Point Paper #10 Water and Sewer Rates

Your current water rate is $3.06 per 100 cubic feet. 100 cubic feet equals 748 gallons or 11,968 cups of coffee. Using the 2017 Massachusetts water rate survey for comparison, the average water bill in Massachusetts is $595 per year. The City of Greenfield is at 120 HCF X $3.06/100 Cubic Feet= $367.20 and that includes the 10% rate increase from Jan 2018. You are still 38% below the state average.

For comparative purposes:

1. Our current budget is $1,152,526 per year
2. Leyden Road Water Main Project cost was $1,400,000. Annual cost = $85,624. This one project requires a 7.5% increase
3. The Rocky Mountain Water Tank project Cost $530,000 and was bonded for 8 years. Annual Costs = $72,350. This one project requires a 6.3% rate increase
4. Add on the SCADA, Green River Pump Station Water main project you can add another 7%.
5. National and State average increases for the last decade have been 4-5%/year.
6. The city has nearly 700 Lead bends still in the ground.
7. The City has 4.5 miles of asbestos cement pipe. Very brittle and way past it’s life cycle. Nick named egg shell pipe.
8. You have at least 9 miles of water pipe over 100 years old.
9. Rough estimate is that it will cost $1,000,000 / mile for water main replacement. It should be apparent that a significant investment is needed. My recommendation is at least $500,000/year or 43% increase
10. Dredging the Glen will be an annual project $100,000 per year or 8.7%
11. Your retained earnings should be at least $500,000. My suggestion is that you budget $50,000 per year to add to the retained earnings or 4.3%.
12. When you add all of this up 7.5, 6.3, 7, 4, 43, 8.7, and 4.3% it = 80.8% increase. Scary!

In conclusion for water there is nothing inaccurate in the above 12 points. So what does it mean? If you totally fund this then your water rate will average $660.96/year or $55.08 a month or less than $2.00 per day. Greenfield is blessed with quality water but you need to begin to significantly invest in this asset. At a minimum, you need to start raising your rates at least 15% to 20% per year and do it this July.
Your current sewer rate is $5.00 per 100 cubic feet. 100 cubic feet equals 748 gallons or 11,968 cups of coffee. Using the 2017 Massachusetts sewer rate survey for comparison, the average sewer bill in Massachusetts is $862 per year. The City of Greenfield is at 120 HCF X $5.00/100 Cubic Feet= $600/year and that includes the 15% rate increase from Jan 2018. You are still 30% below the state average.

For comparative purposes:

1. Our current budget is $1,510,207 per year
2. The two pump stations at East Greenfield and Tyler Place to rebuild, cost $1,300,000. Annual cost = $79,508 which required a 5.3% increase
3. The headworks project cost $175,000. Annual cost = $19,540. This one project requires a 1.2% increase
4. The SCADA System project cost $200,000 and was bonded for 10 years. Annual Costs = $22,266. This one project requires a 1.5% rate increase
5. National and State average increases for the last decade have been 4-5%/year.
6. The I/I program was programmed at $200,000 per year. That required a 13% rate increase.
7. Sludge disposal has increased by \((414,000 - 165,000) = 249,000/\) year or 16.5%.
8. Sewer main replacement also has to happen but not at the rate of water main replacement. I would start at $200,000 per year then adjust the program in 5 years. This is a 13% increase.
9. Sewer also has $440,000 coming off of the debt either this year or next. This will result in a decrease of 29%.
10. The Leyden Woods Pump Station was budgeted for $550,000. My office bid out three pump stations to get a volume discount last year. We could do only two however we did get Northern Construction to hold their price on this project. Unfortunately my request for the capital money to do this project was denied and I had to release Northern from this bid. Bidding this station by itself last year the cost would have been $600,000. Every engineering firm that I have talked to claim that prices for this work has increased by 20%. In next years’ capital a request of $750,000 will be requested at an annual cost of $45,870 or 3% increase. This is critical. Bad decisions have impacts
11. Your retained earnings should be at least $500,000. My suggestion is that you budget $50,000 per year to add to the retained earnings or 3.3%.
12. When you add all of this up 5.3, 1.2, 1.5, 4, 13, 16.5, 13, 3, 3.3 and -29% it = 29.1% increase.

