1. **Members present:** Alex Ghiselin, Chris Hellman, Robert Reckman, Ruth McGrath, Dan Felten, Emory Ford, Rick Clark, James Dostal, Megan Murphy Wolf  
   **Members absent:** David Teece, John Shennette  
   **City Staff Attendees:** James R. Laurila, P.E. City Engineer; Doug McDonald, Stormwater Coordinator, Ned Huntley, Director of Public Works  
   **Other Attendees:** Terry Culhane, Board of Public Works, Chair.

The meeting was called to order at 5:00 pm by Emory Ford, Chair.

2. **Announcement of Audio/Video Recording of Meeting**

The meeting was video recorded by North Street Association, Ruth McGrath. Videos of these meetings will be posted on youtube and a link will be placed on the DPW website. It was noted that Ms. McGrath needed to leave about 15 minutes prior to the end of the meeting and the recording would end at that point.

3. **Public Comment**

Resident Fred Zimnoch was concerned that all the old fee models have been scratched. He liked the Felten model which was based on the concept of service use and amount of runoff from pervious and impervious surfaces. Mr. Reckman said all models are still under consideration. Mr. Felten added that there is not one model that they all agree on.

4. **Discussion and Approval of Minutes from May 9, 2013, and May 16, 2013 meetings**

The minutes were approved for the May 9th and May 16th meetings.

5. **Presentation of any new fee algorithms from committee members**

At the start of the meeting two new fee algorithms were distributed. One was identified as Clark ERU Method #2 and the other was identified as Felten 2. Also distributed were the following:

- A summary spreadsheet entitled “Sample Annual Stormwater Bill Comparison – City Property Excluded from Billing-Updated May 23, 2013).”
- Table entitled “Percentages of Areas, Property Tax, and Proposed Stormwater Fees by Property Types” dated May 23, 2013.

Mr. Clark describes his revised ERU Method. He said a modification was added that would result in undeveloped land being billed, so that all property owners contribute. He walked through how the bills would be calculated. He
promoted the new ERU method as easy and straightforward. Mr. Reckman noticed that each bill under Clark #2 was lower than Clark #1, because all property owners would be billed under the new algorithm. Mr. Ford asked how flood control costs were handled in the new method. Mr. Clark said that the revenue was all in one pot and not dedicated to stormwater or flood control. Mr. Ford asked if there is no distinction in revenue? Mr. Felten said that this was true of all models proposed so far. Mr. Dostal said it is good to keep it all together. Mr. Clark recommends the ERU method as the best and simplest approach to billing, it allows adjustments and it’s transparent. In his opinion using a runoff coefficient is not that important. He added that money is need to fix stormwater infrastructure and not so much about managing a certain volume of flow. Mr. Dostal agreed and said that the last substantial work on storm drains was done in the Dunphy administration when the City sewers were separated into sanitary sewer and storm sewers and that there is a large backlog of stormwater related infrastructure projects.

Mr. Felten described his new algorithm and that the new method was based on impervious area with a minimum fee for undeveloped land. Undeveloped land, regardless of size, would pay $108 annually which is the lowest residential rate.

