

Water & Sewer FY2026 Rate Proposal

City Council File ID 25-1103

June 12, 2025



Agenda

- Water & Sewer Enterprise Expenses
 - Operations & Maintenance
 - Administration & Billing
 - Improvements for FY26
 - Capital Investment Plan
 - Long Term Financial Plan & FY26 Revenue Requirement
 - Current Financial Status & FY26 Rate Proposal
- Affordability & Fairness
 - Rate Payer Assistance Program – Previous Conclusions & Next Steps
 - Proposed Billing Structure Changes

Water & Sewer Enterprise Expenses

What do the rates pay for next year?

Water & Sewer Operations & Maintenance

Critical work to deliver safe drinking water, safely handle sewage and stormwater, and provide on-demand fire protection

Delivering Vital Life-Sustaining Services 24 hours a day, 365 days a year

Quality Water



Safe Sewer Services



Fire Suppression



Overseeing Our Water & Sewer System

- **116** miles of water mains
- **183** miles of sewer mains
- **4,800+** manholes
- **3,600+** catch basins
- **1,600+** fire hydrants
- **29,000+** water & sewer connections



Sustaining Aging Infrastructure

- **Aging Infrastructure:** Many of our underground water pipes date back to the late 1800s, significantly increasing the risk of failures and service disruptions.
- **Rising Maintenance Costs:** There is growing concern about the escalating cost of maintaining and repairing these aging systems.
- **Increased Material Costs:** The cost of pipe and fittings required for repairs continues to rise, further straining maintenance budgets and long-term sustainability.



Snapshot of Select Water Services FY25

- **Emergency Responses:**
 - Addressed 59 urgent issues to ensure public health and safety.
- **Non-Emergency Maintenance:**
 - Completed 140 tasks (curb stop resets, hydrant and valve replacements) to maintain system reliability.
- **Water Quality Monitoring:**
 - Collected 84 water samples *monthly* to ensure safe, compliant drinking water.
- **Lead Sampling:**
 - Collected 20 samples from homes and 2 from schools/daycares annually to monitor and reduce lead exposure.



Snapshot of Select Sewer Operations FY25

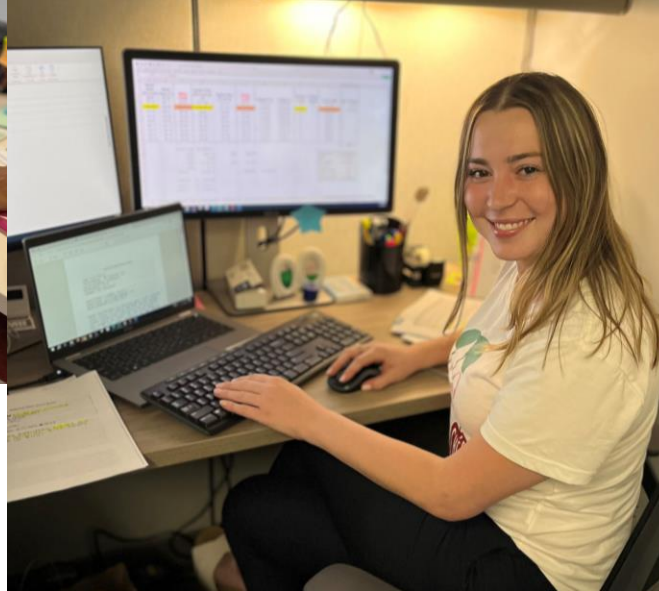
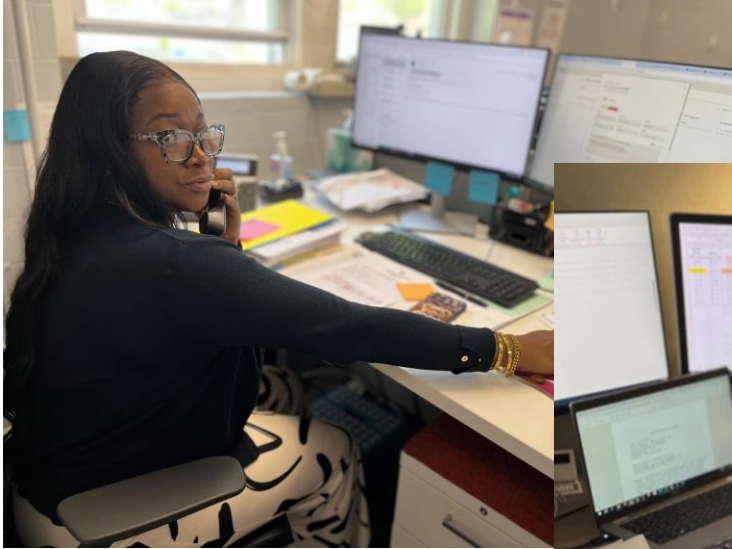
- Responded to over 244 Q-alert/311 request in the last year
- Over 2,500 Dig safe requests
- Over 46 sewer back-ups
- 102 Catch basin issues
- 73 Manhole cover matters
- Hydraulically clean 7,759 ft of sewer line
- Secured property on 508 Columbia St to set up staging area to offload catch basin tailings for catch basin cleaning to be disposed of



Administration and Billing

Critical support work to operate a public utility

Administration & Billing



Managing Administration & Billing

Ratio =
1 Full-Time
Clerk per 8,000
accounts

~51,000
bills generated each year

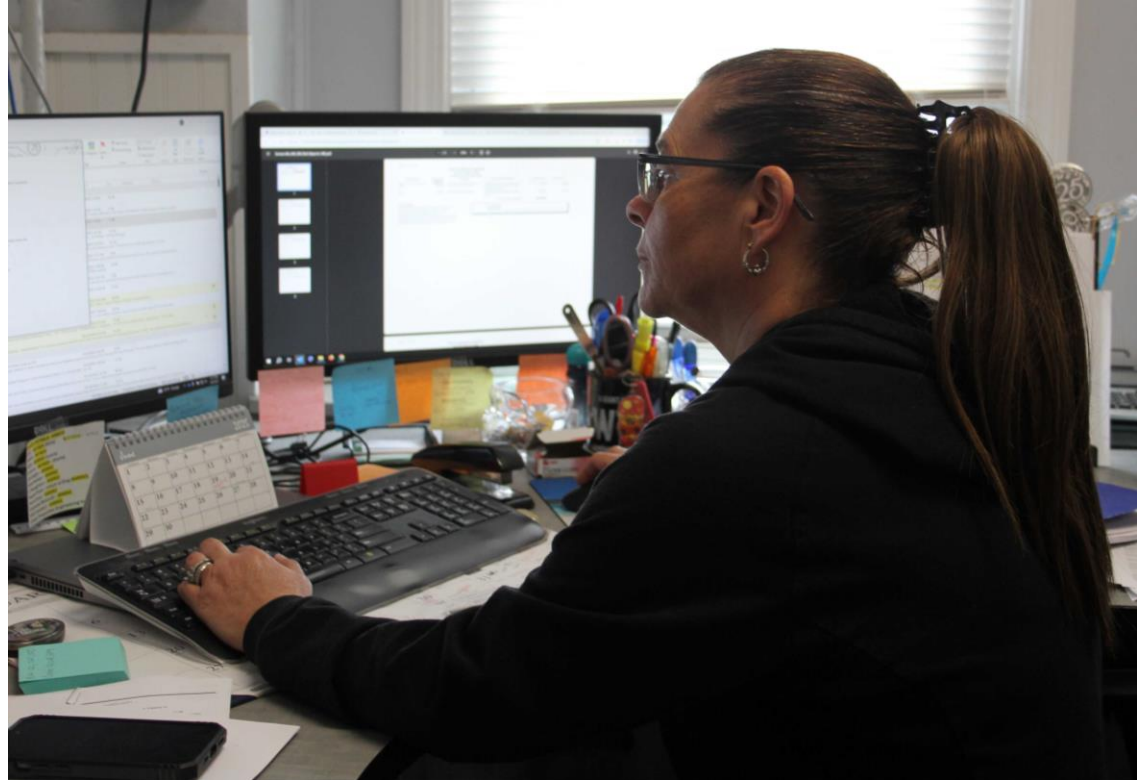
~67,000
bills per year after FY27
start of quarterly billing

~16,000
accounts &
water meters

Two Principal Clerks

Growing Admin Needs

- **Increased Accounts:** Real estate market & condo conversions are driving new accounts
- **New Stormwater Enterprise Fund:** requires management
- **Final Bill Requests:** produced daily for real estate property sales
- **Research & bill dispute:** capacity needs to match demand
- **WaterScope:** great service, but reports require follow-up coordination (leaks, etc.)
- **General admin:** Rising account maintenance, meter tracking, document management needs
- **Modernization & Service Improvements:** intensive and critical efforts require staff management/time investment



Advancing Key Projects & Improvements

800+ fiscal tier adjustments to lower retroactive bill costs

Meter Replacement Project: **94%** complete

All paper meter files/records converted to e-format

Integrating intake activities with 311 QAlert System

Advancing Key Projects & Improvements

Created new
MUNIS Utility
Billing Manual

Weekly MUNIS
Technical Training
Sessions

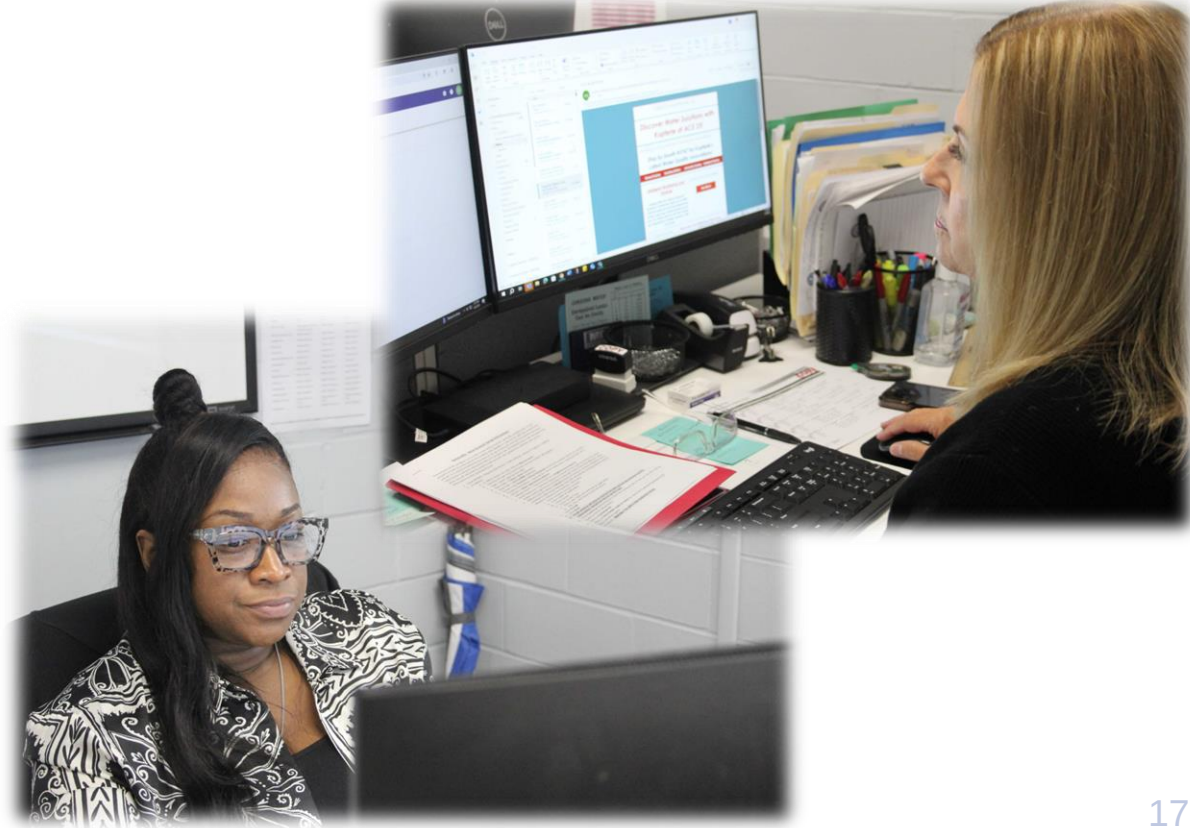
Bi-weekly
meetings w/
Customer Service
& Billing Teams

Task Resolution
Tracker (TRT)
Issue Resolution
System

Operational Improvements for FY26

Billing & Admin Staffing Plan

- **Proposing 4 positions:**
 - Principal Clerk: Utility Billing Operations Support (Union)
 - Principal Clerk: Front Office/Customer Service (Union)
 - Service Operations Manager
 - Utility Billing Manager



Field Staffing plan

- ✓ **SMEU Unit B contract executed**
- **Targeted recruitment strategies:**
 - Mass Municipal Association, Mass Water Works, NE Water Works, and others
- **Targeted W&S Hiring Working Group:**
 - W&S, Human Resources, IAM, DPW, Auditing, Mayor's Office, Comms, IGA
 - Reviewing DPWs training & development
- **Mayor Summer Jobs workforce:**
 - They support us now, we hope to attract them as hires in the future

