
INTEROFFICE MEMORANDUM

TO: BOARD OF SELECTMEN
FROM: MARTHA WHITE, TOWN ADMINISTRATOR
SUBJECT: PROPOSED FEE INCREASES
DATE: 2/19/2009
CC: DEPARTMENT HEADS
FINANCE COMMITTEE

This is to follow up on my memo of February 5, a copy of which is attached. The recommendations made therein with respect to fee increases in the offices of the Building Department, Town Clerk, Recreation and Parks Department, Fire Department, and Board of Selectmen still stand and we urge the Board to favorably act on these recommendations.

One correction is needed however. In providing an example of impact of the proposed increase in building permit fees, I cited anticipated building permit fees associated with the MathWorks project of \$42,000. In fact, this is the fee anticipated for the parking garage. The fee associated with the new facility is \$658,000. Thus, the increase in building permit fees from \$13/thousand to \$15/thousand would result in approximately \$105,000 in additional revenue to the Town for this project, not \$6400 as cited in my prior memo.

In addition, the Sealer of Weights and Measures has submitted recommendations for fee increases (see attached). His recommendations are generally consistent with those of the consultant, but are slightly more aggressive in a few categories (although in line with fees in identified comparable communities). As this is an area that the Board has not reviewed previously, I have attached the relevant pages from the consultant's study.

This memo is also intended to refine and reiterate our recommendations regarding fees associated with solid waste disposal. Based on numerous meetings with the DPW and Finance

personnel and the input from the Chair of the Recycling Advisory Committee (see attached), we recommend the following:

1. Increase the fee for the small Pay As You Throw (PAYT) bags from \$1.00 to \$1.25. Based on current bag sales, this will produce additional revenue to the Town of \$66,938 and the additional cost per resident would be \$13.00 per year.
2. Increase the fee for the large PAYT bags from \$1.75 to \$2.00. Based on current bag sales, this will produce additional revenue of \$121,000 and the additional cost per resident would be \$13.00 per year.
3. Impose a fee for disposal of yard waste at the Recycling Center (note, this would NOT be a fee for disposal of recyclables). The proposed fee is \$20 and it is estimated that this would produce an estimated \$24,000 in additional revenue.

As shown on the attached "Fiscal Year 2010 Sanitation Division Cost Estimate" worksheet, the anticipated FY 2010 budget for this operation totals \$2,063,475. Based upon current fees associated with the operation (PAYT bags and Bulky Waste Pickup Fees), anticipated FY 2010 revenues total \$1,208,128, resulting in an operational deficit of \$855,347. The additional revenue projected with these recommended fee increases would reduce the operational deficit to \$643,409.

Note that the initial proposal to impose a fee for curbside yard waste pickup has been withdrawn as has any suggestion for a fee for use of the recycling center. The former has been determined to be impractical, at this time, to implement. And the latter has been determined to create too great a risk that residents' recycling efforts would be reduced.

It is worth noting again that the solid waste disposal services that Natick provides are exemplary and comparatively affordable for residents. The fees proposed herein are quite modest but produce substantial revenue. Information from the School Superintendent is provided in support of these fees and detailing their potential positive impact on the School Department's FY 2010 budget. Obviously a commensurate effect would be realized on the general government budget as well.

FY2010 PAYT Bag Revenue Options Chart

Small Bag Revenue Projections

Current

Fee	\$1.00	\$1.05	\$1.10	\$1.15	\$1.20	\$1.25	\$1.30	\$1.35	\$1.40	\$1.45	\$1.50
Revenue	\$267,750	\$281,138	\$294,525	\$307,913	\$321,300	\$334,688	\$348,075	\$361,463	\$374,850	\$388,238	\$401,625
Increase	\$0	\$13,388	\$26,775	\$40,163	\$53,550	\$66,938	\$80,325	\$93,713	\$107,100	\$120,488	\$133,875
Annual/Bag	\$0.00	\$2.60	\$5.20	\$7.80	\$10.40	\$13.00	\$15.60	\$18.20	\$20.80	\$23.40	\$26.00

Large Bag Revenue Projections

Current

Fee	\$1.75	\$1.80	\$1.85	\$1.90	\$1.95	\$2.00	\$2.10	\$2.20	\$2.30	\$2.40	\$2.40
Revenue	\$847,000	\$871,200	\$895,400	\$919,600	\$943,800	\$968,000	\$1,016,400	\$1,064,800	\$1,113,200	\$1,161,600	\$1,161,600
Increase	\$0	\$24,200	\$48,400	\$72,600	\$96,800	\$121,000	\$169,400	\$217,800	\$266,200	\$314,600	\$314,600
Annual/Bag	\$0.00	\$2.60	\$5.20	\$7.80	\$10.40	\$13.00	\$18.20	\$23.40	\$28.60	\$33.80	\$33.80

