



## **Board of Aldermen - Work Session Agenda**

**January 19, 2021**


**6:30 p.m. – City Hall \*\*\*Via Videoconference\*\*\***

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**NOTICE:** \*Due to the Health Officer's orders for safety, public meetings and public comment during public meetings will require modification. The City of Smithville is committed to transparent public meetings and will continue this commitment during the COVID-19 crisis. Anyone who wishes to view the meeting may do so in real time as it will be streamed live on the city's FaceBook page through FaceBook Live. Attendance in person by members of the public will not be permitted.

- 1. Call to Order**
- 2. Discussion of Sewer Billing for New Construction**
- 3. Adjourn**

## Agenda Item # 2 – Discussion of Sewer Billing for New Construction

	<b>STAFF</b>	<b>REPORT</b>
<b>Date:</b>	January 19, 2021	
<b>Prepared By:</b>	Stephen Larson, Finance Director	
<b>Subject:</b>	Establishing Winter Sewer Average for New Customer Accounts	
<b>Staff Report:</b>	Utilities	

### ***Winter Sewer Averaging Overview***

Winter sewer averaging is a billing method that accounts for additional water usage during the summer months for activities such as lawn watering, landscaping, and filling swimming pools. Using a winter quarter average normalizes the charges for sewer based upon what a resident typically discharges into the sanitary sewer system. Therefore, the customer is not charged for wastewater based upon water usage (since that water is not discharged into the sanitarysewer system) during the summer months.

However, while these activities may include higher amounts of water than normally used, the amounts do not place excessive burden on the City's sanitary sewer system because the water is absorbed into the ground. As a result, the City doesn't have a need to offset the expense and impact of this additional water flowing through the sanitary sewer system because of the absorption into the ground. Likewise, the customer doesn't incur higher sewer usage charges for more water used and is charged their average instead.

Per Section 705.050 Billing in the City of Smithville Code of Ordinances, during the billing periods of December, January and February, the City shall calculate the average water usage, which is known as a "winter sewer average". The winter sewer average is applicable to the other 9 months of the calendar year.

Currently, the City of Smithville code states that if a customer has not established a winter sewer average, that customer shall elect to have either sewer charges based on water used during the current month (otherwise known as a "volume" used method), or when supplying the utility account application, provide a utility bill from their most recent previous address through which an average water usage can be derived from that bill.

However, there can be circumstances in which residents who move to the City of Smithville, Missouri cannot furnish a utility bill from a previous address. For example, residents moving from apartment complexes pay for water usage through their rent

payment and would not have utility bill in that instance. In this case, a winter sewer average cannot be derived.

If a resident cannot establish a winter sewer average, the new resident is subject to paying a sewer usage rate based upon volume (true usage) rather than a winter average. This true usage rate can be much higher when the resident performs various activities such as watering a lawn or completing landscaping work when moving into their new residence.

Staff has examined comparable cities for options on establishing a winter sewer average for new customer utility accounts. In communication with other communities, here are the findings:

### ***Review of Winter Sewer Averaging Policies from Comparable Cities***

**Raymore:** In the City of Raymore new residents have two options for winter sewer averaging. The first option, for new residents that cannot establish a winter sewer average upon moving into a City, is to elect for the existing winter sewer average (mean winter averaging charge) of all other residential customers. Like the City of Smithville, the City of Raymore determines the winter sewer average by averaging usage during the months of December, January, and February. This allows new customers to circumvent higher sewer charges tied to actual consumption during the summer months when watering activities are in full swing. The second option is for a new resident to elect for the volume method which will result in billing the customer each month based upon actual consumption. By selecting this option, residents may incur higher sewer charges if they perform higher water usage activities (as mentioned in the beginning of the report).

**Kearney:** In the City of Kearney winter sewer averaging is not provided to residents. To circumvent issues associated with a new resident using large quantities of water upon moving into a residence, the City of Kearney offers the option of purchasing a second meter (to serve as a secondary meter for irrigation purposes only) in which the customer is only charged for water usage. The cost of this second water meter (5/8" or 3/4" in sizing) to the customer is a one-time installation cost of \$2,460.

**North Kansas City:** The City of North Kansas City has modeled their sewer billing option from Raymore. Effective June 2020, the City of North Kansas City began offering residential utility customers options on how they wish to be billed for sewage (i.e., either electing for a winter average or electing for the volume method). To accommodate new customers, the City allows for the option of electing for billing based upon the average usage of all other residential contributors. This allows new customers to circumvent higher sewer charges tied to actual consumption during the summer months when watering activities are in full swing.

**Liberty:** The City of Liberty uses a winter sewer average which is calculated using December, January, February, and March consumption for existing customers. Every

April, the City calculates a new average for each customer based upon their usage in these 4 months. This average then becomes the basis for billing the other 8 months of the year. This method differs slightly from other Cities (including the City of Smithville) in which the average is based upon the 3 months of December, January, and February and is then billed for the other 9 months of the year. For customers who are new to the City (and may be new to owning a home), the City of Liberty will provide a winter sewer average based upon yearly average consumption. This allows new customers to circumvent higher sewer charges tied to actual consumption during the summer months when watering activities are in full swing.

### ***Recommendation for Winter Sewer Averaging for New Customers***

After evaluating and researching winter sewer averaging options for new customers from comparable cities, staff recommend providing an alternative option to new Smithville residents who cannot derive average water usage from their utility bill of a previous residence. Staff recommend establishing an option to allow new utility customers to elect for billing based upon the City average of all residential customers for the winter quarter (December, January, February). The City of Raymore, the City of North Kansas City, and the City of Liberty all provide this option in one form or another (with slight variation) to new customers.

With this option, staff recommends the billing method is switched over to the customer's own winter sewer average (from the City average) after completing a winter quarter as a utility account holder. If a new customer opens an account during the 9-month (non-winter) period, the customer would be billed according to the City winter sewer average. Once this customer has completed the winter quarter, the customer would be billed over the course of the 9-month (non-winter) period according to their own average consumption established in that winter quarter. In summary, the bill method would revert from the City residential average to the customer's own established average derived from their December, January, and February usage.

Implementing this policy would result in new customers paying lower wastewater usage costs on their utility bill as compared to the current policy. This is especially true when a new customer goes to water their lawn, complete sodding activities, or complete landscaping. If the Board favors this option, the next step would be for City staff to work with the City Attorney to draft revision language to Section 705.050 of the City of Smithville Code of Ordinances which pertains to billing for the winter sewer average.