Mr. Felten then said that he wanted to have a more philosophical discussion about the stormwater fee and mentioned that he had sent an email to the Task Force members on May 21, 2003 (added to the minutes as a public record.) Mr. Felten referred the Task Force to the table “Percentages of Areas, Property Tax, and Proposed Stormwater Fees by Property Types”. He pointed out that the table indicates a shifting of cost burden from residential to commercial/industrial sectors. He said the Task Force has been operating under the assumption that impervious area is a fundamental driver for determining the fee. He said that stormwater system maintenance and monitoring and EPA compliance is an important factor and that the City is in a crisis now because these things have been ignored and not part of the budget historically. This has led to the need for funding now. Tax exempt properties don’t pay for stormwater and flood control systems, and taxes are based on property values. The need for projects has continued to build up and it may be a problem to deal with capital projects with a fee. He pointed out that residential properties pay 83 percent of property tax and for the fee proposals the residential contribution is reduced to about 48-52 percent. The change in revenue goes to tax exempt properties. There are various stakeholders at risk and he asked if capital projects should be a city-budget issue or an override issue. Mr. Dostal said he was on the City Capital Improvements Committee for over 20 years and that through the years it was common where less than one-half of the needed capital projects were actually funded. He described the competing needs for limited general funds including schools, police and fire departments. He added that when Proposition 2½ passed the public works department was cut in half. Mr. Felten asked how do those points help come to fair and equitable. Mr. Dostal said that all sources of funding need to be considered in terms of fairness. Mr. Ghiselin said that the commercial/industrial sector pays 17 percent of property tax and that it is not necessarily equitable. About 70 percent of impervious surface is due to commercial/industrial development. Is it not equitable to ask for 31% contribution from commercial/industrial? Mr. Ghiselin added that using Proposition 2 ½ overrides for capital projects would be unworkable if used for every capital project. Mr. Felten was concerned that public works may not have firm hold on the numbers. Mr. Ghiselin said that we all have a vested interest in flood control and we all use the roads and infrastructure and we’re all in this together. Mr. Felten agreed and said he is looking at 2 sections: 1) EPA driven unfunded mandates – dealing with normal runoff and connected to impervious area and 2) Flood control which may have no real relationship to runoff since impervious area is less relevant and is more about property protection and property values. A fee based on property value protection and property values does not make sense. Businesses will be upset about a new fee. Mr. Felten suggested separating out $400-500,000 with a surface area fee for EPA related stormwater costs. But that a hard look should be taken at flood control and a large capital project like the flood control pump station should be paid for by an over-ride. He added that he wanted to share his thoughts about the unfair shifting of costs and that you could use an alternate fee based on factors for classes of property. Mr. Reckman said there are a number of conflicting threads related to fees, impervious surfaces, or combination of impervious and pervious land, or look at property values. He asked how would fees get assigned to property value? On the whole he said that most proposed fee proposals have a similar split between property types. What is most equitable? Impervious factors or property value or other factors? Mr. Felten said a new fee will impact property value and that it’s a huge impact. Mr. Reckman said fees need to be fair to residential and to businesses. Mr. Hellman said cost of service is used for water, sewer and electricity bills. Mr. Laurila said that developing a fee
based on property value may not be consistent with the Massachusetts General Laws which require a fee for service provided. Mr. Dostal said that industry and homeowners are charged taxes based on the same basis to encourage businesses to come to Northampton. He suggested that businesses and homeowners need to be treated the same. Mr. Ghiselin said there is precedent to treat industrial/commercial sector differently. He said it is ok to change property tax rates but the City has chosen not to do so. He said to suggest that flood control is about property value is a hard nut. Mr. Felten said that if there is a flood, businesses stand to lose more. He added that not many communities our size are looking at fees of this magnitude and that asking Smith College to pay an $85,000 bill to support a $2 million budget does not make sense. Mr. Felten then asked about some of the calculated stormwater bills and what percentage of a tax bill they might be. Mr. McDonald was able to provide some tax data for discussion. For example, CVS on King Street paid $33,107 in real estate taxes and their stormwater fee under the various proposals would be in the range of $823 to $1,973 ranging from about 2.5%-6%. Wal-Mart, also on King Street, pays about $159,635 in real estate taxes and their stormwater fee would range from $5,248 -$13,097, corresponding to a range of 3.3%-8%. Coca-Cola pays about $235,083 in real estate taxes and their stormwater fee under the various proposals would be in the range of $9,378-$23,425, corresponding to 4%-10%. Lastly, Paradise Copies pays about $8,513 in real estate taxes and their stormwater fee would range from $147-$367, or 1.7%-4.3%. Mr. Felten added that if we ask for 26% of fees from the commercial/industrial sector under Culhane/Reckman the total tax base to that sector would be a lot higher. Mr. Reckman said this does not include non-profits who would have to pay. Mr. Felten said that businesses would be required to pay 10% over and above their real estate taxes for these new fees. Mr. Ghiselin said that an example is the increase in meals tax that placed an additional tax burden on restaurants. But it is justified because the City provides needed police support, clean-up etc. In this case there are other expenses a business should pay for that is a function of their area of impervious surface, so it’s OK to ask them to pay for service. Mr. Hellman added that credits and incentives may help with some reduction in the bills. Mr. Felten said the credits would need to be meaningful. Mr. Hellman said that in Northeast Ohio some credits were up to 100%, but the task force has not assumed credits would be this high, but businesses with larger bills would be able to achieve some credits. Mr. Ford suggested moving to the next agenda item.