Pay as You Throw Bag Cost

	Cost Per Bag						
	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
Large Bags	\$0.1255	\$0.1255	\$0.1600	\$0.1861	\$0.1836	\$0.2123	\$0.2335
Annual Change		0.00%	27.49%	16.31%	-1.34%	15.63%	9.99%
Cummulative Change from 2003		0.00%	27.49%	48.29%	46.29%	69.16%	86.06%
	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
Small Bags	\$0.0712	\$0.0712	\$0.0953	\$0.1076	\$0.1009	\$0.1218	\$0.1324
Annual Change		0.00%	33.85%	12.91%	-6.23%	20.71%	8.70%
Cummulative Change from 2003		0.00%	33.85%	51.12%	41.71%	71.07%	85.96%

INTEROFFICE MEMORANDUM

TO: BOARD OF SELECTMEN
FROM: MARTHA WHITE, TOWN ADMINISTRATOR
SUBJECT: PROPOSED FEE ADJUSTMENTS
DATE: 2/5/2009
CC: DEPARTMENT HEADS

Pursuant to the comprehensive Fee Analysis recently completed, the staff is recommending several areas in which fees can be increased. In performing this analysis, we have tried to balance the need for additional revenue with the impact on those needing the service associated with the fee. But many of our departmental fees have not been raised in quite some time and are well below the fees charged in comparable communities and generally do not meet the cost of delivering the service.

As noted by the consultant who performed the Analysis, Don Jacobs, "the analysis of department revenue should be recognized as one part of the Town of Natick's overall financial planning process."

Accordingly , we recommend the following changes.

1. Building Department. Please see attached memo and proposal from the Community Development Director. Note that it is virtually impossible to predict the additional revenue that might be generated from the recommended fee increases due to the volatility of building development. For basic building permits, we presently charge \$13/thousand of construction cost; an increase to \$15/thousand is recommended, about a 15% increase. By way of example, the MathWorks project has indicated that it expects to pay about \$42,000 in building permit fees. This new fee would increase this payment by approximately \$6400.

2. The Town Clerk has proposed a number of fee increases as shown on her attached email. As of this writing, we were unable to obtain data as to the frequency of the issuance of these permits and thus cannot estimate the anticipated revenue associated with these fee increases.
3. The Recreation and Parks Commission has voted to increase their fee for out-of-town groups that reserve outdoor fields from \$25/hour to \$35/hour. Further, the fee for out-of-town groups that use the Cole Center would increase from \$7/hour to \$15/hour. The net effect of these two increases is projected at \$540 per year.
4. The Fire Department has proposed a number of fee increases as outlined on an attached spreadsheet.
5. The Board of Selectmen should consider increasing its own fee for gasoline storage as previously recommended; this increase requires a vote of town meeting so would be included as a warrant article. The present fee for less than 2000 gallons is \$35 and \$5 for each additional 1000 gallons. We propose to increase both fees to \$50.
6. The Department of Public Works has proposed increasing the cost of pay-as-you-throw (PAYT) bags as well as imposing a fee for curbside yard waste pickup and an annual fee for use of the recycling center. I support each of these recommendations. The PAYT bag fees have not been increased since the inception of the program. It is most unusual, if not unheard of, both for a community to conduct free curbside yard waste pickup (most do not provide this service) and also to offer a free drop off facility for recycling. The increases or new fees we are proposing are modest but, even if the minimum recommendations are adopted would produce over \$400,000 in new revenue. The proposals are outlined on the attachments, as is an estimate of the cost of operating the Sanitation Division. Presently the fees fund approximately 58% of the cost of the service; adopting these minimum recommendations would result in fees funding approximately 80% of the cost of the service.

It should be noted that some departments have proceeded to increase fees as Selectmen's authorization is not needed. Particularly noteworthy are the efforts of the Board of Health and the Collector. The Director of Public Health has prepared a memo summarizing their efforts and the resulting additional revenue; see attached. The Collector has increased the fee for Municipal Lien Certificates from \$25 to \$65 and up, depending on the type of property; we anticipate \$50,000 in additional revenue.

Finally, the Conservation Commission will be discussing possible increases in their fees associated with the local wetlands by-law and we are awaiting input from the Sealer of Weights and Measures. Monday evening, we are looking for initial feedback from the Board and anticipate further discussion, and possible action, on these fees at your next meeting.