

CITY OF CAMBRIDGE

831 MASSACHUSETTS AVENUE
CAMBRIDGE, MASSACHUSETTS 02139

TEL. 499-6161

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OFFICE OF THE CITY MANAGER

RENT CONTROL BOARD

D. MARGARET DRURY, EXECUTIVE DIRECTOR

MEMORANDUM

Date: April 14, 1989
From: ^{DMD} D. Margaret Drury,
Executive Director
To: Robert Healy,
City Manager
Subject: Council Order No. 20 of March 27, 1989
Rent Adjustments for Increases in Water and Sewer Rates

In response to the City Council Order, I have scheduled a public policy discussion on this issue for May 17, 1989. At that time I will report to the Board that I believe that a rent adjustment procedure could be created to allow increased water costs without a hearing, and that I do not foresee any substantial administrative problems in such a procedure. The adoption of such a procedure would, of course, require prior Board approval and promulgation of regulations.

As described in the attached memorandum from Hearing Examiner Peter Zimmerman, present Board policy allows landlords to claim current water rates in Regulation 72 Petition adjustments. Petitions now going before the Board use the July 1989 rate. In addition, the annual general adjustment process encompasses water and sewer costs.

If you require additional information, please feel free to contact me.

memoblock1

MEMO

TO: D. Margaret Drury
From: Peter Zimmerman
RE: Water Rate Changes and Landlord Operating Expenses
Date: 4/11/89

Introduction

The purpose of this memo is to briefly discuss Water Department billing rates and practices, to gauge its effect on landlord operating expenses and to outline current Rent Control policy addressing these issues.

Current Water Rates and Billing Policy

At the present combined water and sewer rates stand at \$2.22 per CCF. As of July 1, 1989 this billing system will be abandoned and progressive block rate system will take its place. The new rate structure will be as follows:

	ANNUAL CONSUMPTION	WATER & SEWER
Block 1	0 - 40	2.14
Block 2	41 - 400	2.28
Block 3	401 - 2000	2.44
Block 4	2001 - 10000	2.62
Block 5	Over 10000	2.79

Billing using the new rates will begin July 1 of this year. However, since the Water Department bills on a six month cycle, customers can expect to begin paying the new amounts anytime between July and December 1989.

Rent Board Policy

Board policy allows landlords to claim current Water Department Billing rates through the Regulation 72 rent adjustment process. Petitions now going before the Board use the July '89 rate even though it won't be an actual expense until sometime in the second half of this year.

The General Adjustment process also takes into account the cost of water consumption. GA '89, which is effective for collection May 1 of this year uses the current rate of \$2.22 per CCF. GA '90, with a projected collection date of March 1, 1990, will utilize the new July 1 rate system. Therefore, landlords may be required to pay the higher water rates before they are actually integrated into their rent structure. If we take into account State mandated rent adjustment notice requirements this loss will be for a period of between one to six months. The following is a brief analysis of what these costs may actually be for various sized building throughout the city:

Property # 1815

Units 14

Water Consumption CCFs: 1933.30

0	-	40	\$85.60
41	-	400	\$820.80
401	-	2000	\$3,741.25
2001	-	10000	\$.00
>		10000	<u>\$.00</u>

New Expense \$4,647.65

Old Expense \$4,291.93

Increase/Year \$355.73

Avg. Cost/Unit/month \$2.12

Property # 7838

Units 5

Water Consumption CCFs: 344

0	-	40	\$85.60
41	-	400	\$693.12
401	-	2000	\$.00
2001	-	10000	\$.00
>		10000	<u>\$.00</u>

New Expense \$778.72

Old Expense \$763.68

Increase/Year \$15.04

Avg. Cost/Unit/month \$.25

Property # 6022
Units 60

Water Consumption CCFs: 4476

0	-	40	\$85.60
41	-	400	\$820.80
401	-	2000	\$3,904.00
2001	-	10000	\$6,487.12
>		10000	<u>\$.00</u>

New Expense \$11,297.52

Old Expense \$9,936.72

Increase/Year \$1,360.80

Avg. Cost/Unit/month \$1.89

Property # 13481
Units 2

Water Consumption CCFs: 114.11

0	-	40	\$85.60
41	-	400	\$168.97
401	-	2000	\$.00

2001 - 10000	\$.00
> 10000	<u>\$.00</u>

New Expense	\$254.57
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Old Expense	\$253.32
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Increase/year	\$1.25
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Avg. Cost/Unit/month	\$.05
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Property # 7711
Units 12

Water Consumption CCFs: 623

0 - 40	\$85.60
41 - 400	\$820.80
401 - 2000	\$544.12
2001 - 10000	\$.00
> 10000	<u>\$.00</u>

New Expense	\$1,450.52
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Old Expense	\$1,383.06
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Increase/year	\$67.46
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Avg. Cost/Unit/month	\$.47
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Property # 3498
Units 6

Water Consumption CCFs: 251

0 - 40	\$85.60
41 - 400	\$481.08
401 - 2000	\$.00
2001 - 10000	\$.00
> 10000	<u>\$.00</u>

New Expense	\$566.68
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Old Expense	\$557.22
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Increase/year \$9.46
Avg. Cost/Unit/month \$.13

Property # 4066
Units 6

Water Consumption CCFs: 263

0	-	40	\$85.60
41	-	400	\$508.44
401	-	2000	\$.00
2001	-	10000	\$.00
> 10000			<u>\$.00</u>

New Expense \$594.04

Old Expense \$583.86

Increase/year \$10.18

Avg. Cost/Unit/month \$.14

Property # 8039
Units 9

Water Consumption CCFs: 662

0	-	40	\$85.60
41	-	400	\$820.80
401	-	2000	\$639.28
2001	-	10000	\$.00
> 10000			<u>\$.00</u>

New Expense \$1,545.68

Old Expense \$1,469.64

Increase/year \$76.04

Avg. Cost/Unit/month \$.70

Property # 4842
Units 6

Water Consumption CCFs: 1322.80

0	-	40	\$85.60
41	-	400	\$820.80
401	-	2000	\$2,251.63
2001	-	10000	\$.00
>		10000	<u>\$.00</u>

New Expense \$3,158.03

Old Expense \$2,936.62

Increase/year \$221.42

Avg. Cost/Unit/month \$3.08

Property # 14910
Units 16

Water Consumption CCFs: 3893

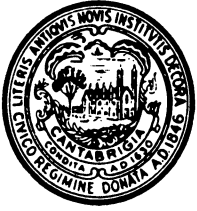
0	-	40	\$85.60
41	-	400	\$820.80
401	-	2000	\$3,904.00
2001	-	10000	\$4,959.66
>		10000	<u>\$.00</u>

New Expense \$9,770.06

Old Expense \$8,642.46

Increase/year \$1,127.60

Avg. Cost/Unit/month \$5.87



CITY OF CAMBRIDGE

CAMBRIDGE, MASSACHUSETTS 02139
TEL. 498-9011

EXECUTIVE DEPARTMENT
ROBERT W. HEALY
City Manager

RICHARD C. ROSSI
Deputy City Manager

April 24, 1989

To the Honorable, the City Council:

In response to Awaiting Report No. 39 regarding rent adjustments for increases in water and sewer rates, I submit the attached report from the Rent Control Board.

Very truly yours,

Robert W. Healy
City Manager

Agenda Item No. 6 *S-284*

Re: response to Awaiting Report Item 39 on
rent adjustments for increases in water &
sewer rates.

In City Council,

April 24, 1989

F-24-89

Placed on File.