CITY OF BURLINGTON

Water Resources Division

Rates & Affordability Project

Initial Ratepayer Engagement Tour

November 2019

BURLINGTON, VT PUBLIC WORKS

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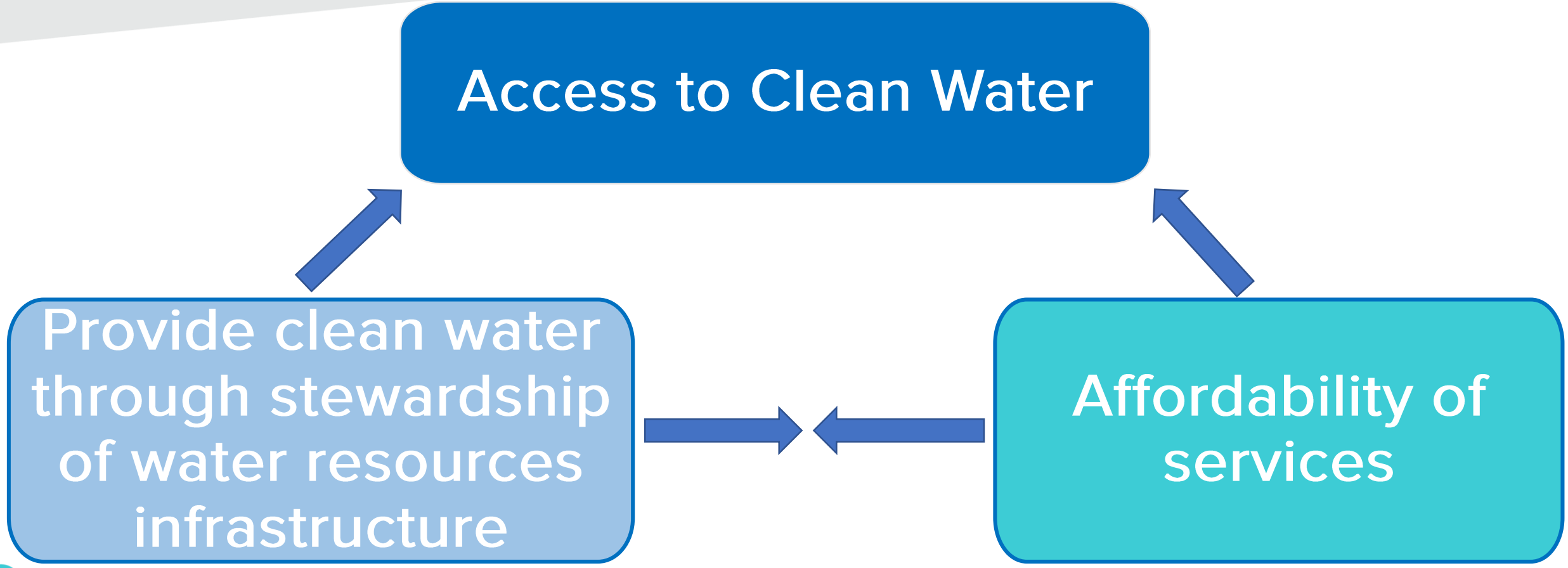
Tonight’s Agenda

