



# WATER/SEWER RATE REVIEW

Town Meeting  
Longmeadow, Massachusetts  
March 29, 2021

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Cobble Mountain  
Reservoir



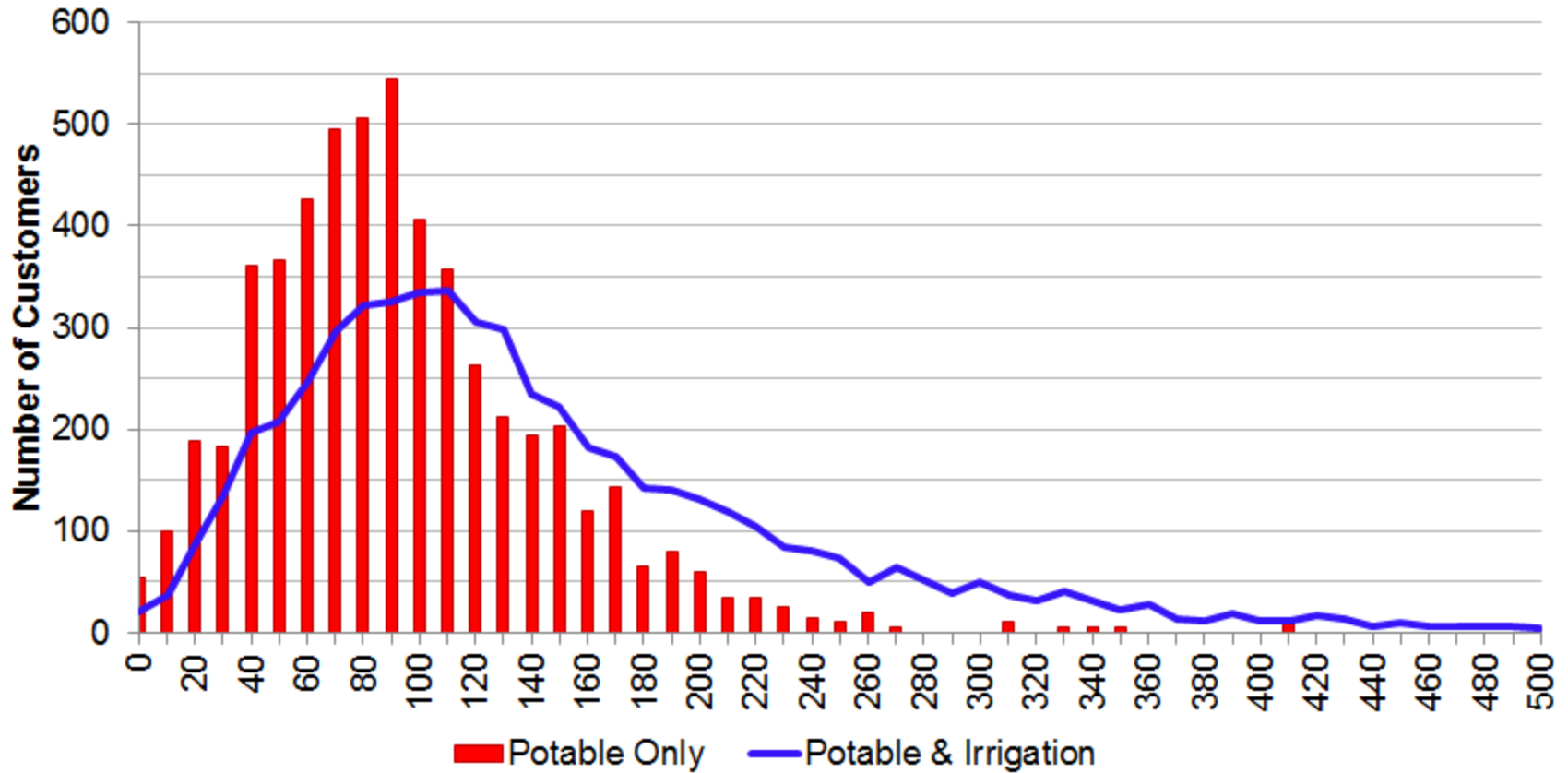
# Water is a Necessity, a Human Right, and a Public Good

