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# Northeastern agrees to partial payment to city

## College says city formula unfair

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By **Matt Rocheleau**

GLOBE CORRESPONDENT MARCH 02, 2015

Northeastern University recently retroactively paid the city of Boston \$886,000 to help cover the costs of municipal services after the school faced criticism for failing to give anything this past fiscal year. But the college fell well short of paying the full amount the city requested, saying giving more would be unfair.

The university said it made its payment late because school officials had first wanted to talk to Boston's new mayor about the matter.

Under a program that began in 2011, the city asks nonprofits with more than \$15 million worth of tax-exempt property to write checks twice a year to help offset the cost of police and fire protection, snow removal, and other services. The voluntary payments are known as payment in lieu of taxes (PILOT).

The Globe reported in October that most colleges in Boston failed to pay the city the full amount sought, while a majority of





hospitals met the recommended amounts.

Northeastern was asked for \$2.5 million this past fiscal year, which ended in June but had given nothing, even though it paid \$886,000 in each of the previous two fiscal years and \$30,000 in fiscal 2011, according to city data.

Following criticism, the college in late January submitted a payment of \$886,000 for fiscal year 2014, which was first reported by CommonWealth Magazine.

The university enclosed a letter with the check it mailed to City Hall explaining why it made the payment.

“We want to find ways to support the city’s need to identify a variety of revenue sources to fund its provision of services,” said the letter dated Jan. 26 from Northeastern senior vice president and general counsel Ralph C. Martin II to city assessing department commissioner Ronald W. Rakow.

But the letter also explained that the university does not believe that the city’s request for \$2.5 million this past fiscal year, or the formula the city uses to calculate the amounts it requests, are fair.

“Indeed, our payment should not be construed as support or commitment to the PILOT formula, so much as it reflects our willingness to work with your administration to arrive at a financial number that properly reflects Northeastern’s relationships with the city,” the letter added.

Northeastern spokeswoman Renata Nyul said by e-mail that the university had not made its fiscal year 2014 payment earlier because of the city’s change in leadership last year.

“We simply wanted to have conversations about this issue with the new mayor before defaulting to the formula we agreed to with the prior administration,” she said. “It’s important to remember that these payments are voluntary.

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*‘It’s important to remember that these payments are voluntary.’ --  
Renata Nyu, Northeastern  
spokeswoman*

“We’ve had great conversations with Mayor [Martin J.] Walsh about our shared goals for Boston, including a balanced approach to recognizing the many contributions of Northeastern to the city,” said Nyul. “We are proud of our partnership with Mayor Walsh and we look forward to continued conversations.”

The mayor’s office declined to comment beyond a statement. “The city of Boston appreciates Northeastern’s contribution, and we look forward to continuing discussions with the university on their participation in the PILOT program,” said the statement from Walsh spokeswoman Bonnie McGilpin.

In October, the mayor’s office told the Globe that Walsh is committed to keeping the payment program, which he inherited from his predecessor, Thomas M. Menino.

“While the PILOT program is voluntary, institutional participation is both needed and expected, and institutions that don’t participate, or participate with less than the full amount, place a greater burden on the city’s taxpaying residents and businesses,” said a statement from Walsh’s office in October.

Boston City Councilor Josh Zakim, whose district includes Northeastern’s campus in the Fenway and Mission Hill neighborhoods, said the recent contribution is “a significant amount of money and obviously it’s very encouraging and a big step in the right direction.”

Still, he said, he was discouraged that Northeastern did not give the full \$2.5 million the city requested, noting how the college and its many students who live off campus benefit from municipal services.

“We’d like to see more,” Zakim said in a phone interview. “I think the amounts the city requests are calculated in a thoughtful way and are fair.”

Fifteen of the 19 colleges, including the city’s wealthiest universities, did not pay the amounts requested by the city during fiscal 2014.

The amounts the city requests are based on the total assessed value of tax-exempt properties owned by the nonprofits. Northeastern has been criticized sharply for failing to pay what the city requests despite its large size. The university owns about \$1.3 billion worth of tax-exempt property in Boston, which is the third most of any college in the city.

Boston University owns \$2 billion worth of tax-exempt property and last fiscal year paid the city about \$6 million, about \$500,000 less than the city requested. Harvard, while based in Cambridge, owns about \$1.5 billion worth of tax-exempt property in Boston and paid the city \$2.2 million, while the city requested about \$4.3 million.

Colleges that have failed to pay the full amounts have cited benefits they provide to the city.

Northeastern has said it pays more than \$2 million every year in property taxes to the city. Those taxes are paid voluntarily because the school acquired property that was on the tax rolls and decided to keep paying the taxes,

campus officials have said. Those payments, however, do not count toward what the city requests through the payment program.

Northeastern has also noted that it provides \$12 million annually in financial aid to Boston students and another \$16 million a year through an array of other community benefits, including educational and youth development programs it runs and thousands of hours of community service that Northeastern students, faculty, and staff contribute.

The school has said it has committed to spend \$15 million to improve Carter Playground, a city-owned park near the campus. School officials also noted the university has its own police force, handles its own snow removal, and does extensive trash removal throughout the year.

“As a timely example of things we happily do for our neighbors: Our employees and students have been shoveling in the city, and we have offered the city our leased snow melter, at no cost whatsoever, to ease the burden of snow removal,” Nyul said by e-mail.

Nyul did not say whether the school has already made, or if it expects to make, any payments for the ongoing fiscal year.

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