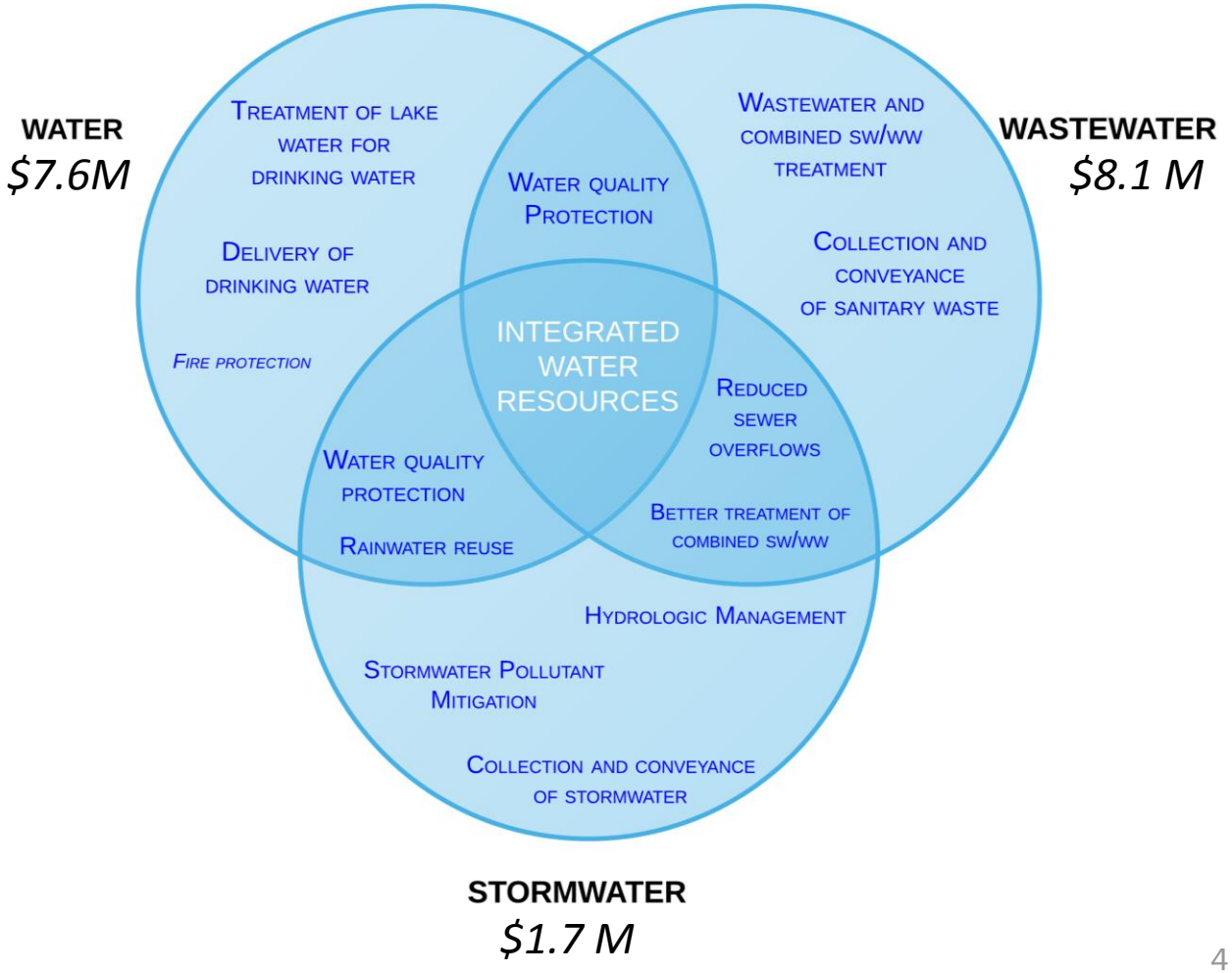
- Overview of Water Resources operations and capital investments
- Impetus for rate study and project tasks
- Summary of the catalog of options being considered and analyzed
- Remaining project schedule

Core Values


Access to Clean Water
Provide clean water through stewardship of water resources infrastructure
Affordability of services

Water Resources Overview

- 3 separate **enterprise** funds
  - Each fund is independently responsible for the recovery of annual revenue requirements
  - No reliance on property taxes
- Serve approximately 10,000 connections and 42,000 residents
- 43 full-time staff