The main responsibilities upon governments is to ensure that people can enjoy "**sufficient, safe, accessible, and affordable water, without discrimination.**"



# Residential Household Annual Water Use

60 gal/day per person 2.7 Person/Home ~ 80-90 Units/Home



# Actual Water Use Distribution in Longmeadow

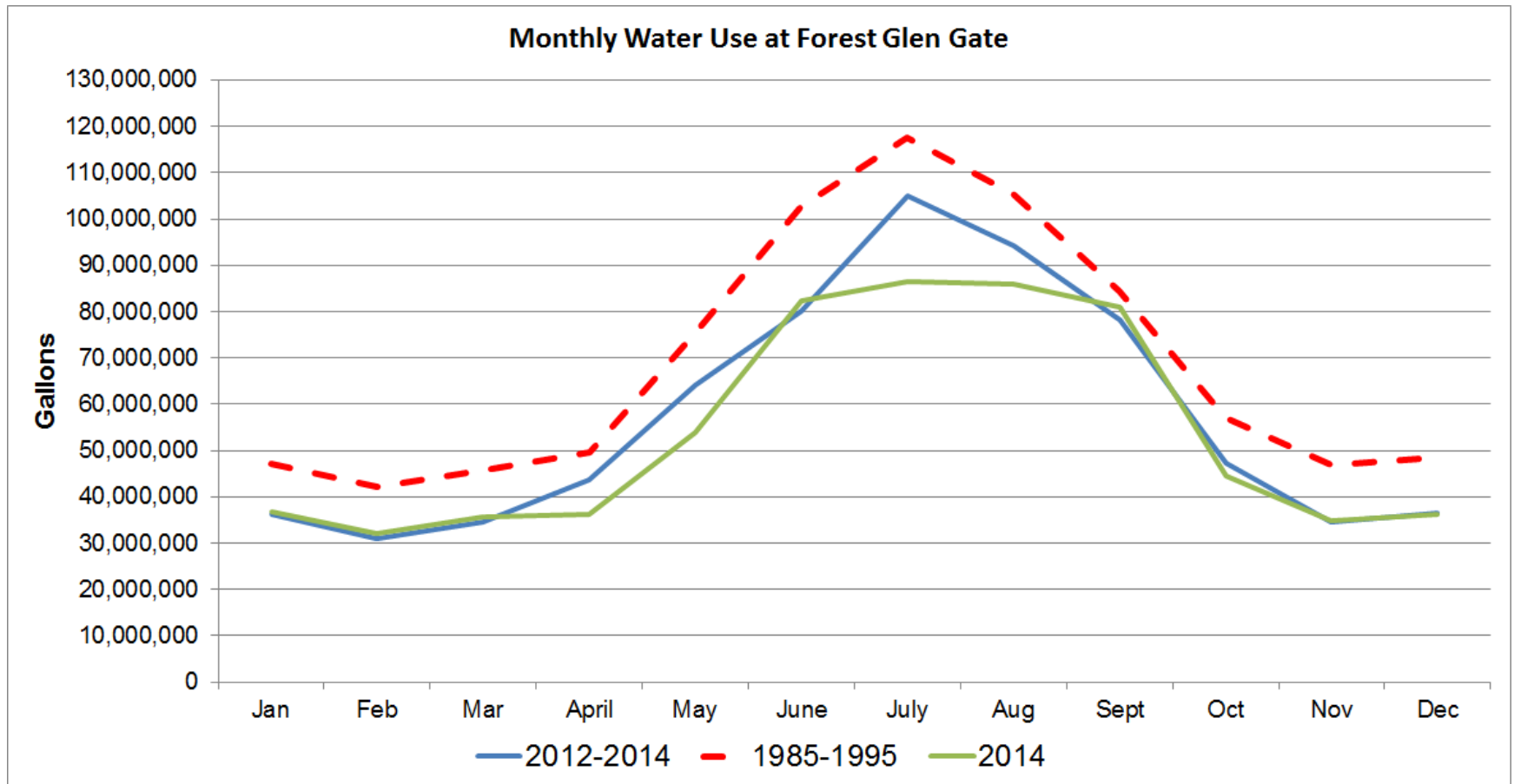
Home & Small Commercial: 99% of all customers

