



City of Cambridge

Agenda # 17

IN CITY COUNCIL

March 18, 1991

ORDERED: That the following rates for water and sewer use in the City of Cambridge be in effect for the period beginning April 1, 1991 and ending March 31, 1992:

	<u>Annual Consumption</u>	<u>Water Rate (Per Ccf)*</u>	<u>Sewer Rate (Per Ccf)*</u>
Block 1	0-40 Ccf	\$1.27	\$2.04
Block 2	41-400 Ccf	\$1.36	\$2.17
Block 3	401-2,000 Ccf	\$1.45	\$2.33
Block 4	2,000-10,000 Ccf	\$1.55	\$2.51
Block 5	Over 10,000	\$1.66	\$2.66

*Ccf, or 100 Cubic Feet, is the unit the city uses to measure water consumption.

Be it further ordered that the Senior Citizen Discount Program as established in FY91 be increased. This program will offer a 10 percent discount, not to exceed \$60.00 per year, on water/sewer bills issued after July 1, 1991 to residents who own and occupy their homes and who will be 65 years of age or older on July 1, 1991. In addition, any homeowner 70 years of age or older who receives the Clause 41C Elderly Real Estate Exemption, which is granted by the Assessors based on financial need, will receive a 25 percent discount on water/sewer bills issued July 1, 1991 not to exceed \$150.00 per year.

In City Council March 18, 1991.

Adopted by a yea and nay vote:-

Yeas 6; Nays 0; Absent 2; Present 1.

Attest:- Joseph E. Connarton, City Clerk.

A true copy;

Joseph E. Connarton

ATTEST:-

Joseph E. Connarton, City Clerk



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Joseph E. Connarton

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Joseph E. Connarton, City Clerk

City of Cambridge

MASSACHUSETTS

Agenda Item # 17 water consumption & sewer use for April 1, 1991 thru March 31, 1992 In City Council March 18 1991

	YEA	NAY	ABSENT	PRESENT	
Mr. Ed Cyr	✓				
Mr. Francis H. Duehay	✓				
Mr. Jonathan S. Myers	✓				
Mr. Kenneth E. Reeves			✓		
Mrs. Sheila T. Russell	✓				
Mr. Walter J. Sullivan			4 ^①	✓ ^①	
Mr. Timothy J. Toomey, Jr.			✓		
Mr. William H. Walsh	✓				
Mayor Alice K. Wolf	✓				

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1. Lynn
MS
Mr.



CITY OF CAMBRIDGE
CAMBRIDGE, MASSACHUSETTS 02139

TEL 349-4300
FAX 349-4307

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

March 18, 1991

To the Honorable, the City Council,

RECOMMENDATION

That the City Council approve the following block rates for water consumption and sewer use for the period beginning April 1, 1991 and ending March 31, 1992.

	<u>Annual Consumption</u>	<u>Water Rate (Per CcF) *</u>	<u>Sewer Rate (Per CcF) *</u>
Block 1	0-40 CcF	\$1.27	\$2.04
Block 2	41-400 CcF	\$1.36	\$2.17
Block 3	401-2,000 CcF	\$1.45	\$2.33
Block 4	2,001-10,000 CcF	\$1.55	\$2.51
Block 5	Over 10,000 CcF	\$1.66	\$2.66

*CcF is an abbreviation for "100 cubic feet," the unit used by the City to measure water consumption.

Additionally it is recommended that the City Council increase the maximum annual amount for the 10 percent Senior Citizen Discount to \$60 and the maximum annual amount for the 25% Senior Citizen Discount to \$150.

SUMMARY

All operating and capital costs for water and sewer treatment, storage and distribution are funded through the water and sewer rates. During the past two fiscal years rates have increased significantly due primarily to increases in the MWRA assessment for sewer use and the debt service costs for the construction of a permanent cover over the City's treated water storage facility at Payson Park.

The tables below show the projected budgets for Water and Sewer for the upcoming fiscal year.

TABLE I**Water FY 1992 Budget Projection**

Operating	\$4,453,068	
Pay-As-We-Go Capital	1,100,000	
Debt Service	2,200,420	43% Increase
Public Works	97,000	
Finance	85,000	
Conservation	<u>3,000</u>	
TOTAL	7,938,488	

Sewer FY 1992 Budget Projection

Operating	\$ 1,075,021	
Finance	85,000	
Debt	1,134,830	
Capital	330,000	
MWRA	<u>9,514,635</u>	38% Increase
TOTAL	12,139,486	

IMPACT ON USERS

The Finance Department estimates the average single family residence will see a \$56 increase in its annual water/sewer bill upon passage of the proposed rate structure. The table below compares the current average annual water/sewer bills for various size residences to the projected FY 1992 average annual bill. It should be noted that while the rates become effective on April 1, because the City bills quarterly, in arrears, the new rates will not appear on customers' bills until July.