Water Enterprise Fund Overview

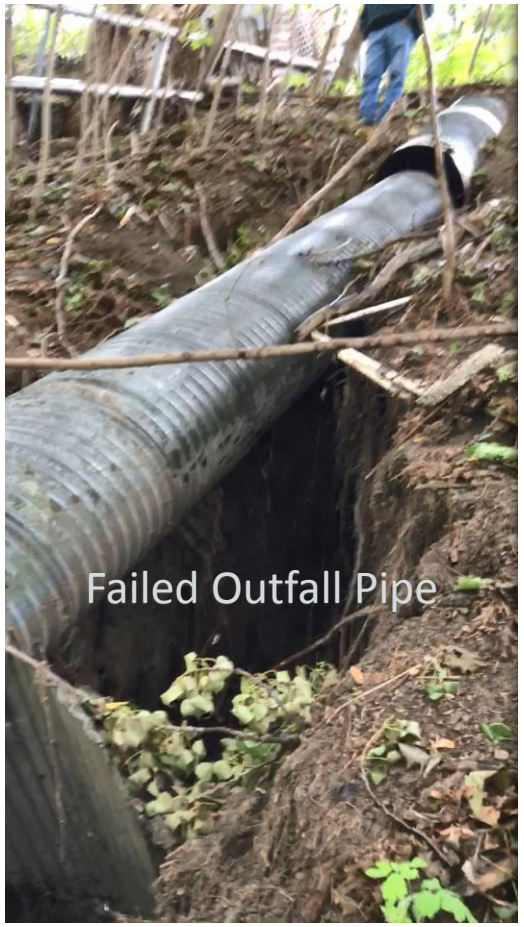
- Drinking Water
- Fire Protection
- Daily treatment and pumping of 4 million gallons from Lake Champlain to Burlington properties and small section of Colchester
- 7 million gallons of storage at Main Street reservoir
- 650,000 gallons of elevated storage at UVM Tank and Redstone tank
- Maintenance, repair and replacement
  - 110 miles of transmission and distribution mains
  - 1000s of feet of service lines
  - 911 fire hydrants
  - 10,000+ water meters

Wastewater Enterprise Fund Overview

- Water Recovery - Remove pollutants from sewage and combined sewer flow before discharge back to environment
- 3 Wastewater Treatment Plants, treating average of 1.8 billion gallons of flow annually
  - Annual Flow includes stormwater treated by Wastewater Plant
  - 95% phosphorus removal overall, with 97% P removal at Main Plant
- 25 pump stations
- Manage 10,000 tons of biosolids
- Maintenance, repair and replacement of Wastewater collection system
  - 49 miles sanitary sewer
  - 45 miles of combined sewer

