



## **Mayor David J. Narkewicz**

### **City of Northampton**

City Hall, 210 Main Street, Room 12

Northampton, MA 01060-3199

(413) 587-1249

[mayor@northamptonma.gov](mailto:mayor@northamptonma.gov)

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#### **MEMORANDUM**

TO: City Council

FROM: Mayor David J. Narkewicz

DATE: April 1, 2016

RE: Revision to Proposed FY2017 Volumetric Water Rates

I am submitting the attached revisions to my previously recommended order setting water and sewer rates for FY2017 which the City Council considered March 17, 2016 on first reading. The revisions, which pertain only to the proposed volumetric rates for water, are shown alongside my original recommendation.

This revised recommendation is made in response to the valuable feedback received from residents, multi-family property owners, and members of the business community - including the Greater Northampton Chamber of Commerce - following multiple public presentations and hearings held over the last several weeks. While the vast majority of residents and small businesses would experience very low to moderate water increases under the new structure, the combined effect of raising volumetric consumption rates together with one-time increases in our fixed infrastructure fees has resulted in higher percentage increases for some businesses and institutions in the large customer class. In order to mitigate this one-time impact, I am recommending a proportional lowering of the three volumetric water consumption rates for all customers.

To propose these lower volumetric water rates, my staff and I have worked with the city's consultants to review all aspects of our FY2017 funding plan including operational and capital needs, budgeted to actual revenue trends, timing of future project bonding, and how we allocate revenue to the Water Enterprise Fund budget from various funding sources including the water consumption charges, capital stabilization fund, undesignated fund balance, and borrowing. We have achieved these changes through a combination of shifting approximately \$420,000 in budgeted funding previously derived from volumetric water rates to reserves, together with modifying our capital financing plan to delay a projected bond issuance. We feel comfortable that this change in the first year of our multi-year financial plan is both financially sound and sustainable. It is aided by the fact that we have relatively smaller water infrastructure capital needs in comparison to our more immediate, short-term sewer infrastructure needs, namely the wastewater treatment facility.

We have updated the special "FY2017 Water and Sewer Rates" page on the city's website to reflect these proposed changes. The online calculator allowing residents and businesses to estimate their future water and sewer bill has also been updated with the revised water rates, along with my slide presentation.

I respectfully request your approval of this revised order and look forward to discussing it with the City Council at your April 7, 2016 meeting.

**City of Northampton**

**MASSACHUSETTS**

*In the City Council, February 18, 2016*

Upon the Recommendation of the Mayor

**O-16.030**

**AN ORDER**

**TO ESTABLISH WATER AND SEWER RATES FOR FY2017**

*Ordered, that:*

Effective July 1, 2016, the per 100 cubic foot (CCF) rates for water and sewer are as follows:

**WATER**

*Previously Proposed*

Customers with 1" meter or smaller

~~Tier 1 consumption: 0 – 16 CCF \$4.73 per CCF~~

~~Tier 2 consumption: >16 CCF \$6.21 per CCF~~

*Revised*

Customers with 1" meter or smaller

Tier 1 consumption: 0 – 16 CCF \$4.36 per CCF

Tier 2 consumption: >16 CCF \$5.82 per CCF

Customers with meter larger than 1"

~~All consumption \$6.09 per CCF~~

Customers with meter larger than 1"

All consumption \$5.72 per CCF

**SEWER**

Non-metered

\$7.52 per CCF based on 80% of metered water consumption

Metered

\$7.52 per CCF