



**TOWN OF HANOVER**  
 DEPARTMENT OF MUNICIPAL FINANCE  
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TO: Board of Selectmen  
 FROM: Lincoln Heineman, Director of Finance  
 Victor Diniak, Director of Public Works  
 DATE: December 6, 2019  
 RE: Water Usage Rates

The Massachusetts Department of Revenue has informed the Town that it must raise water rates in Fiscal Year 2020 because we are not meeting revenue required for the budget appropriated by Town Meeting. One of the primary reasons for this is the effectiveness of DPW's efforts to educate and enforce the water ban. In response to DOR's mandate, the Town Manager has changed the fees<sup>1</sup> set by him which are subject to ratification by Town Meeting in May. In order to realize the remaining amount needed, the Board of Selectmen, pursuant to Section 7 of the Town Manager Act, needs to raise the municipal water usage rates set by the Board. The current rates have remained unchanged since 2015.

Each of the following two scenarios would achieve the goal<sup>2</sup>:

Tier	Cu Feet / Q <sup>3</sup>	Current Rate	Proposed 1 % Increase	Proposed 1 Rate	Proposed 2 % Increase	Proposed 2 Rate
1	0-500	\$2.80	5%	\$2.94	13.5%	\$3.18
2	501-3000	\$5.27	5%	\$5.53	13.5%	\$5.98
3	3001-4000	\$8.69	10%	\$9.56	13.5%	\$9.86
4	4001+	\$11.07	30%	\$14.39	13.5%	\$12.56

**Current rate annual revenue ≈ \$2,650,000**

**Proposed 1 & 2 scenarios anticipated annual revenue<sup>4</sup> ≈ \$3,000,000**

<sup>1</sup> See attached rate schedule

<sup>2</sup> See attached impact on the Town Manager's family (of four + a pool) water bill under the two scenarios

<sup>3</sup> One Cubic Foot = 7.48 gallons

Tier	Meter Size	Current Quarter Rate	Proposed 1- Rate	Proposed 2 Rate
1	5/8" x 3/4"	\$38.00	\$40.00	\$44.00
2	3/4"	\$63.80	\$67.00	\$73.00
3	1"	\$101.28	\$112.00	\$115.00
4	1.5"	\$202.50	\$254.00	\$230.00
5	2"	\$304.90	\$397.00	\$347.00
6	2"+	\$632.88	\$823.00	\$719.00

**Current annual revenue ≈ \$900,000**

**Proposed 1 & 2 scenarios annual revenue ≈ \$1,000,000**

To avoid this issue in the future, the Finance Director and Town Manager recommend that the Board of Selectmen adopt a policy mandating that the Board of Selectmen review and adopt a rate structure each year prior to the start of every new fiscal year. Staff will assist the Board with this task – if the Board feels that this would be appropriate – by drafting a policy for consideration over the next few months.

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<sup>4</sup> Assuming same volume of sales as the first quarter of FY2020