



To: Transportation, Energy and Utilities Committee

From: Megan Moir, Water Resources Division Director
Jessica Lavalette, Water Resources Customer Care and Finance Manager
Jenna Olson, Water Quality Program and Policy Manager

Date: April 27, 2021

Re: Request for Support for the 2021 Water Resources Division Rate Restructuring and Affordability Program Proposal

Request

The Department of Public Works (“DPW”) and its Water Resources Division seeks the official support and recommendation of the Transportation, Energy and Utilities Committee that the City Council approve and adopt the proposed 2021 Rate Restructuring and Affordability Programs.

Background

Recognizing the need for future water, sewer, and stormwater rate increases due to aging infrastructure, operational needs and new regulatory challenges, in April 2019 the Burlington City Council requested the Water Resources Division to consider alternative rate structures, revenue sources, and affordability frameworks.

The Division engaged Raftelis, our on-call financial and utility management consultant, to assist in this process. Raftelis is a leading consulting firm providing utility rate and management solutions. The Division and Raftelis worked together throughout 2019 and early 2020 to propose modified rate structures and policies. In order to gather stakeholder input about the proposed changes, several meetings and events were held including: an open house in October 2019, presentations to the Neighborhood Planning Assemblies, and meetings with City Council and Mayor Weinberger. The City Council last heard a presentation on proposed changes during a work session meeting on March 9th, 2020. The following week, the Covid-19 pandemic hit Vermont. Given the significant uncertainties presented during the early phase of the pandemic and our ability to develop a tight COVID-era FY21 budget without rate increases, we determined that we needed to temporarily suspend the rate study.

Given the importance of this project to ensuring sustainable funding for the water resources utilities while simultaneously addressing rate payer affordability, we restarted the project in January of this year. We briefed the Board of Finance (with Councilors invited) and then the Public Works Commission, and the Transportation, Energy and Utilities Committee with an update on the project and a few changes from our 2020 proposals (see “Evolution of Proposal”). Burlington Water Resources staff have conducted extensive public outreach throughout the project (see Appendix A: List of Outreach Efforts).

This memo presents the most up to date evolution of the proposal and includes updated revenue needs and, correspondingly, updated rates and two additional customer assistance programs, a rebate program to assist property owners with the costs of filming and inspecting their private sewer lateral and a rebate program for WaterSense plumbing fixtures. It also discusses our Division’s commitment to evaluating additional affordability options for more of Burlington’s renters.

We are proposing to bring this to the City Council for approval on May 10, 2021 with the new structures and policies effective on July 1, 2021.

Impetus for Changes to the Division’s Rates

The Division of Water Resources provides water, wastewater, and stormwater service to approximately 10,000 customers and 42,000 residents. The Division provides essential services including water treatment and distribution, fire protection, water quality protection, wastewater collection and treatment, stormwater collection and pollution management, and billing and customer service. The Division is organized as three separate enterprise funds for water, wastewater, and stormwater.

The Division faces on-going financial pressure to continue providing these services at an ever-higher regulatory standard while maintaining and upgrading aging infrastructure. While the Administration and City Council have supported initiating a generational reinvestment in City water resources infrastructure over the last five years, a significant infrastructure deficit remains for many water resources assets which are beyond their calculated useful life. In order to balance the need for rate increases to sustainably fund water resources services, in an April 2019 Resolution (<http://bit.ly/RateAffordability>) the City Council charged the Division with developing the following:

- Alternative rate structures, including progressively priced tiers to protect access to “essential” water;
- Alternative revenue sources;
- Affordability frameworks, including discounts for certain qualifying rate payers, water conservation programs and grants and loans for upgrades to service lines; and
- An initial stakeholder process to educate and solicit input on Water Resources rates and a follow-up stakeholder process reporting on the proposed solutions.

In addition to the direct charge from Council, the Division had some of its own goals for the study, which are as follows:

- Ensure affordability of rates
- Apply outside perspective and experience on the long-term financial health of the utilities and pursue potential cost saving and efficiency initiatives
- Develop rate structures that improve financial health and sustainability, and increase revenue predictability
- Ensure utility funds are recouping the costs of all services provided in an equitable manner and in accordance with industry standards:
 - All customers pay a “ready to serve” charge via a fixed fee
 - Customers receiving additional service may need to pay additional cost e.g. private fire protection (building fire suppression supply, private hydrants)
 - Staff and administration costs for new/redevelopment project review (water and sewer connection review, meter sizing, stormwater management plans); note this is still in development

Financial Needs of the Water Resources Division

The Department’s proposed FY22 budget for the Water, Wastewater and Stormwater requires revenue increases of 6%, 6% and 5% respectively, which would represent a 5.96% increase on the bill for a typical single-family residence that uses 400 cubic feet (cf) per month. This is a slight decrease from the 6%, 7% and 5% revenue requirement presented in January, which would have resulted in a 6.4% increase for the typical single-family residential customer. These increases cover required operation and maintenance of systems; debt service and bond coverage covenants; a prudent mix of cash and debt funding of capital projects; and funding for the Water Resources Assistance Program for qualifying income burdened residential and non-profit multifamily customers. The Division is extremely pleased to report that this proposed budget also meets the additional goals we presented in January: budgeted capital reserve contributions of \$50K each for Water and Stormwater and \$100K for Wastewater and funding for sewer filming rebates and WaterSense fixture installations. Additionally, the Wastewater budget includes a small planned budget surplus to replenish its operating reserve which is the lowest proportionally of the three funds.