Leadership Staffing Plan

- W&S, Finance, IAM, Mayor's Office
 - All involved in new Director search and evaluation
 - All in support of additional positions
 - Filling positions now will put new Director in a position to succeed
 - HR is supporting this top priority need to both fill positions and recruit a new Director
 - W&S positions are exempt from temporary hiring freeze (both due to essential priority and separate funding via Enterprise fund)

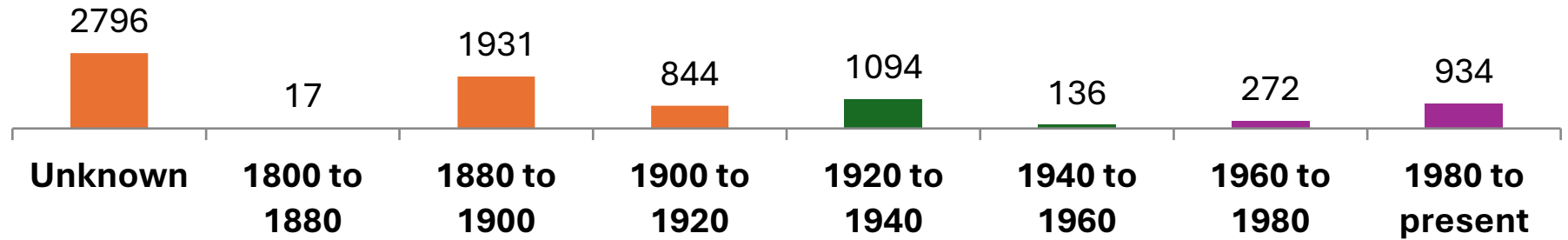
Capital Investment Plan

Primary driver for future rate increases

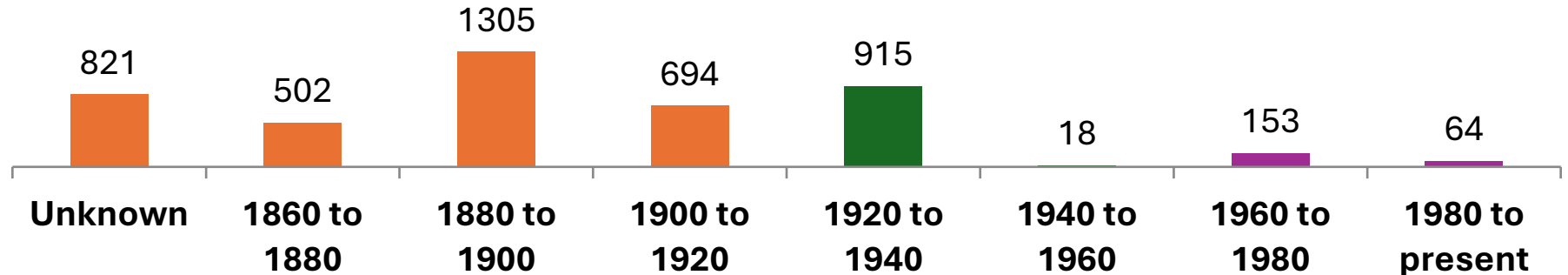
Aging infrastructure

- 90% pipes are over 50 years old
- 70% are older than 100 years

Water Line Pipe Segments Built



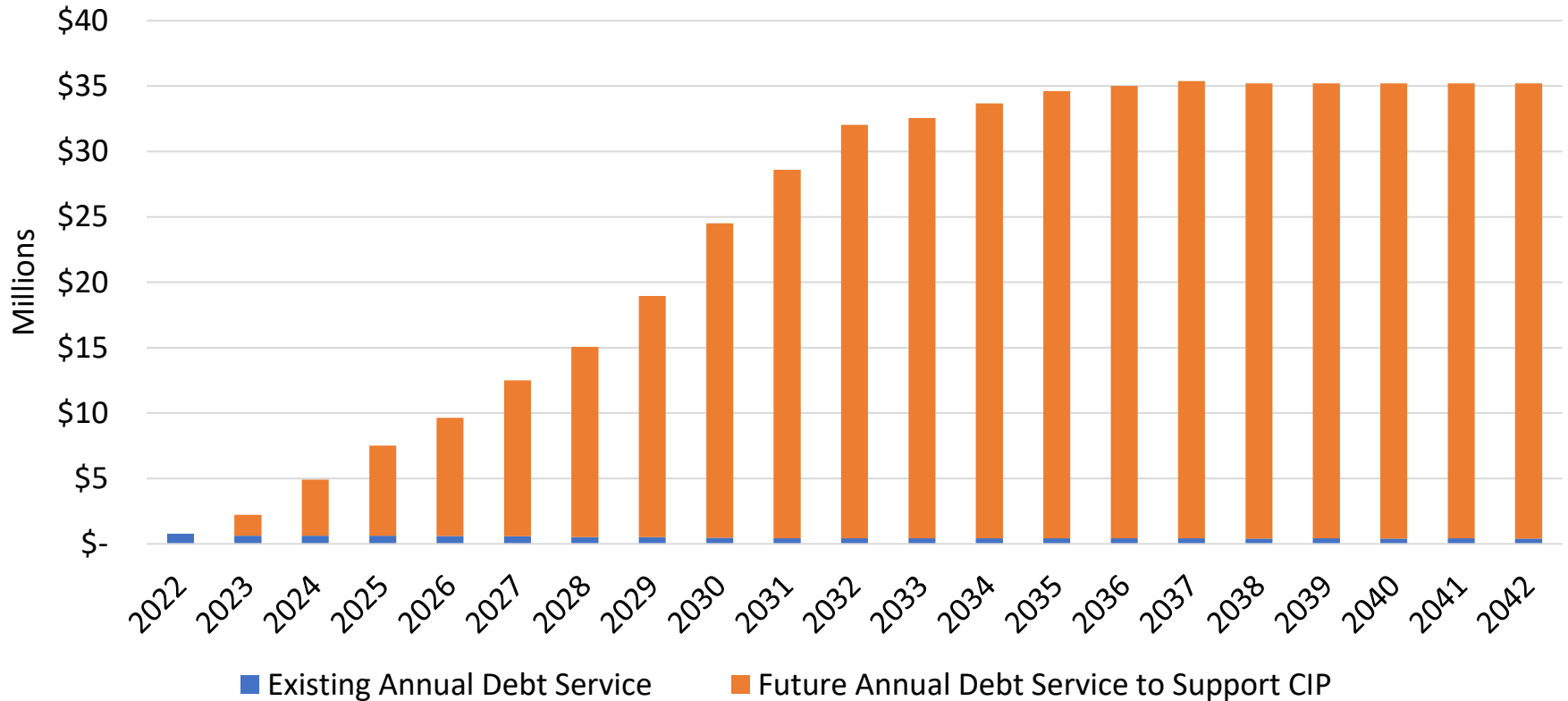
Sewer & Drain Line Pipe Segments Built



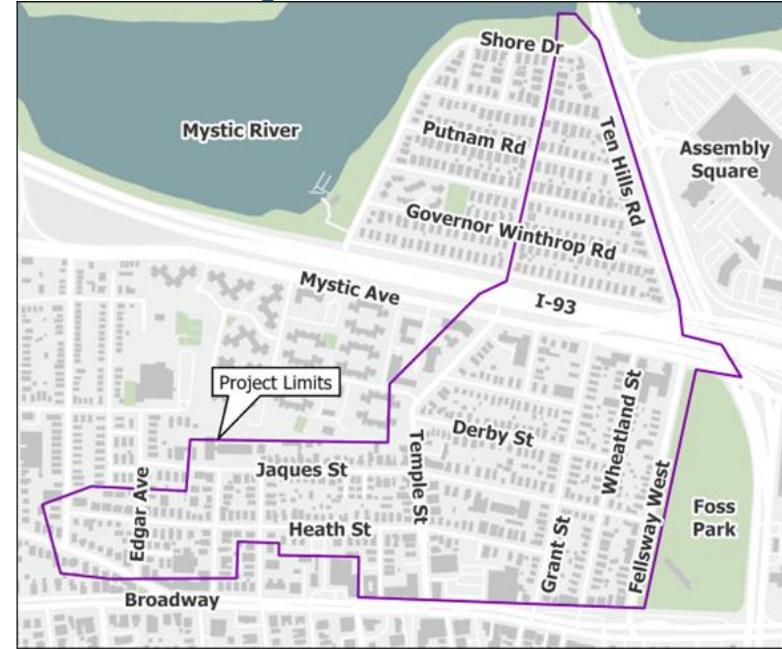
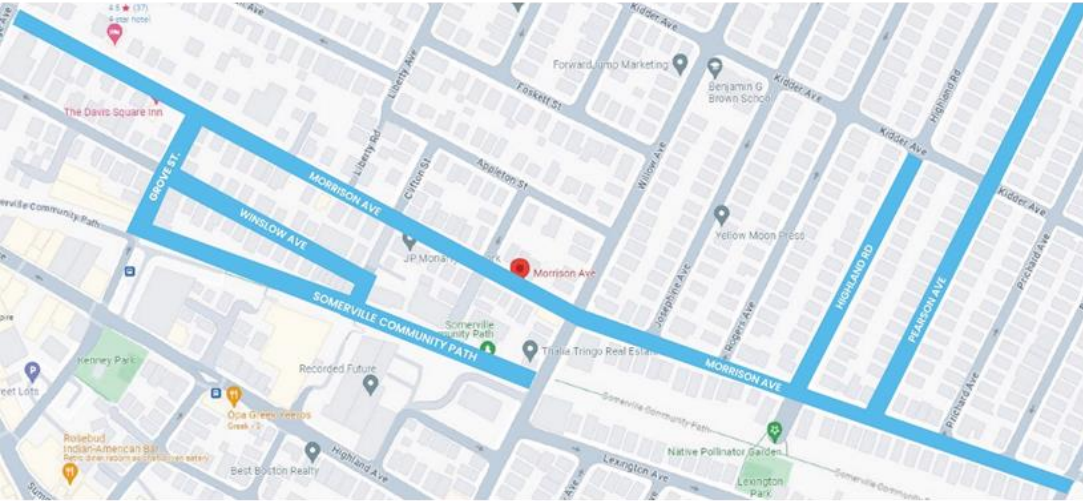
Guiding Principles for CIP Project Selection

- Fulfill Regulatory Requirements
 - Comply with Administrative Orders and Permits
 - Mitigate CSOs
- Improve Level of Service
 - Increase capacity to deliver water
 - Decrease sewer system backups
- Mitigate Flooding
 - Add capacity and storage to reduce surface flooding
- Reduce Risk
 - Rehabilitate or replace pipes before they fail
 - Prioritize pipes with greatest impact
 - Add water valves and sewer manholes to improve operations & maintenance

Sewer debt service projection



Morrison Ave & MROSS Projects



- Preliminary designs complete
- Final design initiation **requires** W&S rate proposal approval

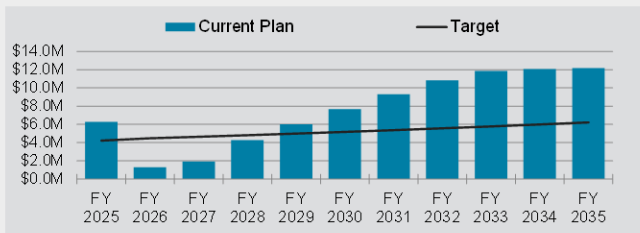
Long-range rate projections

Avoid year-to-year swings and future rate shock

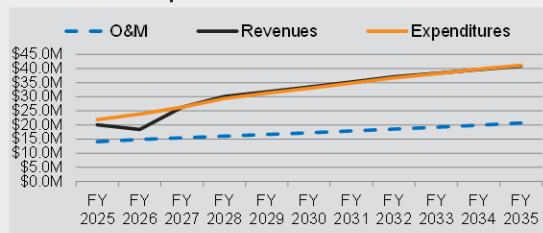
Rate model and dashboard

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2026	FY 2031
Water Rate Increases	0.00%	0.00%	45.00%	14.00%	5.00%	5.00%	5.00%	5.00%	3.00%	3.00%	3.00%	82.28%	119.35%
Debt Service Coverage (1.25 Target)	1.20	0.67	1.79	1.92	1.73	1.68	1.65	1.61	1.56	1.48	1.48	Growth	Normal
Debt Service / Revenue	19.3%	27.0%	22.9%	24.2%	27.4%	28.8%	29.9%	31.0%	32.0%	33.6%	33.3%		
Tri-Annual Single-Family Bill @ 18 CCF	\$139.49	\$139.49	\$193.31	\$217.52	\$227.40	\$237.79	\$248.64	\$260.08	\$267.27	\$274.64	\$282.24	Check	-
Net Cash Flow (\$ M)	\$1.65	-\$5.20	\$0.80	\$3.54	\$2.61	\$2.44	\$2.39	\$2.26	\$1.47	\$0.16	\$0.00		