There are some 50 (1%) accounts  $\geq 750$  ccf

**Large Commercial Customers: a separate rate class**



# Historic Seasonal Water Use

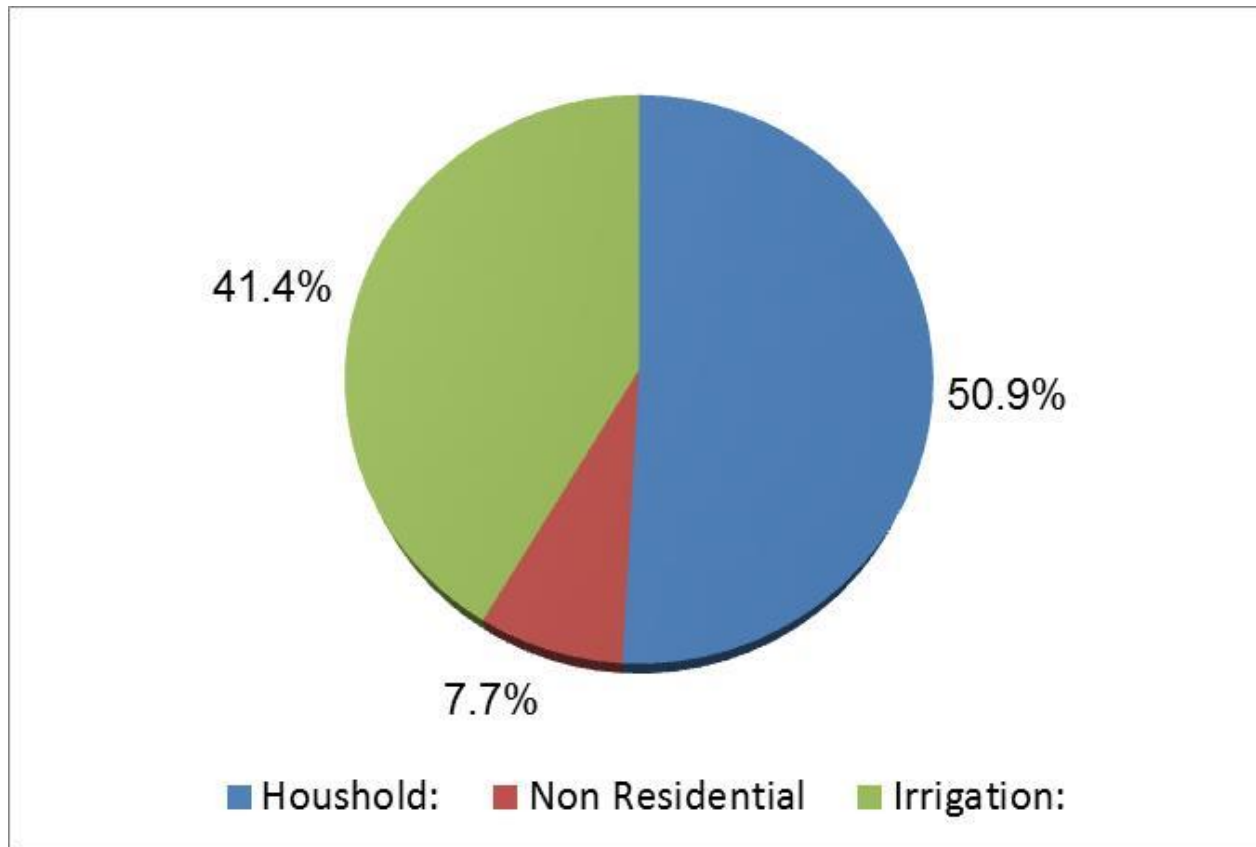


# Typical Household Water Use

60 GPD per person ~ 2.7 people/home ~ 80 ccf/yr



# Typical Longmeadow Metered Water Consumption 5,492 Residential, 184 Non-Residential Water Use: ~ 800,000 ccf



# Previous Longmeadow W&S Studies

## **May 2007- Earth Tech Report – Endorsed by LBOS & TM**

- Ascending Water & Sewer Rates
- No irrigation meters
- Separate Enterprise Fund for Water and Sewer

## **May 2008 - Water & Sewer Advisory Task Force – LBOS & TM**

- Elimination of sewer cap