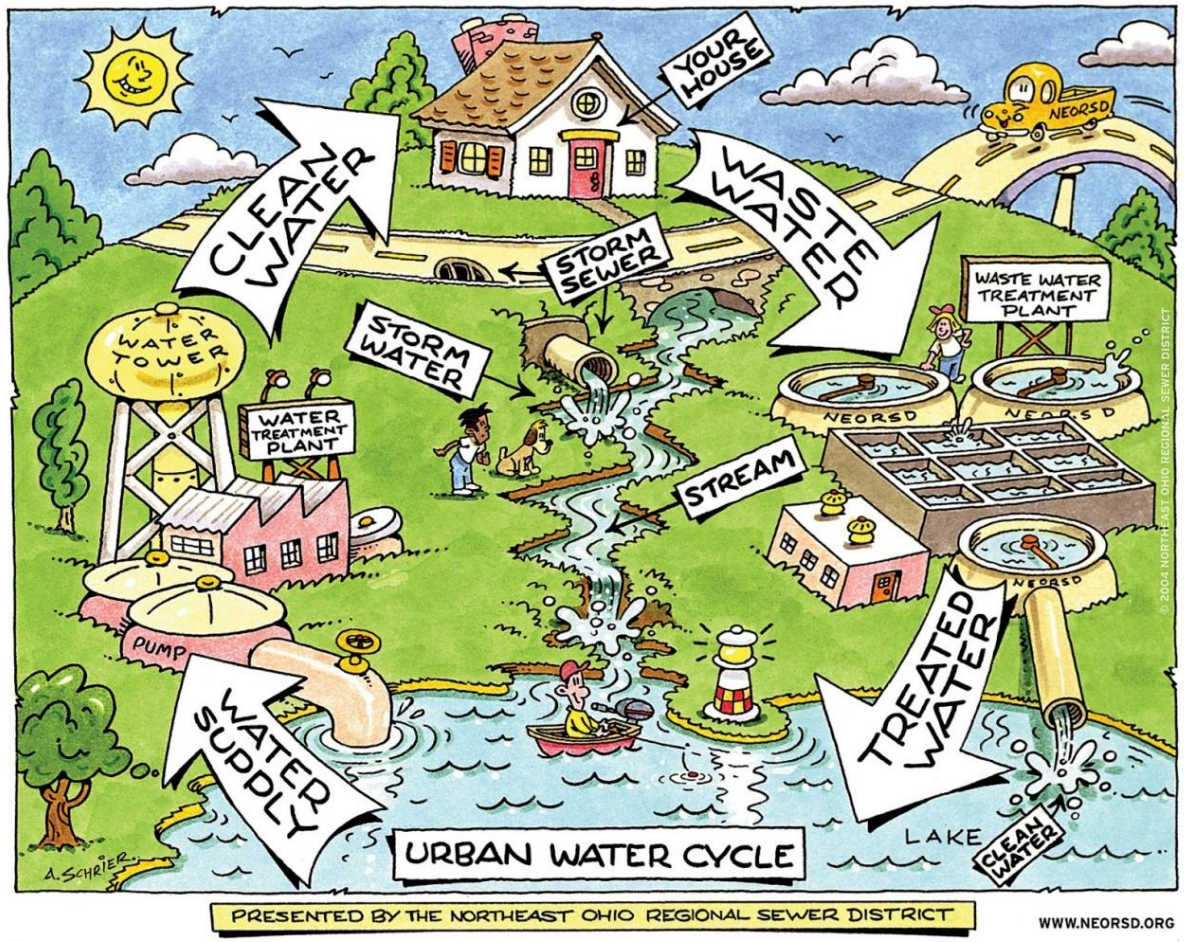
Stormwater Enterprise Fund Overview

- Reduce non-point source pollutants from entering waterbodies
  - Phosphorus
  - Bacteria
  - Sediment
  - Oils & Grease
- Reduce amount of stormwater volume contributing to combined sewer system overflows
- Ensure compliance
  - Erosion prevention and sediment control
  - Stormwater management
- Maintenance, repair, replacement
  - 37 miles of separate stormwater mains
  - 3200 storm drains
  - 102 stormwater outfalls