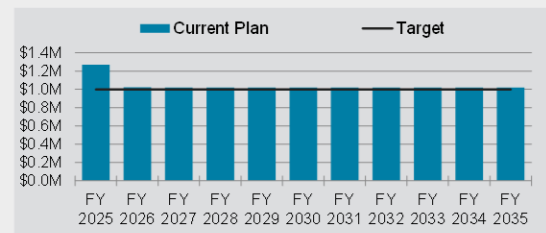
Operating Fund



Revenues vs. Expenses



Stabilization Fund



	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035
Revenues	\$18,210,539	\$26,136,907	\$29,926,302	\$31,592,049	\$33,272,255	\$35,039,642	\$36,899,159	\$38,159,021	\$39,427,418	\$40,728,699
Operating Expenses	\$18,970,264	\$19,746,235	\$20,555,461	\$21,399,422	\$22,279,672	\$23,197,833	\$24,155,604	\$25,154,762	\$26,197,166	\$27,284,764
Net Debt Service	4,435,767	5,380,992	5,616,710	7,365,114	8,325,127	9,215,072	10,244,643	11,289,352	12,813,743	13,178,725
Cash Funded Projects	-	206,000	212,180	218,545	225,102	231,855	238,810	245,975	253,354	260,955
Total Expenses	\$23,406,031	\$25,333,227	\$26,384,350	\$28,983,082	\$30,829,901	\$32,644,760	\$34,639,057	\$36,690,089	\$39,264,264	\$40,724,444
Net Cash Flow	(\$5,195,491)	\$803,679	\$3,541,952	\$2,608,967	\$2,442,354	\$2,394,882	\$2,260,102	\$1,468,932	\$163,154	\$4,255
Stabilization Fund Balance	\$1,022,683	\$1,020,227	\$1,020,202	\$1,020,202	\$1,020,202	\$1,020,202	\$1,020,202	\$1,020,202	\$1,020,202	\$1,020,202
Operating Fund Balance	\$1,296,939	\$1,930,494	\$4,272,232	\$6,028,457	\$7,678,091	\$9,295,522	\$10,826,108	\$11,859,526	\$12,074,065	\$12,186,442
Total Fund Balance	2,319,622	2,950,721	5,292,434	7,048,659	8,698,293	10,315,724	11,846,310	12,879,728	13,094,267	13,206,644
Total Debt Service	\$4,904,051	\$5,973,799	\$7,237,151	\$8,638,058	\$9,538,049	\$10,412,725	\$11,394,361	\$12,145,069	\$13,182,560	\$13,490,805

Operating fund target & Revenues vs. Expenses

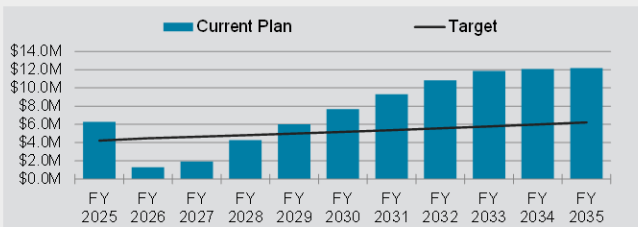
FY 2025 FY 2026 FY 2027 FY 2028 FY 2029 FY 2030 FY 2031 FY 2032 FY 2033 FY 2034 FY 2035 FY 2026 FY 2031

- Keep fund balance near but above revenue requirement target projection, create ability to cash-fund capital projects

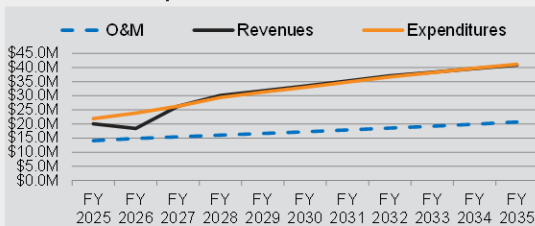
82.28% 119.35%
Growth Normal

Net Cash Flow (\$ M) \$1.65 -\$5.20 \$0.80 \$3.54 \$2.61 \$2.44 \$2.39 \$2.26 \$1.17 \$0.16 \$0.00

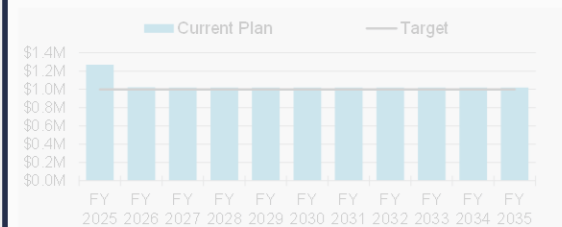
Operating Fund



Revenues vs. Expenses



Stabilization Fund



- Align revenues with expenses

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Stabilization Fund

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Debt Service Coverage (1.25 Target)	1.20	0.67	1.79	1.92	1.73	1.68	1.65	1.61	1.56	1.48	1.48	Growth	Normal
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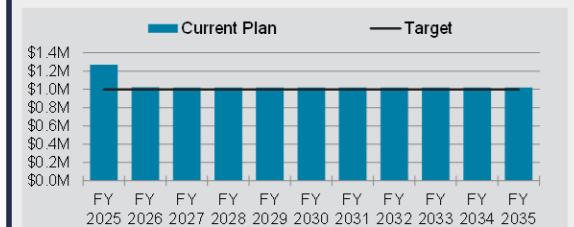
Operating Fund



Goal: Maintain Stabilization Fund balance for emergencies



Stabilization Fund

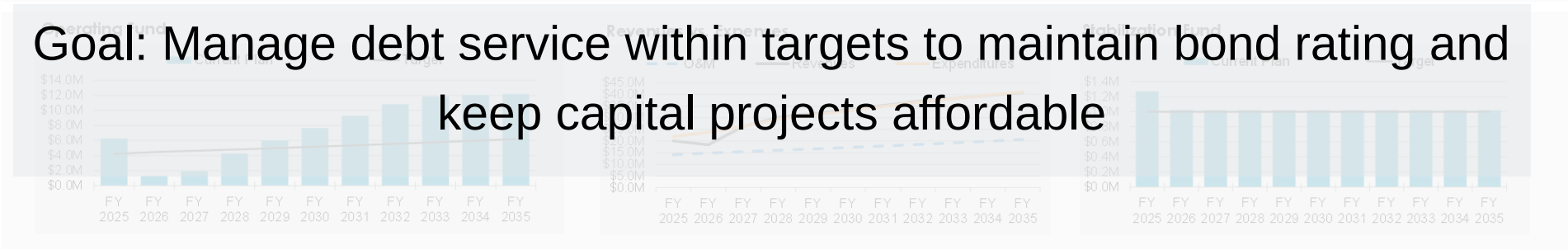


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Debt service coverage, Debt service to Revenue ratio

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Goal: Manage debt service within targets to maintain bond rating and keep capital projects affordable

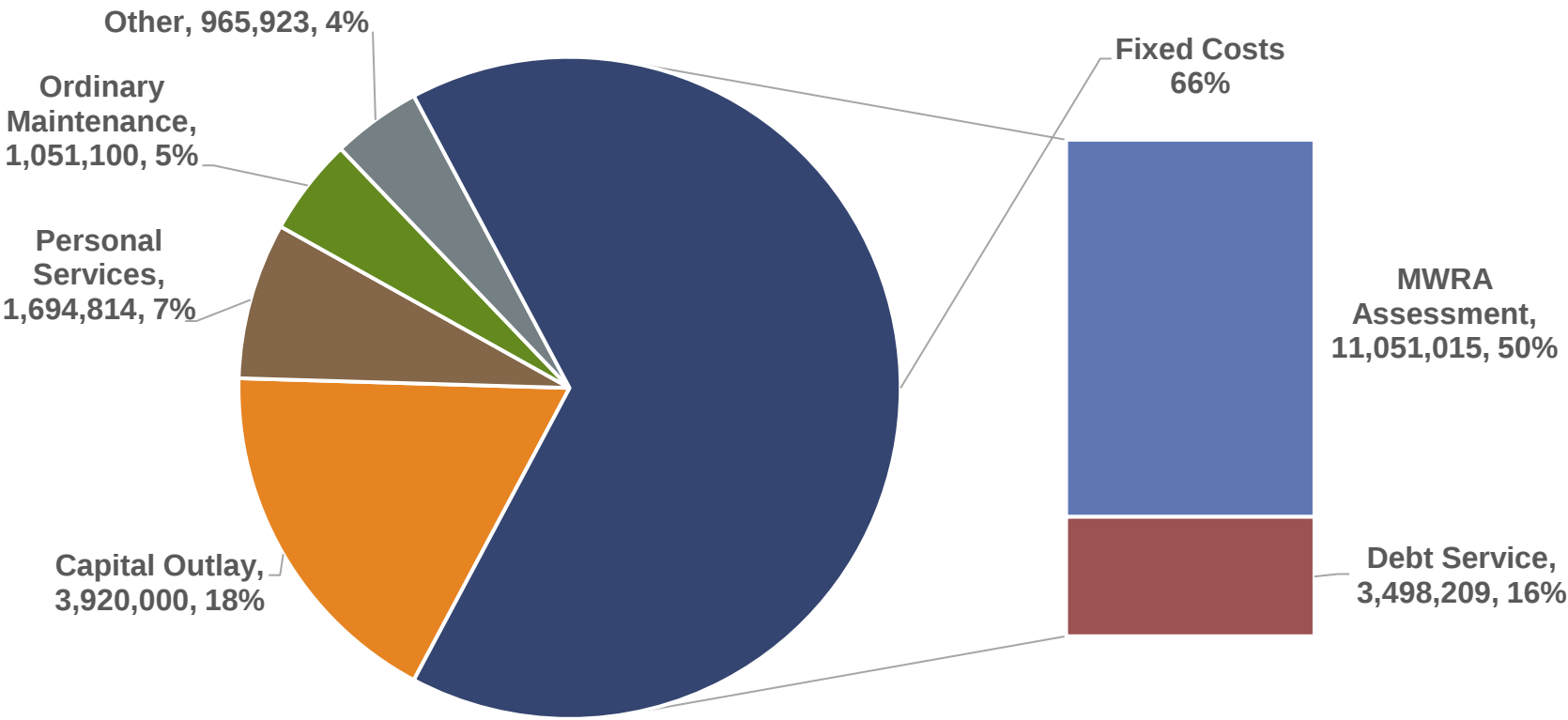


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FY2026 Revenue Requirement

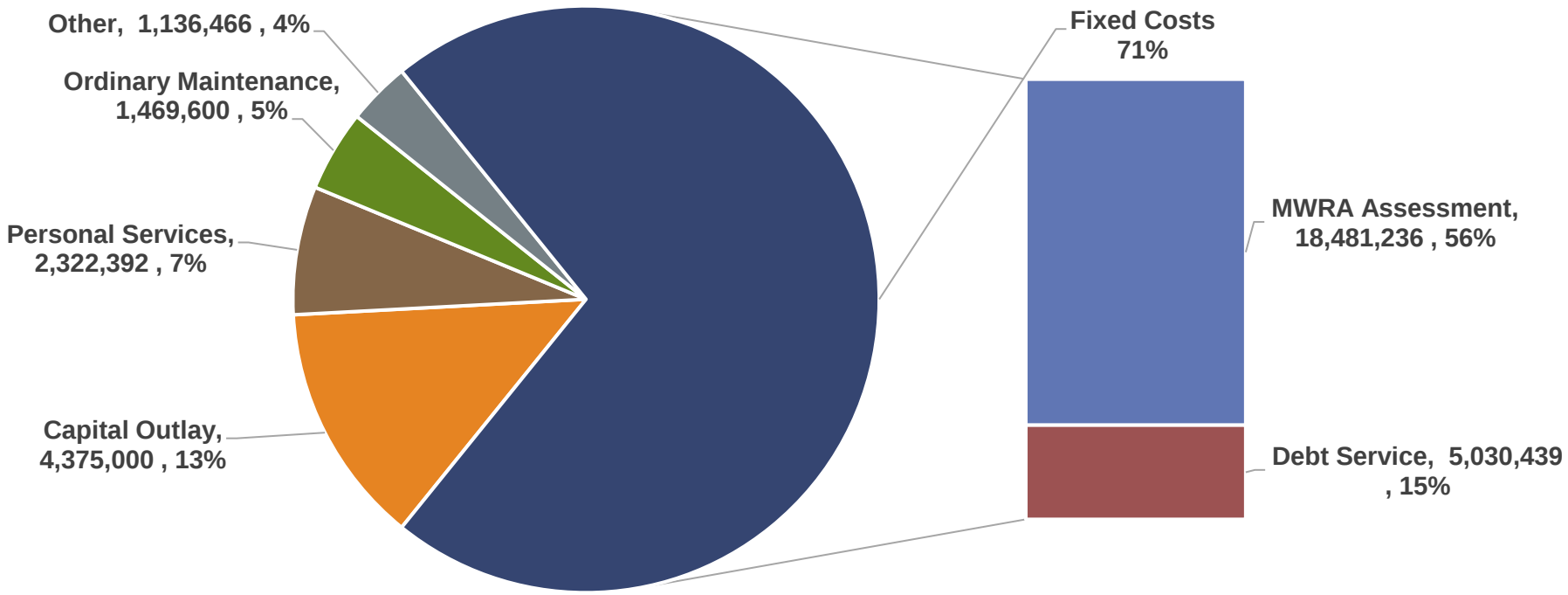
Fixed costs make up between 66-84%
of the annual budget