6. Response from Paul Spector on Time Extension

Mr. Ford said he had been in contact with Councilor Paul Spector about a possible extension. Mr. Spector said the Task Force could go until June 13th if needed. Mr. Dostal thought that 2 more meetings might be adequate, but he wanted to think about it. It might be doable if 2 fee proposals are given since it may not be possible to settle on one proposal. Ms. McGrath agreed that maybe two proposals would be possible, although one recommendation would be best. Mr. Ghiselin said that he’s happy to take an extra meeting or make the meetings longer. He felt that it would be a failure of the committee if there are multiple recommendations. Mr. Reckman said that multiple recommendations might be ok, but it should be a goal to get to one. Mr. Clark said he sees both sides of the extension, completion sooner will provide more time to the City Council, but if the Task Force takes more time to get to one recommendation two weeks is not enough. Mr. Felten said either way, wrap up next week or take more time. Mr. Clark added that he would like to see more about credits in the next couple of weeks. Mr. Hellman said that the Northeast Ohio credit manual took time and a lot of money to prepare to the level of detail they did. Ms. Murphy said maybe this can be done with the extension. Mr. Hellman said that Mr. Teece and Mr. Shennette, who are both absent, would have argued for more time. Mr. Felten moved to take the time extension to June 13. All voted in favor except Mr. Clark and Mr. Ford who each abstained.

Mr. Ford said that Mr. Spector told him that he did not want a vote on an enterprise fund system, but that he wanted a fair and equitable fee structure worked out. Mr. Reckman said that a vote had already been taken to use a fee and now they needed to figure out the formula. Mr. Ghiselin said that Mr. Felten had just introduced the idea that flood control costs should be paid by the General Fund and not by a new fee. Mr. Felten moved to “separate the EPA mandates from flood control”. Ms. Murphy seconded the motion. Mr. Clark was not in favor of the motion because of the need for funding for deferred maintenance and the flood control pump station and that the vote may threaten the chance to replace the pump station. Ms. McGrath questioned how new projects will get dealt with. Mr. Felten said the budget is gnawing at him and that the budget could be $2 million or $6 million, etc. and that the cart was before the horse. He said more definitive information about what is planned is required and then it could be figured
Mr. Felten said that he’s not saying not to do flood control but to deal with it as 2 parts of a formula within a fee structure. Mr. Ford said that the bills would be divided into one portion for stormwater/EPA mandates and another portion for flood control? Mr. Ghiselin asked if they can be separated in the budget. Ms. McGrath asked if the Task Force charge even included flood control? As written it only references stormwater. Mr. Reckman said Councilor Spector was previously asked for a clarification of the charge and indicated that flood control is included. Mr. Culhane said that he thought that Mr. Spector had said that flood control should be included but that he could be sent an email to confirm this. Mr. Ford said he wants the charge clarified since it is the official document for the task force. Mr. Felten said getting back to Ms. McGrath’s question that flood control and stormwater can be put in one bill but split up. They could be two parts of the same formulas. Ms. Murphy asked if each bill would have two separate line items. Mr. Felten replied it could be a single fee calculated in two parts. Mr. Hellman said he has concerns about separating out flood control and that funding should be based on three principles: a reliable steady source of money, not reliant on taxes, and not reliant on overrides. Mr. Reckman said that Mr. Felten is now indicating that it could be a single fee, in two parts, which would address Mr. Hellman’s concerns. Mr. Ghiselin asked if it would shift the funding burden to residential properties? Mr. Felten replied probably. Mr. Dostal said that if there is underlying concern about the total budget, the annual budget could be tied to a cost of living adjustment or other escalating clause. A fund could be set up with a stated increase and the escalator could be reviewed and changed in the future if needed. Mr. Reckman asked if a formula for flood control and stormwater would be changed year to year based on actual costs? Mr. Felten said yes – it would just be a formula. Mr. Dostal suggested a process where public works would discuss budgets with the Joint Committee and then ultimately to the City Council for a vote, or an automatic escalator could be used. Mr. Reckman suggested that an escalator for the first 5 years could be used. Mr. Clark agreed with the general approach. Mr. Culhane commented that the City Council now approves all capital projects that require bonding, that the Board of Public Works sets the water and sewer rates and that the City Council approves all City budgets. Mr. Clark said that the City Council, as elected officials, could set the rates and the timeframe of 3-5 years for an escalator would be good. He stressed the importance of not starting with a low fee and then jumping immediately to a higher fee. Mr. Hellman said he is in favor of a cap and phase-out and that he had concerns about politicians making decisions about rates. He said in the other enterprise funds the Board of Public Works looks very hard at the budgets and makes rate decisions based on revenue needs. He suggested that City Council factors in decisions may not be a soundly grounded on this kind of information. Mr. Reckman said he would like to see a 2-part model to consider it further. Mr. Culhane questioned the need for a vote about using a model in 2 parts for flood control and stormwater and that such a vote would dismiss other models as proposed. Mr. Ghiselin said it’s ok to consider new models. Mr. Felten withdrew his earlier motion. Mr. Clark asked if Mr. Felten could prepare another model? Mr. Ford said a new model could be a lot of work and do we think it will result in a positive outcome? Mr. Felten said a new model could be prepared for discussion.
7. **Report from Northampton Public Works**