TABLE II

Residence	FY91 Average Annual Bill	FY92 Average Annual Bill	Increase
Single Family	\$235	\$ 291	\$ 56
Two Family	\$385	\$ 475	\$ 90
Three Family	\$575	\$ 712	\$137
Four-Eight Family	\$873	\$1,080	\$207

While the City's water/sewer users have felt the impact of the rate increases over the past several years, changes in the billing process have softened the blow for many of these customers. In FY

1989 the City adopted an increasing block rate structure for water and sewer use, which replaced a flat rate. This type of rate structure is designed to encourage water conservation by billing small water users at lower rates and large water users at increasingly higher rates as consumption rises. As a result, even though all customers have seen a rise in their water/sewer bills, residential and small business users pay comparatively less under this billing system. During this same time period, the City began quarterly billing rather than bi-annual billing, which allows customers to pay smaller bills more frequently during the year.

SENIOR CITIZEN DISCOUNT PROGRAM

In addition to the changes in the billing process, the City also implemented a Senior Citizen Discount Program for water and sewer use. This program, which was implemented in FY 1991, gives either a 10 percent or 25 percent discount on water/sewer bills, depending upon certain qualifications. Any resident who owns and occupies his or her home and who is 65 or older on July 1 qualifies for the 10 percent discount. This discount may not exceed \$50 for the fiscal year. To qualify for the 25 percent discount, a homeowner must be 70 years of age or older and must have been granted the Clause 41C Elderly Real Estate Exemption, which is based on demonstrated financial need. This discount may not exceed \$125 for FY 1991. In the first year of the program, more than 1400 residents have taken advantage of the discount program. The Finance Department estimates that the FY 1991 program cost will be approximately \$50,000. For FY 1992, it is recommended that the maximum annual amount of the each discount will be increased by 20 percent, from \$50 to \$60 for the 10 percent discount and from \$125 to \$150 for the 25 percent discount, resulting in a total program cost of approximately \$60,000.

FUTURE YEARS

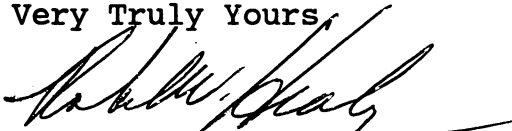
As the table below points out, rate payers can expect to see regular increases in water and sewer rates in the next few years. Sewer rates, in particular, will rise sharply, with MWRA costs (20% annual estimated increase) and debt costs (phase 6 of City's on-going program) contributing heavily to an estimated increase of 66 percent between FY 92 and FY 95. It should be pointed out that sewer rates will be even higher if the State decides to eliminate an interest free sewer loan program which the City intends to borrow from. With water rates expected to increase by 11 percent between FY 92 and FY 95 and sewer rates projected to increase by 66% during the same period, it is estimated that the average annual water and sewer bill of \$291 in FY 92 will increase by 44% to \$419 by FY 95.

TABLE III
(000s)

<u>Water</u>	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>
Operating	\$4,453	\$4,675	\$4,909	\$5,135
Debt	2,200	2,375	2,375	2,375
Capital	1,100	1,100	1,100	1,100
Transfers	<u>185</u>	<u>185</u>	<u>185</u>	<u>185</u>
	\$7,938	\$8,335	\$8,569	\$8,815

<u>Sewer</u>	<u>FY92</u>	<u>FY93</u>	<u>FY94</u>	<u>FY95</u>
Operating	\$1,075	\$1,129	\$1,185	\$1,244
Debt	1,135	1,599	1,545	2,129
Capital	330	300	300	300
Transfers	85	85	85	85
MWRA	<u>9,515</u>	<u>11,418</u>	<u>13,701</u>	<u>16,441</u>
	\$12,140	\$14,531	\$16,816	\$20,199

Very Truly Yours,


Robert W. Healy
City Manager

Agenda, # 17

F-160

Water consumption and sewer use rates
for April 1, 1991 thru March 31, 1992.

In City Council,

March 18, 1991

Order adopted

6-0-2-1