

CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
Tel. 876-6800

EXECUTIVE DEPARTMENT
JAMES L. SULLIVAN
City Manager

December 1, 1975

To the Honorable City Council:

Attached is a proposed amendment to the City Ordinances which will raise the water rates from \$.26 cents per 100 cubic feet to \$.44 per 100 cubic feet. Additionally the amendment proposes that a monthly interest charge of one and one-half percent be assessed on the balance of any water bill remaining unpaid after thirty days from the date of billing. There are a number of factors which necessitate the increase in rates:

First, Cambridge water rates have long been assessed at the unrealistically low figure of \$.26 per 100 cubic feet, in the face of rising Water Department expenditures, which have been increasing at a compound rate of 8.8%. Rather than acting periodically to meet rising costs with a rate increase, the City allowed a once-healthy surplus in the Fund to deteriorate into a deficit of \$58,300, as of June 30, 1975. Most water utilities have been forced to increase rates in recent years. For example, as of July 1, 1975, the following rates were in effect in surrounding communities:

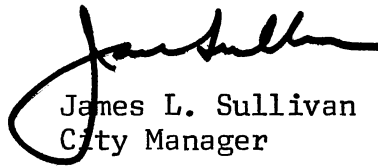
ARLINGTON	\$\$.43
BELMONT	.48
BOSTON	.50
BROOKLINE	.55
SOMERVILLE	.48

Furthermore, as the Council will recall, the adopted 1975-76 budget commits the City to raise water receipts of \$2,682,720. The current rate of \$.26 will bring in, at the most, \$2,000,000, leaving a revenue gap of \$682,720. A rate of \$.44, effective January 1, 1976, along with \$.26 for the 1st half of the fiscal year will bring in an estimated \$2,559,443, which is still \$123,000, short.

Finally, for the past few years, the Water Fund has reflected rather large accounts receivable at the close of the fiscal year. At the close of the 1975-76 fiscal year, accounts receivable totaled \$613,054. In order to overcome this problem, and to insure that revenues this year match the proposed expenditures, I propose a 1½% monthly interest charge. Backed up by this delinquency charge, the Treasurer's Office will conduct a drive on delinquent water bills.

The passage of this proposed ordinance is strongly recommended.

Very truly yours,



James L. Sullivan
City Manager

JLS:vk

Proposed amendment to the Ordinance which will increase the water rates.

12/1/75

Passed to Final Pending

3/22/76 Report rec'd from
Committee on Ordinances

3/24/76 Ordinance as

amended

In City Council,

Dec. 8, 1975

Failed - 4-4-1

3/24/76 Recommendation

Moved

4/5/76 Recommendation

4/5/76 Passed to be Ordained