



**REVISED**

8:31 am, Apr 29, 2024

## **NOTICE OF MEETING CITY OF MELROSE, MASSACHUSETTS**

**ORGANIZATION: WATER & SEWER COMMITTEE**

**MEETING DATE: April 30, 2024**

**TIME: 7:00 PM**

**MEETING LOCATION: \*UPDATED LOCATION\***

**CITY COUNCIL CHAMBER – CITY HALL**

**REQUESTED BY: ELENA PROAKIS ELLIS, DPW DIRECTOR**

### **AGENDA**

1. PUBLIC COMMENT
2. LOW INCOME WATER THRESHOLD
3. DISCUSS UPCOMING ORDINANCE CHANGES
4. DISCUSS RATE RECOMMENDATIONS

**END**



## CITY OF MELROSE

### DEPARTMENT OF PUBLIC WORKS

Administration–Engineering–Water–Sewer–Facilities  
Parks–Forestry–Highway–Sanitation–Cemetery–Fleet

Elena Proakis Ellis, P.E., BCEE  
Director of Public Works

City Yard, 72 Tremont Street  
Melrose, Massachusetts 02176  
Telephone – (781) 665-0142  
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### MEMORANDUM

**To:** Melrose City Council

**From:** Elena Proakis Ellis, Director of Public Works

**Cc:** Mayor Jen Grigoraitis  
Lauren Grymek, Chief of Staff

**Date:** April 25, 2024

**Subject:** Information to be Presented at April 30, 2024 Water and Sewer Rate Committee Meeting

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The Melrose Water and Sewer Rate Committee has been meeting throughout 2024 to evaluate the needs for the Water and Sewer Enterprise Funds for FY25 and to develop recommended FY25 rates to meet our revenue obligations. City staff use a rate model that was developed by consultants from Raftelis during the FY17 rate-setting process. The City has continued to populate the model annually, using it to project the rates associated with revenue needs of each fiscal year, with a final review by Raftelis prior to recommending the annual rate adjustments.

In FY25, the revenue requirement for the Water Enterprise Fund is \$7,646,922 and for the Sewer Enterprise Fund is \$9,249,678. The calculation of the volumetric rates required to meet these requirements is heavily dependent on water use projections. In the past two years, water use was lower than projected, especially in summer 2023 when rainfall was much higher than usual, resulting in our revenue being lower than projected.

If we use the actual water usage over the last 12 months to calculate the rates necessary to meet revenue requirements in FY25, the average Melrose household (which uses 1,800 cubic feet per quarter) would have a combined rate increase of 5.9% on their water and sewer bill. This reflects the rate that the model would recommend based purely on the input data.

With all of the other financial obligations of Melrose taxpayers and ratepayers, the Water and Sewer Rate Advisory Committee developed three other scenarios for discussion at our next meeting, scheduled for 7:00 PM on Tuesday, April 30th. These scenarios, numbered 2, 3, and 4, are described in the table that follows, along with the scenario described above (Scenario 1).

Description	Combined Percent Increase for Average Household	Total Quarterly Cost Increase for Average Household
<b>Scenario 1:</b> Assumes FY25 water use will match the last 12 months	5.9%	\$22.32
<b>Scenario 2:</b> Assumes 2.3% increase in sewer use to target no increase to the sewer rate; water use matches the last 12 months	4.8%	\$17.95
<b>Scenario 3:</b> Assumes 2.3% increase in both water and sewer use compared to the last 12 months	3.9%	\$14.53
<b>Scenario 4:</b> Targets a 2.9% combined rate increase by assuming 5.1% increase in water use at 2.3% increase in sewer use	2.9%	\$10.75

If water and sewer use end up being equivalent to the last 12 months, the revenue generated by each scenario would be follows, as compared to the revenue requirements:

Description	Water Projected Revenue	Water Potential Shortfall	Sewer Projected Revenue	Sewer Potential Shortfall
<b>FY 25 Revenue Requirement</b>	\$7,646,922	N/A	\$9,249,678	N/A
<b>Scenario 1</b>	\$7,661,904	None	\$9,294,463	None
<b>Scenario 2</b>	\$7,661,904	None	\$9,115,971	\$133,707
<b>Scenario 3</b>	\$7,507,839	\$139,083	\$9,115,971	\$133,707
<b>Scenario 4</b>	\$7,333,814	\$313,108	\$9,115,971	\$133,707

Each of these scenarios will be discussed at our April 30<sup>th</sup> meeting, prior to the committee proposing recommended rates to the City Council. We welcome your thoughts, either during the public comment portion of the meeting or in advance of the meeting.

If you have any questions, please feel free to reach out to me prior to the meeting at 781-507-5952. Thank you.



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### MEMORANDUM

**To:** Melrose Water and Sewer Rate Committee  
**From:** Elena Proakis Ellis, Director of Public Works  
**Cc:** Mayor Jen Grigoraitis  
Lauren Grymek, Chief of Staff  
**Date:** April 29, 2024

**Subject:** Summary of Discussion Regarding Senior and Low Income Water/Sewer Discount Programs

This memo provides a brief summary of the outcome of the discussion at our April 9, 2024 meeting regarding water and sewer senior citizen and low-income discount programs. Please note that while the City also has discount programs for trash fees, they are not under the jurisdiction of our committee so are only discussed here as they relate to our water and sewer discount programs.

