

ITEM # 11a
DATE 01-13-2009

COUNCIL ACTION FORM

SUBJECT: CUSTOMER REQUEST FOR A ONE-TIME EXCEPTION FROM THE 5,000 CUBIC FOOT CALENDAR YEAR TOTAL EXEMPTION ALLOWED ON SEWER CHARGES

BACKGROUND:

Roger Swenson submitted a letter to the City Council requesting an exception from the 5,000 cubic foot exemption allowed on the sewer charges billed on the October 21, 2008 utility statement for 717 Onyx Street. The letter was referred to staff.

The house was vacant when the water heater drain plug broke, resulting in 121,220 cubic feet of water usage. As a result of this situation, Mr. Swenson was billed \$2,043.05 for sanitary sewer charges. A portion of the water went to the sump pump and was pumped into the storm sewer system. The remaining water went to the floor drain and flowed into the sanitary sewer system.

Staff believes it is reasonable to estimate that up to one-third (40,400 cubic feet) of the water did not reach the sanitary sewer system. Under this assumption, Mr. Swenson's total obligation would be reduced to \$1,364.33

The sewer rate structure amended by the City Council in May 2008 allows for an exemption of up to 5,000 cubic feet of water usage in a calendar year if in any billing period more than 2,000 cubic feet of water is used in such a way that the water does not reach the sanitary sewer system. The entire exemption must be granted over no more than two consecutive billing periods. The exemption is based on the premise that the water does not reach the sanitary sewer system so the Utility does not incur any costs. The initial rationale for placing a maximum cap on the sewer exemption was to limit the use of an estimated exemption. Where a customer has a recurring water use that does not reach the sanitary sewer, the preferred method of calculating the sewer exemption is for the customer to install a separate meter. The request at hand demonstrates the subjectivity of determining how much water actually reaches the sanitary sewer.

Staff recommends that the sewer ordinance be revised to eliminate the cap on the exemption, and in its place grant staff the authority to determine an appropriate exemption on a case-by-case basis. The total number of exemptions would still be limited to once per calendar year, and will still be limited to no more than two consecutive billing cycles. This change would allow the greatest degree of flexibility for

staff to adjust the charges based on the actual quantity of water that reached the sanitary sewer system, while retaining the incentive for customers with recurring uses to install a separate meter.

ALTERNATIVES:

1. Direct staff to submit a rate ordinance revision removing the 5,000 cubic foot total calendar year exemption, and granting staff the authority to determine, on a case-by-case basis, the appropriate sewer use exemption. The total number of exemptions shall continue to be limited to no more than one per calendar year, and shall be limited to no more than two consecutive billing cycles. This customer request will be held in abeyance until the final adoption of the rate ordinance revision, and then recalculated under the revised ordinance. Under this alternative, Mr. Swenson's total bill will be reduced by \$678.72 to a total of \$1,364.33 for sewer services.
2. Deny the customer request for an exception to the 5,000 cubic foot total exemption allowed on sewer charges for water usage that does not reach the sanitary sewer system. Under this alternative, Mr. Swenson's outstanding bill for sanitary sewer services will remain at \$1,959.05 (he already received an \$84 credit off of his total bill) for sewer services.
3. Approve a one-time exception specifically for this request and direct staff to adjust the sewer charges on the October 21, 2008 statement to reflect the charges on the estimated amount of water that reached the sanitary sewer system. Under this alternative, Mr. Swenson's bill will be reduced by \$678.72 to a total of \$1,364.33. However, the staff will not have the flexibility to handle similar situations the same way for other customers, should this type of circumstance occur.

MANAGER'S RECOMMENDED ACTION:

The Sewer Utility does not incur any costs for water used in such a way that the water does not reach the sanitary sewer system. The purpose of the current ordinance provision is to provide customers with relief from sewer charges for one-time events where water is used in such a way the water does not reach the sanitary sewer system. The purpose can still be achieved by limiting the exemption to no more than two consecutive billing periods within a 12 month period without limiting the total exemption to 5,000 cubic feet.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby directing staff to submit a rate ordinance revision removing the 5,000 cubic foot total calendar year exemption. This customer request will be held in abeyance until the final adoption of the rate ordinance revision. Under this alternative, Mr. Swenson's bill will be reduced by \$678.72 to a total of \$1,364.33 for sewer services.