

# City of Somerville

Ratepayer Assistance Program – Project Update

May 9, 2024



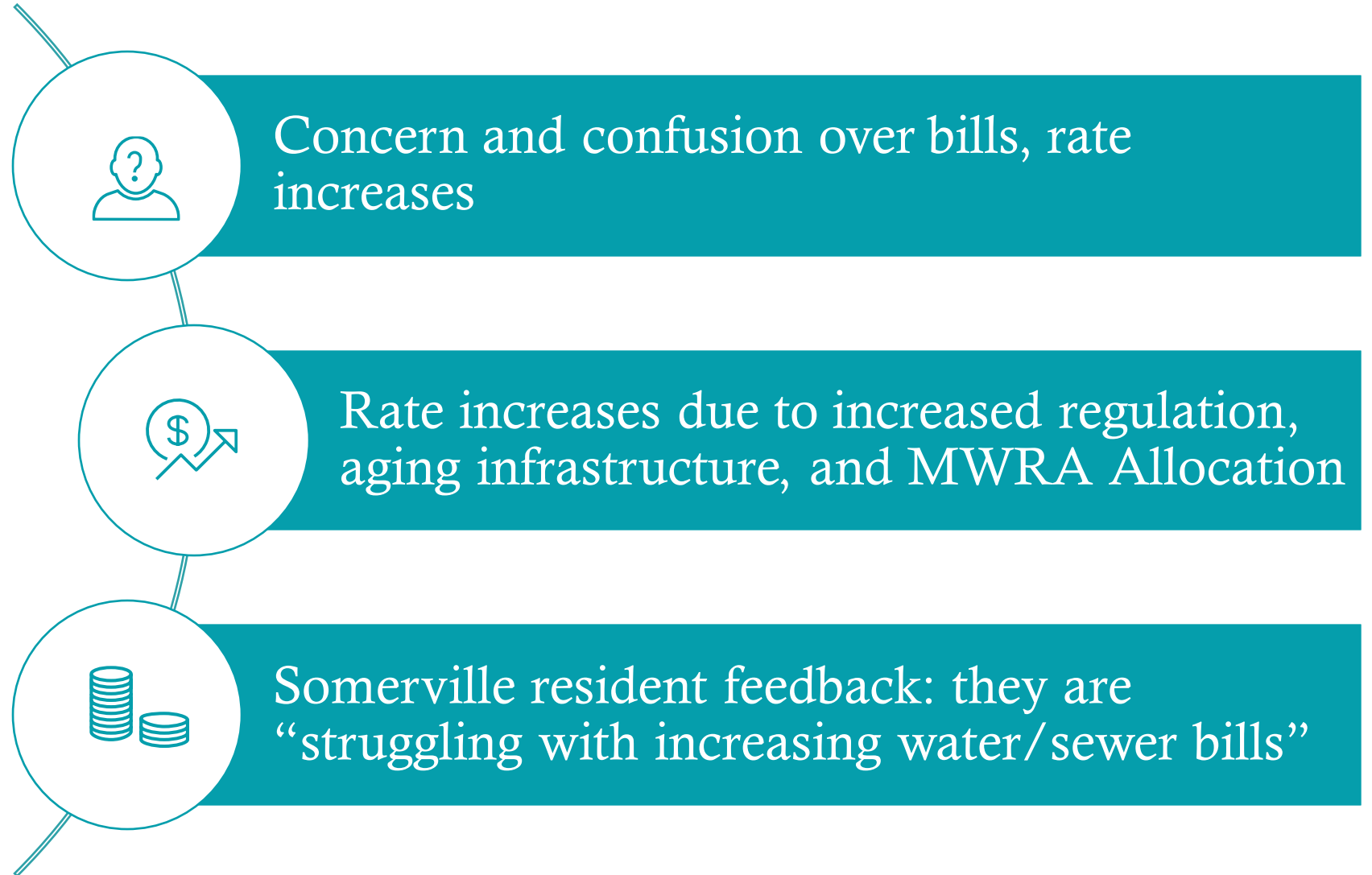


# Agenda

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

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

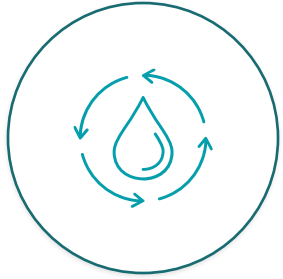
Potential new revenue streams

- 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

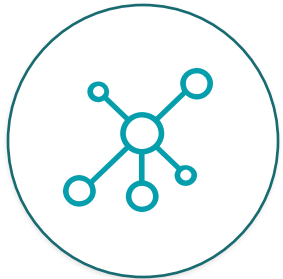
# Step 4: Design & Implement



**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!

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