Proposed Rate Structure & Policy Changes

The Division has worked with Raftelis to finalize a new rate structure and suite of affordability measures that accomplish the Division’s and Council’s goals of financial health, affordability, conservation, and equity among customer classes (see Tables 1-3). This iteration incorporates community comments as well as additional modifications generated by the project team to improve the reach of affordability benefits and in recognition of the financial impact of the pandemic on commercial customers who, in general, will be seeing increases in charges due to the cost of service realignment.

Table 1. Proposed Rate Structural Changes to Water and Wastewater Rates

Rate Proposals	What is it?	Why do it?
Fixed Charges by Meter Size	A water and wastewater fixed charge that increases based on the size of the customer's water meter	<ul style="list-style-type: none"> Is industry best practice – reflects cost of service for infrastructure to be “ready to serve” Improves revenue stability and predictability Encouraged by bond rating agencies Recovers 10% of revenue; future goal is 20% to match actual ratio of fixed to volumetric costs
Class-Based Rates	Different rates for different classes of customers	<ul style="list-style-type: none"> Justified based on the strains each customer type puts on the utility's infrastructure Provides framework for realignment of water rates with the higher cost of service for non-residential customers Can now apply specific affordability based pricing of essential, residential water usage into the future
Irrigation Rate	A separate, higher rate for those who solely use water for irrigation (with the exception of community gardening initiatives)	<ul style="list-style-type: none"> Irrigation often contributes to peak water use, which necessitates system expansion and associated costs Sends price signal to conserve water when use is not for basic needs
Private Fire Protection Charges	A separate, fixed, monthly charge that escalates with connection size for those who have private fire service or hydrants	<ul style="list-style-type: none"> Water Resources has invested in system capacity to serve private properties during a fire event, thus the customers who benefit from this service should pay for that capacity Will be phased in over 5 years

Tables 2 - 3. Proposed Rate Affordability and Customer Assistance Measures



Proposals	What is it?	Why do it?
Lifeline Rate Tier	"Essential" water consumption (below median usage) is charged at a lower rate; only applicable to single-family, duplex, triplex residential account holders	<ul style="list-style-type: none"> Discounts the first 400, 600 and 900 cubic feet of water for single family, duplex and triplex, respectively. Incentivizes efficient water use, since water above the median usage is charged at a higher rate
Fixed-Fee Waiver	Waives the proposed fixed monthly water and wastewater charge for residential customers at or below 185% of the Federal Poverty Level.	<ul style="list-style-type: none"> Provides relief to single-family households who meet income or age eligibility criteria, and non-profit affordable senior housing developments
Flexible Payment Terms	Encompasses existing payment plan options, but adds 'budget billing' option.	<ul style="list-style-type: none"> Ensures customers have access to resources and assistance that will allow them to afford services and pay their bills

Type	Program	Details
Infrastructure Assistance	Up to \$250 rebates for residential customers to cover costs of filming a private sewer lateral <ul style="list-style-type: none"> Residential property owners eligible for \$200 rebate Income qualified customers eligible for full rebate up to \$250 	<ul style="list-style-type: none"> Funds to support 160-200 laterals/year Helps property owners understand condition of lateral and plan for replacement costs Gives City data to develop future possible loan/grant programs for sewer lateral replacement
Conservation Assistance	Up to \$75 rebates for residential customers towards purchase of WaterSense plumbing fixtures	<ul style="list-style-type: none"> Reduces water usage through installation of low flow faucets, shower heads, and low flow and dual flush toilets 200 rebates available
Stormwater Management Assistance	Implementing BLUE® BTV residential stormwater management grant program	<ul style="list-style-type: none"> Provides “Lake Friendly” home evaluations to residential properties Provides grants towards the costs of roof gutters, rain gardens, permeable pavers etc.

Evolution of Proposal

Several adjustments and additions have been made over the course of the project in order to mitigate the magnitude of the impact on commercial customers while maintaining affordability benefits for residential customers; the impact of the fixed meter charge on fixed income seniors with low water usage; and the impact of the fixed meter charge and fire protection charge on low-income and senior multi-family housing. The latest addition includes several customer assistance programs and the addition of lifeline rate tiers for duplex and triplex properties. Those adjustments are:

1. The percentage of revenues recovered from fixed charges was reduced to 10% (from 15% proposed in original March 2020 proposal) to aid affordability by keeping the fixed portion of customer bills as low as is reasonably possible. Fixed expenses represent approximately 20% of the total expenses of the Water and Wastewater expenses; as such, these fixed fees will be reviewed each year and ideally gradually aligned with the true proportion of fixed costs.
2. Private fire protection charges are set to be phased in over a 5 year period to reduce “rate shock” for customers who will be charged for private fire service for the first time. We will recoup 20% of the cost of service allocated to customers with private fire protection in FY22 with each subsequent year increasing an additional 20% until the full charge is realized in FY26.
3. The commercial rate was lowered and is now equal to other non-residential rates to mitigate the magnitude of bill impacts (fixed fees and private fire protection) on businesses. Commercial properties, in general, will still be seeing an increase in their bills (average 9%).
4. The multi-family volumetric rate was reduced from early cost of service based proposals since the project team acknowledged the potential impact on rental costs.
5. The WRAP program was expanded to include, at a minimum, non-profit multifamily low-income and senior housing developments (e.g., Burlington Housing Authority, Champlain Housing Trust, etc.) and senior-owned single-family residential properties. Eligible accounts will have their water and wastewater fixed charge waived.
6. Customer infrastructure assistance (Sewer Filming rebates) and conservation assistance (WaterSense fixture rebate) and stormwater assistance (BlueBTV) programs were added in April 2021 as part of the FY22 proposed budget.
7. Lifeline rate tiers were added for duplex and triplex properties to ensure those classifications of residential properties would benefit from the affordability improvements. Like the single-family tier breakpoint, the tier thresholds for the duplex and triplex lifeline rates are tied to the median usage for those property types which are 600 and 900 cf/month respectively. Multi-unit properties often use less per unit than single family homes due to shared yard space and smaller size of units which can translate into fewer people using water.

Future: Addressing Affordability for More Renters

Water utilities across the U.S. have struggled with how to ensure that water affordability programs benefit renters, particularly those in multi-family properties. The WRAP proposal will certainly benefit single-family homeowners, especially those who are income qualified. It will also benefit renters in single-family homes, and some duplex, triplex properties that have separately metered units (not common) where the landlord has put the water resources bill in the tenants name, but the program is not currently available to many renters. We acknowledge that this is a current gap in our proposed program given that 64% of properties in Burlington are rentals and that rental costs (which often include water, sewer, stormwater and other utility costs) are high. This is a program gap that water utilities across the U.S. have struggled to address, and Burlington is not alone.

The underlying challenge is the fact that most renters are not the direct account holders for water and wastewater and can only be so if 1) they are in a separately metered unit and 2) the landlord agrees to put the account in their name (but also agrees to be responsible for charges). Most multi-family properties (including many duplexes and triplexes) share a meter. With these constraints, even if the Division were to pass on a fixed fee waiver (or some other type of discount) to the property owner if they had income qualifying renters, there is no mechanism in place to require that the property owner pass this savings on to the tenants. Additionally, in multi-family properties with multiple units sharing a meter, the fixed fee waiver might not provide a financially significant

benefit; a rental unit specific discount may be more applicable. One important goal of our program was to keep administration costs low, as the Division is not adding additional staff for these programs.

There are several developments that the Division is monitoring in relation to this issue 1) the launch of a rental water bill assistance program by DC Water in Washington D.C. that appears could provide a model for Burlington and 2) the creation of the Low-Income Household Water Assistance Program (LIHWAP) by the Biden administration.

The Division is committed to evaluating options to address the needs of income-constrained renters. As the above programs develop and after a minimum 18 month initial implementation of our currently proposed WRAP program, we believe that we can develop additional recommendations for review by stakeholders. We propose to submit a report by April 2023 that will evaluate options for a possible expansion of the program as necessary.

Proposed FY 22 Water, Fire Protection, Wastewater, and Stormwater Rates

The proposed changes to the Division’s rates, including the increased revenue requirements for FY22, result in the rates shown in Table 4. The proposed FY22 rates are compared against the current FY21 rates. Note that currently there is no charge for private fire protection. Stormwater rates will see an estimated 5% across-the-board increase based on revenue requirements but does not have any proposed structural changes. Please note that there may be some small shifts in the final proposed rates listed as we finalize QA/QC activities on customer data and the FY22 budget.

Table 4. Current FY 21 and Proposed FY 22 Water, Wastewater, and Fire Rates

	Water		Wastewater		Private Fire	
	FY 21 Current	Proposed	FY 21 Current	Proposed	FY 21 Current	Proposed
<u>Fixed Charge per Month</u>						
5/8"	\$0.00	\$3.28	\$0.00	\$4.67	-	\$9.30
3/4"	\$0.00	\$4.92	\$0.00	\$7.00	-	\$9.30
1"	\$22.73	\$8.20	\$31.74	\$11.67	-	\$9.30
1.5"	\$45.51	\$16.39	\$63.55	\$23.35	-	\$9.30
2"	\$72.68	\$26.23	\$101.49	\$37.36	-	\$9.30
3"	\$145.32	\$49.18	\$202.93	\$70.05	-	\$9.30
4"	\$248.28	\$81.96	\$346.70	\$116.75	-	\$9.30
6"	\$454.12	\$163.92	\$634.14	\$233.50	-	\$27.00
8"	-	-	-	-	-	\$57.54
10"	-	-	-	-	-	\$103.48
Private Fire Hydrant	-	-	-	-	-	\$27.00
<u>Volumetric Rate (per 100 CF)</u>						
Single-Family Residential	\$4.44	-	\$6.20	-		
Tier 1 (0-400 CF)	-	\$2.48	-	\$6.07		
Tier 2 (401 CF and higher)	-	\$6.19	-	\$6.07		
Duplex	\$4.44	-	\$6.20	-		
Tier 1 (0-600 CF)	-	\$2.48	-	\$6.07		
Tier 2 (601 CF and higher)	-	\$6.19	-	\$6.07		
Triplex	\$4.44	-	\$6.20	-		
Tier 1 (0-900 CF)	-	\$2.48	-	\$6.07		
Tier 2 (901 CF and higher)	-	\$6.19	-	\$6.07		
Multi-Family Residential	\$4.44	\$4.24	\$6.20	\$6.07		
Mixed Residential & Commercial	\$4.44	\$4.24	\$6.20	\$6.07		
Commercial	\$4.44	\$4.24	\$6.20	\$6.07		
City	\$4.44	\$4.24	\$6.20	\$6.07		
Irrigation/Heating/Cooling	\$4.53	\$7.43	-	-		

