



**ARTICLE 8:
CREATION OF A STORMWATER
MANAGEMENT ENTERPRISE FUND**

MARCH 23, 2019 ANNUAL TOWN MEETING

WHY IS THE FINANCE TEAM RECOMMENDING AN ENTERPRISE FUND?

- An enterprise fund is an accounting mechanism used to account for certain municipal services separately – whether through taxation or fee
- Revenues received are applied only to designated purpose
- Revenues can accumulate for future capital projects
- Provides transparency for voters and management
- State recommends an enterprise fund for stormwater management
- 1st Budget in FY2021 - No money will be raised or spent in FY2020
- Creation of the enterprise does not drive any other decisions

WHY ARE WE TALKING ABOUT STORMWATER?

- Westford maintains a vast drainage system that includes:
 - 60 miles of drain pipes
 - 5,630 structures - catch basins and manholes
 - 675 outfalls
 - 285 culverts
 - 150 miles of publicly maintained roadways and 110 miles of roadway curb
 - Vehicles and equipment for maintaining the drainage infrastructure and
 - Stormwater treatment structures.
- Valued at over \$150 million



WHY ARE WE TALKING ABOUT STORMWATER?



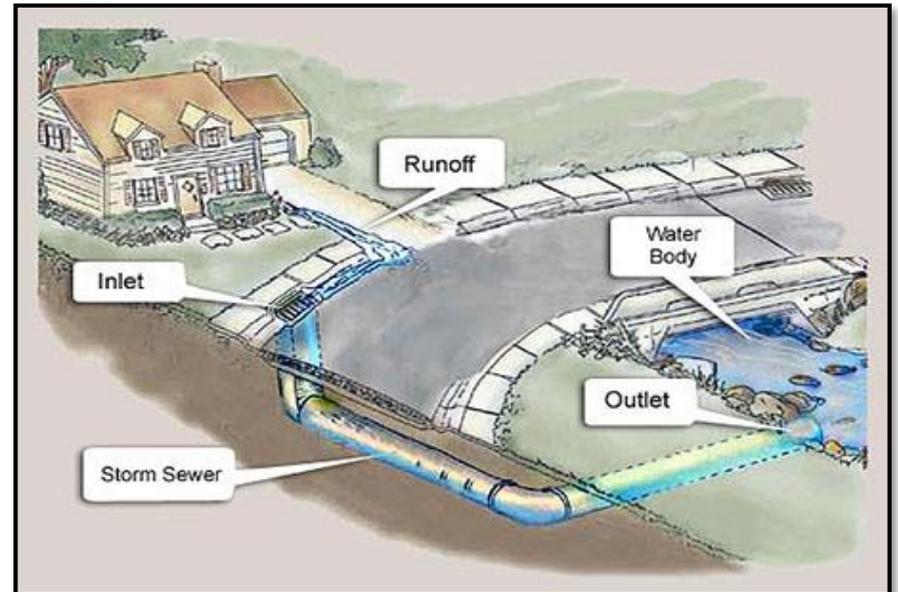
Goals of the Stormwater Management Master Plan:

- Comply with EPA's permit to avoid costly penalties
- Preserve & improve water quality
- Maintain & improve drainage
- Identify a sustainable funding strategy that is adequate and equitable

Photo source: *Implement Stormwater Best Management Practices (BMPs) to prevent flooding, erosion, and pollution in and around your home.* City of Kent, Washington at <http://kentwa.gov/stormwater/>

WHY ARE WE TALKING ABOUT STORMWATER?

- Westford has been under EPA's Stormwater Permit since 2003
- In 2016 a Stormwater Master Plan was completed
- Approximately \$600,000 currently in budget across several departments
- EPA Permit issued July 1, 2018 raised the bar considerably



FUNDING EXAMPLE – WHAT COULD IT COST?