FY26 Water Budget

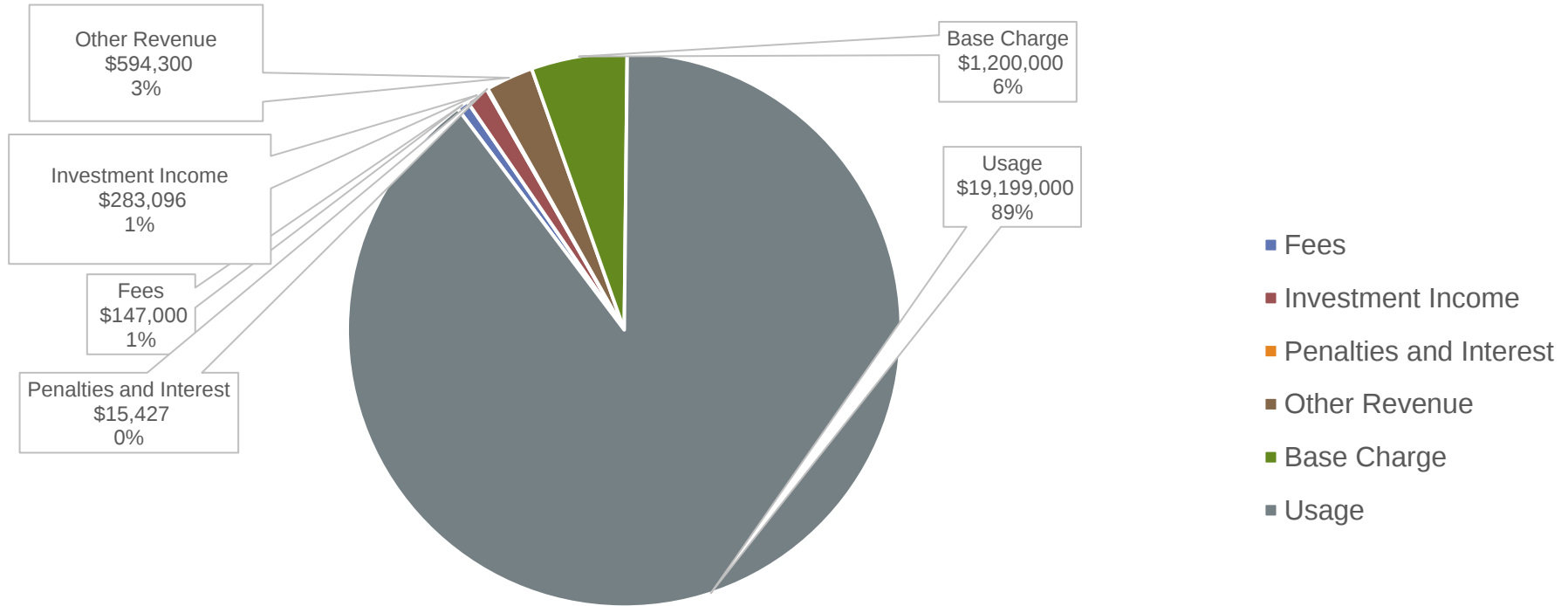


FY26 Sewer Budget

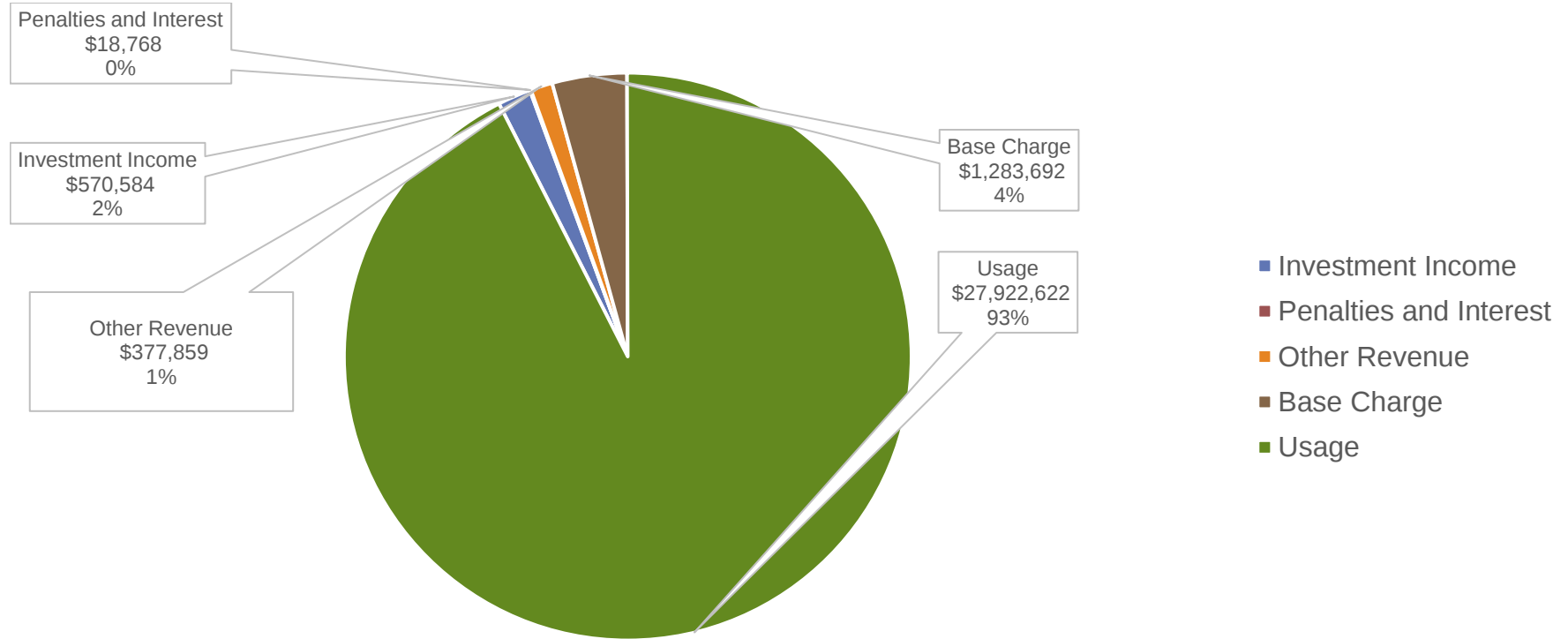
Fixed costs make up between 71%-84% of the annual budget



FY2026 Revenue Requirements: Water



FY2026 Revenue Requirements: Sewer



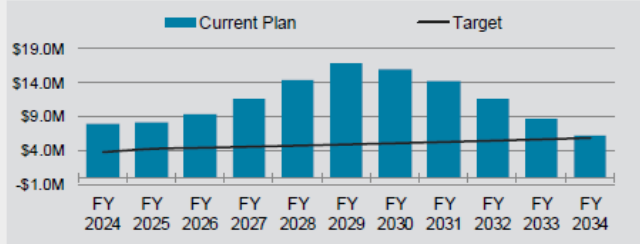
Impact of no rate increases in FY2025

Proposal of 9.5% for Water and 5% for Sewer failed to pass, creating dire financial circumstances for FY2026

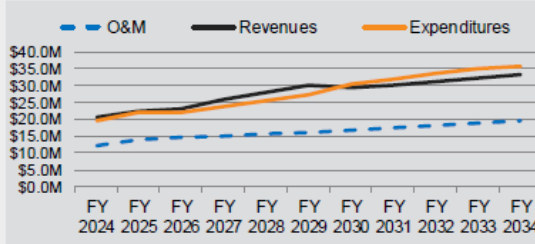
Water FY25 – 9.5% Proposed Increase

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2026	FY 2031
Water Rate Increases	0.00%	9.50%	10.00%	10.00%	8.00%	7.00%	3.00%	3.00%	3.00%	3.00%	3.00%	53.53%	77.94%
Debt Service Coverage (1.25 Target)	2.63	1.57	3.45	3.55	3.31	2.69	1.52	1.43	1.33	1.32	1.43	Growth	Normal
Debt Service / Revenue	12.4%	19.5%	9.9%	10.6%	12.2%	15.8%	27.7%	29.2%	31.0%	31.0%	28.3%		
Tri-Annual Single-Family Bill @ 18 CCF	\$139.49	\$150.88	\$164.01	\$178.42	\$191.09	\$203.12	\$208.57	\$214.20	\$220.01	\$226.05	\$232.27	Check	-
Net Cash Flow (\$ M)	\$1.15	-\$1.85	\$0.79	\$1.78	\$2.32	\$2.13	-\$1.40	-\$2.12	-\$3.01	-\$3.37	-\$2.90		

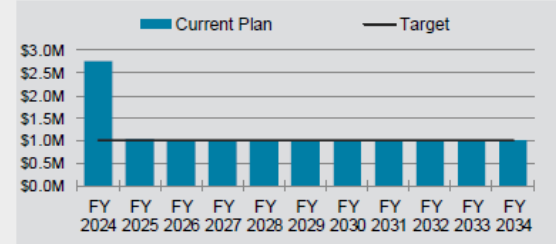
Operating Fund



Revenues vs. Expenses



Stabilization Fund

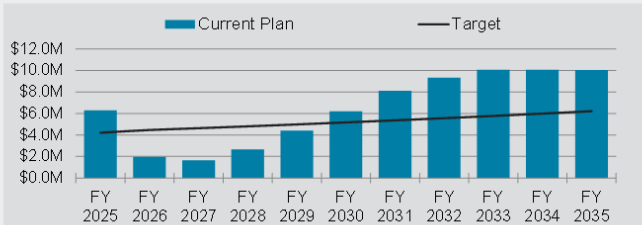


- Projected 10% increase for FY26 & FY27; Reduce thereafter
- Revenue & expenses balanced
- Build up cash to offset future debt

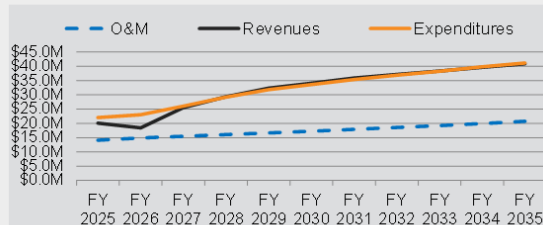
Water FY26 – Financials without increase

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2026	FY 2031
Water Rate Increases	0.00%	0.00%	40.00%	15.00%	10.00%	5.00%	5.00%	3.00%	3.00%	3.00%	3.00%	85.90%	119.35%
Debt Service Coverage (1.25 Target)	1.16	0.81	1.62	1.68	1.69	1.66	1.65	1.57	1.52	1.45	1.47	Growth	Normal
Debt Service / Revenue	20.1%	22.5%	24.1%	26.8%	28.6%	29.6%	30.4%	31.9%	32.7%	34.2%	33.6%		
Tri-Annual Single-Family Bill @ 18 CCF	\$139.49	\$139.49	\$187.27	\$212.35	\$231.57	\$242.19	\$253.27	\$260.23	\$267.42	\$274.79	\$282.39	Check	-
Net Cash Flow (\$ M)	\$1.65	-\$4.84	-\$0.73	\$0.57	\$1.33	\$1.38	\$1.47	\$0.81	\$0.34	-\$0.42	-\$0.45		

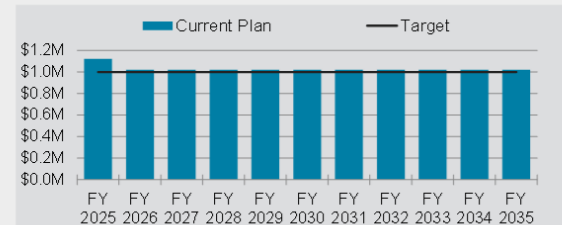
Operating Fund



Revenues vs. Expenses



Stabilization Fund

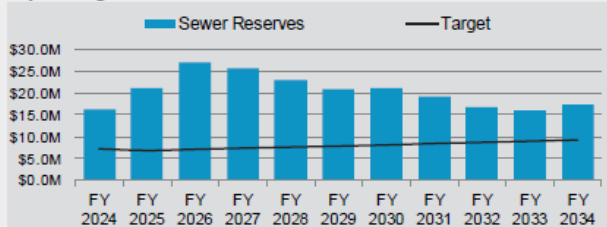


- Stabilization reduced by \$1.7M in FY24 to minimum level in FY25
- Debt coverage and operating funds below targets
- Requires 40% rate hike in FY27 to balance