Note: 1” customers and above currently pay a fixed charge in the form of a “minimum” charge. This charge includes a usage allowance. Under the new (lower) fixed charge structure all customers would pay a “ready to serve” charge (lower for 1” and above customers than they currently pay) but will not get a usage allowance.

Customer Impacts of Proposed Rate Structure

The projected need for water, wastewater and stormwater rates to increase by 6%, 6%, and 5% respectively would result in an across the board overall customer bill increases *without* the proposed structural rate changes. For a typical single-family customer that uses 400 cf/month, they would see approximately a 5.96% in their overall water resources bill if we kept our current rate structure. The impact of the new structural changes will vary from customer to customer as any increases or decreases in overall bill will be determined by a combination of meter size, future water usage, eligibility for the WRAP program, customer class and the existence of private fire services or hydrants. As such, one of the critical components of our customer outreach will be the advertisement of a variety of methods for requesting an estimate of a customer’s bill under the new proposal. Overall, however, we are pleased to project that the typical single-family customer (using 400 cf/month) will benefit from the structural changes and will see no increase to their water resources bill. Typical duplex (using 600 cf/month) and the typical triplex (using 900 cf/month) properties will see an overall decrease. Qualifying low-income or senior owned single-family residential customers will see a significant decrease on their bill with the new WRAP program (if they continue to use the same amount of water). Table 5 compares the estimated FY21 annual water, wastewater, stormwater, and fire charges to the expected FY22 totals using the proposed changes for several hypothetical customer groups using the CY19 water usage data.

Table 5. Current and Proposed Annual Water Resources Bill Under Proposed FY 22 Rates
(For non-residential customers, the bill is calculated using water usage from CY19)

		A	B	C	D
Hypothetical Customer Type		FY 2021	FY 2022 Proposed		
		Bill (\$)	Bill (\$)	\$ Change	% Change
Single Family Residential					
1	Low Volume - 200 CF	\$343	\$394	\$51	14.7%
2	WRAP - Low Volume - 200 CF	\$343	\$299	(\$44)	-13.0%
3	Median Volume - 400 CF	\$608	\$606	(\$2)	-0.3%
4	WRAP - Median Volume - 400 CF	\$608	\$511	(\$97)	-15.9%
5	High Volume - 600 CF	\$872	\$911	\$39	4.5%
6	WRAP - High Volume - 600 CF	\$872	\$815	(\$57)	-6.5%
Duplex					
7	Low Volume - 300 CF	\$475	\$500	\$25	5.3%
8	Median Volume - 600 CF	\$872	\$818	(\$54)	-6.2%
9	High Volume - 900 CF	\$1,268	\$1,275	\$7	0.6%
Triplex					
10	Low Volume - 600 CF	\$884	\$831	(\$53)	-6.0%
11	Median Volume - 900 CF	\$1,280	\$1,150	(\$130)	-10.2%
12	High Volume - 1300 CF	\$1,809	\$1,759	(\$50)	-2.8%
Multi-Family Residential					
13	Low Income Housing	\$66,078	\$65,660	(\$418)	-0.6%
14	Senior Housing	\$39,159	\$38,368	(\$791)	-2.0%
Commercial					
15	Technology Company	\$17,471	\$20,379	\$2,908	16.6%
16	Retail Company	\$27,234	\$29,843	\$2,609	9.6%
Institutions					
17	University	\$1,785,532	\$1,968,841	\$183,309	10.3%
18	UVMMC	\$745,027	\$839,246	\$94,218	12.6%
19	School District	\$127,477	\$141,906	\$14,429	11.3%

Table 5 represents only a sample of estimated bill impacts. As mentioned above, although this table represents many of the City’s customers and customer types, there will be a variety of impacts to customers depending on the specifics of that customer.

We encourage all rate payers to visit the [project page](#)¹ where they can complete a [proposed rate summary impact review](#)² and also review details on [actions](#)³ they can take to mitigate any impact of the proposed changes.

Additional information about the project and remaining project approval and implementation steps can be found in the attached presentation (Appendix B).