- **\$1.6 Million to support protective level of service**
 - \$600,000 within current budgets is allocated for stormwater
- **Funding for additional \$1 million per year required for:**
 - Compliance
 - Operation & Maintenance
 - Administration
 - Capital Improvements



FUNDING OPTIONS

Options Under Consideration by BOS to raise funding

- **Tax Base**
 - Absorbing additional \$1M in existing budget would result in significant service reductions
 - General override, debt exclusions, capital override
- **New Stormwater Utility Fee**
 - All properties charged a fee based on impervious surface, Equivalent Residential Unit, and a Tiered SFR Structure
- **Combination of Taxation and Fee**
 - Many options are possible including raising a portion through fees and a portion through tax revenue
- **Municipal Water Infrastructure Investment Fund**
 - Property tax surcharge of up to 3% that would be assessed on each parcel of taxable real estate. Amounts generated by surcharge would not be subject to Proposition 2 ½

NECESSARY REDUCTIONS IF \$1,000,000 ABSORBED IN FY20 BUDGET

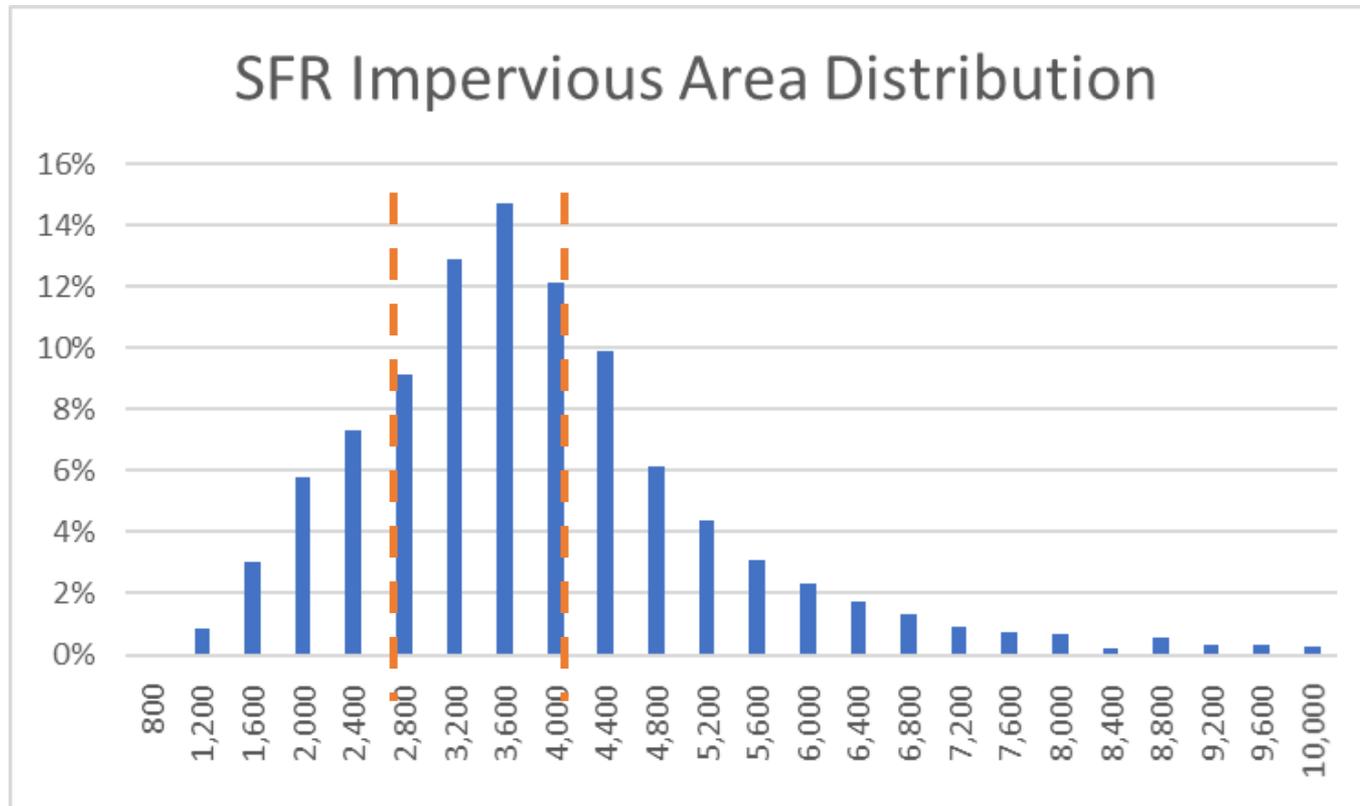
Department	FY20 Town Manager Budget	Budgets Reduced by \$1M	Amount Decreased (\$)
General Government	4,718,401	4,662,365	(56,036)
Public Safety	10,395,507	10,272,049	(123,458)
Education	60,627,268	59,907,252	(720,016)
Public Works	5,266,686	5,204,138	(62,548)
Health & Human Svcs.	1,159,998	1,146,222	(13,776)
Culture & Recreation	2,034,857	2,010,691	(24,166)
Total	84,202,717	83,202,717	(1,000,000)