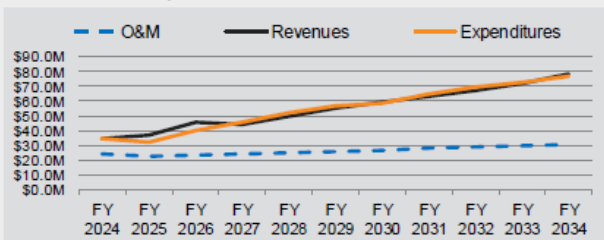
Sewer FY25 – 5% Proposed Increase

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2027	FY 2032
Sewer Usage Rate Plan	0.00%	5.00%	15.00%	15.00%	13.00%	12.00%	7.00%	7.00%	7.00%	7.00%	7.00%	75.67%	146.27%
Debt Service Coverage (1.25 Target)	1.73	1.90	1.38	1.27	1.12	1.14	1.25	1.16	1.12	1.18	1.25	Scenario Manager	
Debt Service / Revenue	12.4%	15.3%	26.1%	33.3%	42.1%	45.2%	42.5%	47.2%	50.1%	49.2%	47.6%	Growth	Normal
Tri-Annual Single-Family Bill @ 18 CCF	\$272.53	\$284.16	\$320.77	\$362.89	\$404.83	\$448.64	\$477.18	\$507.77	\$540.46	\$575.56	\$613.04	Check	-
Combined Tri-Annual W&S Single-Family Bill	\$412.02	\$438.75	\$492.30	\$545.04	\$598.37	\$654.31	\$688.43	\$724.83	\$763.43	\$804.62	\$848.37	Stormwater Fee	No
Net Cash Flow (\$ M)	-\$0.48	\$0.16	-\$2.71	-\$2.93	-\$4.38	-\$3.86	-\$1.37	-\$3.05	-\$3.87	-\$2.24	\$0.25		

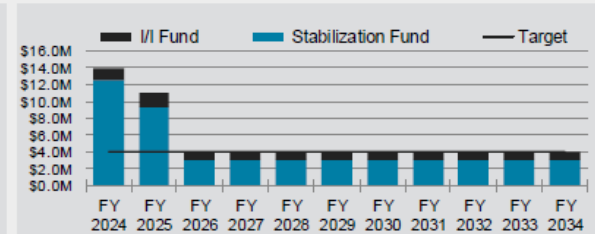
Operating Fund



Revenues vs. Expenses



Stabilization Fund & I/I Fund

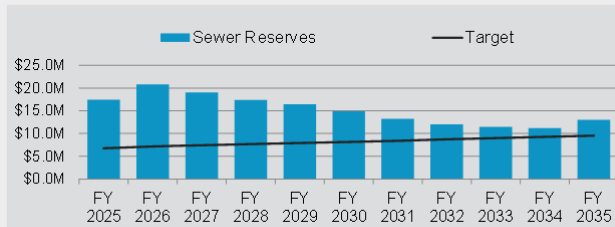


- Projected 15% increase for FY26 & FY27; reduce thereafter
- Revenue & expenses balanced
- Build up cash to offset future debt

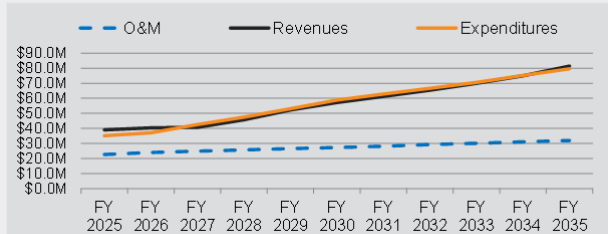
Sewer FY26 – Financials without increase

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2027	FY 2032
Sewer Usage Rate Plan	0.00%	0.00%	20.00%	15.00%	15.00%	10.00%	7.00%	7.00%	7.00%	7.00%	7.00%	74.60%	144.94%
Debt Service Coverage (1.25 Target)	1.19	0.93	1.22	1.23	1.22	1.17	1.16	1.18	1.19	1.20	1.26	Scenario Manager	
Debt Service / Revenue	23.9%	26.8%	28.9%	33.6%	38.9%	43.5%	45.6%	46.0%	46.8%	48.2%	47.2%	Growth	Normal
Tri-Annual Single-Family Bill @ 18 CCF	\$272.53	\$272.53	\$318.98	\$360.82	\$408.91	\$445.83	\$474.27	\$504.68	\$537.22	\$572.04	\$609.24	Check	-
Combined Tri-Annual W&S Single-Family Bill	\$412.02	\$427.12	\$490.51	\$542.97	\$602.45	\$651.50	\$685.52	\$721.74	\$760.19	\$801.10	\$844.57	Stormwater Fee	No
Net Cash Flow (\$ M)	\$3.81	\$2.56	\$3.74	-\$1.68	-\$0.98	-\$1.58	-\$1.74	-\$0.93	-\$0.32	-\$0.03	\$2.07		

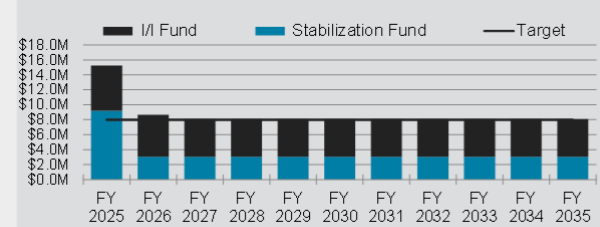
Operating Fund



Revenues vs. Expenses

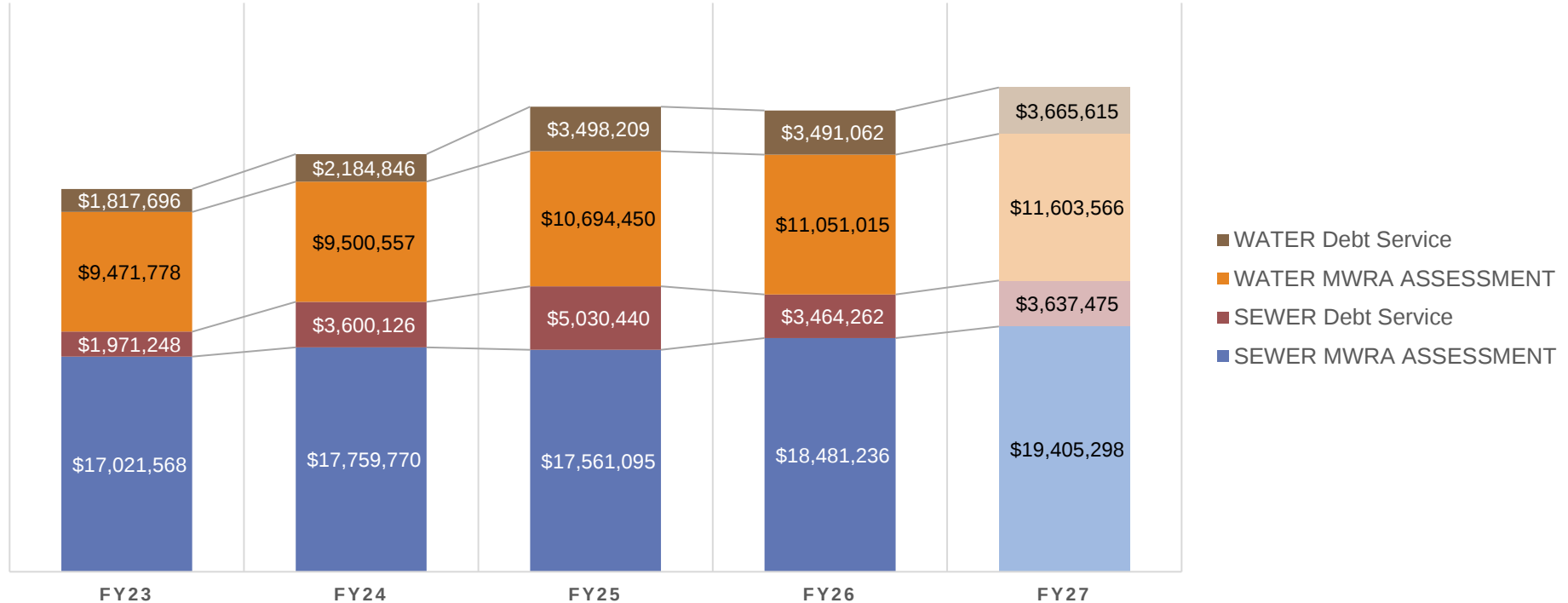


Stabilization Fund & I/I Fund



- Stabilization reduced to minimum level
- Debt coverage, Debt/Revenue & Operating Fund below targets
- Requires 20% rate hike in FY27 to balance

FY23 to FY26+ Fixed Cost Increase

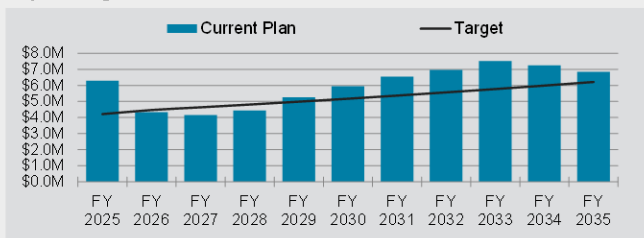


FY2026 Proposal

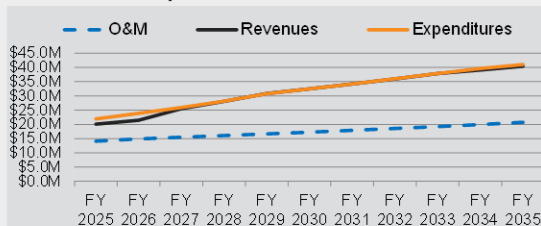
Water FY26 – 18% increase

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2026	FY 2031
Water Rate Increases	0.00%	18.00%	18.00%	10.00%	10.00%	5.00%	5.00%	5.00%	5.00%	3.00%	3.00%	77.22%	117.54%
Debt Service Coverage (1.25 Target)	1.20	1.29	1.65	1.64	1.62	1.58	1.55	1.51	1.52	1.44	1.45	Growth	Normal
Debt Service / Revenue	19.3%	23.2%	23.7%	26.0%	28.3%	29.6%	30.7%	32.0%	32.4%	34.0%	33.7%		
Tri-Annual Single-Family Bill @ 18 CCF	\$139.49	\$161.04	\$186.48	\$203.14	\$221.49	\$231.60	\$242.22	\$253.30	\$264.97	\$272.34	\$279.89	Check	-
Net Cash Flow (\$ M)	\$1.65	-\$2.15	-\$0.39	\$0.26	\$1.12	\$0.91	\$0.75	\$0.49	\$0.69	-\$0.47	-\$0.60		

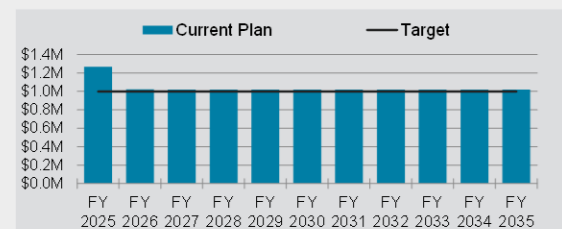
Operating Fund



Revenues vs. Expenses



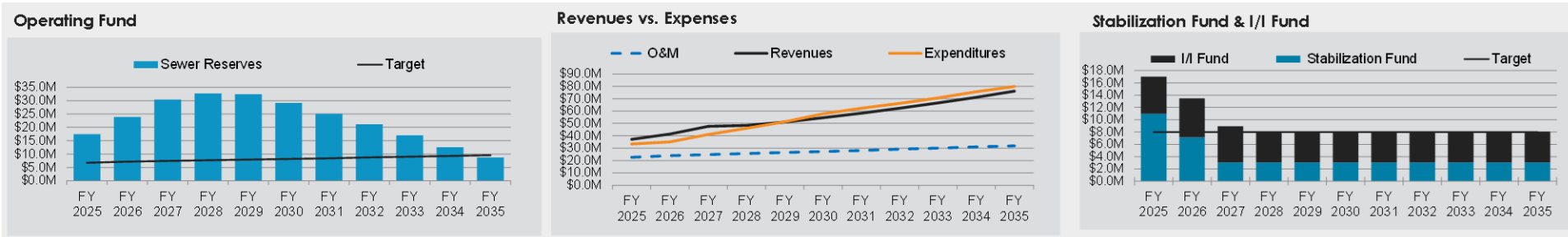
Stabilization Fund



- Projected 18% for FY27, 10% for FY28 & FY29; Reduce thereafter
- \$1.5M taken from Stabilization; Revenue & expenses balanced
- No cash buildup to offset future debt, which becomes problematic

Sewer FY26 – 12% increase

	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2034	FY 2035	FY 2027	FY 2032
Sewer Usage Rate Plan	0.00%	12.00%	12.00%	12.00%	10.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	65.28%	131.79%
Debt Service Coverage (1.25 Target)	1.55	1.90	1.82	1.52	1.28	1.10	1.07	1.08	1.08	1.08	1.10	Scenario Manager	
Debt Service / Revenue	18.3%	17.1%	21.0%	28.1%	36.4%	44.1%	47.1%	47.9%	49.5%	51.5%	52.1%	Growth	Normal
Tri-Annual Single-Family Bill @ 18 CCF	\$272.53	\$300.43	\$331.66	\$366.58	\$399.22	\$424.38	\$451.28	\$480.05	\$510.87	\$543.87	\$579.15	Check	-
Combined Tri-Annual W&S Single-Family Bill	\$412.02	\$455.02	\$503.19	\$548.73	\$592.76	\$630.05	\$662.53	\$697.11	\$733.84	\$772.93	\$814.48	Stormwater Fee	No
Net Cash Flow (\$ M)	\$3.81	\$7.11	\$7.29	\$2.29	-\$0.34	-\$3.29	-\$4.13	-\$3.73	-\$3.85	-\$4.21	-\$3.63		



