

Finance Committee  
Thursday, January 17, 2019  
Time: 6:15p.m. Room 201  
Brent Bean, Chair – Dan Allie – John Beltrandi

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Attendance: Nick Morganille, Bill Onyski, Ralph Figy, Matt Emmershy, John Beltrandi, Mike Burns, Mary Ann Babinski, Tina Gorman, Mark Cressotti, Dave Billips, Amy Porter, Leslie Lefebvre

Matt Emmershy, Westfield was recording the meeting

Public Participation: NONE

Agenda

RECEIVED  
FEB - 4 2019  
WESTFIELD CITY CLERK

- Transfer of \$19,500.00 within the Airport Department from FT Salary account #11990000-511000 to Equipment Vehicles #11990000-585001 4/20/17 REMAIN IN COMMITTEE; 5/4/17REMAIN IN COMMITTEE  
**3-0 to remove from committee**
- Upon motion of Councilor Dondley and President Bean, it was VOTED: That per a request from the Retirement Board, that the Council to approve the unanimous vote of the Retirement Board to raise the cost-of-living allowance (COLA) base for city pensioners by \$1,000 from \$13,000 to \$14,000 in accordance with MGL Chapter 32, section 103, paragraph (j) and be REFERRED TO THE FINANCE COMMITTEE.  
**3-0 to remove from committee**
- Upon motion of Councilor Surprise, it was VOTED: That the "Communication from the Mayor" requesting acceptance of the in-lieu-of-taxes contribution from the Westfield Gas and Electric in the amount of \$559,497.00 for FY19. Payments are to be made monthly in the amount of \$46,625.00 commencing on or after July 1, 2018 be REFERRED TO FINANCE COMMITTEE.  
**3-0 to leave in committee**
- Upon motion of Councilor Paul, and Councilor Burns, it was that an analysis of the present Storm Water Fee be initiated with the DPW Director to identify the fee gap and work required to be compliant with Federal and State EPA and that the matter be REFERRED TO FINANCE COMMITTEE and LEGISLATIVE AND ORDINANCE COMMITTEE.  
**2-1 to refer to L&O with a positive recommendation (Bean was a no vote)**
- Requesting acceptance of a Grant awarded from the Executive Office of Elder Affairs for the FY19 Earmark Grant in the amount of \$5,500.00 to the Westfield Council on Aging for the food program in partnership with the Horticulture Department at Westfield Technical Academy.  
**3-0 with a positive recommendation**
- Upon motion of Councilor Emmershy, it was that the Fire Commission and Legal Department provide the Council with an accounting of all outside Counsel expenditures incurred since 1/1/2018 and what is to be reasonably expected in the future and be REFERRED TO FINANCE COMMITTEE, FIRE COMMISSION, LEGAL and AUDIT and it was further VOTED: That the above motion be amended to remove the referral to the Fire Commission.  
**3-0 to leave in committee**

Below are tables and narrative to explain the proposal to increase the Stormwater fee.

The present rate is \$20/year residential and \$0.045/ft<sup>2</sup> for commercial. There is a minimum charge of \$100/year and a maximum charge of \$640/year for commercial.

**Residential**

The proposal is to raise the residential rate by \$10/year for three years. Table 1 shows the present rate, proposed rate, present revenue generated and projected revenue.

Year	Present	FY19	FY20	FY21
Rate	\$20/year	\$30/year	\$40/year	\$50/year
Revenue	\$204,929*	\$307,380**	\$409,840	\$512,300

Table 1

**Commercial (Non-residential)**

As stated above the present fee is \$0.045/ft<sup>2</sup>, the proposed fee will be \$0.014/ft<sup>2</sup> and the cap will be raised to \$1,200 for parcels with impervious surface of 80,000 to 150,000 ft<sup>2</sup> and \$2,100 for parcels greater than 150,000 ft<sup>2</sup>. The fee will increase to \$0.020/ft<sup>2</sup> in FY20 and \$0.024/ft<sup>2</sup> in FY21 (Table 2). Smaller businesses (less than 45,700 ft<sup>2</sup>) will pay less the first year while the larger entities will pay more. Currently any commercial property 14,222 ft<sup>2</sup> or greater is paying the maximum.

Year	Present	FY19	FY20	FY21
Rate	\$0.045/ft <sup>2</sup>	\$0.014/ft <sup>2</sup>	\$0.020/ft <sup>2</sup>	\$0.024/ft <sup>2</sup>
Revenue	\$353,413*	\$384,300**	\$503,000	\$566,800

Table 2

Table 3 shows the present and future revenue.

Year	Present	FY19	FY20	FY21
Residential	\$204,929*	\$307,380**	\$409,840	\$512,300
Commercial	\$353,413*	\$384,300**	\$503,000	\$566,800
Total	\$558,342*	\$691,680**	\$912,840	\$1,079,100

Table 3

\* Average of last 8 years

\*\* Based on full year of revenue but if retroactive to January 1 will be half this amount

Table 4 shows the funds needed and generated for the first three years of the capital plan based on the proposed increases.