EXAMPLE: UTILITY FEES PROVIDED BY CONSULTANT

- **Equivalent Residential Unit (ERU)**
 - A fee would be established based on amount of impervious surface on the average residential lot
- **ERU = 3,500 Square feet for Westford**
- **Impervious surfaces have already been calculated on most properties**
 - Impervious or hard surfaces where rain cannot penetrate include buildings, rooftops, driveways, parking lots, etc.
- **Incentives and Credits**
 - A procedure for incentives and credits will be developed if a stormwater utility fee is established

SAMPLE FUNDING STRUCTURE - FEE

- Fee per ERU is still under consideration
- Rate Structure and Model with Tiered Single Family Residential



$\leq 2,800$ SF
Bill - .6 ERU

$> 2,800$ SF and
 $\leq 4,350$ SF
Bill - 1 ERU

$> 4,350$ SF
Bill - 1.5 ERU

SAMPLE FUNDING STRUCTURE - FEE

Sample Estimated Residential Fees:

Tier 1: residential less than 2,800 SF
= \$45/year (0.6 ERUs)

Tier 2: residential 2,800 – 4,350 SF
= \$75/year (1.0 ERU)

Tier 3: residential greater than 4,350 SF
= \$113/year (1.5 ERUs)

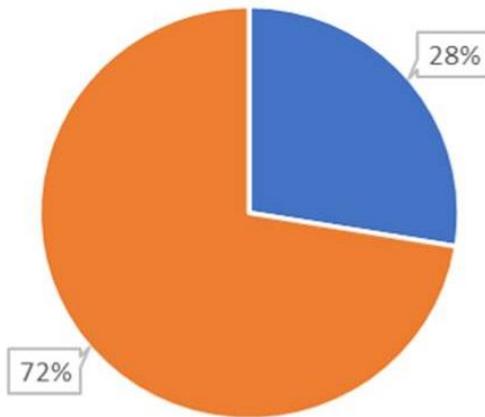
Estimated Non-Single Family Residential (Multi-family, Commercial, Non-profit, Municipal):

Fee per ERU = \$75

FUNDING EVALUATION - EQUITY

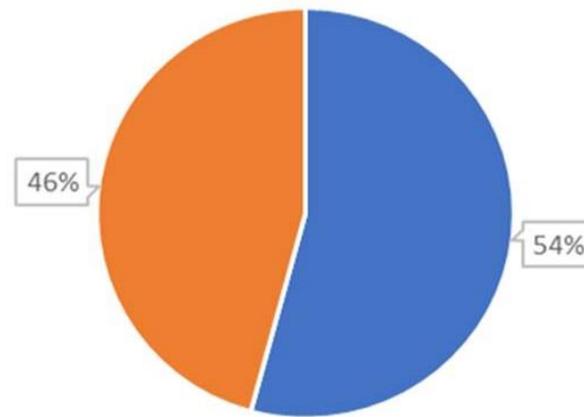
- **Real Estate Tax: burden largely on SFR (~72%)**
- **Stormwater Fee: revenue should mimic distribution of impervious area**
 - 46% Single Family Residential; 54% Non-Single Family Residential
- **Tax Exempt & Non-Profits typically receive a stormwater bill**
 - Includes about 1,200 ERUs (~8% of total ERUs) tax exempt properties (schools, Town land, State, nonprofits)