- Projected 12% increase for FY27 & FY28; reduce thereafter
- Revenue & expenses balanced
- Build up cash to offset future debt

Improving Affordability

Rate Payer Assistance Program

Rate Payer Assistance

- Affordability program efforts thus far stymied by legal constraints
 - Massachusetts law prohibits many financial-means-test subsidies for utilities
 - Utility billing and Enterprise Funds must be based on utility use
- Still committed to evaluating affordability programs
- Will remain a priority for Department and new Director
- Item ID 25-1069 – I/I Fee will increase revenue collected from developers

Billing Structure Changes

Improve fairness and reduce burden on small residential users

Billing Structure Changes

- Align base rate scaling with industry standards for fairness
 - Current structure collects too little revenue from large users; therefore, 1-, 2-, & 3-Family users are paying more than their fair share
- Reduce volumetric tiers from 5 to 3 and shift brackets to simplify billing & increase fairness
 - Current structure puts 2- & 3-Family users into higher tier; therefore, they are paying more than their fair share
- Introduce charges based on impervious area to offset sewer bills based on water use to increase fairness
 - Current structure ignores the cost of stormwater runoff; therefore, residential users are paying more than their fair share
- **Details provided in Presentation Appendix**

Resulting net changes to bills



Bill Impacts – Residential (Tri-Annual Bills)

Residential		Current		7/1/2025	% Change	1/1/2026	% Change		
Single Family 5/8" Meter Annual Use 60 CCF	Water	\$	157	\$	181	15%	\$	181	0%
	Sewer	\$	304	\$	315	4%	\$	230	-27%
	Stormwater						\$	173	
	Total	\$	462	\$	496	7%	\$	583	18%
Three Family 5/8" Meter Annual Use 47 CCF	Water	\$	397	\$	469	18%	\$	469	0%
	Sewer	\$	736	\$	809	10%	\$	571	-29%
	Stormwater						\$	111	
	Total	\$	1,133	\$	1,278	13%	\$	1,150	-10%
Large Condo 4" Meter Annual Use 7,204.5 CCF	Water	\$	67,133	\$	79,585	19%	\$	79,585	0%
	Sewer	\$	125,140	\$	136,536	9%	\$	94,675	-31%
	Stormwater						\$	7,138	
	Total	\$	192,274	\$	216,121	12%	\$	181,398	-16%



Bill Impacts – Commercial (Bi-Monthly Bills)

Commercial		Current		7/1/2025	% Change	1/1/2026	% Change		
Mixed Use 3/4" Meter Annual Use 320.5 CCF	Water	\$	2,997	\$	3,554	19%	\$	3,554	0%
	Sewer	\$	5,402	\$	6,058	12%	\$	4,189	-31%
	Stormwater						\$	1,069	
	Total	\$	8,399	\$	9,612	14%	\$	8,812	-8%
Large Commercial 1" Meter Annual Use 82 CCF	Water	\$	709	\$	850	20%	\$	850	0%
	Sewer	\$	1,296	\$	1,480	14%	\$	1,036	-30%
	Stormwater						\$	10,420	
	Total	\$	2,006	\$	2,330	16%	\$	12,307	428%
Restaurant 3/4" Meter Annual Use 69 CCF	Water	\$	588	\$	697	19%	\$	697	0%
	Sewer	\$	1,079	\$	1,216	13%	\$	848	-30%
	Stormwater						\$	152	
	Total	\$	1,667	\$	1,913	15%	\$	1,698	-11%

FY26 Rate Proposal Summary

- Water volumetric rate increase: 18% on average
- Sewer volumetric rate increase: 12% on average
- Reduction in number of residential volumetric tiers and increase in base charge scaling to reduce burden on most residential customers and align with actual costs
- Mid-year addition of Stormwater fee to allow for property owner control, reduce Sewer charges, and align with actual costs

Water & Sewer FY2026 Rate Proposal Appendix

City Council File ID 25-1103

June 12, 2025
Additional details



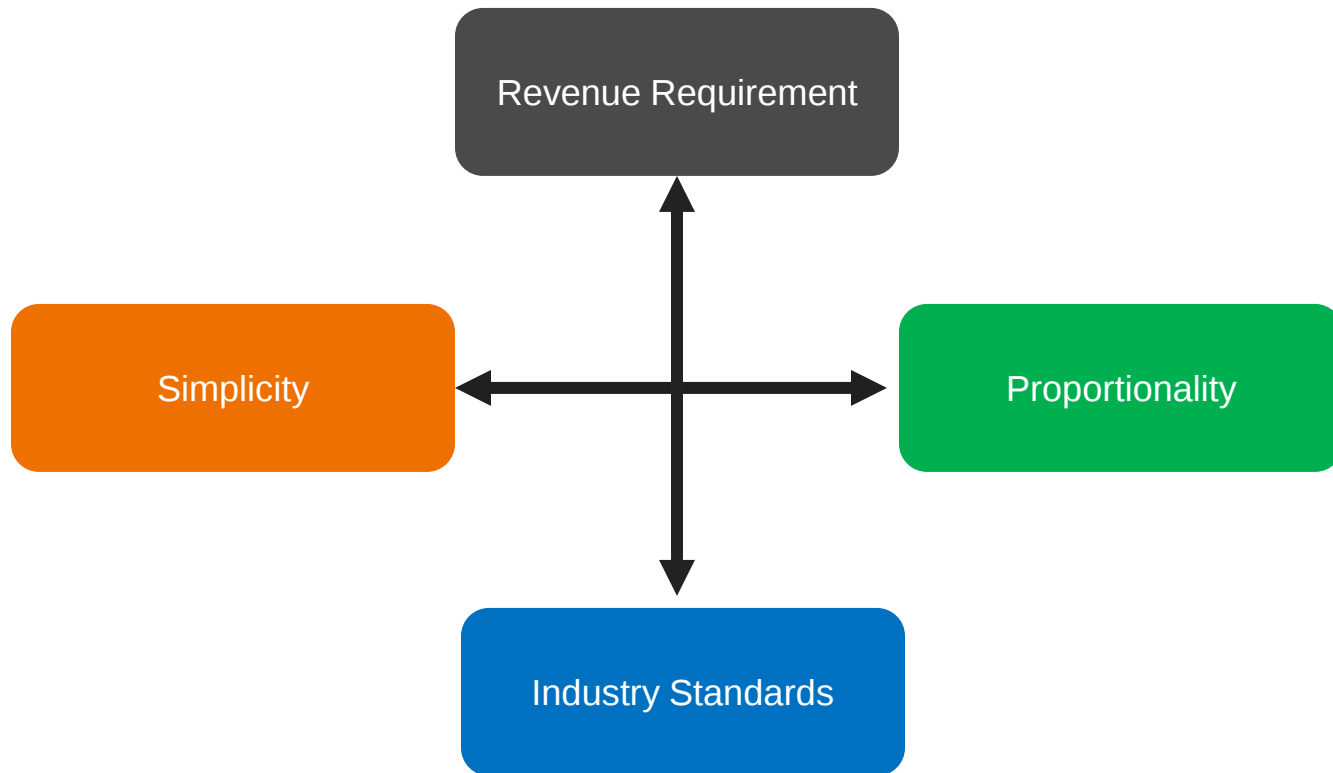
Changes to Billing Structure

Objectives & Components

Align bills with costs



Balancing Objectives





Elements of Rates

Charge Type

Base Charge

Volume Charge



Elements of Rates- Base Charge

Charge Type

Base Charge

How is it Applied

Fixed amount
per meter

Rationale

Many of
Utilities' costs
are fixed (ex:
debt)

Fixed revenues
protect the
utility from
changes in
demand

Bond rating
agencies
measure fixed
cost recovery

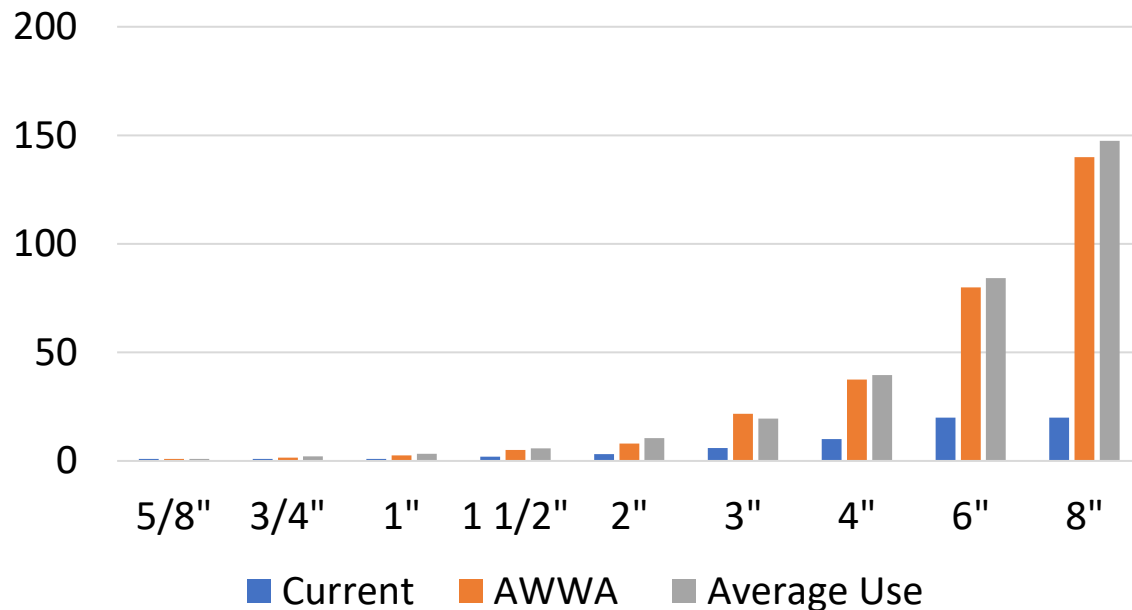
Industry best
practice



Options for Scaling Base Charge

- Represents cost that the utility incurs in standing ready to serve customers when their demands occur 24/7
- Cost should scale by meter size

Meter Size	Scaling	Base Fee
5/8"	1.0	\$20.00
3/4"	1.0	\$20.00
1"	1.0	\$20.00
1.5"	2.0	\$40.00
2"	3.2	\$64.00
3"	6.0	\$120.00
4"	10.0	\$200.00
6"	20.0	\$400.00
8"	20.0	\$400.00





Elements of Rates- Volume Charge

Charge Type	How is it Applied	Rationale	
Base Charge	Fixed amount per meter	Convey conservation messaging	Encouraged by regulation
Volume Charge	Based on use in CCF	Allows customers to control their bill	Key measure of system utilization



Volumetric Charge Considerations

- Considering the treatment of multi-unit properties with a single meter
- Analyzing the tier breakpoints for residential, using the most current census data and volumetric trends
- Evaluating the appropriateness of commercial tiers in light of industry standards

Volume Charge

Residential Tri-Annual

Tier	Volume CCF	Rate
1	0-8	\$4.20
2	9-13	\$4.68
3	14-67	\$6.74
4	68-133	\$7.06
5	>133	\$7.34

Commercial Bi-Monthly

Tier	Volume CCF	Rate
1	0-10	\$4.68
2	11-100	\$6.74
3	101-200	\$7.06
4	>200	\$7.34

