

City of Somerville

Ratepayer Assistance Program – Project Update

May 9, 2024

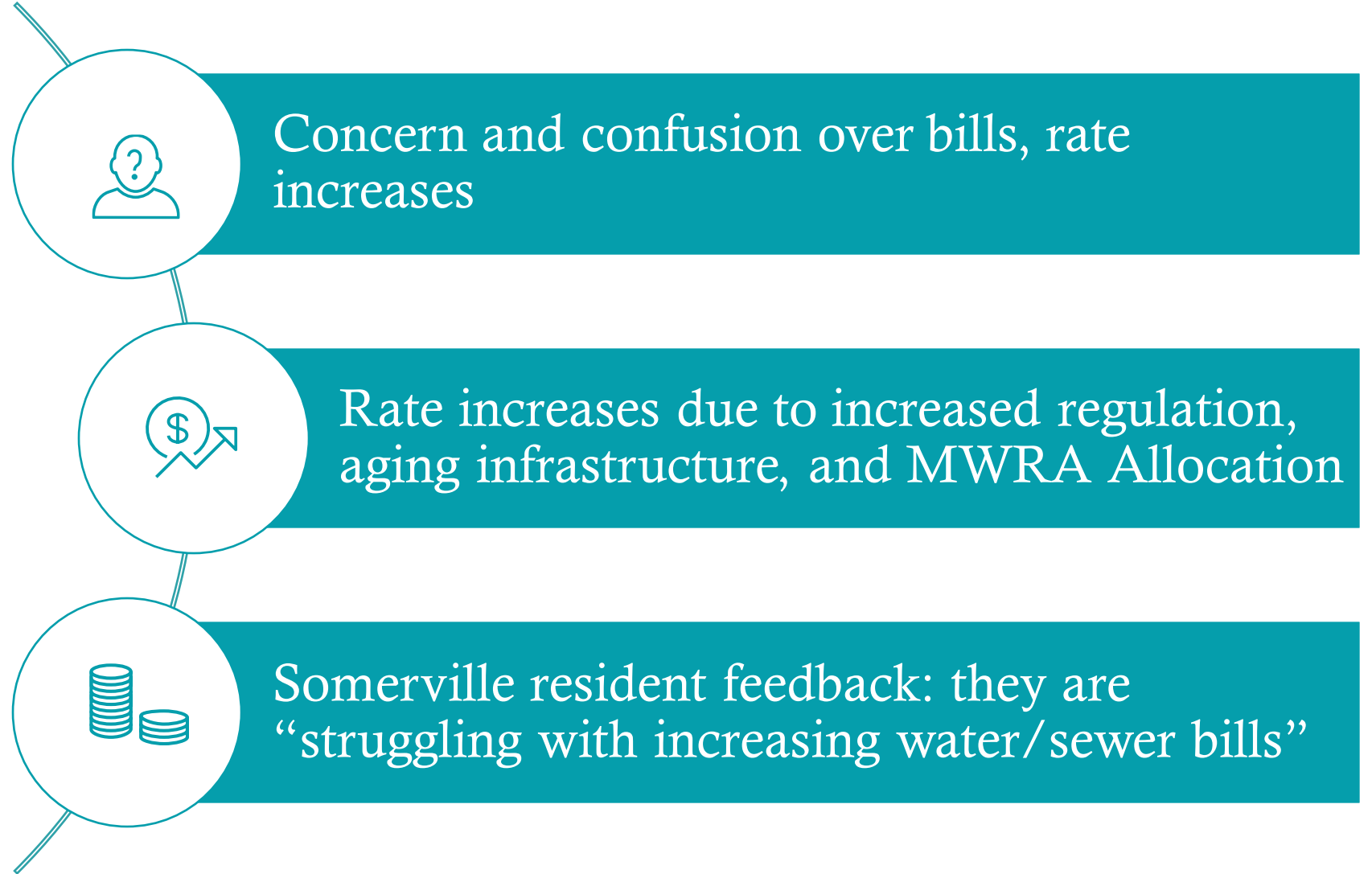


Agenda

1. Reasons for Project
2. Project Overview
3. Communications & Outreach
4. Preliminary Findings
5. Potential Solutions
6. Next Steps