- Quarterly readings
- No irrigation water meters, repairs to system
- **Flat charge plus variable [\$360/yr + \$2.00/ccf ]**



# Previous W&S Studies (continued)

## February 2009 – Report by Town Manager, DPW, & Finance

- Support of 220 sewer cap
- Establish water meter charges
- No irrigation water meters; Repairs to system
- **Ascending water rates**

## January 24, 2011:

## LBOS meeting with **Water & Sewer Advisory Task Force**

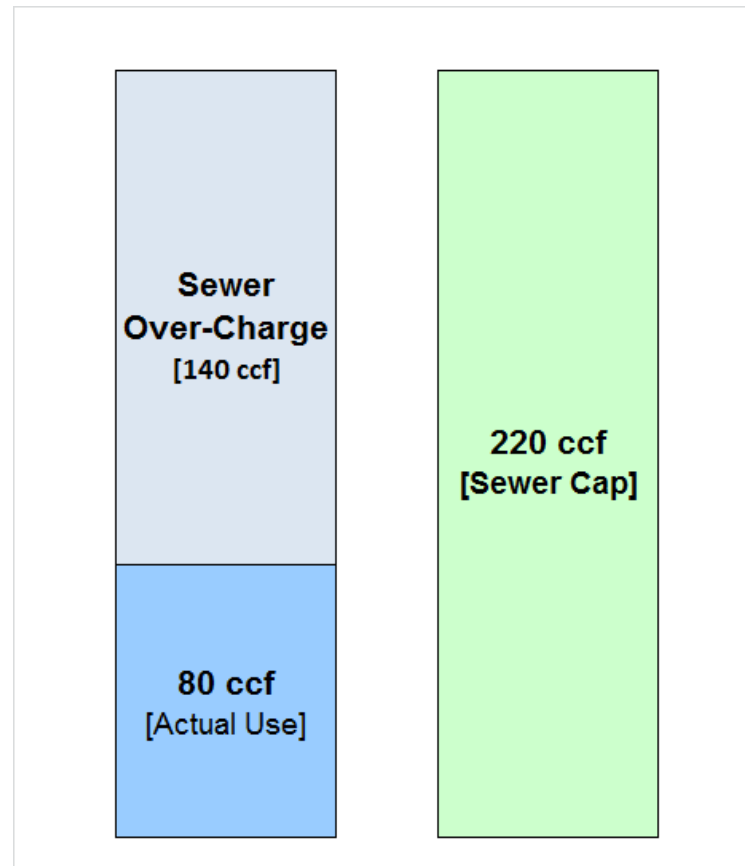
- Elimination of sewer cap
- Quarterly readings
- No irrigation water meters; Repairs to system
- Combining water and sewer fees to one lump sum
- **Flat charge plus variable [\$360/yr + \$2.00/ccf ]**