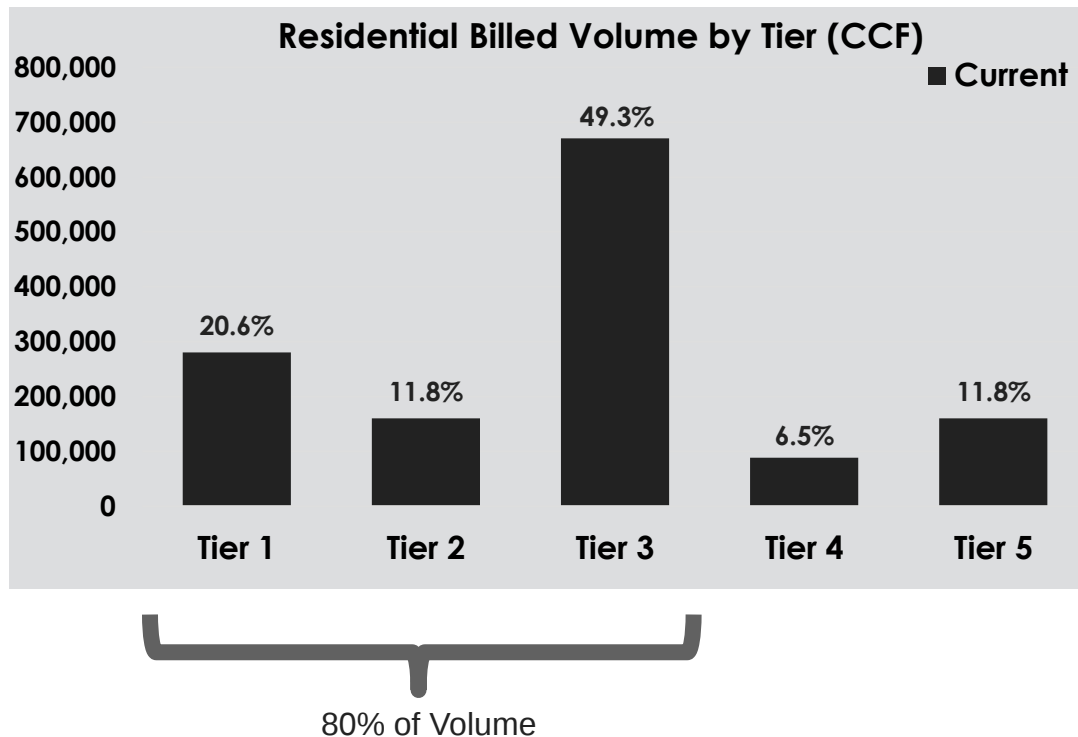


Simplicity

Residential Tiers

Currently Five Tri-Annual Tiers in Place

Tier	Volume CCF	Rate
1	0-8	\$4.20
2	9-13	\$4.68
3	14-67	\$6.74
4	68-133	\$7.06
5	>133	\$7.34





Multi-Unit Residential Pays More

3 Dwelling Units and 3 meters



Meter Size:

5/8"(3)

3 Unit Total Tri-Annual Use CCF: 39

3 Unit Total Tri-Annual water \$243

Bill:



3 Dwelling
Units and
one meter

5/8"(1)

39

\$268

10.5% higher

Tiers as currently constructed can do not account for multiple units, resulting in higher bills for multiple units

Proposed changes

Align with industry standard and increase fairness



Base Charges – Water

Current

Meter Size	Current Scaling	Base Charge - Residential (Tri-Annual)	Base Charge - Commercial (Bi-Monthly)
5/8"	1.0	\$20	\$10
3/4"	1.0	\$20	\$10
1"	1.0	\$20	\$10
1 1/2"	2.0	\$40	\$20
2"	3.2	\$64	\$32
3"	6.0	\$120	\$60
4"	10.0	\$200	\$100
6"	20.0	\$400	\$200
8"	20.0	\$400	\$200

Revised

AWWA Scaling	Base Charge - Residential (Tri-Annual)	Base Charge - Commercial (Bi-Monthly)	Base Charge - All Classes (Quarterly)
1.0	\$20	\$10	\$15
1.5	\$30	\$15	\$22.50
2.5	\$50	\$25	\$37.50
5.0	\$100	\$50	\$75
8.0	\$160	\$80	\$120
21.75	\$435	\$217.50	\$326.25
37.5	\$750	\$375	\$562.5
80.0	\$1,600	\$800	\$1,200
140.0	\$2,800	\$1,400	\$2,100

AWWA scaling would increase water base charge revenues by \$240,000 per year



Base Charges – Sewer

Current

Meter Size	Current Scaling	Base Charge - Residential (Tri-Annual)	Base Charge - Commercial (Bi-Monthly)
5/8"	1.0	\$40	\$20
3/4"	1.0	\$40	\$20
1"	1.0	\$40	\$20
1 1/2"	2.0	\$80	\$40
2"	3.2	\$128	\$64
3"	6.0	\$240	\$120
4"	10.0	\$400	\$200
6"	20.0	\$800	\$800
8"	20.0	\$800	\$800

Revised

AWWA Scaling	Base Charge - Residential (Tri-Annual)	Base Charge - Commercial (Bi-Monthly)	Base Charge - All Classes (Quarterly)
1.0	\$40	\$20	\$30
1.5	\$60	\$30	\$45
2.5	\$100	\$50	\$75
5.0	\$200	\$100	\$150
8.0	\$320	\$160	\$240
21.75	\$870	\$435	\$653
37.5	\$1,500	\$750	\$1,125
80.0	\$3,200	\$1,600	\$2,400
140.0	\$5,600	\$2,800	\$4,200

AWWA scaling would increase sewer base charge revenues by \$475,000 per year



Usage Rates – Revised Residential Water and Sewer

Tier 1

1 Small Household Typical Indoor Usage

Description	Value
People per Household	1.10
Typical Indoor Use (Gallons per Capita per Day)	58.6
Typical Essential Domestic Use (CCF/ Tri-Annualy)	12

Tier 2

2 Average Household Typical Indoor Usage

Description	Value
People per Household	2.19
Typical Indoor Use (Gallons per Capita per Day)	58.6
Typical Essential Domestic Use (CCF/ Tri-Annualy)	24

Tier 3 All Additional
Use

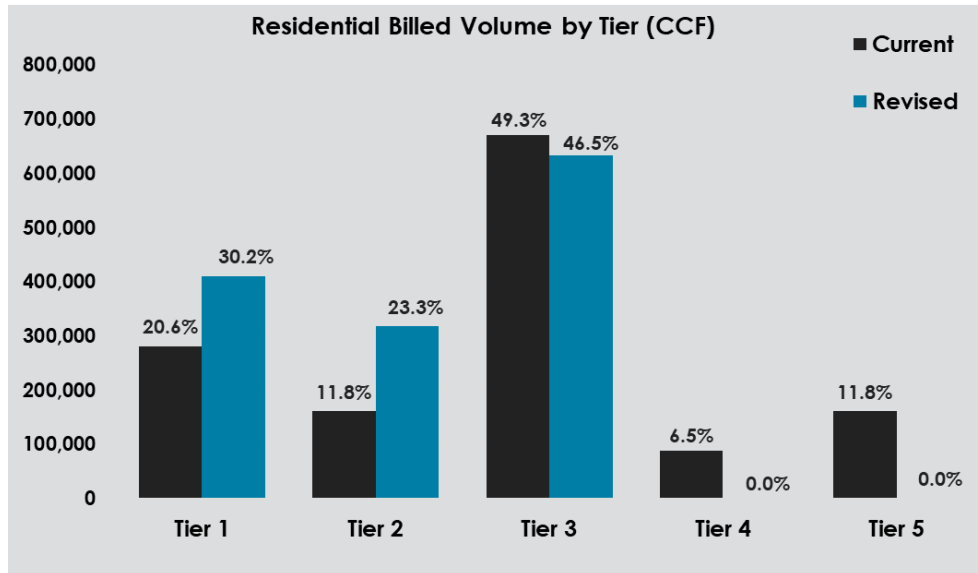
Tri-Annual Billing

Tier	Usage	Water	Sewer
1	0-12	\$7.30	\$12.51
2	13-24	\$9.13	\$15.63
3	Over 24	\$10.95	\$18.76

Quarterly Billing

Tier	Usage	Water	Sewer
1	0-9	\$7.30	\$12.51
2	10-18	\$9.13	\$15.63
3	Over 18	\$10.95	\$18.76

Assumes **18%** water rate revenue increase and **12%** sewer revenue increase in FY26





Usage Rates - Commercial Water and Sewer

Tier	Usage	Water Rate	Sewer Rate
1	0-13	\$6.17	\$12.52
2	14-67	\$8.88	\$15.97
3	68-133	\$9.30	\$16.75
4	Over 133	\$9.67	\$17.34

Recommend maintain current commercial water and sewer usage rate structure (4-Tiers)

*Assumes **18%** water rate revenue increase and **12%** sewer revenue increase in FY26*

Bi-Monthly Billing

Tier	Usage	Water Rate	Sewer Rate
1	0-13	\$7.28	\$14.02
2	14-67	\$10.48	\$17.89
3	68-133	\$10.97	\$18.76
4	Over 133	\$11.41	\$19.42

Quarterly Billing

Tier	Usage	Water Rate	Sewer Rate
1	0-19	\$7.28	\$14.02
2	20-100	\$10.48	\$17.89
3	101-200	\$10.97	\$18.76
4	Over 200	\$11.41	\$19.42

Additional changes to billing coming mid-FY2026

Stormwater runoff based on impervious area

Current bill

- Water
 - Base Rate
 - Meter size
 - Volumetric Rate
 - Metered water use
- Sewer
 - Base Rate
 - Meter size
 - Volumetric Rate
 - Metered water use
- .

Current bill

- Water
 - Base Rate
 - Meter size
 - Volumetric Rate
 - Metered water use
- Sewer
 - Base Rate
 - Meter size
 - Volumetric Rate
 - Metered water use
- .

Proposed bill

- Water
 - Base Rate
 - Meter size
 - Volumetric Rate
 - Metered water use
- Sewer
 - Base Rate
 - Meter size
 - Volumetric Rate
 - Metered water use
- Stormwater
 - Impervious area

Current bill

- Water
 - Base Rate
 - Meter size
 - Volumetric Rate
 - Metered water use

- Sewer
 - Base Rate
 - Meter size
 - Volumetric Rate
 - Metered water use

• Revenue neutral

- Sum of citywide bills same as current

• Individual customers shift based on usage

- Pay less if small impervious area
- Pay more if large impervious area

Proposed bill

- Water
 - Base Rate
 - Meter size
 - Volumetric Rate
 - Metered water use

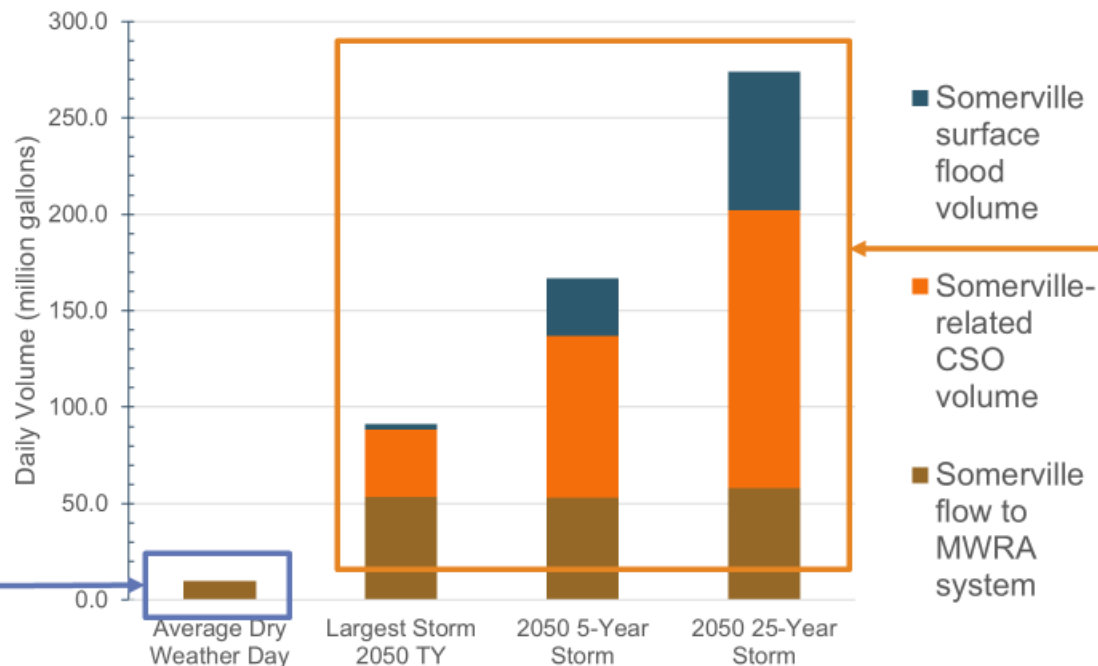
- Sewer
 - Base Rate
 - Meter size
 - Volumetric Rate
 - Metered water use

- Stormwater
 - Impervious area

Why make the change?

