



CITY OF CAMBRIDGE

831 MASSACHUSETTS AVENUE
CAMBRIDGE, MASSACHUSETTS 02139

TEL. 499-6161

RENT CONTROL BOARD

D. MARGARET DRURY, EXECUTIVE DIRECTOR

To: Robert Healy,
City Manager

From: ^{DMD} D. Margaret Drury,
Executive Director

Date: July 7, 1989

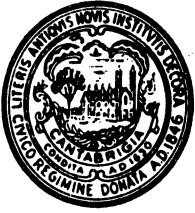
Re: City Council Order No. 2, June 26, 1989
Re: Water and Sewer Rent Adjustments

In response to the above-referenced City Council Order, the Board held a public policy meeting regarding this issue on May 17, 1989. At that time, the Board considered the material in the attached memorandum and heard testimony and recommendations from landlords and tenants. At the completion of the scheduled hour, there were members of the public who had not yet had the opportunity to address the Board. The Board requested that the staff schedule another meeting to enable all who wanted to speak on this issue the opportunity to do so. The Board also asked the staff to gather additional information about costs of the new water rates.

Since that time, the staff has discovered that the City will implement its new progressive block rate system on a prorated-per-unit basis for multi-family properties. Based on the sample properties and water use that Cambridge Rent Control Board staff has examined, it appears that the effect of the per-unit proration will be that water bills for multi-family buildings will utilize the first two block rates in the billing system, i.e., block 1: a rate of \$2.14 per CCF for consumption of 0-40 CCFs, and block 2: a rate of \$2.28 per CCF for consumption of 41-400 CCF. The current water rate is \$2.22 per CCF, and that rate is built into the present rent-controlled rent structure.

Therefore, at least during FY 1990, the changes in water rates will have much less impact than Cambridge Rent Control Board staff had previously estimated. We calculate that for FY 1990, increases in water bills will likely be two to three percent, and there will also be water bill decreases in significant numbers of buildings. Water amounts to approximately three to five percent of the present rent. We estimate that increases in water bills will result in rent increases of more than \$1.00 per month in less than ten percent of all rent-controlled units. The water expense was adjusted in March, 1989, as part of the 1989 general adjustment, and is expected to be adjusted annually as part of the general adjustment.

In light of our calculations of the minimal effect of water rate changes on multi-unit buildings due to the per-unit proration, I intend to recommend to the Board that it not adopt a special water rate adjustment in FY 1990. If the water rate increase for FY 1991 brings dramatic increases over the FY 1990 water rates and there is a substantial cost to landlords that cannot be timely and fairly accounted for in a general adjustment, then the Board should reconsider the issue.



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EXECUTIVE DEPARTMENT

ROBERT W. HEALY

City Manager

RICHARD C. ROSSI

Deputy City Manager

September 25, 1989

To the Honorable, the City Council:

In response to Awaiting Report No. 39 regarding the allocation of water and sewer rent adjustments by rent controlled property owners, I submit the attached report from Margaret Drury, Executive Director of the Cambridge Rent Control Board.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Robert W. Healy", is written over the typed name.

Robert W. Healy
City Manager

RWH/dls
enclosure

Agenda Item # 1 S-641

Response to Awaiting Report Item Number
39, regarding allocation of water and sewer
charges by rent controlled property owners.

In City Council,

Sept. 25, 1989

Placed on file