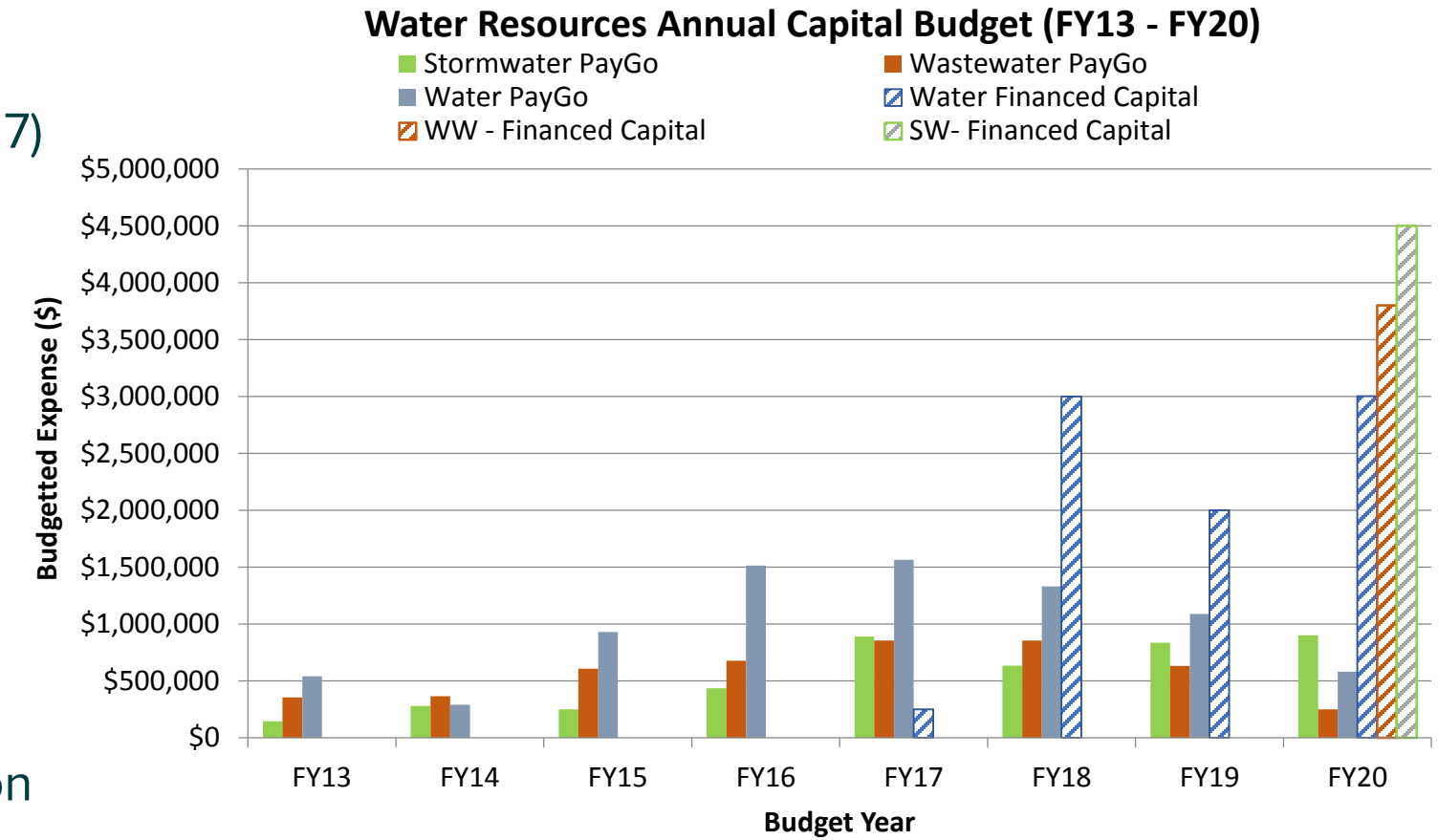
One Water…

- Integrated functions for:
  - Administration and oversight
  - Billing
  - Planning
  - Engineering
  - Project Review
  - Customer Care
- Results in:
  - Overall cost savings by sharing resources across funds
  - Holistic thinking



Capital Reinvestment Efforts

- Water
  - Water mains (starting in FY17)
  - Elevated Tanks FY20-21
- Wastewater
  - Disinfection System
  - SCADA/PLC
  - Pump Station
  - Collection System
- Stormwater
  - Collection System
  - Outfalls
  - Wet weather runoff reduction (combined sewer)