Tax Value of Non-Exempt Properties



■ Non-Exempt NSFR ■ SFR Total

Impervious Area - No Exemptions



(#)

■ NSFR Total ■ SFR Total



IMPERVIOUS AREA EXAMPLE - RESIDENTIAL



\$165 Tax

TIER SFR3 (ERUs = 1.5)

25 PINE RIDGE ROAD
PARCEL: 025 0117 0005

\$113 Fee



\$145 Tax

TIER SFR2 (ERUs = 1.0)

14 JARVIS WAY
PARCEL: 013 0031 0005

\$75 Fee



\$67 Tax

TIER SFR1 (ERUs = 0.6)

35 OAK HILL ROAD
PARCEL: 074 0073 0000

\$45 Fee

RESIDENTIAL EXAMPLES - IMPERVIOUS COVER

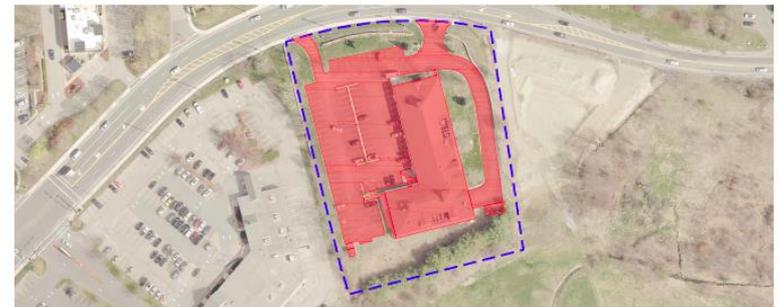
IMPERVIOUS AREA EXAMPLE - COMMERCIAL



\$3,881 Tax **\$7,425 Fee**
TOTAL ERUs = 99
PRIMROSE PARK
LITTLETON ROAD
PARCEL: 017 0088 0000



\$1,433 Tax **\$3,975 Fee**
TOTAL ERUs = 53
2 TECHNOLOGY PARK
LITTLETON ROAD
PARCEL: 022 0124 0004



\$784 Tax **\$1,350 Fee**
TOTAL ERUs = 18
SEOUL KITCHEN PLAZA
142 LITTLETON ROAD
PARCEL: 017 0023 0000

COMMERCIAL EXAMPLES - IMPERVIOUS COVER

IMPERVIOUS AREA EXAMPLE - SCHOOL



\$0 Tax

TOTAL ERUs = 109

STONY BROOK MIDDLE SCHOOL
FARMER WAY
PARCEL: 035 0108 0000

\$8,175 Fee



\$0 Tax

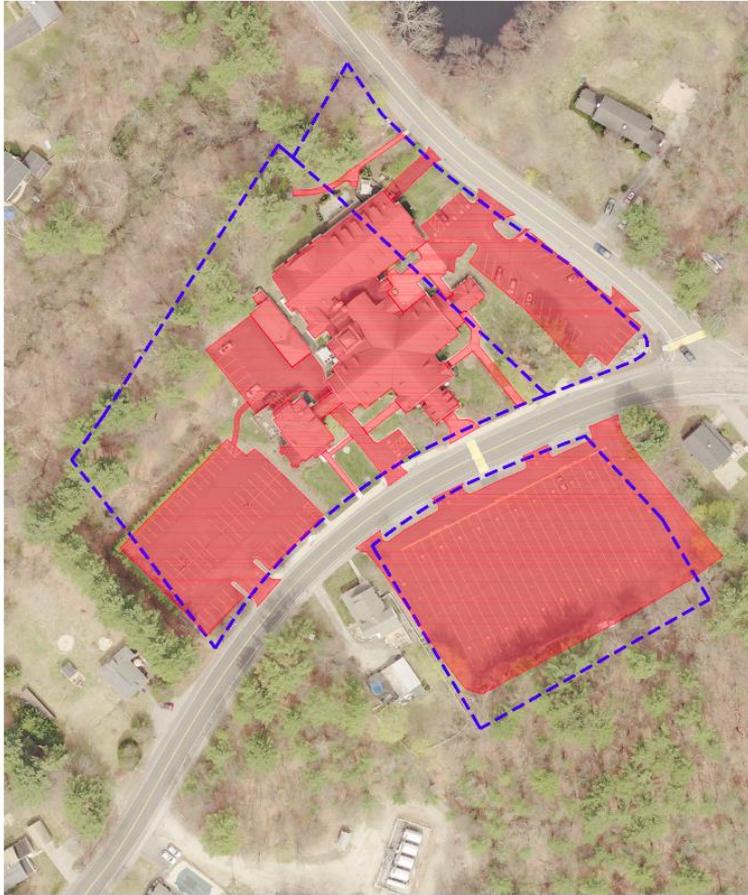
TOTAL ERUs = 20

COMMUNITY FIELDS
NUTTING ROAD
PARCEL: 036 0008 0000

\$1,500 Fee

SCHOOL & RECREATION EXAMPLES - IMPERVIOUS COVER

IMPERVIOUS AREA EXAMPLE - CHURCH



\$0 Tax

TOTAL ERUs = 33

\$2,475 Fee

ST. CATHERINE OF ALEXANDRIA
NORTH MAIN STREET & WEST STREET
PARCELS: 025 0091 0000, 025 0091 0001, & 025 0076 0000



\$0 Tax

TOTAL ERUs = 12

\$900 Fee

ST. MARK'S EPISCOPAL CHURCH
GRANITEVILLE ROAD & COLD SPRING ROAD
PARCEL: 025 0137 0000

CHURCH EXAMPLES - IMPERVIOUS COVER

UPCOMING TOWN DECISIONS AND TIMELINE

- **March ATM request to create a Stormwater Utility Enterprise Fund**
