

COMMONWEALTH OF MASSACHUSETTS
CITY OF LOWELL

In City Council

ORDINANCE

An Ordinance Amending the Code of Ordinances City of Lowell, Massachusetts, with respect to Chapter 272, Article VI §272-86 entitled "Metered Service Water".

It is necessary to amend §272-86 entitled "Metered Service Water" with respect to fees.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOWELL, as follows:

"The Code of Ordinances of the City of Lowell, Massachusetts", adopted by the City Council on December 23, 2008, as amended, is hereby further amended, with respect to Chapter 272 entitled "Water and Sewers", as follows:

§272-86 Metered Service Water is hereby amended as follows:

By deleting the rate schedule listed and substituting the following rates, effective July 1, 2024:

A. Regular Rates.

1. Effective for bills issued after July 1, 2024, all metered service for water use shall be charged in accordance with the following rate schedule based on volume of water use on a quarterly basis:

Number of hundred cubic feet per quarter	Rate per hundred cubic feet per quarter
0 – 50 (min. 14 hcf)	3.09
51 – 100	3.65
101 – 200	3.71
201 – 500	3.76
Over 500+	5.15

2. Usage is as recorded on the meters in each building served with water by the Lowell Regional Water Utility in which a meter is installed. On such premises where meters record a quarterly consumption of less than 1,400 cubic feet of water, there shall be charged a minimum amount of \$43.28 per quarter, per meter.

B. Single-family rates.

1. Single-family units shall be charged at the rate set forth in Subsection A hereof.

2. For single-family units where the elderly rates under Subsection C hereof are not applicable and where meters record a quarterly consumption of less than 1,400 cubic feet of water, there shall be charged a minimum amount of \$43.28 per quarter, per meter.

C. Elderly Discount

1. Notwithstanding Subsections A and B above, for single-family units in which an owner of record who actually resides in the premises is age 65 years or older, the following rate schedule shall apply, based on the volume of water use on a quarterly basis:

Number of hundred cubic <u>feet per quarter</u>	Rate per hundred cubic <u>feet per quarter</u>
0 – 50 (min. 14 hcf)	1.38
51 – 100	2.76
101 – 200	3.26
201 – 500	3.38
Over 500	3.38

2. Proof of age, ownership and residence shall be required to be established by the owner to the satisfaction of the Water Department, annually, as of January 1 of each year, on forms to be furnished by that Department.

D. Any charge for trash/recycling or water or sewer use due to the City which is not paid in full by the due date on the bill rendered therefor shall bear interest on any unpaid balance at the rate of 14% per annum, in accordance with Chapter 28, § 28-12 of this Code, provided that in any case where said charge has been abated by order of the Executive Director of Lowell Regional Water Utility or the Water Board pursuant to Article VII or VIII of this chapter, the Executive Director and Board shall have the power to stay and/or waive any such interest for a commensurate amount. Further, the Board and/or Executive Director of the Lowell Regional Water Utility may abate or adjust in whole or in part interest on a recalculated water bill.

All provisions of the Code of the City of Lowell, as amended, which are consistent with this Ordinance shall continue in effect but all provisions of said Code inconsistent herewith are repealed.

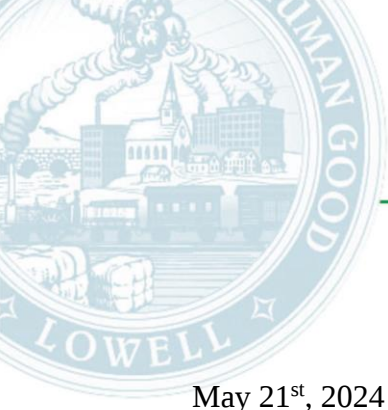
This Ordinance shall take effect upon its passage in accordance with the provisions of Chapter 43 of the General Laws of the Commonwealth of Massachusetts, as amended, but as specified herein, the rate provisions become effective and July 1, 2024.

APPROVED AS TO FORM:

Corey Williams

City Solicitor

Ordinance/SEWER-WATER/FY25



Thomas A. Golden, Jr.
City Manager

May 21st, 2024

Mayor Daniel Rourke
And
Members of the Lowell City Council

Dear Mayor Rourke and Members of the Lowell City Council,

In 2019, the City Council approved a \$45 million loan authorization financed by the water enterprise fund in order to fund capital expenses including new construction and replacement of water main and appurtenances, repairs to existing transmission main vulnerabilities, and upgrades to the treatment facility. These improvements were critical to ensure the resiliency of the city's drinking water infrastructure. Clean water is an important component of public health which has—since the onset of COVID-19—become ever more important.

Thanks in large part to the large scale deployment of advanced metering technology financed by a loan order approved by the City Council in 2013, the water enterprise fund performed well for many years with little need for rate adjustment over the last decade. Revenues increased due to a better accounting of usage. While the fund performed well for many years, the additional debt service associated with phase 2 construction to replace ageing infrastructure has begun to hit the water operating budget and the retained earnings of the enterprise have begun to diminish. The city continues to work with the Massachusetts Clean Water Trust (MCWT) to pursue low-interest financing on eligible water projects. Projects accepted by the MCWT to be financed through their loan pools benefits from low interest rates and bear the potential of loan forgiveness if funds are appropriated by the Commonwealth. However, now that the water fund has realized its full revenue potential, the ability to raise revenue without amending rates has concluded.

The true purpose of enterprise accounting is such that the users pay for the costs of the service in a way that is proportional to their usage. This method is far more fair and equitable than the alternative: for the cost of the water operation to be borne by all taxpayers uniformly. By employing enterprise fund accounting, the rates are set commensurate with the operation and the city can be sure that entities which pay for utilities like water and sewer, but are exempt from taxes under state law are paying their fair share.



Thomas A. Golden, Jr.
City Manager

Attached please find a vote to amend the water rate for FY25. The change in rate is detailed in the table below. A detailed explanation as to the rationale, as well as a comprehensive financial analysis are also enclosed from the Chief Financial Officer.

FY 2024	Tiers					
Rate/Tiers	Min. (0-14)	1 (14-50)	2 (51-100)	3 (101-200)	4 (201-500)	5 (Over 500)
Residential	\$38.64	\$2.76	\$3.26	\$3.31	\$3.36	\$4.60
Elderly	N/A	\$1.23	\$2.46	\$2.91	\$3.02	\$3.02
Commercial	\$38.64	\$2.76	\$3.26	\$3.31	\$3.36	\$4.60
Irrigation	N/A	\$2.76	\$3.26	\$3.31	\$3.36	\$4.60

FY 2025	Tiers					
Rate/Tiers	Min. (0-14)	1 (14-50)	2 (51-100)	3 (101-200)	4 (201-500)	5 (Over 500)
Residential	\$43.28	\$3.09	\$3.65	\$3.71	\$3.76	\$5.15
Elderly	N/A	\$1.38	\$2.76	\$3.26	\$3.38	\$3.38
Commercial	\$43.28	\$3.09	\$3.65	\$3.71	\$3.76	\$5.15
Irrigation	N/A	\$3.09	\$3.65	\$3.71	\$3.76	\$5.15

* This represents an increase of approximately \$6.96 per quarterly bill for the average residential user

Sincerely,

Thomas A. Golden, Jr.
City Manager

Cc: Conor Baldwin, Chief Financial Officer
Steve Duchesne, Water Director