In conclusion for sewer there is nothing inaccurate in the above 12 points. So what does it mean? If you totally fund this then your sewer rate will average $774/year or $64.50 a month.
or just over $2.00 per day. Greenfield needs to begin to plan for the future. We will be asked to do nutrient removal or tertiary treatment. Sand filters may be the best alternative so please hold on to the golf course as that would be a great location. Pittsfield MA is now bonding for a $74 million upgrade and we could be soon. At a minimum, you need to start raising your rates at least 10% to 15% per year and do it this July. You may only need to do this for two or three years.
ESTABLISHMENT OF NEW SEWER USE FEES

Effective January 1, 2018

And FISCAL YEARS 2019, 2020, 2021

Ordered: That the Town Council establishes new sewer use fees, pursuant to Massachusetts General Laws Chapter 83 for residential and commercial users, effective on and after January 1, 2018, which shall be: Per 100 cubic feet: $3.35

And that effective on and after July 1, 2018, the sewer use fees shall be: Per 100 cubic feet: $4.35 (30% increase)

And that effective on and after July 1, 2019, the sewer use fees shall be: Per 100 cubic feet: $5.65 (30% increase)

And that effective on and after July 1, 2020, the sewer use fees shall be: Per 100 cubic feet: $7.35 (30% increase)

Provided however, that the sewer use fees of Town residents granted exemptions from real estate tax in any tax year by the Board of Assessors under General Laws Chapter 59, Section 5, Clauses 17E, 18, 41C and 41D
shall, for said tax year, be 90% of the sewer use fees established herein and as amended from time to time.

And that the industrial sewer use charges shall be adjusted on January 1, 2018, July 1, 2018, July 1, 2019 and July 1, 2020, by the same incremental percentage as the adjustments to the residential and commercial users.

February 7, 2018 - Sanitary Sewer System Infrastructure Investment Update - Pump Stations: Installation of permanent by-pass pumping & Programmable Logic Controllers at our Bridge Street, Agawam Avenue and Riverdale Street sanitary sewer pump stations is now substantially complete. The project contract price is $612,762.00 and will enable us to bypass these stations with temporary pumps while these stations receive the next $5.8 million dollars worth of work to be done over the next year. The work includes replacement of concrete, pumps, piping and electrical systems.

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West Springfield Town Council raises sewer rates to help fund maintenance work

Updated Nov 24, 2017;
Posted Nov 24, 2017

On Nov. 20, the West Springfield Town Council unanimously voted to approve new residential, commercial and industrial sewer rates, beginning on Jan. 1, 2018, and lasting through fiscal year 2020.

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By Conor Berry, cberry@repub.com

WEST SPRINGFIELD -- The West Springfield Town Council has unanimously voted to raise sewer rates to help cover necessary maintenance work.
On Nov. 20, the council voted 8-0 to implement new residential, commercial and industrial rates from Jan. 1, 2018, through fiscal year 2020.

As of Jan. 1, the current rate of $2.23 per user will rise to $4.46 for the remainder of fiscal 2018, which began July 1, and is set to rise again to $6.24 per user in fiscal 2020, which begins July 1, 2019.

That translates into a $13.19 increase for the town's average monthly sewer bill in fiscal 2018, and an increase of $10.58 for the average monthly bill in fiscal 2020.

The Sewer Enterprise Fund has been chronically underfunded since its inception, with shortfalls passed along to the general fund. That, in turn, has caused the town's regular tax rate to incrementally increase over the years.

The sewer rate increase will facilitate a phased ramp-up of capital spending -- from the current rate of $500,000 to a total of $3 million by fiscal year 2021 -- to help tackle a backlog of sewer-related projects, including a blockage issue that has caused flow issues in the system.

"The purpose of this is to try get some reserves in there to be able to do the minimal amount of camera work to look through the pipes, to check them out, to find out what condition they're in, but also to do some of those general maintenance repairs kind of as a pay-as-we-go rather than through bonding," Town Council President George D. Condon III said.
West Side has approved a $10 million bond to upgrade its seven pumping stations, the brick-and-mortar part of the town's sewer system. The stations date back to the late 1960s and early '70s, and they "pretty much haven't been touched or looked at since then, other than for emergency repairs," Condon said.

However, the town still needs to fund improvements to its 650,000 linear feet of sewer mains, according to Department of Public Works Director Robert J. Colson, which is why the rate increase is necessary.

"We really hope that everyone understands that it's just to get clean water," Colson said. "We want clean water to be going into the river. The Connecticut River is an impaired water system -- that's the designation it has -- so any time we impair it more by putting untreated sewer water in that waterway is very bad for the environment and it doesn't look good for anybody. It's not what any of us want."
"I totally support this; I think it's really necessary," at-large Councilor Bridget Fiala said of the rate increase.