Year	2019	2020	2021
Needed	\$ 630,000.00	\$ 904,000.00	\$ 1,017,020.00
Generated	\$ 691,680.00	\$ 912,840.00	\$ 1,079,100.00

Table 4

The projected revenues are conservative at best. The majority of commercial properties (roughly 80%) are between 20,000 and 80,000 ft<sup>2</sup> and the projections are based on most of those being on the smaller side. There are approximately 50 between 80,000 and 150,000 ft<sup>2</sup> and 50 over 150,000 ft<sup>2</sup>.

If we supplemented the second and third year of the rate increase with either undesignated funds or free cash, we could leave the rate at \$0.014 for commercial using the following tables. Table 5 shows a comparison between Table 4 and the total if we supplement and Table 6 shows the impact from the new rates and where they would reach the old maximum threshold. Table 7 shows the cost reflected in leaving the commercial rate stagnant for three years with the supplement.

Money Needed for First Three Years of Capital Plan			
	2019	2020	2021
Needed	\$ 630,000.00	\$ 904,000.00	\$ 1,017,020.00
Generated	\$ 691,680.00	\$ 912,840.00	\$ 1,079,100.00

Money Needed for First Three Years of Capital Plan (supplemented)			
	2019	2020	2021
Needed	\$ 630,000.00	\$ 904,000.00	\$ 1,017,020.00
Generated			
Residential	\$ 307,380.00	\$ 409,840.00	\$ 512,300.00
Commercial	\$ 384,300.00	\$ 384,300.00	\$ 384,300.00
Supplemented	\$ -	\$ 118,700.00	\$ 182,500.00
Total	\$ 691,680.00	\$ 912,840.00	\$ 1,079,100.00

Table 5

		Present	FY19	FY20	FY21
	Rate	\$ 0.045	\$0.014	\$0.020	\$0.024
Impervious Surface (Square Feet)	14,222	\$ 640	\$ 199	\$ 284	\$ 341
	15,000	\$ 675	\$ 210	\$ 300	\$ 360
	20,000	\$ 900	\$ 280	\$ 400	\$ 480
	25,000	\$ 1,125	\$ 350	\$ 500	\$ 600
	27,000	\$ 1,215	\$ 378	\$ 540	\$ 648
	30,000	\$ 1,350	\$ 420	\$ 600	\$ 720
	35,000	\$ 1,575	\$ 490	\$ 700	\$ 840
	40,000	\$ 1,800	\$ 560	\$ 800	\$ 960
	45,000	\$ 2,025	\$ 630	\$ 900	\$1,080
	50,000	\$ 2,250	\$ 700	\$1,000	\$1,200

Table 6

	2019	2020	2021
Supplemented \$	\$ -	\$ 118,700.00	\$ 182,500.00

		Present	FY19	FY20	FY21
	Rate	\$ 0.045	\$0.014	\$0.014	\$0.014
Impervious Surface (Square Feet)	14,222	\$ 640	\$ 199	\$ 199	\$ 199
	15,000	\$ 675	\$ 210	\$ 210	\$ 210
	20,000	\$ 900	\$ 280	\$ 280	\$ 280
	25,000	\$ 1,125	\$ 350	\$ 350	\$ 350
	27,000	\$ 1,215	\$ 378	\$ 378	\$ 378
	30,000	\$ 1,350	\$ 420	\$ 420	\$ 420
	35,000	\$ 1,575	\$ 490	\$ 490	\$ 490
	40,000	\$ 1,800	\$ 560	\$ 560	\$ 560
	45,000	\$ 2,025	\$ 630	\$ 630	\$ 630
	50,000	\$ 2,250	\$ 700	\$ 700	\$ 700

Table 7

10/18/18

Upon motion of Councilor Paul, and Councilor Burns, it was VOTED: That an analysis of the present Storm Water Fee be initiated with the DPW Director to identify the fee gap and work required to be compliant with Federal and State EPA and that the matter be REFERRED TO FINANCE COMMITTEE and LEGISLATIVE AND ORDINANCE COMMITTEE.

### PROJECTS

Director Billips developed list of 18 projects plus structure repair and replacement to be completed over the next five years, 2019 to 2023) with estimated costs for each project. He believes costs may be on the high side.

The Finance Committee worked with Director Billips to develop a 3-year Storm water Capital Plan focusing on 14 projects, mandated by the Federal Environmental Protection Agency MS4 Storm water Permit.

### FEE GAP

Table 3 shows the present annual revenue of \$558,342 a year, and future revenues if we adopted residential rate of \$30 in FY19, \$40 in FY20 and \$50 in FY21.

Table 4 shows funds needed: in 2019 \$630,000, \$904,000 in 2020 and \$1,017,020 in 2021.

Fee Gap	2019	\$71,658	2020	\$345,658	2021	\$458,678
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Billips originally proposed lifting the cap of \$640 per year on the Commercial rate, while lowering the rate from 4.5 cents per sq. ft. to \$0.014/ft<sup>2</sup> Currently, a small business of 14,700 sq ft pays as much as the largest business in town.

The cap would be raised to \$1,280 per year for parcels with impervious surface of 80,000 to 150,000 ft<sup>2</sup> and \$2,100 per year for parcels greater than 150,000 ft<sup>2</sup>.