Summary of Benefits:

In support of our request for your recommendation, we offer the following overall benefits for your consideration:

- The Wastewater, Water and Stormwater proposed FY22 budget is built to ensure proper operation and sustainable stewardship of infrastructure, with targeted funding for customer assistance programs
- Without the rate restructuring and affordability changes, all residential rate payers would see approximate 5.9% increase on their bill
- With the proposed changes:
 - › Income qualified ratepayers and seniors will see a decrease in their overall water resources bill (on average \$97/year for someone who uses 400 cu. ft./month) from this year
 - › Over 63% of single family residential ratepayers will see benefit on their water resources bill (i.e. less than a 5.9% increase)
 - › Median single family users (400 cf./month) will see no increase in their bill
 - › Median duplex (600 cf/month) and triplex (900 cf/month) properties will see decreases in their bill
 - › Will have established a customer class based rate structure which will allow for specific affordability based pricing of essential, residential water usage into the future

MOTIONS:

The Department of Public Works’ Water Resources Division respectfully requests that the Transportation, Energy and Utilities Committee approve the following motion:

1. “To recommend that the City Council approve and adopt the 2021 Water Resources Rate Restructuring and Affordability Program Proposal.”

¹ <https://www.burlingtonvt.gov/DPW/Water/AffordabilityProject>

² <https://www.burlingtonvt.gov/DPW/water/accountimpact>

³ https://www.burlingtonvt.gov/sites/default/files/tiles/Rate%20Change%20%26%20Opportunity%20Summary_FINAL.pdf

Remaining Project Schedule

April - June 2021 | Continuous Improvement & QA/QC of Data

- QA/QC of all fire service data
- Develop Draft WRAP Policy
- Propose any ordinance changes necessary

April - June 2021 | Approvals

- Public Works Commission (4/21/21) – request for recommendation to Council
- TEUC (4/27/21) – request for recommendation to Council
- Board of Finance & City Council vote to approve rate structure and affordability programs
- City Council vote on FY22 Mayoral Budget & Water Resources rates

July - August 2021 | Implementation

- Additional educational outreach to customers on upcoming changes
- Changes take effect July 1, 2021
- Will be reflected in bills mailed starting in August 2021

Completed Events

April 2021 | Public Outreach

- April 8-13, 2021: Informational postcard mailed to all addresses in Burlington
- April 14, 2021: Zoom Public Meeting for all users

March 2021 – January 2021 | Public Outreach 2.0

- March 2021: Message on all water bills
- 2021 NPA Meetings
 - Wards 1 & 8 - 1/13/2021
 - Wards 2 & 3 - 2/11/2021
 - Wards 4 & 7 - 2/24/2021
 - Ward 5 - 1/21/2021
 - Ward 6 - 2/4/2021
- January 25, 2021: Presentation to the Transportation, Energy, and Utilities Commission
- January 20, 2021: Presentation to Public Works Commission
- January 4, 2021: Presentation to Board of Finance

March 2020 – December 2020 | PANDEMIC HIATUS

March 2020 – October 2019 | Public Outreach

- March 9, 2020: Presentation to City Council
- 2019 NPA Meetings
 - Wards 1 & 8 - 11/13/19
 - Wards 2 & 3 - 11/14/19
 - Ward 5 – 12/19/19
 - Ward 6 – 11/7/19
 - Wards 4 & 7 – 11/20/19
- November 20, 2019: Presentation to Public Works Commission
- October 29, 2019: Kick Off Open House Event

CITY OF BURLINGTON

Water Resources Division

Rate & Affordability Project
Transportation, Energy, & Utilities
Commission

April 27, 2021



Rates & Affordability Refresher



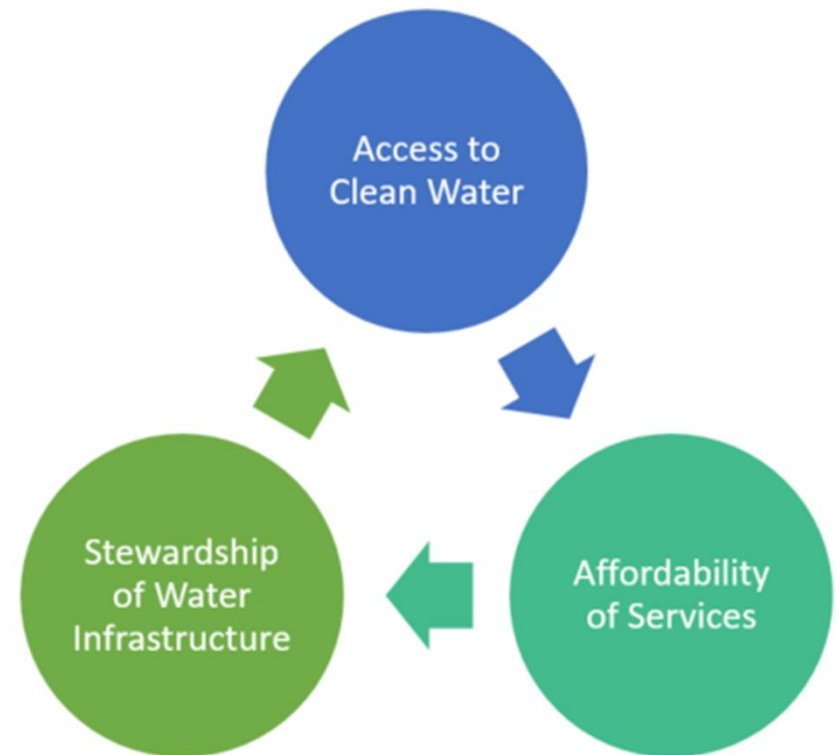
- Studied rate options keeping three objectives in mind:
 - › Ensure affordability of rates
 - › Improve financial health & sustainability, along with revenue stability
 - › Ensure rates are recouping the cost of service provided in an equitable manner