# Recognized Problems with Existing Rates

# 220 ccf Sewer Cap

~12% exceed the 220 cap,

**~\$900,000** Annual sewer overcharge to irrigation customers



# **Rate-Making Policy Objectives**

# Rate-Making Objectives

James Bonbright, Principles of Public Utility Rates

- **Simplicity** – Simple rate design
- **Revenue and rate stability** – Consistent Revenue
- **Fair cost apportionment** – Cost of service fairly allocated between customers
- **Avoidance of undue discrimination** – All customers pay a similar amount for the same service
- **Efficiency** – Efficient distribution of water and waste
- **Conservation** – pricing signals encourage cost-reduction measures and avoid wasteful use of water

## The five guidelines that establish Undue Rate Discrimination are as follows:

- 1) **Unfairness;**
- 2) **Burdens imposed on some customers as a result of disproportionately low rates charged to other customers;**
- 3) **Predatory pricing;**
- 4) **“Second best” problems of resource misallocation;**
- 5) **Unjustified transfers of wealth from consumers to regulated firms;**

~Regulated Industries in a Nutshell, 4th edition,  
Pierce & Gellhorn, 1999.

# Problems with Present **220** cap:

- The additional sewer fees are **NOT** paid by choice;
- The revenue from the additional sewer fees **ARE** shared by other members of society;
- The additional sewer fees **ARE** collected to raise additional revenue.
- For those that exceed the **220** cap, the much lower marginal costs dramatically reduce incentives to conserve (**\$6.24 v. \$3.58**). Persons who have invested in water saving equipment: toilets, shower heads, wells & rain barrels have longer payback periods.

## Chapter 41: Section 69B.

### **Water commissioners; powers and duties**

- The water commissioners, or the selectmen authorized to act as such may regulate the use of the water and **fix and collect just and equitable prices and rates for the use thereof**, and shall prescribe the time and manner of payment of such prices and rates.



## Chapter 83: Section 16. Charge for Use of Sewers

- The aldermen of any city or the sewer commissioners, selectmen or road commissioners of a town, may from time to time **establish just and equitable annual charges** for the use of common sewers...
- May either charge a uniform fee for residential properties and a separate uniform fee for commercial properties or establish an annual charge based upon a uniform unit method; but, **the charge shall be assessed in a fair and equitable manner.**

# Emerson College v. City of Boston

[391 Mass 415 (1984)]

The fees imposed for any municipal service must comply with specific requisites set forth by the Supreme Judicial Court:

- ~The fee must be charged for a particular service that benefits the party paying the fee in a manner not shared by other members of society.
- ~The fee must be paid by choice.
- ~The charges may not be collected to raise additional revenues, as such, but to compensate the governmental entity for its expenses in providing the services.

# Water & Sewer Enterprise Funds

In November of 2007, we as a Community voted at a Town Meeting to establish:

➤ An Enterprise Fund for Water

AND

➤ A separate Enterprise Fund for Sewer

➤ Fees must be consistent with standards of M.G.L.

# Present W&S Rates

- Water: **\$3.58/ccf**
- Sewer: **\$2.66/ccf**  
**\$6.24/ccf**

Residential customers have a **220 ccf sewer cap**

Note: Commercial users and **selected** residential users **ARE** allowed to use irrigation meters.

Note: 1 Unit = 1 ccf = 748 gallons

# Resolve for Our W&S Issues

# Recognize 4 Distinct Rate Classes

- 1) Residential
- 2) Irrigation
- 3) Small Commercial
- 4) Large Commercial

# Implement an Irrigation Billing Policy

- Establish separate seasonal accounting of interior V. outdoor water use; provide direct feedback on water consumption.
- Provide full conservation incentives for both **interior** AND **exterior** water use.
- Establish quarterly billing.
- Establish a water/sewer oversight committee to assist **LBOS**.



Let us restore  
fairness, equity, and  
clarity to our water  
and sewer rates.