To align revenue with costs, and to create credits that reduce capital improvement costs

Sewer Enterprise



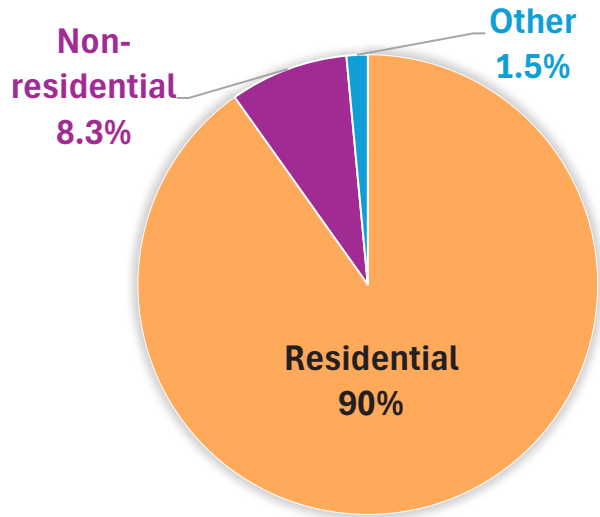
Bills are based on water use

Majority of CIP & portion of CEB devoted to stormwater

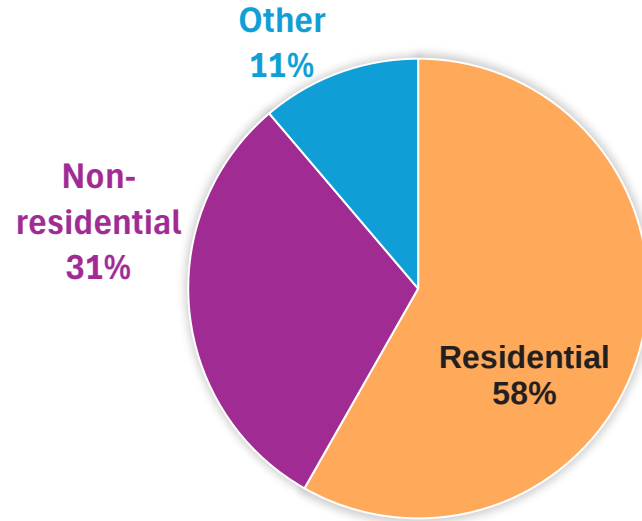
Stormwater not related to water use

- Target water use
 - ~ five 2-family homes
- Target impervious area
 - ~ 20 times that of those 5 properties combined





Parcel distribution



Impervious area distribution

Stormwater Fee Credits

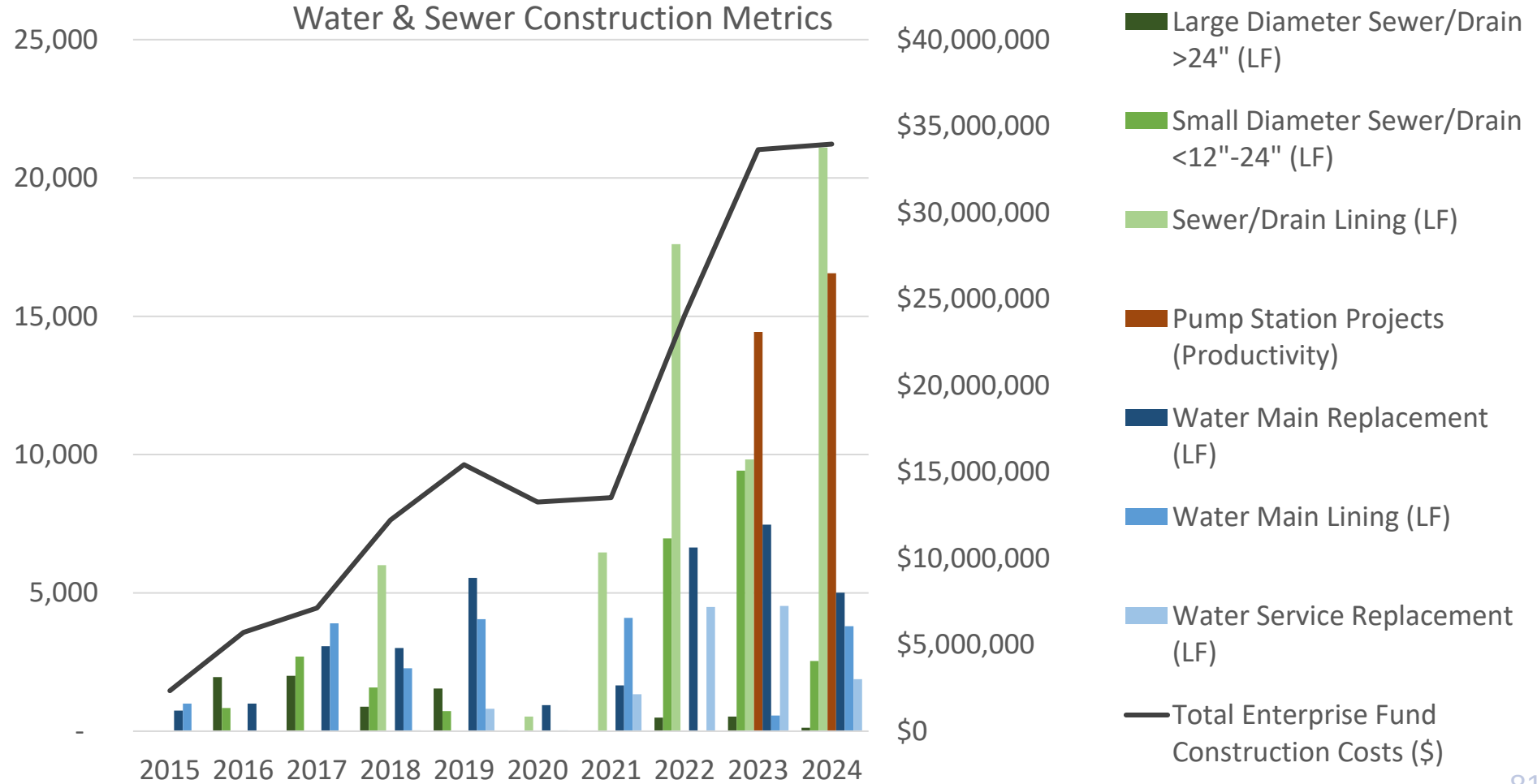
- Stormwater fee credit is an ongoing reduction in the fee charged to a qualifying property in return qualifying stormwater management
- Credit is recognition that onsite/offsite stormwater management reduces the City's stormwater expenditures
- Credits encourage property owners to proactively manage their stormwater impact



We know on-site management works

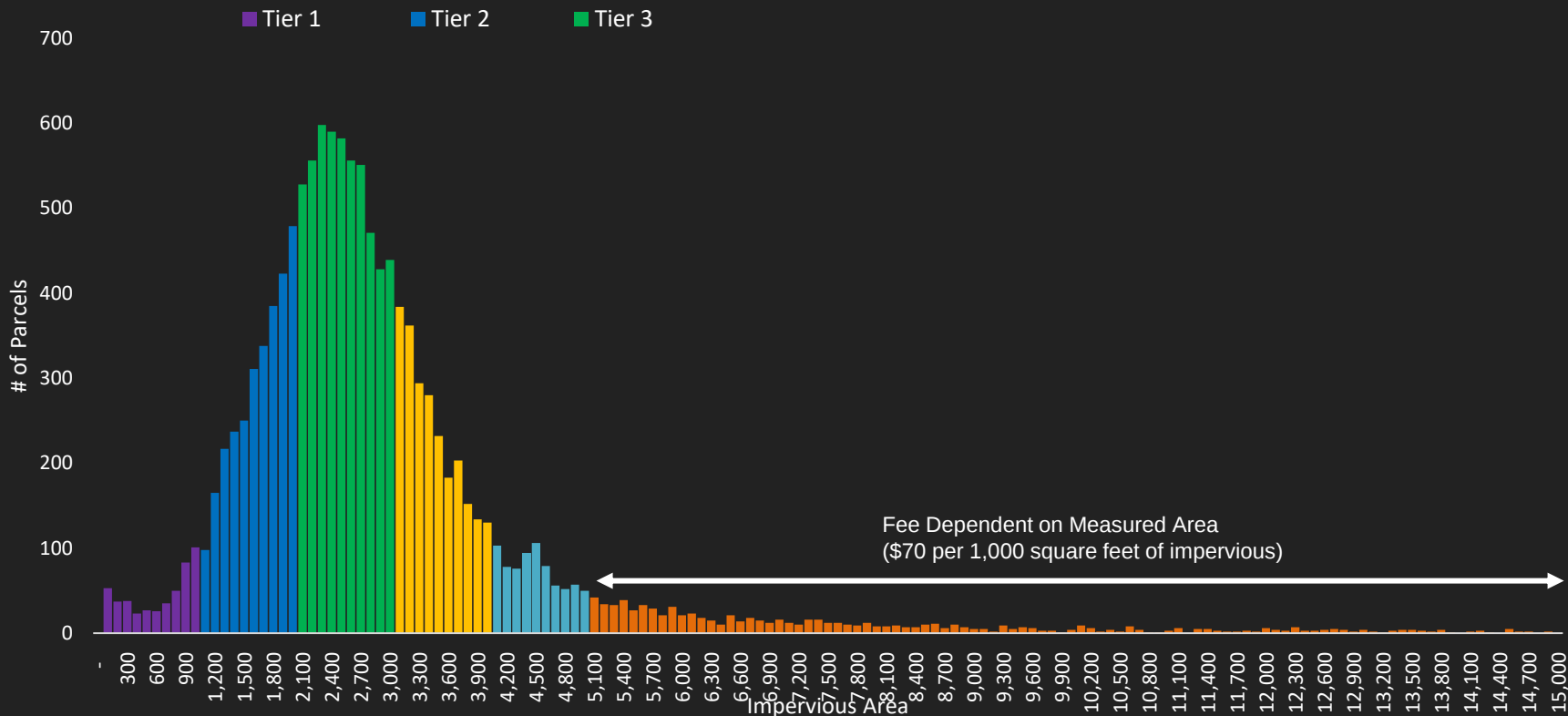
- Engineering Driveway & Paving Permit
 - <https://s3.amazonaws.com/somervillema-live/s3fs-public/driveway-paving-permits-brochure.pdf>
- Engineering Site Plan Permit
 - Infiltrate/detain first $\frac{3}{4}$ -inch runoff
 - Reduce peak rate from 10-year storm to mimic 2-year storm
 - <https://s3.amazonaws.com/somervillema-live/s3fs-public/engineering-site-permit-rules-regs.pdf>
- Green Stormwater Infiltration Guidance
 - <https://s3.amazonaws.com/somervillema-live/s3fs-public/gsi-planning-guidance.pdf>

Water & Sewer Construction Metrics





Stormwater Fees

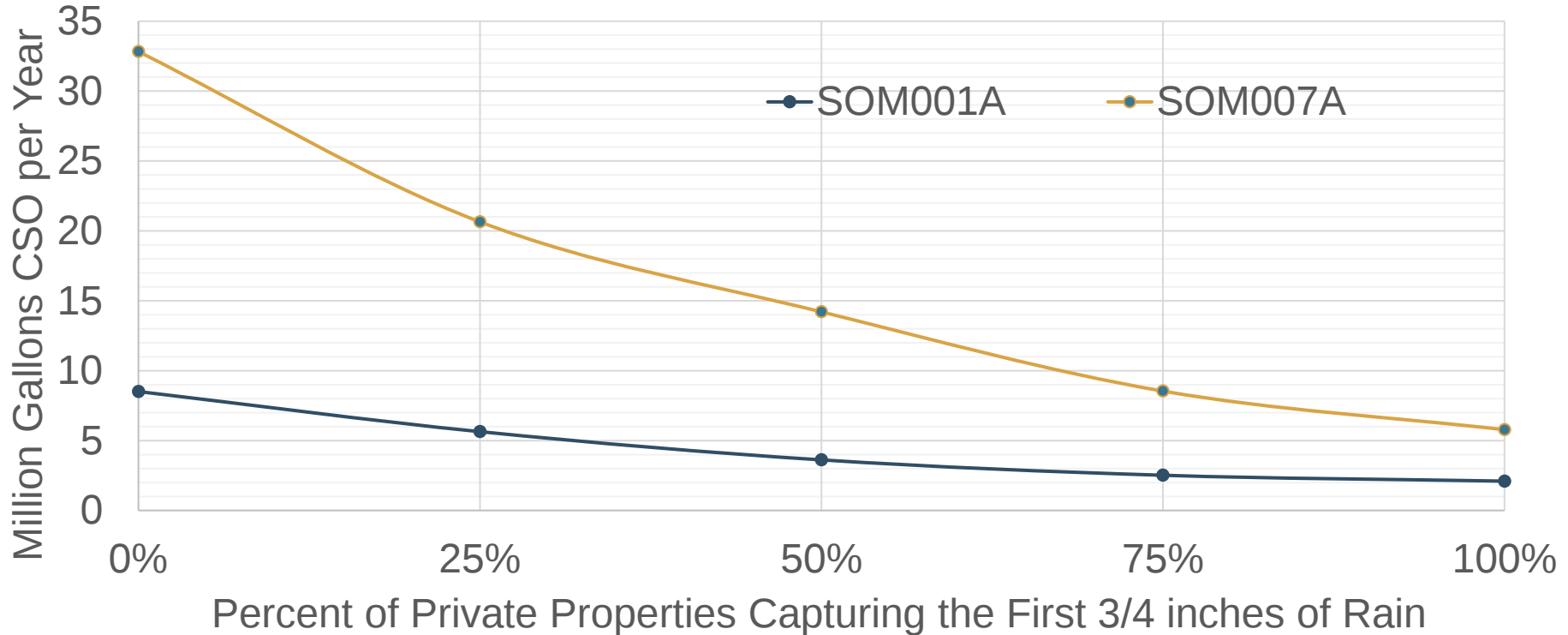


Monthly Fee:	\$9	\$28	\$43	\$59	\$76
Tri-Annual Fee:	\$34	\$111	\$173	\$236	\$304

Fees based on FY25 stormwater revenue requirements

CSO reduction from on-site management

2050 Typical Year CSO Discharge Volume



Thank you