

My take on the proposed draft grinder pump fee ordinance:

Grinder pump replacement costs are in the range of \$3,500 to \$4,500 per Crossroads invoices. Looking back at the annual costs to the city of pump replacements, those costs are in the range of \$35,000 to \$40,000 annually. That annual grinder pump expense is @3.3% of the total wastewater system annual budget of @\$1.18M. Not insignificant, but not a game changer, either.

A one-time charge of \$3,500 to \$4,500 is a substantial cost for many residents. The proposed ordinance would recoup this cost in one fell swoop, and will likely be a shock to those whose pump goes out.

In addition to the shock of the new charge, it may seem unfair, in two respects. One, prior to this policy, customers received new pumps for "free" (actually these costs are already being recouped in rates) while next month, this cost is placed 100% on a customer whose pump fails a month or so later. Two, they have been paying -for decades- wastewater rates that recouped these costs so it may seem they are paying twice. Additionally, the agenda item as worded speaks broadly "responsibility" for wastewater connections, and is not plain in describing the proposed new charge for grinder pump replacement so many will have no idea this policy has changes.

If we are concerned with the impact to the city budget of an increasing number of pumps reaching the end of their useful life and failing, then recouping some or all of this cost from customers is not unreasonable. Assuming a grinder replacement cost of \$4,500, and a useful pump life of 15 years, the monthly fee that would recoup these costs is @\$25/mo. ($\$4,500 \div 15 \text{ years} \div 12 \text{ mos./yr.} = \$25/\text{mo.}$) Looking at the annual revenue from such a \$25/mo. charge, and assuming 120 grinder pump customers, then the city would recoup \$36,000 annually through a \$25/mo. charge. ($\$25 \times 12 \times 120$). Several of the Hill Country utilities have adopted a surcharge for recouping costs of grinder pump replacement, maintenance and inspection costs.

Additional considerations:

Most Hill Country utility policies contain terms on which the city can monitor or inspect any newly placed pump - and contain specs for replacement pumps and the pressurized line from the pump to the main system tap, to ensure suitability and uniformity in performance for the wastewater system. Almost all of these utilities require that maintenance and repair of the pump and the pressurized line from the pump to the wastewater system itself, be done by the utility (or its contractor, as we do today with Crossroads) with the cost of repair recouped through the monthly fee. Such terms prevent a hodge-podge of various pumps and/or do-it-yourself installations, and also make maintenance and repair more efficient when the required pump is specified and the installation is done according to a uniform design. Most require that the customer pay all repair costs if the damage or repair is due to flushing prohibited items, which is not only fair to other utility customers but also incentivizes the customer to use the pump properly, not flush harmful products, and reduces costs to the utility and its other customers. It seems a good policy to consider whether to have such terms in any policy we adopt.

Recommendation: that we refer this proposed ordinance to the Utility Commission, along with a request that, in consultation with our contractor Crossroads, they consider a recommendation as to charges for pump replacements, along with appropriate policies addressing grinder pump maintenance, repair and replacement requirements, including whether a monthly fee or other charge is appropriate for coverage of all or a part of these costs.