Crossroads: Core Values & Existing Rate Structure

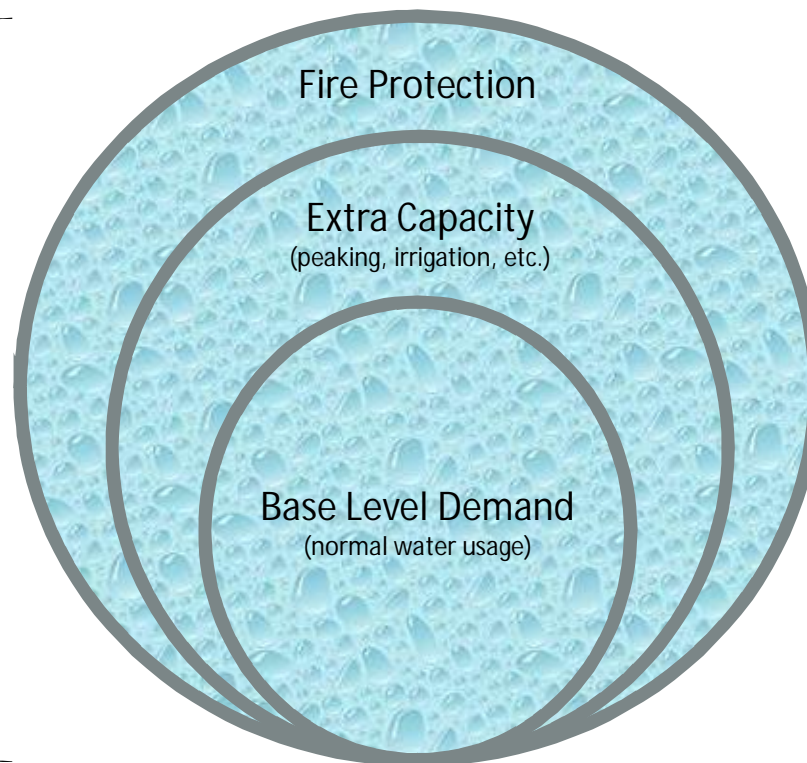
Sustainable funding is crucial to ensuring [access to clean water](#). We need money to take care of the infrastructure that produces and delivers clean, safe drinking water and collects, treats and manages wastewater and stormwater before it drains to our rivers and the lake.

When utility costs are not [affordable](#) then rate payers may not have equal access to the essential amount of water needed to live.



Goal 1 - EQUITY

Sizing requirements for
water pipes & other
water infrastructure



All customers are currently
paying the same rate.

This is not consistent with
the burden specific uses
place on the City's
infrastructure.



Proposed Rate Structure Changes

Rate Proposals		What is it?	Why do it?
Fixed Charges by Meter Size	A water and wastewater fixed charge that increases based on the size of the customer's water meter		<ul style="list-style-type: none"> • Is industry best practice – reflects cost of service for infrastructure to be “ready to serve” • Improves revenue stability and predictability • Encouraged by bond rating agencies • Recovers 10% of revenue; future goal is 20% to match actual ratio of fixed to volumetric costs
Class-Based Rates	Different rates for different classes of customers		<ul style="list-style-type: none"> • Justified based on the strains each customer type puts on the utility's infrastructure • Provides framework for realignment of water rates with the higher cost of service for non-residential customers • Can now apply specific affordability based pricing of essential, residential water usage into the future
Irrigation Rate	A separate, higher rate for those who solely use water for irrigation (with the exception of community gardening initiatives)		<ul style="list-style-type: none"> • Irrigation often contributes to peak water use, which necessitates system expansion and associated costs • Sends price signal to conserve water when use is not for basic needs
Private Fire Protection Charges	A separate, fixed, monthly charge that escalates with connection size for those who have private fire service or hydrants		<ul style="list-style-type: none"> • Water Resources has invested in system capacity to serve private properties during a fire event, thus the customers who benefit from this service should pay for that capacity • Will be phased in over 5 years



Goal 2 - AFFORDABILITY

Existing Assistance Options To Date

Interest-Free Payment Plans

Stormwater Credits for 'Directly Assessed' Properties

It was clear we could do more to assist customers who needed it.



Proposed Rate Affordability Options



Proposals	What is it?	Why do it?
Lifeline Rate Tier	"Essential" water consumption (below median usage) is charged at a lower rate; only applicable to single-family, duplex, triplex residential account holders	<ul style="list-style-type: none"> Discounts the first 400, 600 and 900 cubic feet of water for single family, duplex and triplex, respectively. Incentivizes efficient water use, since water above the median usage is charged at a higher rate
Fixed-Fee Waiver	Waives the proposed fixed monthly water and wastewater charge for residential customers at or below 185% of the Federal Poverty Level.	<ul style="list-style-type: none"> Provides relief to single-family households who meet income or age eligibility criteria, and non-profit affordable senior housing developments
Flexible Payment Terms	Encompasses existing payment plan options, but adds 'budget billing' option.	<ul style="list-style-type: none"> Ensures customers have access to resources and assistance that will allow them to afford services and pay their bills

Note: Existing programs will remain in addition to these options.



