



THE CITY OF SPRINGFIELD, MASSACHUSETTS

MAYOR DOMENIC J. SARNO

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PRESS RELEASE

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SPRINGFIELD'S CHIEF ADMINISTRATIVE AND FINANCIAL OFFICER LEE C. ERDMANN, CITY FINANCE DIVISION AND DEPARTMENT OF PUBLIC WORKS OFFICIALS MAKE PRESENTATION TO MAYOR DOMENIC J. SARNO AND SPRINGFIELD CITY COUNCIL REGARDING FUTURE OF CITY'S TRASH FEE

FINANCE DIVISION CLASSIFIES TRASH FEE AS NECESSARY FOR CITY'S FISCAL STABILITY AND TRASH REDUCTION REQUIRED UNDER DEPARTMENT OF ENVIRONMENTAL PROTECTION MANDATE

April 9, 2012 – Chief Administrative and Financial Officer Lee C. Erdmann, Springfield Finance Division and Department of Public Works Officials made a presentation to the Springfield City Council Monday night regarding the future of the City's trash fee and options the council will have to decide upon in the very near future. Mayor Domenic J. Sarno had received a formal presentation late last week. Finance Officials have signaled that the City's trash fee is necessary for Springfield's continued fiscal stability and cautioned that the elimination of the fee would result in cuts to other City services including police and fire protection.

Finance Officials stressed the severity of State budget cuts the City has endured over the past several fiscal years during their presentation. Since Fiscal Year 2008, the City's Unrestricted General Government Aid (UGGA) has decreased by a total of \$15 million or 32%. Currently, the amount of UGGA received by the City does not fully cover the City's required contribution through Chapter 70 to Springfield School Department operations. All of the City's State Aid supports the School Department and none is leftover for municipal operations, which is exacerbated by the property tax constraints. For purposes of illustration, Finance Officials pointed out that school transportation costs amounts to \$23 million per year that comes out of the

city side budget. Without the trash fee, significant cuts and elimination of services will be required.

The Mayor and his Finance Team are currently developing the Fiscal Year 2013 budget recommendations and based on initial reviews, Fiscal Year 2013 is projecting to be the most difficult budget year yet. Mayor Sarno is looking for any and all ways to reduce costs and increase revenues with the goal of preserving core City services. Demonstrating the urgency for the trash fee, city officials confirmed that letters have been sent to 13 city unions, including Police and Fire, indicating that layoffs may be necessary in the upcoming fiscal year.

In light of the projected budget constraints, the continuation of the trash fee and its support of overall trash service in the City must be considered. The total cost of trash related services (weekly trash, recycling, yard waste, etc.) for Fiscal Year 2013 is projected to be \$10.4 million. Currently, the yearly \$75 trash fee (\$50 for qualifying seniors) along with other revenues related to trash support \$3.8 million or 37% of the costs. The remaining costs are sustained by the City's general fund and therefore eliminates funding for other City programs and services. Based on this, Mayor Sarno has asked his team to develop options for the trash fee with the goal of moving toward a self-sufficient trash system that is environmentally and fiscally sustainable. The three options presented to the City Council for consideration by the Mayor's Finance and Public Works teams are as follows:

<u>Option 1</u>	<u>Option 2</u>	<u>Option 3</u>
• FY13 – From \$75 to \$104	FY13 – From \$75 to \$85	FY13 – From \$75 to \$85
• FY14 – From \$104 to \$133	FY14 – From \$85 to \$95	FY14 – From \$85 to \$90
• FY15 – From \$133 to \$162	FY15 – From \$95 to \$105	FY15 – From \$90 to \$95
• FY16 – From \$162 to \$191	FY16 – From \$105 to \$115	FY16 – From \$95 to \$100
• FY17 – From \$191 to \$220	FY17 – From \$115 to \$125	FY17 – From \$100 to \$105

Mayor Sarno urged that the continued fragile financial situation of the city and state makes it impossible for the City to absorb the cost of waste collection and disposal at this time. "I am not willing to make a decision that is based on politics instead of good governance; a decision that is sure to hurt the citizens of Springfield in the long run," Sarno said. "The City has moved forward on a number of initiatives aimed at reducing the expenses associated with trash disposal including the city-wide single stream recycling program which has been a tremendous success."

DPW Officials have indicated that during periodic inspections throughout the City, 78% of bins are ¾ full or less. 22% of bins are full to the top. DPW Director Al Chwalek is also going to review the cost effectiveness of municipal residential rubbish collection at apartment complexes having four or more rental units.

"One of our strategic priorities is to achieve fiscal health and sustainability and one of the things we can do to achieve this priority is to make the trash enterprise fund self-supporting," Chief Administrative and Financial Officer Lee C. Erdmann stated. "The best way to do this is to increase the trash fee and to decrease the amount of trash we collect and dispose. The sooner we can make this fund self-supporting and the more relief we can provide to the general fund, the more resources we will have to support other core city services."

The annual increases are projected to generate \$1.2 to \$6 million over the 5 year period which will move toward a more self-sufficient Enterprise Fund. Depending on which option the Springfield City Council chooses, residents and businesses with municipal trash service will see increases ranging from \$1.00–\$2.50 per month in the first year of the plan (all options keep the trash fee at \$50.00 per year/per bin for qualifying seniors). This will allow municipal trash collection services to be maintained at the current level and slightly expanded to include weekly recycling pick-up.

“The loss of the revenue generated by the trash fee would result in major cuts to other City services and it is not the fiscally responsible thing to do. We must not return to past fiscal practices which had placed the City of Springfield on the verge of bankruptcy and prompted the creation of the Finance Control Board,” stated Sarno.

Along with moving toward a self-sufficient Enterprise Fund, the State Department of Environmental Protection has mandated that the City reduce trash by 30% by the year 2020, which will require the public to recycle more and throw less away. Reducing trash will be achieved by supplying all households with a smaller trash bin of 65 gallons (versus the 95 gallon bin they have today) in order to encourage more recycling and less trash. Residents can also keep their large bin to use for yard waste collection if they so choose. It is estimated that trash can be reduced by 10% saving the City \$355,000 in disposal costs annually.

The City is also required to cap an existing landfill with elements of the closure taking place over the next ten (10) years. From a financial standpoint, an authorization of \$5 million has taken place pursuant to a City Council bond authorization and City Finance Officials estimate to spend \$500,000 annually until the closure is completed.

In addition to the trash fee, the Finance Division is recommending fees and other locally generated revenues across all departments to ensure the cost of the service provided is covered and to ensure consistency with surrounding communities. This includes a change to the hotel/motel tax, the last remaining local option that the City has not yet enacted from the municipal partnership act offered by the State. Inspection fees at both the Code and Health and Human Services Departments are also being reviewed.

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