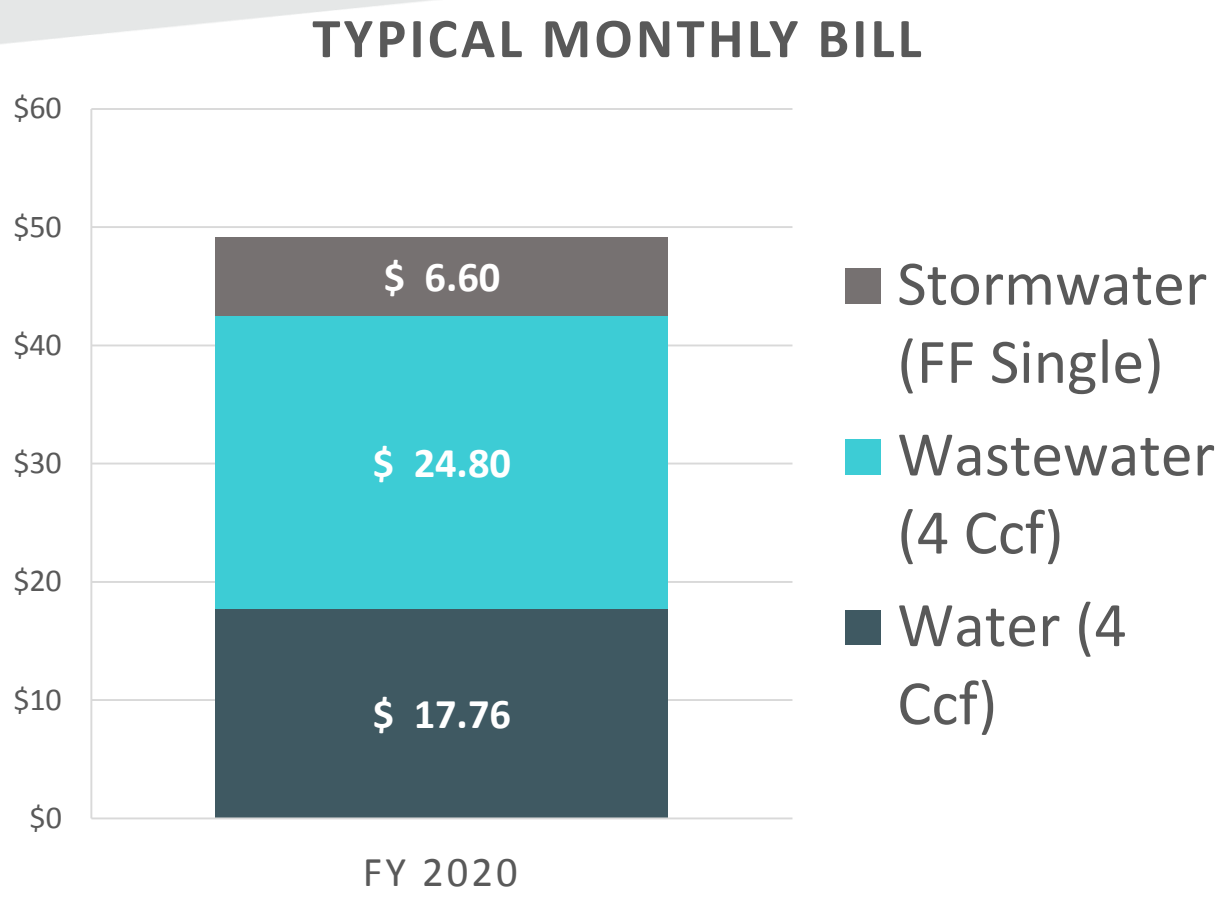


Rate Pressures

- **Big Budget Lines**
  - Personnel related costs
  - Debt service from 1990 WW upgrades
  - Indirect fees and PILOT from City
  - Biosolids contract
  - Electricity (pumping and aeration costs)
  - Chemicals
  - Repair & Maintenance
  - Debt Service from recent increase in capital investment

- **Anticipated Budget Pressures**
  - Personnel costs
  - Indirect fees and PILOT from City
  - Biosolids
  - Capital program
    - Replacement of existing aged infrastructure
    - Capital enhancements to meet newer regulations

Existing Rates & Charges



- **Water Rate:** $4.44 per 100 cubic feet (748 gallons)
- **Sewer Rate:** $6.20 per 100 cubic feet
- **Stormwater Flat Monthly Fees:**
  - Single-family = $6.60
  - Duplex = $6.56
  - Triplex = $7.56
  - All other customers are assessed $2.47 per 1,000 sq. ft. of impervious area

