

M E M O

To: Elizabeth Boukus, State Representative
Henri Martin, State Senator

From: Robert E. Lee, Town Manager, Town of Plainville

Date: February 25, 2016

Re: Phosphorus Funding - Town of Plainville



On February 13, 2015, Katherine Pugliese, Town Council Chairman, testified before the Environment Committee regarding **HB – 5291, *An Act Concerning Reimbursement for Municipal Phosphorous Abatement Projects***. During the testimony it was pointed out that the phosphorous “upgrade impacts the Plainville taxpayer significantly more than the other communities as well”.

During the testimony and in discussions held subsequent to the hearing, it was requested that Plainville provide some additional information regarding the impact in comparison to the other municipalities. For this analysis I will compare against three communities that are eligible for the 50% funding, namely, Southington, Ridgefield and Danbury.

Ability to Pay

The Office of Policy & Management (OPM) annually publishes a report entitled *Municipal Fiscal Indicators*. The latest report was issued last month (January 2016). In the report are rankings of municipalities in various categories including *per capita income, median household income, unemployment and temporary assistance for needy families (TANF)*.

Comparing Plainville to three of the Municipalities that have qualified for 50% grant funding for phosphorus removal reveals the following:

2013 Per Capita Income

	<u>Per Capita Income</u>	<u>% of State Average</u>	<u>State Ranking</u>
Ridgefield	\$75,716	196.8%	7
Southington	\$39,082	101.6%	88
Danbury	\$30,770	81.2%	138
Plainville	\$31,370	81.5%	139

2013 Median Household Income

	<u>Median Household Income</u>	<u>% of State Median</u>	<u>State Ranking</u>
Ridgefield	\$147,936	211.6%	6
Southington	\$ 81,285	116.3%	84
Danbury	\$ 65,981	94.4%	137
Plainville	\$ 55,506	79.4%	154

2013 Unemployment

	<u>% Unemployed</u>	<u>State Ranking</u>
Plainville	6.3%	46
Southington	5.5%	84
Danbury	5.2%	112
Ridgefield	5.5%	150

TANF Recipients as a % of 2013 Population

	<u>TANF % Recipients FY15</u>	<u>State Ranking</u>
Plainville	0.55%	42
Southington	0.35%	56
Danbury	0.32%	61
Ridgefield	0.00%	167

Equalized Net Grand List/Ratio of Debt to Equalized Net Grand List

	<u>Equalized Net Grand List</u>	<u>ENGL Per Capita</u>
Danbury	\$10,106,162,713	\$116,424
Ridgefield	\$ 7,297,420,054	\$261,801
Southington	\$ 5,446,032,327	\$120,662
Plainville	\$ 1,884,896,086	\$105,887

These statistics show very clearly that Plainville's ability to pay is less than 60% of the municipalities that currently are eligible for 50% grant funding for phosphorus removal. In other words, three (of five) of the Towns (Ridgefield, Southington & Danbury) have more of an ability to pay for the improvements (i.e. income, unemployment rate, etc.) as well as the resources to pay for them (Equalized Net Grand List, Debt).

	<u>Debt Per Capita</u>	<u>Debt as a % of ENGL</u>
Ridgefield	\$3,513	1.34%
Plainville	\$2,945	2.78%
Danbury	\$1,798	1.54%
Southington	\$2,014	1.67%

This chart clearly shows that Plainville has more Debt Per Capita than both Danbury and Southington and Plainville lags far behind all THREE communities when Debt as a % of ENGL is calculated!

Finally, the Department of Economic and Community Development designates municipalities that are considered “Distressed Communities”. (See attached criteria) According to C.G.S. 32-9p a distressed municipality should be based on “high unemployment and poverty, aging housing stock and low or declining rates of growth in job creation, population and per capita income. Each year the DECD publishes a list of the 25 Towns that qualify as a distressed municipality. Three years ago (2011 list), Plainville made the list. Southington, Danbury and Ridgefield have never been on this list which was begun in 1999.

The DECD also ranks the 169 cities and towns in numerical order as well. In August 2014 (latest available), Plainville is #33 on the list with a score of 1094. In contrast, Danbury ranked #51 with a score of 953, Southington ranked #115 with a score of 631 and Ridgefield was ranked #166 with a score of 307. (See attached DECD 2014 Distressed Municipalities Report) What is also significant is that Plainville is only 66 points from being listed on the “top 25” list (Plymouth score of 1159) while Danbury is 141 points behind Plainville (207 points from top 25), Southington is 463 points from Plainville (529 points from top 25) and Ridgefield is 787 points from Plainville (853 points from the top 25).

Finally, the New England Public Policy Center released a report this month entitled “*Research Report – Measuring Municipal Fiscal Disparities in Connecticut*”. According to the report (see attached), “*Fiscal disparities exist when some municipalities face higher costs for providing a given level of public services **or fewer taxable resources to finance those services than others***” (emphasis added). The report also said that “*The disparities that stem from these underlying factors, which fall largely outside the control of local officials, **are widely regarded as inequitable***” (emphasis added)

One aspect of the report dealt with “Capacity” defined “*as the ability of municipalities to raise revenues from their own resources*” Their approach to measuring “capacity” was to determine “*how much revenue each locality could raise from its underlying tax base if all localities used the same standard tax rate*”. According to the Report, Plainville has a “capacity of \$800 - \$1,100. In contrast, both Southington and Danbury have a “capacity” of \$1,100 - \$1,500 and Ridgefield has a “capacity” of \$1,500 - \$2,800”. Again, this report clearly indicates that Plainville’s ability to raise monies for the phosphorus upgrades is significantly lower than Southington, Danbury and Ridgefield.

From an “ability to pay” point of view, the Plainville residents are being impacted much more significantly than the majority of communities currently eligible for 50% funding. **The differences between Plainville and Ridgefield are startling!** The differences between Plainville and Southington/Danbury are significant.

User Charge Impact

The Town of Plainville engaged Tighe & Bond to perform a Sewer Rate Study to review our current sewer user charge model and to project the future impact of the upgrades that will be required in the next ten years including the impact of the phosphorus upgrades.

They issued their report in September 2014. The report developed several “rate models and scenarios” for consideration by the Town Council. They recommended the following assumptions for the “scenarios”. They were: maintain a Reserve Fund balance of at least two months of total expenses, assume a 1.9% customer non-payment, limit user charge increases to less than 10% per year, and assume a 30% grant for phosphorous removal improvements.

After reviewing five possible scenarios, the Town Council decided to take a “long-range” approach by increasing sewer rates this year by 8% with subsequent year’s increases at 4.8% for the next eight years (through FY23).

A review of the user charge fees in Southington, Danbury and Ridgefield reveal the following:

Southington	\$ 496.80*
Danbury	\$ 230.40*
Ridgefield	\$ 400.00**
Plainville	\$ 470.98*

*Based upon an annual water usage of 9,600 Cu. Ft.

** Flat fee charge - \$350.00 flat fee for District III – Turner Hill sent to Danbury.

Plainville’s current user charges exceed both Danbury and Ridgefield and is very close to Southington.

Cc: Plainville Town Council