No specific report had been requested and none was provided.

8. **Review of Principles Matrix**

9. **Individual Member Comments on the Matrix**

Mr. Ford distributed a copy of the matrix from the last meeting. He had highlighted some of the rows in the matrix. Lines marked yellow indicated consensus and pink indicated a split vote. Mr. Felten said to move things forward, if there is a split vote on a factor, multiple fee proposals could be recommended. For example, since there is a split about using a “commons” component in the fee, one recommendation could be to include a fee with a “commons” component. Mr. Ford asked which model should be moved forward? Ms. McGrath indicated that the Culhane/Reckman 2 model had a “commons” component and the “commons” acts like a floor to the fee. Mr. Felten pointed out that the Culhane/Reckman 2 model has a different percentage distribution that property value and tax contributions. He asked if the “commons” would be the floor and that credits would be added on. Mr. Hellman and Mr. Reckman indicated yes. Mr. Dostal added that the “commons” fee would be paid by all. Mr. Ford said that that model would be recommended due to the split vote on the “commons”criteria.

Mr. Ford asked about members thoughts about various caps. Mr. Dostal said the budget could be tied to an escalator like 2.5% for 5 years, or to a COLA. Mr. Felten said that a cap on overall revenue could be established. Mr. Dostal said the public is concerned about this. Mr. Clark commented that in a previous meeting Mr. Shennette did not like an overall cap because what if more money was needed to deal with an unexpected emergency. Mr. Dostal said that you could use language such as any emergency over $75,000 would have to be picked up by the general fund. Mr. Felten said that the ratepayers needed to be protected from unreasonable increases. He said the current budget of $2 million is about 2% of the overall City budget of $96 million and that this is a lot of money. Mr. Ford asked if there was consensus on rate increases. The matrix sheet was filled in and there was a consensus that a cap on the rate increase should be used, that a cap on the amount of revenue should be used and that a cap on the maximum bill should not be used.


Mr. Ford asked if the committee should write the report. Mr. Clark said it should be. Mr. Reckman said that every member should review the draft report before it is released. Mr. Felten offered to prepare an outline of the recommendation report document for the next meeting, so that writing assignments can be discussed.

12. **New Business**

No new business was discussed.

13. **Setting Next Meeting Date**

The next meeting was scheduled for May 23rd at 5:00 p.m. at the Public Works Conference Room. (Note: This meeting date was subsequently changed to May 29th at 5:00 p.m. in the Public Works Conference Room.)

14. **Public Comments**

There were no additional public comments.

15. **Adjourn**

The meeting adjourned at 7:00 p.m.