4.6 % overall water resources rate increase in FY20

Impetus for Rate & Affordability Study

- Recognizing the need for future rate increases, Water Resources was directed by Burlington City Council to evaluate the following options during fiscal year 2020
  - Alternative revenue sources;
  - Alternative rate structures, including progressively priced tiers to protect access to “essential” water; and
  - Affordability frameworks, including discounts for certain qualifying rate payers, water conservation programs and grants and loans for upgrades to service lines
- City Council also directed Water Resources to conduct an initial stakeholder process to educate and solicit input on Water Resources rates and to conduct a follow-up stakeholder process reporting on the proposed solutions

RATE STUDY GOAL

Ensure Burlington's Essential Access to Clean Water by:

1. Fully recovering all necessary costs
2. Equitably recovering costs
3. Maintaining affordable service

Priority Options Under Consideration

- Recover Costs and Stabilize Revenue
  - Standalone fixed charges by meter size
  - Connection charges (new connections)
  - Fire protection charges
  - Additional high-strength sewer surcharges
  - Capital recovery charges
  - New miscellaneous fees (account set-up, etc.)
- Affordability and Equity Enhancements
  - Lifeline volumetric rates
  - Volumetric rates by ratepayer customer class
    - residential (single and multi-family), commercial, irrigation
  - Low-income customer assistance programs
    - Leverage other income qualified programs to determine eligibility

Customer Charge	$8.21
Initial Block (<= 100 kWh)	$0.108068/kWh
Tail block (> 100 kWh)	$0.147735/kWh

Access vs. demand charge

Volumetric Rates	Per Ccf
Existing: All Usage	$ 4.44
Example for single family residential:	
Tier 1: 0-4 Ccf (lifeline)	$ 2.78
Tier 2: > 4 Ccf	$ 5.56

Full Suite of Affordability Programs for Consideration

Tools for Addressing Affordability

- Rate Structure Options
  - Lifeline rates
  - Alternative rate structures
- Bill Assistance Programs
  - Bill discounts
  - Fixed bills
  - Budget Plans
  - Write-offs
- Water Efficiency Options
  - Conservation assistance
  - Leak detection / repair
  - Education
- Other Measures
  - Stormwater management credit
  - Alternative billing practices
  - Financial counseling
  - Disconnection moratorium

Some approaches not implemented in FY21 may be implemented in a future phase

BIG QUESTION: How to ensure affordability improvements help renters who pay for water resources through their rent?

Project Schedule

- **October 29, 6-8 pm**: Initial Public Engagement Meeting;
- **November 2019**: Visit NPAs, social media campaign, presentation video and survey
- **December 2019 - January 2020**: Develop preliminary analyses
  - Identify cost savings/operational efficiencies
  - Estimate customer impacts from new or revised fees; anticipated revenue and rate benefit
  - Develop customer Assistance Program (CAP) framework
- **February 2020**: Council Work Session with stakeholders invited to inform stakeholders and obtain feedback on initial proposals:
  - Revenue requirements for next 5 years based on updated financial model
  - Identified cost efficiency opportunities
  - New revenue/fee opportunities
  - Rate options (up to 3 alternatives)
- **March 2020**: Visit NPA and other stakeholder groups with initial analyses
- **April 2020**: Board of Finance/City Council Meeting
  - Recommend final portfolio of options
  - Obtain decision to adopt new rate structure, fees, affordability programs etc.
- **June 2020**: Obtain approval for FY 2021 budget

Questions? Suggestions?

https://www.burlingtonvt.gov/DPW/Water/AffordabilityProject

BURLINGTON, VT PUBLIC WORKS

WATER'S WORTH IT.
YOU NEED WATER. WATER NEEDS YOU.

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