

Honorable Board of Aldermen
Newton City Hall
1000 Commonwealth Avenue
Newton, Massachusetts 02459

Ladies and Gentlemen:

In accordance with Section 2-6(c) of the Newton City Charter, I hereby call for a SPECIAL MEETING of the Board of Aldermen to convene on WEDNESDAY, MAY 12, 2010 at 7 PM. A motion to enter into a COMMITTEE OF THE WHOLE with Finance presiding will be offered in order to hear public comment on the proposed Water and Sewer Rates, to open the CIP Public Hearing and begin the FY' 11 Committee of the Whole budget deliberation process.

REFERRED TO PUBLIC FACILITIES AND FINANCE COMMITTEES

#121-10(2) HIS HONOR THE MAYOR submitting recommended FY2011 Water and Sewer Rates for implementation on July 1, 2010.

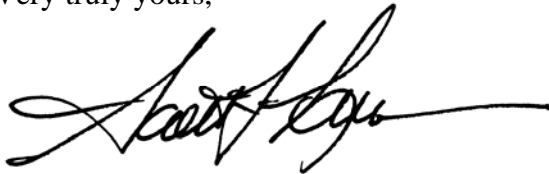
REFERRED TO FINANCE AND APPROPRIATE COMMITTEES

#376-09 HIS HONOR THE MAYOR submitting the FY11-15 Capital Improvement Program, totaling \$140,377,285 and the FY10 Supplemental Capital budget, which require Board of Aldermen approval to finance new capital projects over the next five years.

REFERRED TO FINANCE AND APPROPRIATE COMMITTEES

#121-10 HIS HONOR THE MAYOR, in accordance with Section 5-1 of the City of Newton Charter, submitting the FY' 11 Municipal/School Operating Budget totaling \$340,073,328, passage of which shall be concurrent with the FY' 11- FY' 15 Capital Improvement Program. [04-13-10 @ 7:09 PM]
EFFECTIVE DATE OF SUBMISSION: 04/20/10; LAST DATE TO PASS BUDGET 06/4/10

Very truly yours,



Scott F. Lennon



City of Newton, Massachusetts
Office of the Mayor

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MAYOR

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April 30, 2010

Honorable Board of Aldermen
Newton City Hall
1000 Commonwealth Avenue
Newton, MA 02459

Ladies and Gentlemen

I write to recommend to your Honorable Board changes in the Revised Ordinances to implement new water and sewer rates effective July 1, 2010.

10 APR 30 PM 3:44
CITY CLERK
NEWTON, MA 02159

HCF Per Quarter	Water Rate per HCF		Sewer Rate per HCF	
	Old	New	Old	New
0 - 20	\$4.14	\$5.14	\$8.28	\$7.28
21 - 70	\$4.97	\$6.17	\$9.94	\$8.74
> 70	\$5.96	\$7.40	\$11.93	\$10.49

These charges represent a rebalancing among water and sewer rates with a net 0% impact to ratepayers (see table below).

Proposed FY11 Water and Sewer Rates - Effective July 1, 2010

Water Rate			Sewer Rate		
Old	New	Difference	Old	New	Difference
4.14	5.14	\$1.00	8.28	7.28	(\$1.00)
4.97	6.17	\$1.20	9.94	8.74	(\$1.20)
5.96	7.40	\$1.44	11.93	10.49	(\$1.44)
\$15.07	\$18.71	\$3.64	\$30.15	\$26.51	(\$3.64)

Based upon city-wide estimated average residential water use of 95 HCF, homeowners' combined annual water and sewer bill is unchanged at \$1,217.25.

The adjustments to the FY11 Water and Sewer rates are made within the context of the FY10 mid-year rate increase which went into effect on January 1, 2010. While expenses to support water and sewer operations are increasing in FY11, the scope of the mid-year FY10 rate adjustment is sufficient to cover anticipated expenses, a projected FY10 year-end shortfall in the Sewer account, and supplement the respective water and sewer reserve accounts.

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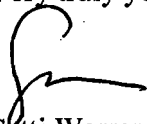
DEDICATED TO COMMUNITY EXCELLENCE

The proposed FY11 rates reflect FY10 actual usage, by tier, through March and a projection for the final three months of the fiscal year based on the lowest comparable use, by tier, by month, over the three year FY07-09 period. Under this methodology, the total consumption estimate declines by 7.9% from the estimate used to support the original FY10 rates reflecting the continued downward trend in billed water use.

The proposed rates address a projected \$1 million year-end shortfall in the Sewer Fund. A deficit is also projected in the Water Fund but unlike the Sewer Fund, the Water Fund has adequate reserves to address the estimated shortage.

Proposed contributions to the water and sewer reserve accounts totaling \$1.3 million reflect the commitment made to the BOA, as part of the FY10 mid-year rate adjustment, to work toward the Government Finance Officers Association (GFOA) recommendation to maintain an unreserved fund balance of no less than one to two months of regular operating expenditures.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Setti Warren', with a stylized flourish at the end.

Setti Warren
Mayor

FY 2011 Proposed Water & Sewer Rates

FY 2010 Water/Sewer Rates (Revised on January 1, 2010)

HCF	Water Rate	Sewer Rate
0 - 20	\$4.14	\$8.28
21 - 70	\$4.97	\$9.94
> 70	\$5.96	\$11.93

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 CITY CLERK
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FY 2011 Water/Sewer Revenue Needs

	Water	Sewer	Total
Mayor's Proposed Budget	18,393,446	25,977,380	44,370,826
<i>Subtotal</i>	<i>\$18,393,446</i>	<i>\$25,977,380</i>	<i>\$44,370,826</i>
Other Costs			
Contribution to FY10 Sewer Deficit	0	1,000,000	1,000,000
Contribution to Reserves	520,000	780,000	1,300,000
Administrative Overhead From Water Fund	0	(922,778)	(922,778)
<i>Subtotal</i>	<i>\$520,000</i>	<i>\$857,222</i>	<i>\$1,377,222</i>
Total Revenue Needed	\$18,913,446	\$26,834,602	\$45,748,048

HCF	Consumption	Water Rate	Sewer Rate	Water Revenue	Sewer Revenue	Total Est. Revenue
0 - 20	1,005,513	\$5.14	\$7.28	\$5,168,337	\$7,320,135	\$12,488,471
21 - 70	1,236,669	\$6.17	\$8.74	\$7,630,248	\$10,808,487	\$18,438,734
> 70	831,947	\$7.40	\$10.49	\$6,156,408	\$8,727,124	\$14,883,531
	3,074,129	1.00	(1.00)	\$18,954,992	\$26,855,745	\$45,810,737
Surplus/(Deficit)				\$41,546	\$21,143	\$62,689

Note: 1) FY11 consumption projection based on FY10 actual consumption, by tier, through March 2010 and Apr-Jun lowest comparable use, by tier, by month, over the three year FY07-09 period