet all contractual wage increases for staff in collective bargaining units
- Make targeted, critical new investments

Filling the gap

- Years of careful financial planning by the City and this Council along with investing in growing our tax base allows us to weather this unprecedented crisis without slashing City and School services:
 - New growth projected at \$10 million in FY21
 - \$5+ million of free cash to fund the budget (up from \$1.1 million in FY20)
 - Free cash is not free money. It is savings that come from bringing in more revenue or spending less than we budgeted for.
- Implementing Construction Safety Fee (+\$590,000)
 - For ISD's review of COVID-19 site safety plans for construction projects
 - Proposed fee of \$3.50 per \$1,000 of construction cost (0.35%), with a minimum fee of \$100
 - Example: Renovation project = \$250,000 construction cost = \$875 safety fee

A responsible budget in an uncertain time

The COVID-19 pandemic is still with us.

We do not know what the future looks like, either from a public health perspective or financially.

We expect negative budgetary impacts at least into FY22, and potentially beyond.

But our strong fiscal management has allowed us to stay the course.

For this reason, we have submitted a proposed budget that

- is cautious,
- addresses the immediate financial crisis,
- preserves our capacity in the short- and long-term to provide the services that our residents expect and that meet our community values.

Targeted new operational investments

- SHS Green Building Manager in IAM: Capital Projects
- Essential IT cyber security services
- Stormwater Program Manager in IAM: Engineering (Sewer Enterprise Fund)
- \$20,000 in HHS for supervised consumption site planning

The Racial and Social Justice Project

Examples of our social service investments

School Department

\$32.3M (71%) increase in budget from FY04 to FY21

Office of Housing Stability

\$600,000+ budget
3 frontline staff

Office of Immigrant Affairs

Liaisons serving 4,000 residents/year in 5 different languages

COHR Office

3 FTE clinicians
Case management to ~400 residents/year +
Training on mental health and recovery coaching

HHS

Added 5+ new social service positions in last 6 years

Commitments to police reform

On June 3, my administration released 10 initial steps for continuing our ongoing efforts to deliver just, unbiased, and compassionate policing:

- 01** Declaration of a local state of emergency officially deeming systemic racism a threat to public health and safety.
- 02** Establishment of an independent, civilian oversight structure of the Somerville Police Department with membership representative of the community's diversity.
- 03** Launch of immediate efforts to eliminate the inherent conflicts of interest arising from police officers internally investigating allegations of misconduct by fellow officers: City has filed a petition to remove the internal investigation oversight position from Somerville Police Superior Officers Association (one of two police unions).
- 04** A call for the creation of an independent special prosecutor at the state level to review and where appropriate to prosecute cases of potentially criminal police misconduct rather than leaving this authority with county district attorneys.
- 05** Submission of a resolution to the City Council reiterating the critical need to implement body-worn cameras in the Police Department, an initiative the City has been pursuing with police union leadership since 2015.
- 06** Instituting asset forfeiture funding policies that limit the use of these monies to two purposes: a) to provide prevention and substance use recovery, mental and behavioral health, and other services and resources -- primarily through the City's Community Outreach, Health and Recovery (COHR) Office -- to support residents and divert them from the criminal justice system; and
- 07** b) implicit bias, de-escalation, crisis intervention, health and mental wellness, and other similar training for Somerville police officers.
- 08** A call for statewide action to address the gaping deficiencies of the Civil Service system combined with local civilian review of whether the Somerville Police Department (SPD) should pursue legislative action to depart from the Civil Service system in order to ease the City's ability to hire and promote officers who reflect the community's values and diversity and who have the skills necessary for policing in the 21st century.
- 09** A commitment to further demilitarization and an end to Somerville's participation in federal military weaponry distribution to local police departments, which the Somerville Police Department already significantly curtailed in recent years.
- 10** A commitment to diligently and persistently pursue further reforms.