The attached summary of our current discount programs was distributed at the meeting. Based on this summary, the following preliminary recommendations were discussed:

1. Make no changes to the usage threshold (6,250 cf/year) to qualify for the senior discounts. This threshold is based on state standards for essential water use and is conservative for Melrose, which averages well under the state threshold per user. Approximately 55% of all Melrose water accounts fall below the threshold, so this was deemed an appropriate number for use in our discount programs.
2. Change the low-income water discount income thresholds, which are presently set at a maximum of \$15,000 single gross income and \$23,000 married gross income. These thresholds are so low that no one presently qualifies for this discount. By setting these thresholds to match the 100% trash discount values (\$35,000 single gross income and \$40,000 married gross income), the three households who qualify for the low-income 100% trash discount would now also be eligible for a 20% discount on their water and sewer bills. We did not reach a conclusion about whether the usage threshold should still apply, or, alternatively, whether the discount should only be applied to the first 6,250 cf of annual water use.

3. Consider further whether to allow the current condo discount to also be used by senior citizens living in owner-occupied two-family residences (owned by the senior citizen(s)), if they meet the usage threshold for the entire property divided by the two units. This is the same way we calculate the usage threshold for our condo discount. The senior two-family discount would be for a set dollar value matching the condo discount.
4. While Items 2 and 3 above were discussed as changes we may want to make for FY25 water and sewer bills, we also discussed future items that the committee would like to consider, for FY26 or later:
  - a. Change the income thresholds for all discount programs to tie to an outside program that increases with inflation and is feasible for the City to evaluate, so that the income thresholds would automatically change with time and the City would not have to continually evaluate the appropriateness of our income thresholds.
  - b. Consider whether to move away from non-income-based discounts, whereby existing senior citizens receiving discounts would be grandfathered in, but all future discounts would be needs-based only.

I look forward to discussing these items in more detail at our April 30<sup>th</sup> committee meeting. Thank you.

Senior/Low income Discount Impact Analysis

**Senior Discounts**

- \* Must be 65 years of age or older on the day you apply
- \* Owner/occupant must occupy the property as your principal place of residence

**Trash Discount 50 or 100%**

- \* Is single with gross income (not total taxable) of \$65,870 or less for 50% discount
- \* Is married with gross income (not total taxable) of \$75,280 or less for 50% discount
- \* Is single with gross income (not total taxable) of \$35,000 or less for 100% discount
- \* Is married with gross income (not total taxable) of \$40,000 or less for 100% discount

**Water/Sewer Discount 20%**

- \* Annual water consumption by applicant must not exceed 6,250 cubic feet
- \* Water meter must be upgraded and in working condition

**Condo owner water/sewer \$146 real estate credit**

- \* Annual water consumption by applicant must not exceed 6,250 cubic feet.
- \* Consumption will be based on condo's annual consumption divided by the # of units

**Low Income Discounts**

- \* Owner/occupant must occupy the property as your principal place of residence

**Trash Discount 100%**

- \* Is single with gross income (not total taxable) of \$35,000 or less
- \* Is married with gross income (not total taxable) of \$40,000 or less

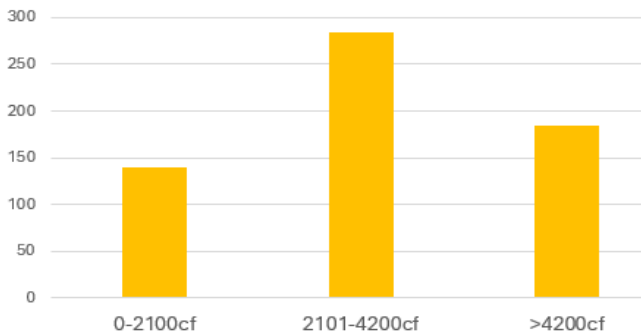
**Water/Sewer Discount 20%**

- \* Is single with gross income (not total taxable) of \$15,000 or less
- \* Is married with gross income (not total taxable) of \$23,000 or less

Total Senior W/S Discounts	640
Total Condo W/S Discounts	87
Total Trash Discounts (100%)	97
Total Trash Discounts (50%)	107
Total Low Income Trash Discounts (100%)	3
Total Low Income W/S Discount	0

Current cost of Program 6250cf per year			Projected cost of Increasing threshold 7000cf per year			Impact Notes
Total # of Residential Properties	8063		Total # of Residential Properties	8063		
Current # Qualified Users	4426	55%	# of Qualifying Households	5074	63%	
# of Actual Discounts	640	14%	# of Discounts (based on current actual discount %)	730	14%	
Avg yearly consumption	3453		New Avg yearly consumption	3890		
Avg annual discount	\$149.31		Avg annual discount	\$143.05		
Avg yearly discount-water	\$32,530		Avg yearly discount-water	\$41,804		
Avg yearly discount-sewer	\$48,729		Avg yearly discount-sewer	\$62,621		
Avg yearly discount condo	\$12,702		Avg yearly discount condo	\$12,702		
Avg yearly discount-Total	\$93,961		Avg yearly discount-Total	\$117,127		

Current Water/Sewer Discounts by Usage Amt



Water & Sewer Discounts issued per year