In his original proposal, the commercial rate would increase to \$0.020/ft<sup>2</sup> in FY20 and \$0.024/ft<sup>2</sup> in FY21 (Table 2). Smaller businesses (less than 45,700 ft<sup>2</sup>) will pay less the first year while the larger entities will pay more.

That proposal did not include using any funds currently in Undesignated Storm Water, (\$880,000), grant money, or other funding.

The Finance Committee requested DPW show the impact of using Undesignated funds on small businesses under 50,000 sq ft.

Table 5 and Table 7 show the impact of using \$118,700 in FY20 and \$182,500 in FY 20 while maintaining the commercial rate at 1.4 cents per sq ft.

The Finance Committee then requested the DPW to show the impact of using Undesignated Storm water to offset fee increase to residential. That can be seen on page 3, under Option 3

**Residential Rate** - The residential rate will increase \$10 a year to \$30 per year for FY19, retroactive to January 1<sup>st</sup> 2019. The rate will remain \$30 for FY20, and increase \$10 a year in FY21.

**Rate plan will sunset at the end of 2021;** to allow the Council to review and adjust, based on actual work and revenues.

**Use of Undesignated Storm water funds**

Currently, there is \$855,010 in the Storm Water Undesignated account. This plan uses \$204,920 in FY20 and FY21 in Undesignated Funds to offset funds needed and allow residential rate to remain \$30 per year in FY20 and increase to \$40 in FY21.

This plan uses \$301,200 in Storm Water Undesignated funds in FY20 and FY21 to allow commercial rates under approximately 50,000 sq. ft. to remain under the old cap amount.

No grant source funding is shown in the plan at this time. (1-04-2019)

<b>Money Needed for First Three Years of Capital Plan</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Needed	\$ 630,000.00	\$ 904,000.00	\$ 1,017,020.00
Generated	\$ 691,680.00	\$ 912,840.00	\$ 1,079,100.00

<b>Money Needed for First Three Years of Capital Plan (supplemented)</b>			
	<b>2019</b>	<b>2020</b>	<b>2021</b>
Needed	\$ 630,000.00	\$ 904,000.00	\$ 1,017,020.00
Generated			
Residential	\$ 307,380.00	\$ 409,840.00	\$ 512,300.00
Commercial	\$ 384,300.00	\$ 384,300.00	\$ 384,300.00
Supplemented	\$ -	\$ 118,700.00	\$ 182,500.00
Total	\$ 691,680.00	\$ 912,840.00	\$ 1,079,100.00

**Commercial Rates – Lifts cap of \$640, lowers rate from 4.5 cents per sq. ft. to 1.4 cents per sq. ft.**

The new plan will lower commercial rate of 4.5 cents to 1.4 cents per square foot. It lifts the current \$640 cap on commercial rates, but is more fair and equitable for small to medium size businesses. Businesses under 50,000 square feet of impervious surface will see their rate and annual costs go down. For example, the annual cost for 15,000 sq. ft. will drop from current \$640 to \$199 per year.

Under the old rate, a small business with 15,000 sq. ft. paid the same amount as the largest business in town. The new plan sets the cap on businesses from 80,000 to 150,000 sq. ft. to \$1280 per year; and \$2100 on businesses over 150,000 sq. ft., at the .014 per square foot.

**Provides revenue for 3 new personnel to be hired in FY20 to ensure the DPW has the workforce to get the work done, and bring in as much in house as possible.**

The new plan is to be voted on by the Finance Committee, before being sent to the full Council.

<b>Residential</b>				
Year	Present	FY19	FY20	FY21
Rate	\$20/year	\$30/year	\$30/year	\$40/year
Revenue	\$204,929*	\$307,380**	\$307,380	\$409,840
Supplement			\$102,460	\$102,460
<b>Commercial</b>				
Rate	\$0.045/ft <sup>2</sup>	\$0.014/ft <sup>2</sup>	\$0.014/ft <sup>2</sup>	\$0.014/ft <sup>2</sup>
Revenue	\$353,413*	\$384,300**	\$384,300	\$384,300
Supplement			\$118,700	\$182,500
Total	\$558,342	\$691,680	\$912,840	\$1,079,100

**OPTION 3**

		Present	FY19	FY20	FY21
	Rate	\$ 0.045	\$0.014	\$0.014	\$0.014
Impervious Surface (Square Feet)	14,222	\$ 640	\$ 199	\$ 199	\$ 199
	15,000	\$ 675	\$ 210	\$ 210	\$ 210
	20,000	\$ 900	\$ 280	\$ 280	\$ 280
	25,000	\$ 1,125	\$ 350	\$ 350	\$ 350
	27,000	\$ 1,215	\$ 378	\$ 378	\$ 378
	30,000	\$ 1,350	\$ 420	\$ 420	\$ 420
	35,000	\$ 1,575	\$ 490	\$ 490	\$ 490
	40,000	\$ 1,800	\$ 560	\$ 560	\$ 560
	45,000	\$ 2,025	\$ 630	\$ 630	\$ 630
	50,000	\$ 2,250	\$ 700	\$ 700	\$ 700

Table 7