The Racial and Social Justice (RSJ) Project

1. RSJ Project on Reimagining Policing: Civilian Oversight Community-driven process to establish a civilian oversight committee for the SPD		2. RSJ Project on Reimagining Policing: A New Public Safety Model Community-driven process to develop a new public safety model that includes civilian response, holistic thinking, and other approaches	
3. Racial and Social Justice Fund Devoted to community-identified and -prioritized investments in racial and social justice initiatives	4. Director of Racial and Social Justice Executive-level position focused on dismantling systemic racism and social inequality in Somerville	5. SPS RSJ Investments Counseling, family support, and other initiatives to support student wellbeing and growth	

City \$1M RSJ Investments: Funding Strategy

RSJ Investments (City):

- Reimagining policing community processes: + \$150,000
- Racial & Social Justice Fund: + \$750,000
- Director of Racial & Social Justice: +\$102,000

Total: \$1,002,000

SPD budget cuts compared to level service:

- PS: -\$541,800
- OM: -\$90,200
- Special items: -\$120,000 (cadet program)

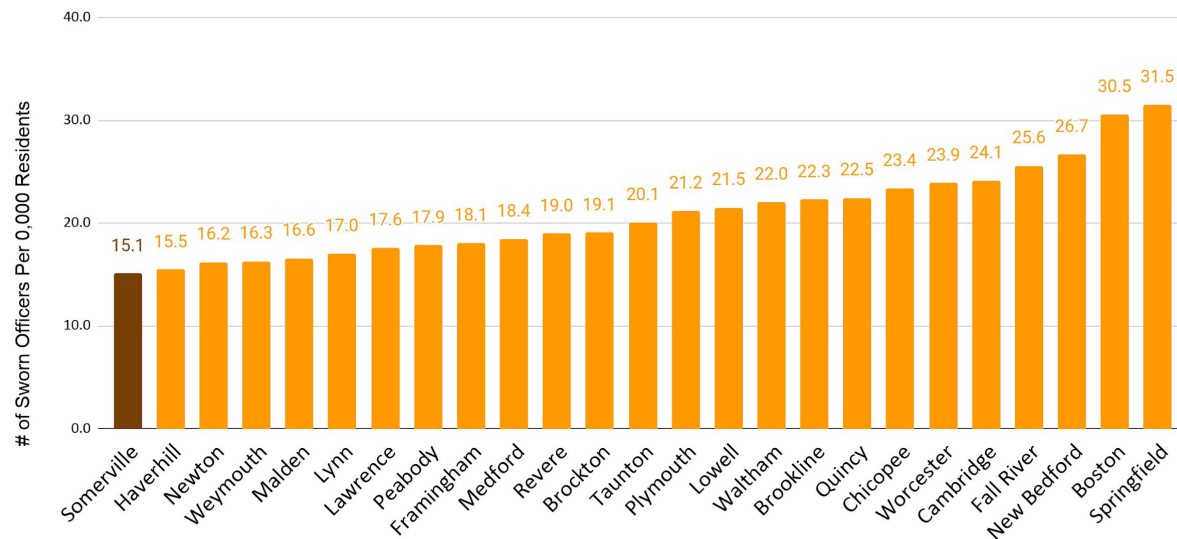
Total: -\$752,000

+\$250,000 free cash appropriation into Racial & Social Justice Fund

Current staffing levels at SPD

Somerville has the fewest officers per capita of the 25 most populous cities in MA

Source: FBI Uniform Crime Reporting Program. Full-time Law Enforcement Employees, by State by City, 2018



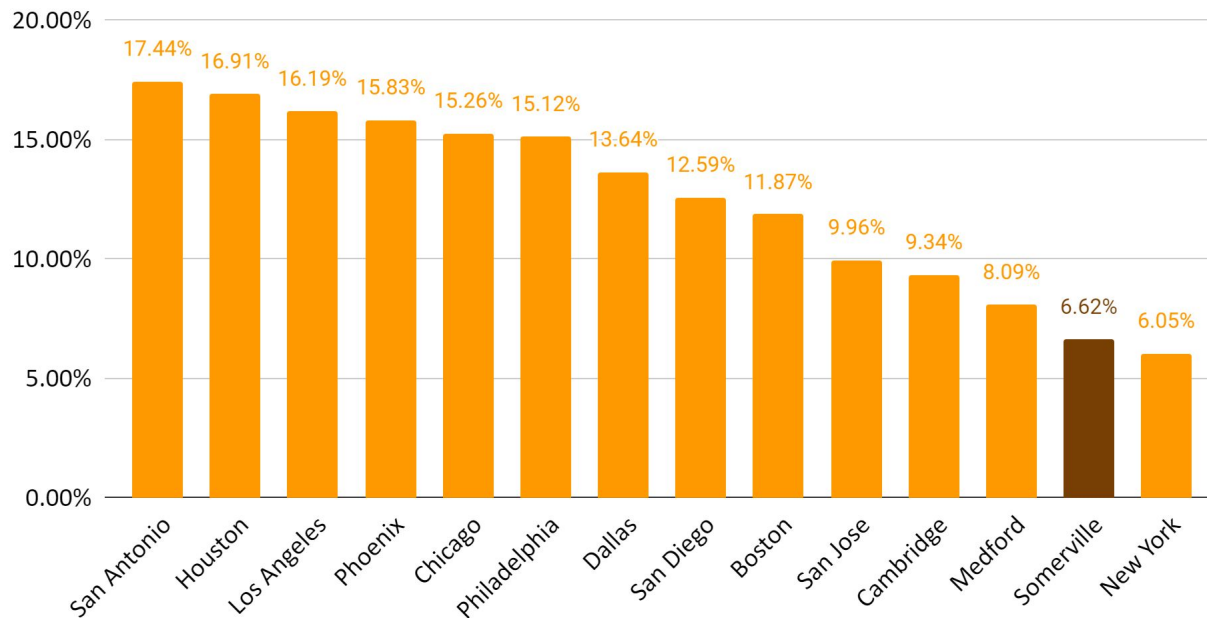
Source:

- FBI Uniform Crime Reporting Program. Full-time Law Enforcement Employees, by State by City, 2018
<https://ucr.fbi.gov/crime-in-the-u.s/2018/crime-in-the-u.s.-2018/tables/table-78/table-78-state-cuts/massachusetts.xls>

Comparing SPD Spending to Other Cities

PD Budget as a Percentage of City Operational Budget (FY20)

10 Most Populous U.S. Cities and Regional Neighbors



Sources:

- “How Much America’s 10 Largest Cities Spend on Police”. June 11, 2020. US News
<https://www.usnews.com/news/cities/articles/2020-06-11/how-much-the-10-largest-us-cities-spend-on-police>
- City of Boston:
<https://www.boston.gov/departments/budget/fy20-operating-budget>
- City of Cambridge:
<https://www.cambridgema.gov/Departments/Budget/fy20adoptedbudget>
- City of Medford:
<http://www.medfordma.org/storage/2019/07/BUDGET-BOOK-2020.pdf>

RSJ Project on Reimagining Policing

- Budget includes \$150,000 to fund an expansive, inclusive process that empowers traditionally marginalized voices
- We are not being prescriptive about how this money will be spent
- The Director of Racial and Social Justice will work with the community to ensure an inclusive and empowering process

3. Racial and Social Justice (RSJ) Fund

- Requesting that City Council establish a Racial and Social Justice Fund, the purpose of which is to “provide a sustainable and enduring source of funding to dismantle systemic racism and social inequality. The Fund’s resources shall be used to support efforts of individuals, organizations and government agencies to redress the impacts and deconstruct the underlying causes of racial and social injustice in all forms.”
- Recommending \$750,000 initial investment in RSJ Fund
 - Reallocation of \$500,000 from the Police Department budget to the RSJ Fund included in General Fund budget request
 - Requesting that City Council appropriate \$250,000 of free cash to the RSJ Fund
- Appropriate funding to the RSJ Fund at least every year, if not more frequently

3. Racial and Social Justice (RSJ) Fund

- Potential uses for funding include but are not limited to:
 - Creation of new or expansion of existing City, School, or nonprofit programs to reach and support vulnerable residents
 - Economic development initiatives to support minority- and women-owned businesses
 - Mental and public health investments
 - Education and training
- Under the leadership of the RSJ Director, pursue a community-driven process to define how funding will be distributed and ultimately make recommendations to the Mayor and the City Council; Mayor will formally submit recommendations to the City Council for approval

4. Director of Racial and Social Justice

- The Director of Racial and Social Justice will lead the Racial and Social Justice Project, including community processes for reimagining policing and the Racial and Social Justice Fund
- Hiring panel to include at-large member of the City Council, School Committee, and representation from the community

5. New SPS RSJ Investments in FY21

The SPS budget proposed by Superintendent Mary Skipper and approved by the School Committee reallocates more than \$600,000 towards several important RSJ investments, including:

- Increasing Family and Community Liaisons to full-time, benefited positions: +\$189,000
- Implementing Becoming a Man mentoring program: +\$130,000
- Replacing security guards at SHS with Deans of Students focused on student wellbeing +\$126,000
- Adding a second Bilingual Adjustment Counselor at SHS: + \$74,000
- Increasing funding for external counseling for students: +\$60,000
- Stipends for Equity Champions at each school: +\$45,000
- Increasing funding for Enroot services for new immigrants at SHS: +\$10,000