Reasons for the Affordability Study



Bottom Line Up Front:

A standard assistance program may not be right for Somerville, but we have several other recommendations that will enhance equity in billing and help with affordability

Study Overview

Where We Are

Step
1

Evaluate current situation

- Income, bills, use patterns, household size, customer types
- Current programs & communications

Step
2

Obtain feedback & input

- Hear public perspective on water/sewer system and bill affordability
- Evaluate awareness of existing programs

Step
3

Consider various assistance programs

- Examine pros and cons
- Consider suitability of Somerville for various program types

Step
4

Design, implement program

- Develop effective methodology
- Finalize parameters
- Provide implementation support

Step 2: Obtain Feedback & Input



Multi-Family Residents



Residents working multiple jobs to meet financial obligations



Recent immigrants and non-native English speakers



Low-Income Constituents



- City Council
- Constituent Services
- Council on Aging
- Tenants (Residential and Business) and Property Managers
- Office of Sustainability and Environment
- OSPCD – Housing Division, Office of Housing Stability, Economic Development
- And more....



Step 2: What we learned

- Concern about increased rates is conflated with the meter change-out issue
- This issue mostly impacts residential property owners; concern that relief to landlords may not be passed on to tenants
- Staff and community advocates offer other assistance programs (housing, energy) to free up money to pay the water bill
- Little to no awareness of available assistance programs (LIHWAP and elderly/persons with disabilities)
- There is significant interest and support for providing assistance
- Billing every four months may exacerbate the issue
- Communication is critically important—ensuring that constituents can access information in a way and language they prefer

Step 3: Key Findings of Study

What the City asked for:

- Income-based eligibility for ratepayers
- Bill discounts
- Ease of administration
- Ensure equity for tenants
- Required revenue will be raised by non-eligible ratepayers

What research determined:

- MA DOR rules say that the City cannot charge one group of customers more in order to charge another group of customers less
- 80% of properties are multifamily and include tenants with no direct relationship with utility, so standard CAP not viable
- Current unit prices already higher for tenants than homeowners

Step 3: Recommended path forward

1. Make equitable rate structure changes
2. Diversify revenue sources
3. Formulate new policies and practices
4. Enhance communication



Recommendation 1: Make Equitable Rate Structure Changes

Existing Rates

Tier	Water	Sewer
0-8 Ccf	\$5.53	\$11.26
>8-13 Ccf	\$6.17	\$12.52
>13-67 Ccf	\$8.88	\$15.97
>67-133 Ccf	\$9.30	\$16.75
>133 Ccf	\$9.67	\$17.34

*Ccf = One Hundred Cubic Feet = 748 gallons

- Ensure ALL residents are billed equitably
- Differentiate rate structure based on property type
- Adjust tier cutoffs and pricing to align with usage characteristics of property type
- Modify fixed charges to enhance equity and align with industry best practices

Potential new revenue streams

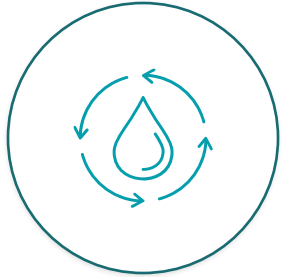
- Fire protection fee
- Separate stormwater fee
- Miscellaneous fee adjustments

Potential policy changes

- Monthly billing
- Partial payments
- Grants for water efficiency investments
- Formal written communications plan

**Recommendations
2, 3, & 4:**
Potential solutions to
promote equity and
address affordability
concerns

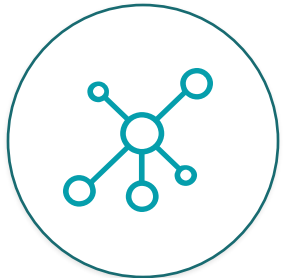
Step 4: Design & Implement



Finalize recommended classes, tier cutoffs, and tier differentials



Calculate and finalize new revenue sources and policies



Thorough review of billing system compatibility with new structure



Communicate changes to residents



Ensure bill integrity when implemented



Goal for Go-Live: January 1st, 2025



Thank you!

Contact: Dave Fox, Vice President

Email: dfox@raftelis.com