



WATER & SEWER FY25 RATE PRESENTATION

MAYOR KATJANA BALLANTYNE

JUNE 13, 2024

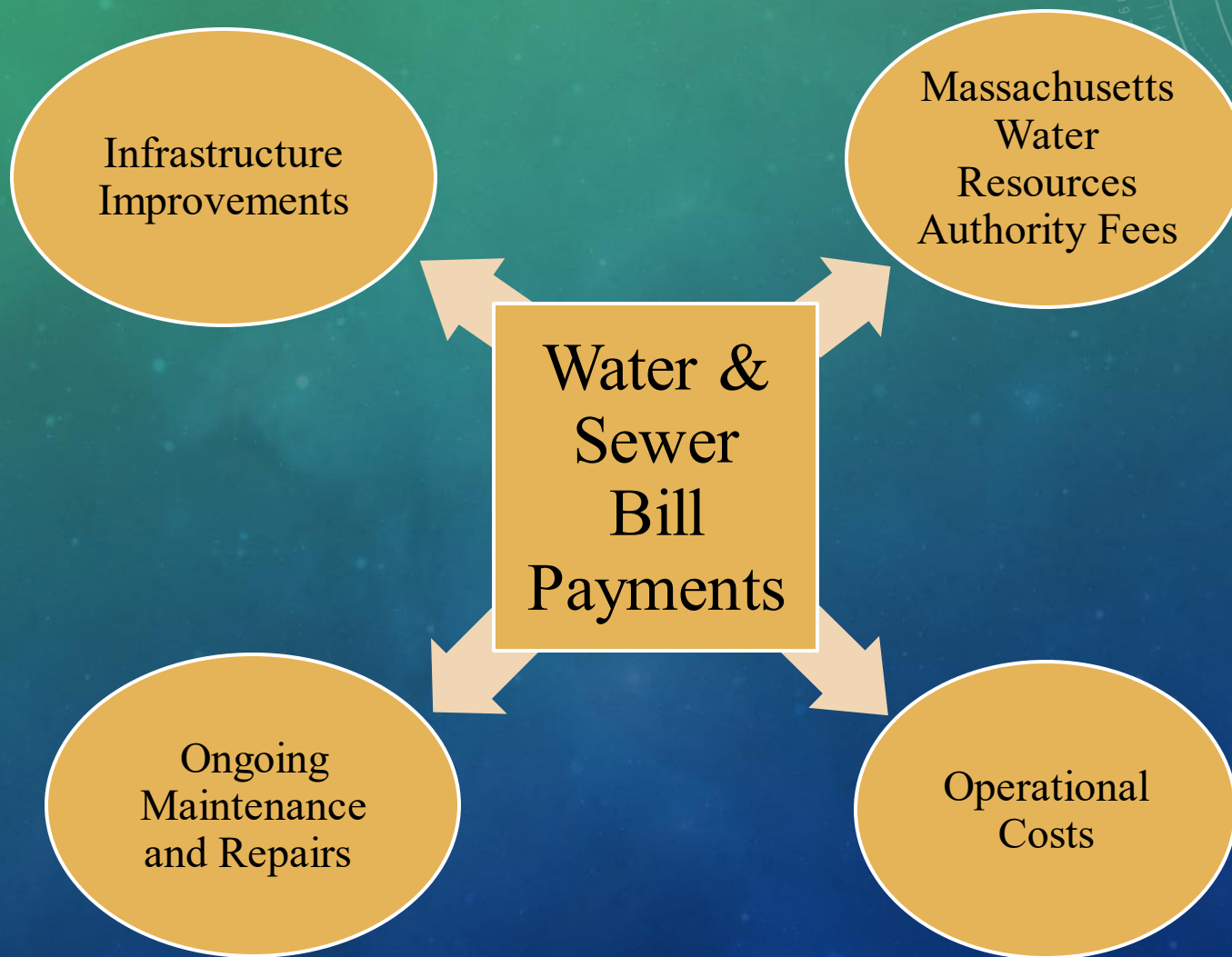
Demetrios G. Vidalis PE, SHEP

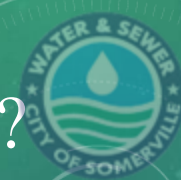
Director of Water & Sewer

Water & Sewer Department



WHAT ARE THE WATER AND SEWER BUDGETS COMPRISED OF?





HOW MUCH WILL THE CITY PAY THE MWRA?