- **March 26th 8:05pm BoS discuss Stormwater Management Funding Options**
- **FY2019:** Work for permit year 1 underway
- **FY2020:** Funding for permit year 2 part of capital appropriation
- **SUMMER 2019:** Selectmen decide fee vs. taxation, or combination of fee and tax
- **FY2020:** Final details of rates, rate structure, billing & administration determined and depending on Board of Selectmen decision utility bills developed or override sought
- **FY2021:** Proposed enterprise fund in effect on July 1, 2020
- **FY2021:** Taxation begins or first stormwater utility bills collected. If override fails, budgets reduced.

WHAT IS ARTICLE 8 ASKING US TO DO?

- Article 8 is asking town meeting to authorize an enterprise fund
- An enterprise provides transparency for voters and management
- Any future enterprise budgets must be approved by Town Meeting
- Approving this now allows the finance team time to prepare
- Many decisions will be made over the next year regarding stormwater
 - There will be many opportunities for public input and education
- Creating the enterprise fund does not drive any other decisions

WHAT ARTICLE 8 IS NOT ASKING US TO DO?

- Does not appropriate funds into the established enterprise fund
 - “Similar to opening a checking account with a zero balance”
 - Any appropriation to spend funds from the enterprise will require a Town Meeting vote
- Does not specify a funding source for stormwater
 - The Board of Selectmen will be seeking public input at their March 26 meeting
 - Topic at the June 2019 Strategic Planning Retreat
 - Decisions to be made in Summer 2019
- Does not modify the FY20 Operating Budget, as presented in Article 7



THANK YOU!