



## *Memorandum*

To: Board of Selectmen

From: Martha White, Town Administrator  
Michael Young, Deputy Town Administrator  
Robert Palmer, Finance Director

Date: May 19, 2008

Re: Multi-Unit Meters

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Beginning with staff's initial memo of April 22, 2008, we have received several inquiries from private citizens requesting conversion of large single meters on multi-unit properties to individual unit meters. Staff has spent considerable time reviewing this particular issue, and this memorandum attempts to address those concerns.

The current system of meter measurement accurately measures water usage. The Town of Natick has spent the last several years completely replacing the water meters throughout the Town to improve meter reads. The most appropriate solution to the multi-unit problem is the replacement of pit meters with individual meters. As noted in multiple memos, staff supports this change, but acknowledges that significant capital costs are involved with this transition – namely meters at \$400/piece plus plumbing, labor and other costs. This solution may be prohibitively expensive for some property owners to implement.

Another solution proposed is to implement averaging of multi-unit meters. This is a practice which is performed by two other municipalities in the Commonwealth that we are aware of. – Newton and North Andover. The dilemma with implementing average meters is how to implement such a system while maintaining an objective sense of fairness and not overburdening limited staff resources. Staff is unified in the opinion that if we implement average billing for one set of Master-meter/multi-unit meter customers, you should implement it for all. Since the current accounting and billing software options do not allow for the automation of averaging, staff would be required to issue roughly 40 bills by hand per week. This amounts to over 200 bills per month, 656 per quarter and over 2500 per year.

Averaging also inserts a degree of subjective analysis into the usage determination process. Staff is leery of implementing a system whereby there is no defined data to rely upon making a

bill determination. Such a system would result in lower bills for the average user in a multi-unit development, but questions and problems exist. For example:

- If the residential customer is a rental unit, they will not necessarily realize the savings, since statutorily, water bills for rental units are billed and paid by the landlord.
- If a pit meter serves all water consumers, averaging would give a break to those using irrigation via the pit meter connection.
- Vacant units are also problematic in regards to ensuring equity in an averaging system. For example, if a building has 12 living units, of which 2 are vacant, simply dividing the number of units in the complex by the actual read from the pit meter would artificially lower the per/living unit usage, and very likely could push them into a lower tier, resulting in higher bills for the remainder of Natick's ratepayers. The example below illustrates this:

- 1) Meter read: 120 HCF/Quarter.
- 2) Divide the read of 120HCF/12 living units = Average Bill of 10 HCF. If two units are vacant, then the real consumption should be 120HCF/10 living units, or average bill of 12 HCF.
- 3) This would mean that bills would be created at the 0-10HCF tier, otherwise known as Tier 1 – which is the lowest tier in this year's rate structure. However, if the vacant units were accounted for, bills should be sent out at the 11-20HCF Tier, or Tier 2. The burden in this case falls to other ratepayers to make up the difference.

This would not be an issue if either a) every unit was individually metered or b) the Town had a way of knowing vacant units within a condominium or apartment complex. The reality is, however, the Town Assessor's or any other department does not have the ability to monitor vacant units.

Finally, although a general policy of averaging could be implemented, it would not be implemented across all Master Meter's due to agreements between the Town of Natick and several master meters, namely those developments that exist outside the town boundaries. Each of those developments would need to be reviewed one-at-a-time.

Staff believes that it is better to maintain the current system and examine alternatives to the multi-unit/pit meter situation than to institute an averaging system which benefits some but creates inequity for others. We will continue to pursue ways to mitigate these meters and continue to discourage the implementation of master meters in new developments.

Finally, we have attached to this memo a previous study of multi-unit meters undertaken by a former member of the Board of Selectmen for your information.

Please let us know if you have any questions.