WATER

+13% MWRA Water Assessment
Cost for FY25

50%

Cost of **water** supply from
MWRA:
\$10.7M

SEWER

-2% MWRA Sewer Assessment
Cost for FY25

55%

Cost of **wastewater**
treatment by MWRA:
\$17.7M

AGING INFRASTRUCTURE



WHAT ARE WE WORKING TO PREVENT?





IMPROVEMENT PROJECTS FY25

Water Projects	Amount	Project Status
Lead Service Line Replacement	\$200K	Annual Program
Spring Hill	\$200K	Near Completion
City Wide Meter Replacement	\$200K	Near Completion
Water Improvements	\$7.3M	Annual Program

Sewer Projects	Amount	Project Status
Spring Hill Sewer Separation	\$1.5M	Near Completion
Sewer System Evaluation Study	\$1.5M	Annual Program
Poplar St Pump Station	\$110M	In Construction
Morrison Ave Flood Relief	TBD	In Design
Mystic River Outfall and Sewer Separation	TBD	In Design
Sewer Improvements	\$5M	Annual Program



POPLAR STREET PUMP STATION FINANCING STRATEGY

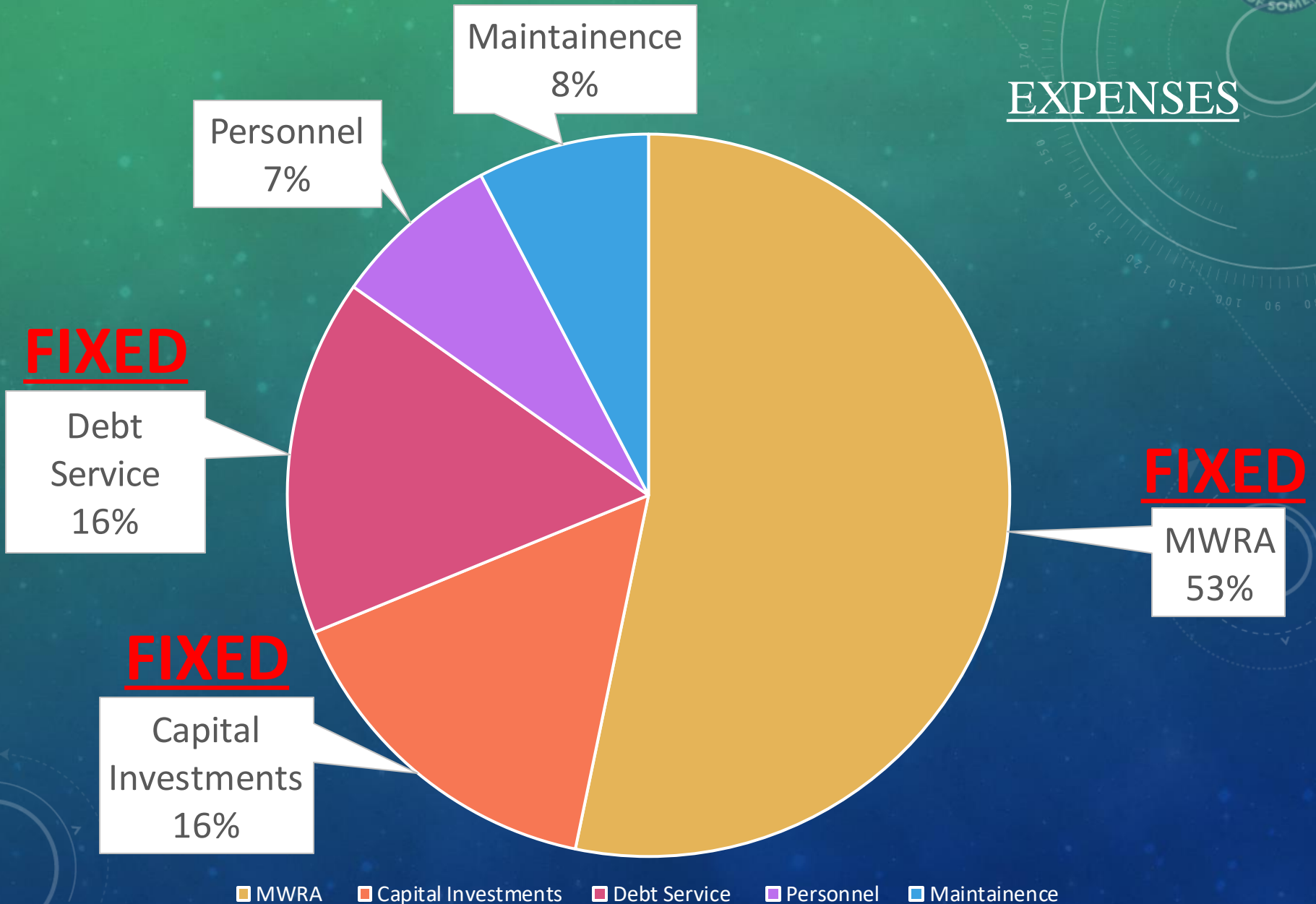
- Total authorization: \$102M
- Apply \$10M from ARPA (American Rescue Plan Act)
- Utilize \$5M from sewer stabilization fund
- Accept up to \$2.5M federal earmark
- Borrow remainder in tranches through bonding
- Bond Authorization of \$89M



