

CITY OF BURLINGTON

Water Resources Division

Rate & Affordability Project
Transportation, Energy, & Utilities
Commission

April 27, 2021



Rates & Affordability Refresher



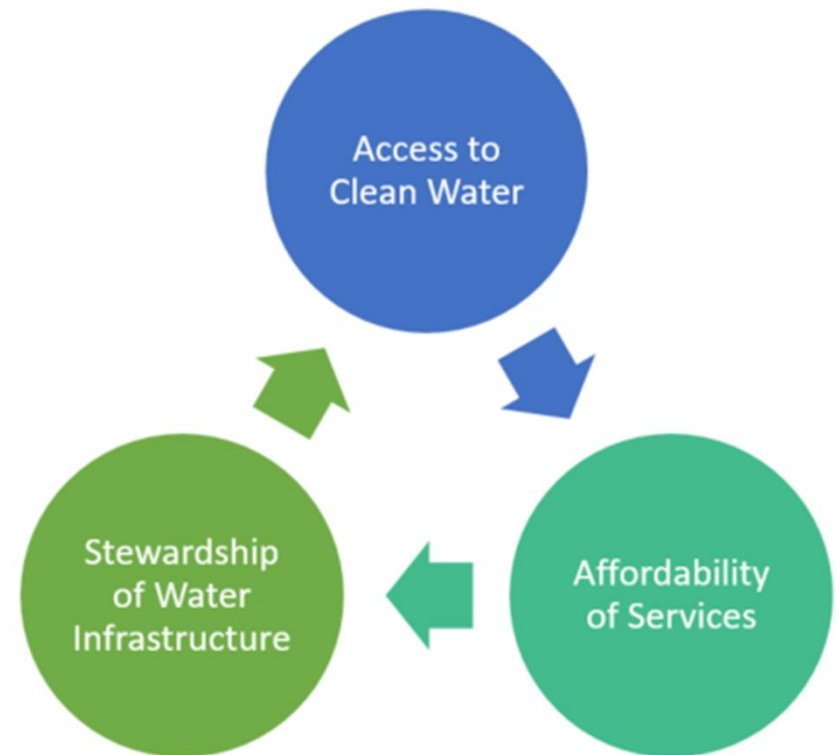
- Studied rate options keeping three objectives in mind:
 - › Ensure affordability of rates
 - › Improve financial health & sustainability, along with revenue stability
 - › Ensure rates are recouping the cost of service provided in an equitable manner



Crossroads: Core Values & Existing Rate Structure

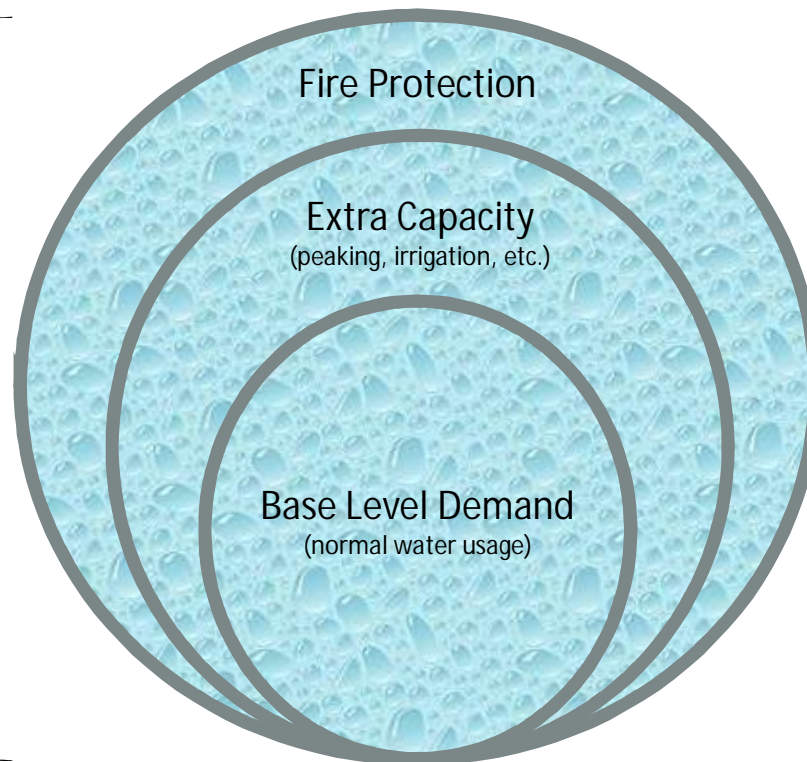
Sustainable funding is crucial to ensuring [access to clean water](#). We need money to take care of the infrastructure that produces and delivers clean, safe drinking water and collects, treats and manages wastewater and stormwater before it drains to our rivers and the lake.

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%

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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