Fellow at-large Councilor George R. Kelly agreed with his colleague, calling the work a vital step in preventing catastrophic episodes.

"Nobody wants a sewer or a water main to dump into their house or their business," said Kelly, noting that it's not a question of "if" sewer mains break, but "when."

"When we fix them on an emergency basis, it's much more expensive that way than to be proactive," he said.
Pittsfield Approves $74 Million Wastewater Upgrades

PITTSFIELD, Mass. — Begrudgingly, the City Council approved a $74 million upgrade to the wastewater system that is estimated to more than double sewer bills within the next three years.

The city has been under an administrative order from the U.S. Environmental Protection Agency to lower the levels of phosphorous and aluminum in the water coming out of the plant. The project proposed by the consultants, Kleinfelder, also called for a nitrogen optimization process as well.

The issue dates back to 2008 when the city went to renew the National Pollutant Discharge Elimination System permit. The EPA issued a permit with the higher levels to meet Clean Water Act standards. The city fought the issue in court but lost the appeals.

An administrative order was issued in 2015 demanding the city break ground on a project to meet those standards this August. In 2012, the city allocated $1 million toward the design and last March, added $4.9 million toward it to complete the engineering.

In January, Mayor Linda Tyer put forth an authorization request to borrow $74 million for the construction.

The council debated at length over the decision. In February, the authorization fell one vote shy of the supermajority needed to authorize the borrowing. Councilors Christopher Connell, Melissa Mazzeo, Kevin Morandi, and Donna Todd Rivers had all voted down the project.

On Tuesday (April 24), the council again spent hours discussing it after the mayor resubmitted the petition asking for authorization and ultimately, Rivers changed her vote. That now gives the administration the authority to move forward with the bonding.

"My no vote was about slowing down the process to allow more conversation, allow more research, and have the mayor meet again with the EPA," Rivers explained.

During the last three months or so, there had been many conversations and research throughout the community on the project.

Rivers said she doesn't like the history of the city's handling of the issue, does believe there could be a less costly option, and has some questions on the technology being proposed. But, she said all of those conversations were supposed to have been had before this moment.

"The time for that conversation was before me. Now I am here, right here right now, tonight," Rivers said.

And on Tuesday she said she wasn't going to "gamble" with taxpayer money with the threats of fines and continuing to fight the federal mandates.

"They pay their taxes honestly and they trust us to invest that money in things that will better their lives. For me, fines are a gamble," Rivers said.

And ultimately, the Ward 5 councilor said she wasn't going to do to future councils and administrations what previous councils and administrations have done to her.

"The bottom line is, how could I sit here tonight and criticize them for kicking the can down the road and then kick it myself?"

That change swung the vote from being one short to making the supermajority for an affirmative action. The city will now begin the procurement process for the contracts.

Financially, the city will seek to secure a $50 million loan through the state's Clean Water Trust Fund. Director of Finance Matthew Kerwood said the state is expected to make another $24 million worth of low-interest loans available next year.

"We've been given reasonable assurances that the $24 million will be available next year," Kerwood said.

Kerwood said he worked with Tighe & Bond engineers to estimate what that will mean for the ratepayers. He said the estimates show the annual sewer bills – which are separate from the water bills – in-

continued on page 65
creasing from the current $61.93 quarterly to $137.36 per quarter for the average home with two toilets.

"The strategy would be to phase in the rates for the next three years," Kerwood said.

Kerwood said the wastewater enterprise fund is already facing a deficit that would call for a 40 percent hike — or about $100 a year — in rates anyway for next year. From there, the rates would increase evenly until 2021 when the debt payment begins.

Connell said those rate hikes is what he fears. Connell has been leading the charge in opposition to the project saying he felt the design and scope of the work could have been less to curb the sharpness of the increase.

"I saw this coming five years ago," Connell said.

He said he put forth concepts of public-private partnerships which could have brought costs down. But, ultimately, he was unsuccessful in getting momentum behind it.

"I just feel we could have saved the ratepayers money by going that route," he said, adding that it could have been less expensive, produced the same quality, and have "cut out some middlemen."

He said he believes the proposal put forth by Kleinfelder has "fat" in it that could have been cut through a different arrangement. But, ultimately, Connell's push to find a new type of project over the years did not gain traction.

"I've done whatever I could, personally, to try to make a difference for the ratepayers and the city," Connell said.