WATER & SEWER DEPT FY25 COMBINED BUDGETS



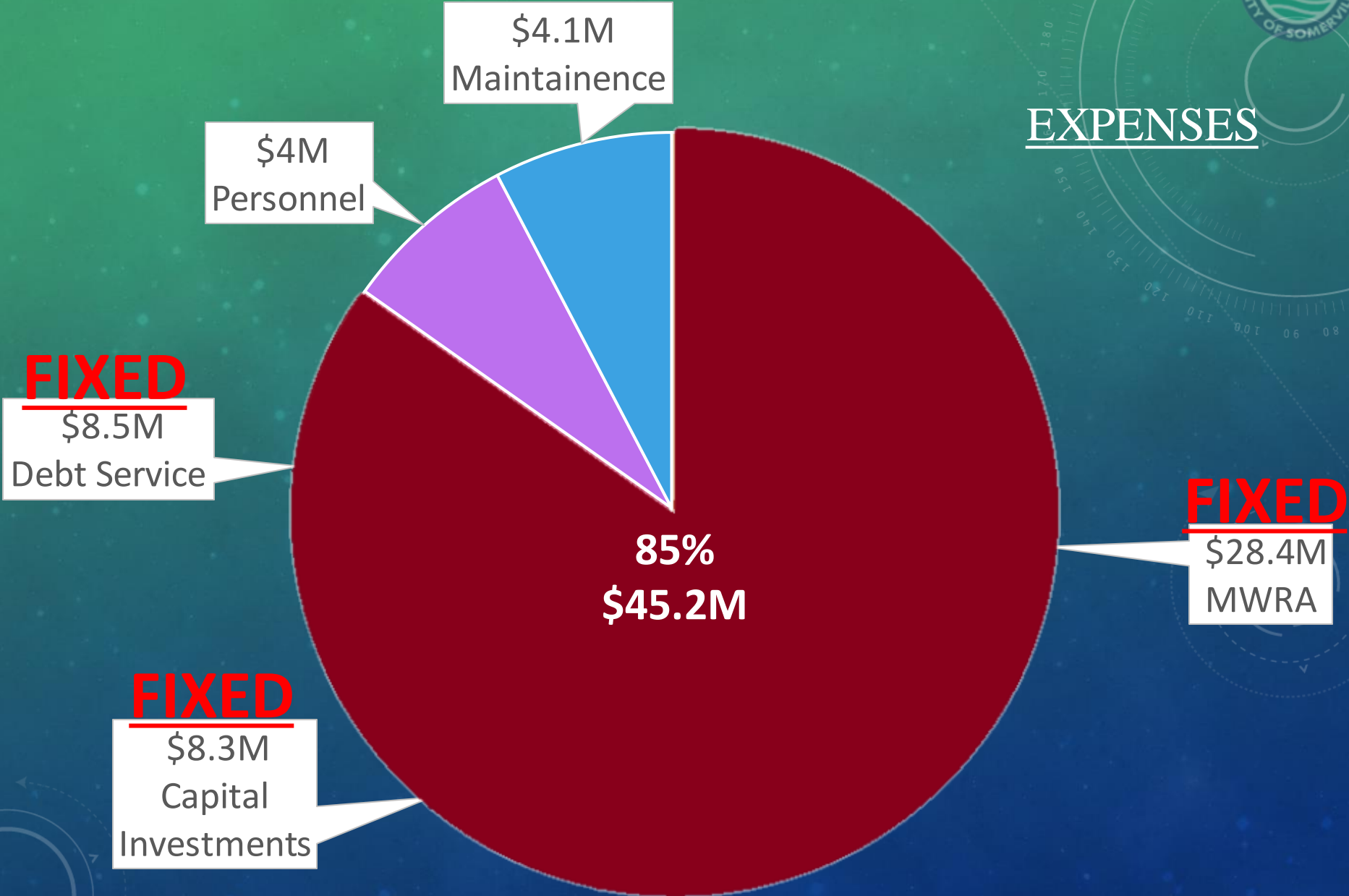
EXPENSES



WATER & SEWER DEPT FY25 COMBINED BUDGETS



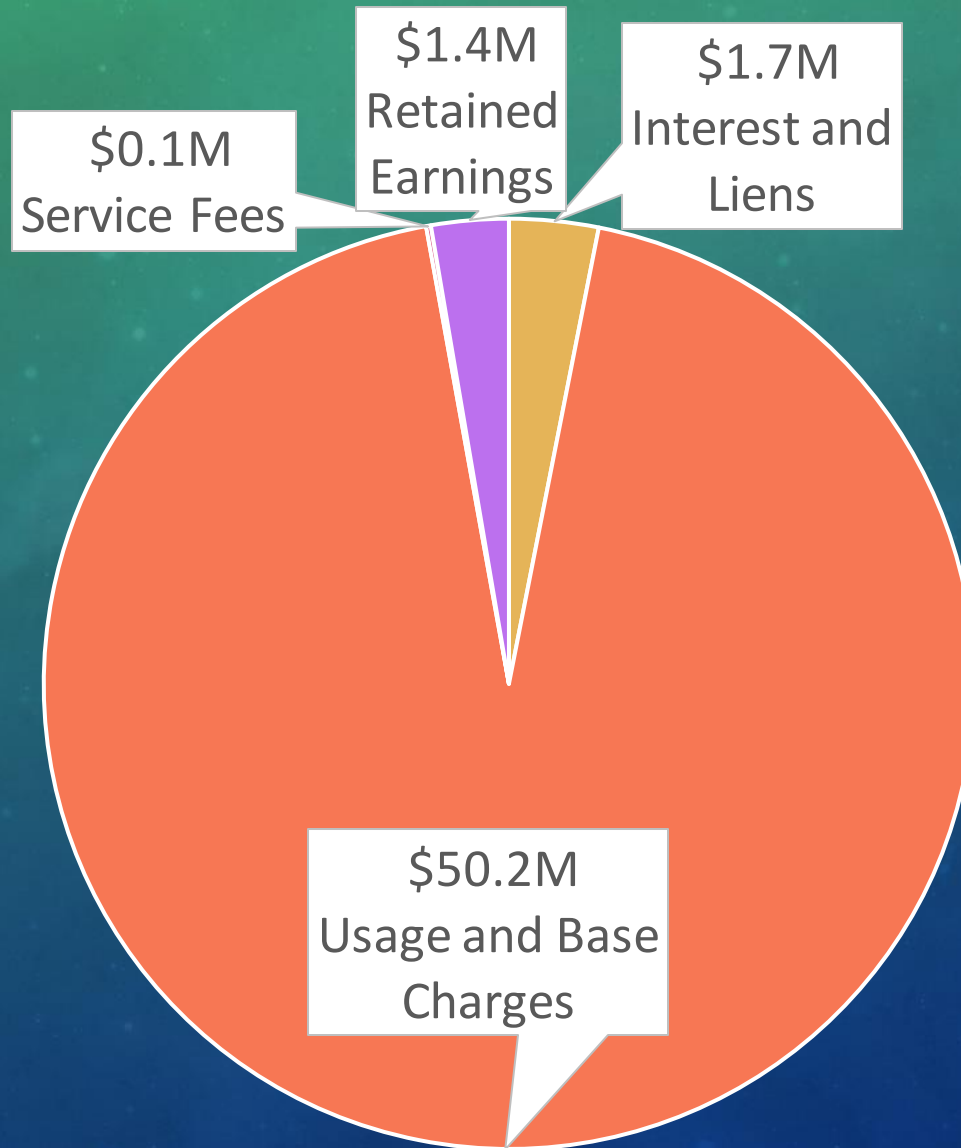
EXPENSES



WATER & SEWER DEPT FY25 COMBINED BUDGETS



REVENUE



NOTE:

Projected revenue does not include grant funds, as they are set aside to directly support their applicable projects.