Proposed Assistance Programs

Type	Program	Details
Infrastructure Assistance	<p>Up to \$250 rebates for residential customers to cover costs of filming a private sewer lateral</p> <ul style="list-style-type: none"> Residential property owners eligible for \$200 rebate Income qualified customers eligible for full rebate up to \$250 	<ul style="list-style-type: none"> Funds to support 160-200 laterals/year Helps property owners understand condition of lateral and plan for replacement costs Gives City data to develop future possible loan/grant programs for sewer lateral replacement
Conservation Assistance	<p>Up to \$75 rebates for residential customers towards purchase of WaterSense plumbing fixtures</p>	<ul style="list-style-type: none"> Reduces water usage through installation of low flow faucets, shower heads, and low flow and dual flush toilets 200 rebates available
Stormwater Management Assistance	<p>Implementing BLUE[®] BTV residential stormwater management grant program</p>	<ul style="list-style-type: none"> Provides “Lake Friendly” home evaluations to residential properties Provides grants towards the costs of roof gutters, rain gardens, permeable pavers etc.



Addressing Affordability for More Renters

- Currently proposed WRAP Fixed Fee Waiver applies to:
 - › Single-family properties and other individually metered residential units where the occupant is the account holder
 - › Non-profit affordable or senior housing accounts
- Generally renters in **multi-family rentals** will not have access in this phase, Why?
 - › If City provides Fixed Fee Waiver to landlords, some landlords might not pass on affordability measure to tenants
 - › Multi-family units often share meter, so current fixed fee waiver structure not beneficial to an individual rental unit



Affordability for Renters, cont.

- Water utilities across the country are struggling to address this gap
 - › Most utilities don't have a renter specific program
 - › DC Water and NYC Water have only recently launched programs we are monitoring
- Burlington Water Resources will evaluate options for consideration by stakeholders and City Council by April 2023



Current & Proposed Rates

	Water		Wastewater		Private Fire	
	FY 21 Current	Proposed	FY 21 Current	Proposed	FY 21 Current	Proposed
<u>Fixed Charge per Month</u>						
5/8"	\$0.00	\$3.28	\$0.00	\$4.67	-	\$9.30
3/4"	\$0.00	\$4.92	\$0.00	\$7.00	-	\$9.30
1"	\$22.73	\$8.20	\$31.74	\$11.67	-	\$9.30
1.5"	\$45.51	\$16.39	\$63.55	\$23.35	-	\$9.30
2"	\$72.68	\$26.23	\$101.49	\$37.36	-	\$9.30
3"	\$145.32	\$49.18	\$202.93	\$70.05	-	\$9.30
4"	\$248.28	\$81.96	\$346.70	\$116.75	-	\$9.30
6"	\$454.12	\$163.92	\$634.14	\$233.50	-	\$27.00
8"	-	-	-	-	-	\$57.54
10"	-	-	-	-	-	\$103.48
Private Fire Hydrant	-	-	-	-	-	\$27.00
<u>Volumetric Rate (per 100 CF)</u>						
Single-Family Residential	\$4.44	-	\$6.20	-		
Tier 1 (0-400 CF)	-	\$2.48	-	\$6.07		
Tier 2 (401 CF and higher)	-	\$6.19	-	\$6.07		
Duplex	\$4.44	-	\$6.20	-		
Tier 1 (0-600 CF)	-	\$2.48	-	\$6.07		
Tier 2 (601 CF and higher)	-	\$6.19	-	\$6.07		
Triplex	\$4.44	-	\$6.20	-		
Tier 1 (0-900 CF)	-	\$2.48	-	\$6.07		
Tier 2 (901 CF and higher)	-	\$6.19	-	\$6.07		
Multi-Family Residential	\$4.44	\$4.24	\$6.20	\$6.07		
Mixed Residential & Commercial	\$4.44	\$4.24	\$6.20	\$6.07		
Commercial	\$4.44	\$4.24	\$6.20	\$6.07		
City	\$4.44	\$4.24	\$6.20	\$6.07		
Irrigation/Heating/Cooling	\$4.53	\$7.43	-	-		



Snapshot of Possible Customer Impacts



Caveat! These are estimated customer bills based on CY19 customer class trends (Pre-Covid).

Actual bills will vary based on water consumption.

Meter size, private fire service size and # of private hydrants affects bills.

Includes a 5% increase to stormwater for all customers.

Customers should complete an "Account impact summary request form" to understand the impact to their specific bill(s).