Councilor at Large Earl Persip, who is one of the newest members of the council, said the city had missed the opportunity to have conversations at that level.

"I think the time to question was way before this council and we are stuck with it," he said. "It is not a popular vote but by the information that I have, it is the right vote."

His sentiment was echoed by Ward 6 Councilor John Krol, who said rejecting the project wouldn't make it any less costly. He believes that the EPA would fine the city, and some strongly worded letters from the EPA suggests that, too, and ultimately the city would still be on the hook to make the upgrades. And by that time, Krol feels the price of the project will just increase.

"When it comes down to it, the idea that somehow you are doing a favor to the taxpayer by not doing something tonight is a false narrative. If we don't do anything tonight, it is going to cost the taxpayer more," Krol said.

Morandi, however, said he is "proud" to be one of the three councilors to vote against the project. He said a lot of residents are struggling financially and the increase will be a huge burden to them. He said most of his constituents are concerned about staying in their homes with increased taxes and now increased fees.

He said he's willing to fight it all the way on behalf of those who will be footing the bill.

"I don't think we've done everything we should have done," Morandi said. "I took an oath to stick up for the residents in my ward."

Mazzeo, meanwhile, still wants to have a sit down with the EPA to attempt to negotiate the details. While the EPA did meet with Tyer, the four councilors who opposed the project weren't included in that discussion. Mazzeo was hoping for essentially a fresh start at handling the issue, starting with such a meeting to explain the city's current state.

"We never really had a fair shot at getting this done differently," Mazzeo said. "I wanted a sit down to negotiate, word for word, some of the terms."

She said she still doesn't have a clear understanding of all of the issues surrounding this ongoing issues and she has learned in the past to not just blindly trust other city officials' words.

But, after the vote total was clearer, Mazzeo saw that she was on the losing end this time and vowed to keep on top of the issue as it moves forward.

"I will watch this every step of the way and every piece of correspondence that comes through, I am going to ask to see it," she said.

Written by Andy McKeever. Reprinted from iBerkshires.com
Tighe & Bond is pleased to publish our 2014 Sewer Rate Survey for communities in Massachusetts. The survey summarizes information from the following sources:

- Online and written survey responses
- The 2014 Annual Water and Sewer Retail Rate Survey published by the Community Advisory Board to the Massachusetts Water Resources Authority
- Telephone surveys
- City/Town websites

Historically, the survey has presented an average annual homeowner’s cost for each community that is calculated using the industry standard of 120 hundred cubic feet (or 90,000 gallons) of water use. We have continued this practice in the 2014 survey, however we have also included a second calculated value based on residential gallons per capita day (RGPCD) in the Massachusetts Department of Environmental Protection (MassDEP) reviewed performance standards for each public water supplier (http://www.mass.gov/eea/agencies/massdep/water/watersheds/performance-standards-for-public-water-supplies.html, 2013), and data from the U.S. Census Bureau (www.census.gov/quickfacts, persons per household, 2009-2013). See next page for example calculation.

The cost of sewer service is rising.

Annual sewer costs\(^1\) in Massachusetts range from a low of $221 to a high of $1,874. The 2014 average is $756 and the median is $729. Two-thirds of survey respondents have increased their rates since our 2012 survey.

The average cost of sewer service has increased by 9.6% since our last survey and more than doubled since 2000.

Approximately 60% of respondents assess a fixed or minimum charge on sewer bills, with 35% including some amount of sewer usage in the charge.

Twenty percent have a separate rate structure for businesses.

Ten percent use less than 100% of metered water usage to determine the sewer bill, with values ranging from 60% to 95%.

\(^1\) Information based on historical standard.

MA Offices: Westfield (413-562-1600) / Pocasset (508-564-7285) / Worcester (508-754-2201) / Westwood (opened July 1, 2015)

www.tighebond.com / email: info@tighebond.com
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## KEY FINDINGS

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**KEY FINDINGS**

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Annual water costs\(^1\) in Massachusetts range from a low of $112 to a high of $1,566. The 2014 average is $532 and the median is $503. Fifty five percent of survey respondents have increased their rates since our 2012 survey.

The average cost of water has increased by 6.6% since our last survey and has nearly doubled since 2000.

Approximately 80% of water suppliers assess a fixed or minimum charge on water bills, with 35% including some amount of water usage in the charge.

Twenty percent have a separate rate structure for businesses.

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2014 Massachusetts Water Rate Survey

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