WITHOUT RATE INCREASES: \$3 MILLIION SHORTFALL

In this scenario, ramifications of this shortfall could result in some or all of the following:

- Curtailed essential maintenance and repairs—exposing our community to increased risks of flooding, sinkholes, and leaking valves
- Halted contracted capital improvements
- Hiring freezes
- Delays to crucial ratepayer assistance program implementation
- Stalled community outreach and education efforts
- Damage to the city's prestigious AAA bond rating
- Increased customer service turnaround times

Without action now, we face even more substantial rate increases in the future.



PROPOSED RATE ADJUSTMENTS FOR FISCAL YEAR 2025

Base
Charges

No
Change

Water
Rates

9.5%
Increase

Sewer
Rates

5%
Increase

Average Increase

6%



PROPOSED RATE INCREASE IMPACTS

Total Change in Annual Costs for Various Billing Units (including base & volumetric charges)

Total Units per Bill (in CCF)	FY 2024 Annually	FY 2025 Annually	\$ Change/Year (FY25 – FY24)	\$ Change/ Household PER BILL	% Change
15 (average condo unit)	\$1,012	\$1,067	\$54	\$18.05	5.3%
18 (average 1-family home)	\$1,236	\$1,305	\$69	\$22.98	5.6%
30 (average 2-family home)	\$2,131	\$2,259	\$128	\$21.34	6.0%
42 (average 3-family home)	\$3,025	\$3,212	\$187	\$20.80	6.2%
110 (average 8-unit building)	\$8,249	\$8,782	\$532	\$22.18	6.5%



FY25 WATER AND SEWER PROPOSED RESIDENTIAL RATES

FY25 Residential Volumetric Charges (\$/Billing Unit)				
Tier	Tier Range (per CCF)	Water	Sewer	Combined
Discount Rate	0-8	\$6.06	\$11.82	\$17.88
Tier 1	9-13	\$6.76	\$13.15	\$19.91
Tier 2	14-67	\$9.72	\$16.77	\$26.49
Tier 3	68-133	\$10.18	\$17.59	\$27.77
Tier 4	Over 133	\$10.59	\$18.21	\$28.80



FY25 WATER AND SEWER PROPOSED COMMERCIAL RATES

FY25 Commercial Volumetric Charges (\$/Billing Unit)				
Tier	Tier Range (per CCF)	Water	Sewer	Combined
Tier 1	0-13	\$6.76	\$13.15	\$19.91
Tier 2	14-67	\$9.72	\$16.77	\$26.49
Tier 3	68-133	\$10.18	\$17.59	\$27.77
Tier 4	Over 133	\$10.59	\$18.21	\$28.80

FY24 COMMUNITY COMPARISON OF MULTI-FAMILY PROPERTIES

Average 2-Family Home		Difference	
Somerville FY24	\$ 710.22	\$ -	-
Medford FY24	\$ 675.30	\$ (34.92)	-4.9%
Malden FY24	\$ 743.42	\$ 33.20	4.7%

Average 3-Family Home		Difference	
Somerville FY24	\$ 1,008.42	\$ -	-
Medford FY24	\$ 1,007.82	\$ (0.60)	-0.1%
Malden FY24	\$ 1,098.74	\$ 90.32	9.0%

Average 8-Unit Building		Difference	
Somerville FY24	\$ 2,749.82	\$ -	-
Medford FY24	\$ 2,892.10	\$ 142.28	5.2%
Malden FY24	\$ 3,112.22	\$ 362.40	13.2%



FINANCIAL ASSISTANCE AND RESOURCES AVAILABLE FOR RESIDENTS

- Continuation of policy of no water shut-offs for non-payment
- 25% discount for seniors and others (e.g., clauses 17D and 41C)
 - *Visit the Assessor's office page on the city Website <https://www.somerville.ma.gov/departments/finance/assessing>*
- We are also currently working with a consultant on additional affordability options and policies that can help our ratepayers starting as soon as Jan, 2025
- All financial assistance resources will be shared proactively with the community via all city communications channels



CITY-WIDE METER REPLACEMENT PROGRAM UPDATE



- 90% of the City's meters have been replaced.
- Less than 6% of ratepayers have seen a significant increase due to catch-up reads from low estimates.
- The Water & Sewer Department is currently reviewing and adjusting disputed bills by recalculating charges to align with previous fiscal rates and providing residents with credit.
 - To date we have adjusted 170 bills totaling roughly \$480,000 credited back to residents.