Without rate restructuring, the typical single family home would see a bill increase of 5.9%



	Hypothetical Customer Type	A	B	C	D
		FY 2021 Bill (\$)	FY 2022 Proposed		
			Bill (\$)	\$ Change	% Change
	Single Family Residential				
1	Low Volume - 200 CF	\$343	\$394	\$51	14.7%
2	WRAP - Low Volume - 200 CF	\$343	\$299	(\$44)	-13.0%
3	Median Volume - 400 CF	\$608	\$606	(\$2)	-0.3%
4	WRAP - Median Volume - 400 CF	\$608	\$511	(\$97)	-15.9%
5	High Volume - 600 CF	\$872	\$911	\$39	4.5%
6	WRAP - High Volume - 600 CF	\$872	\$815	(\$57)	-6.5%
	Duplex				
7	Low Volume - 300 CF	\$475	\$500	\$25	5.3%
8	Median Volume - 600 CF	\$872	\$818	(\$54)	-6.2%
9	High Volume - 900 CF	\$1,268	\$1,275	\$7	0.6%
	Triplex				
10	Low Volume - 600 CF	\$884	\$831	(\$53)	-6.0%
11	Median Volume - 900 CF	\$1,280	\$1,150	(\$130)	-10.2%
12	High Volume - 1300 CF	\$1,809	\$1,759	(\$50)	-2.8%
	Multi-Family Residential				
13	Low Income Housing (with WRAP waiver)	\$66,078	\$65,660	(\$418)	-0.6%
14	Senior Housing (with WRAP waiver)	\$39,159	\$38,368	(\$791)	-2.0%

Snapshot of Possible Customer Impacts



Caveat! These are estimated customer bills based on CY19 customer class trends (Pre-Covid).

Actual bills will vary based on water consumption.

Meter size, private fire service size and # of private hydrants affects bills.

Includes a 5% increase to stormwater for all customers.

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Hypothetical Customer Type	FY 2021	FY 2022 Proposed		
	Bill (\$)	Bill (\$)	\$ Change	% Change
Commercial				
Technology Company	\$17,471	\$20,379	\$2,908	16.6%
Retail Company	\$27,234	\$29,843	\$2,609	9.6%
Institutions				
University	\$1,785,532	\$1,968,841	\$183,309	10.3%
UVMCC	\$745,027	\$839,246	\$94,218	12.6%
School District	\$127,477	\$141,906	\$14,429	11.3%

Customers should complete an "Account impact summary request form" to understand the impact to their specific bill(s).



Customer Impacts of New Rate Structure

-  All bills will vary based on actual water consumption, meter size and private fire protection
-  Complete an Account Impact Summary Request to understand your specific impacts
-  Think about what mitigation opportunities apply to your property

Key Drivers	Opportunities To Lower Bill	Who Is Eligible?
Fixed Meter Charge	Apply for WRAP	Single Family Households Meeting Income or Age Criteria; Non Profit Housing Developments Providing Affordable or Senior Living Units
	Request a Meter Sizing Review	All Customers with Meters Sized at 3/4" or Larger
	Evaluate Meter Removal	All Customers
Consumption Above 400 CF	Implement Conservation Strategies	All Customers
	Investigate for Internal Plumbing Leaks	
Private Fire Protection Charge	Request Verification of Pipe Diameter	All Customers with Protective Fire Infrastructure
Irrigation Rate	Evaluate Meter Removal	All Customers
	Implement Conservation Strategies	
Stormwater Rate	Apply for Stormwater Fee Credit	All Directly Assessed Customers Who Have Installed Stormwater Management Measures



Highlights

- The Wastewater, Water and Stormwater proposed FY22 budget is built to ensure proper operation and sustainable stewardship of infrastructure, with targeted funding for customer assistance programs
- Without the rate restructuring and affordability changes, all residential rate payers would see approximate 5.9% increase on their bill
- With the proposed changes:
 - › Income qualified ratepayers and seniors will see a decrease in their overall water resources bill (on average \$97/year for someone who uses 400 cf/month) from this year
 - › Over 63% of single family residential ratepayers will see benefit on their water resources bill (i.e. less than a 5.9% increase)
 - › Median single family users (400 cf./month) will see no increase
 - › Median duplex (600 cf/month) and triplex (900 cf/month) properties will see decreases
 - › Will have a customer class based rate structure which will allow for specific affordability based pricing of essential, residential water usage into the future



Public Outreach

- October 2019: Public Meeting
- Late 2019: NPAs and Public Works Commission presentations
- March 2020: City Council presentation
- 2021 “Restart” January - February 2021 : Board of Finance, Public Works Commission, TEUC presentations, NPAs
- April 2021:
 - › Public Meeting (streamed live on FaceBook and on Channel 17)
 - › Information Postcard for all residential addresses
 - › Notices in Seven Days, FPF and Facebook
 - › Direct communication with all irrigation and fire service customers
 - › Direct communication with heavily impacted customers (seeing more than \$2500 annual increase and > 10% increase)
 - › Obtained motion of support from Public Works Commission on 4/21/2021



Next Steps

q Continuous Improvement (April 2021-July 2021)

- Ø Incorporate feedback from all stakeholders
- Ø Review, validate and respond to impact summary requests
- Ø Ongoing QA/QC with data and required updates to billing system
- Ø Draft WRAP policy and any needed ordinance changes

q Approvals (April 2021-June 2021)

- Ø Transportation, Energy and Utility Committee (4/27/21)
- Ø City Council approval of rate & fee structure changes including WRAP (5/10/21)
- Ø City Council approval of budgets & rates for FY 22

q Implementation (July 2021-August 2021)

- Ø Changes will be effective beginning July 2021 and reflected on August bills
- Ø Additional round of outreach to all customers in advance of August bills

