
Date: April 9, 2022
To: Mr. James McDonald, P.E. - Public Works Director
From: Greg Droessler, P.E.
Subject: Wastewater User Service Charge (USC) Update

Town and Country Engineering was asked to evaluate additional changes to the USC per the Utility Committee meeting on April 5th. The request from the Committee was to come up with a compromise of the two alternatives presented in that memo that would 1) reduce the proposed fixed cost increase and 2) amend but not eliminate the Summer Sewer Averaging clause in the ordinance.

- Alternate 1 – Increase the Fixed Cost from \$15 / month to \$17 / month. This rate increase would result in a \$2.00 per month increase, or approximate 4.8% increase to the average sewer bill based on the average water use. This would also produce an estimated additional revenue of \$122,950 per year to cover the additional debt service the City has incurred with recent projects.
- Alternate 2 – Amend the “Summer Sewer Use Averaging” ordinance in the City Code. The suggested amendments to the Ordinance are shown as edits below, and an explanation for the edits is offered below. It is believed that the original intent of this ordinance was to offer a credit to most utility customers for water that is used to water lawns, wash cars, etc. during the summer when the volume of water sales increases but less water is likely to be returned to the sanitary sewer.

Category A sewer service charge. Amended 9-17-2018; 2-4-2019; 12-2-2019]

(1) The sewer service charge for Category A sewer users is as follows:

(a) Fixed monthly charge: \$15.00 per month.

(b) Volume charge: \$5.60 per 100 cubic feet.

(c) Unit charge: \$9.00 per additional living unit/month.

*(2) Residential customers will be billed the sewer service charge for their actual water usage during the ~~November~~ **October** through ~~March~~ **May** period, and the monthly average from the ~~November~~ **October** through ~~March~~ **May** period will be the maximum sewer billing for the period of ~~April~~ **June** through ~~October~~ **September**. **Months where less than one unit charge were recorded will not be used in the calculation of the monthly average.***

The City appears to have an increasing number of “Summer Only” residents due to social trends where more residents travel south for the winter and return only for summer residency. When these residents are gone, the home uses little or no water for the November – March period and the resident is consequently not charge for ANY water use when they are there for the summer. By amending the ordinance as listed above, the Utility can still offer a summer discount to many residents, but will be able to charge closer to the actual water use for seasonal residents.

While the exact increase in revenue from this proposed ordinance amendment is not known, the Utility has lost an estimated 6.0% to 16% of its variable charge (sewer sales) revenue per year over the past 5 years. As the individual sewer bills were not reviewed to quantify the anticipated revenue increase, it is anticipated that this Ordinance change may increase sewer revenue by \$50,000 to \$150,000 per year.

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