

	STAFF REPORT
Date:	July 18, 2023
Prepared By:	Stephen Larson
Subject:	Commercial Wastewater Leak Adjustment

Organizational History of Leak Adjustment Policy

The first policy addressing leak adjustments was approved in November 1997. The policy only provided for financial adjustments to the wastewater bill for a water leak. In October 2017, the Board approved changes which phased in adjustments to *both the water and wastewater portion of the bill*. The policy allowed for adjustments to the wastewater portion for commercial accounts, but not the water portion.

The Code of Ordinances specifically outlines that residential leak adjustments are reviewed and approved by the Board of Aldermen given that the adjustment request meets certain requirements. In reading the Code, the Code does not specifically outline how a wastewater adjustment for a commercial account shall be approved. This becomes a grey area for staff in understanding how to proceed with a leak adjustment for a commercial account.

What Prompted this Issue for Discussion with Board of Aldermen?

End of last year, Hillside Development (which is the name of the commercial utility account for the strip of businesses located at 201 – 219 U.S. 169 Highway) experienced a large leak in one of their 2" waterlines. Once Hillside Development realized the leak was significant in nature, they worked with Hampton Plumbing out of Kearney to diagnose the situation and fixed the leak by replacing the 2" waterline.

In reviewing the utility bill for the account, in the January 2023 billing cycle, consumption totaled 201,200 gallons. In the February 2023 billing cycle, consumption totaled 315,500 gallons. With this much consumption, the total utility bill for the January 2023 cycle was \$3,553.02 and the total utility bill for the February 2023 cycle was \$5,552.83.

Both bills were much higher than the normal bill, which prompted an individual from Hillside Development to reach out to staff to inquire about a leak adjustment. Staff relayed that the Code of Ordinances only permitted wastewater adjustments for commercial businesses.

Given the ability to grant a leak adjustment, staff calculated the credit amount which Hillside Development would be eligible for. That calculation sheet, which is the same one used for calculating credits for leak adjustments, is included in your packet and indicates that the total credit would be in the amount of \$3,312.61 In addition, staff requested proof of repair of the 2" waterline to ensure a leak occurred. That receipt from Hampton Plumbing was provided by Hillside Development and is also included in your packet.

Again, as touched upon in the opening paragraphs of this staff report, the crux is the issue pertains to the approval procedures outlined in the City Code of Ordinances. Leak adjustments granting credits to residential accounts must be approved by the Board of Aldermen. However, as stated, the Code does not specific outline that wastewater adjustments for commercial accounts must be approved by the Board of Aldermen. Rather, the Code may be interpreted as allowing the City Administrator to have the administrative authority to approve commercial wastewater adjustments/credits.

What Shall Staff Do Going Forward?

Staff are seeking Board input on *what type of review process the Board would like for commercial wastewater adjustments*. If it is the Board's desire, the Code can be written so that commercial wastewater adjustments must be approved by the Board, just like a leak adjustment for a residential account. Or, if it is the Board's desire, the Code can remain as is which would grant administrative approval to the City Administrator to approve commercial wastewater adjustments/credits.



Water and Wastewater Leak Adjustment Calculation

Utility Customer Name: **Hillside Development Corp**

Utility Service Address: **201 S Commercial**

Utility Account Number: **02-000010-00**

Breaking down key figures in Ordinance 2989-18(C), Adjustment Calculations

- The adjusted bill(s) shall charge the City's normal water rate on all water volume used up to two (2) times the average monthly water use for this property.

City's normal water rate (per 1,000 gallons): \$9.04
 Average monthly water usage for this property: 42,966 gallons

- Adjusted bill(s) shall also charge the City's wholesale water rate on all water volume used greater than two (2) times the average monthly water use for this property.

City's wholesale water rate (per 1,000 gallons): \$5.40

- If the leak is inside the home, the wastewater bill(s) shall not be adjusted because the water volume used will have drained into the sanitary system of the home.
 If the leak is outside the home, the wastewater bill(s) will be adjusted to reflect the average monthly wastewater usage for this property.

City's normal wastewater rate (per 1,000 gallons): \$7.69
 Average monthly wastewater usage for this property: 42,966 gallons
 Was the leak inside or outside the home: outside
 Was the wastewater billed winter average or actual usage: actual usage

Calculating the adjustment amount using Ordinance 705.110(C), Adjustment Calculations

MONTH 1	
Original Water Bill Amount	
201,200 gallons @ 9.04 per 1,000 gallons =	1,818.85
Adjusted Water Bill Amount	
0 gallons @ 9.04 per 1,000 gallons =	0.00
+ 201,200 gallons @ 5.4 per 1,000 gallons =	1,086.48
	1,086.48
Water Discount =	
Original Wastewater Bill Amount	
201,200 gallons @ 7.69 per 1,000 gallons =	1,547.23
Adjusted Wastewater Bill Amount	
42,966 gallons @ 7.69 per 1,000 gallons =	330.41
Wastewater Discount =	
	1,216.82

MONTH 2 (if applicable)	
Original Water Bill Amount	
315,500 gallons @ 9.04 per 1,000 gallons =	2,852.12
Adjusted Water Bill Amount	
0 gallons @ 9.04 per 1,000 gallons =	0.00
+ 315,500 gallons @ 5.4 per 1,000 gallons =	1,703.70
	1,703.70
Water Discount =	
Original Wastewater Bill Amount	
315,500 gallons @ 7.69 per 1,000 gallons =	2,426.20
Adjusted Wastewater Bill Amount	
42,966 gallons @ 7.69 per 1,000 gallons =	330.41
Wastewater Discount =	
	2,095.79

Total Discount =	3,312.61
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HAMPTON PLUMBING, INC.

P.O. Box 552, Kearney, MO 64060
Office 816-628-5069 Fax 816-628-6096
Info@HamptonPlumbing.Net
www.hamptonplumbing.net

Bill to:	Date	Invoice #
Ashelford Construction, LLC 16520 N Winan Rd Platte City, MO 64079	4/22/2023	31987

Due Date	Class
5/22/2023	203 US Hwy 169

Description	Amount
Bill to replace 2" water line from meter to building. Removed concrete behind building. Dug up by water meter in 2 locations. Stark Boring Co bored from water meter to building.	
Stark Boring. See Attached Invoice	10,740.00
Rental equipment to help Stark Boring and get the job done. As Follows: Vacuum Trailer, Small excavator to dig between retaining wall and building, Hydraulic Hammer for over Cat 306 mini excavator,	7,599.00
Plumbing Materials, 2" poly pipe, 2' Fittings and 2" copper	3,080.00
Dump Truck to haul away spoils and bring gravel	885.00
Labor:	13,500.00

Total **\$35,804.00**

Thank you we appreciate your business

Balance Due **\$35,804.00**

NOTICE TO OWNER

FAILURE OF THE CONTRACTOR TO PAY THOSE PERSONS SUPPLYING MATERIAL OR SERVICES TO COMPLETE THIS CONTRACT CAN RESULT IN THE FILING OF A MECHANIC'S LIEN ON THE PROPERTY WHICH IS THE SUBJECT OF THIS CONTRACT PURSUANT TO CHAPTER 429, RSMO. TO AVOID THIS RESULT YOU MAY ASK THIS CONTRACTOR FOR "LIEN WAIVERS" FROM ALL PERSONS SUPPLYING MATERIALS OR SERVICES FOR THE WORK DESCRIBED IN THIS CONTRACT. FAILURE TO SECURE LIEN WAIVERS MAY RESULT IN THE OWNER PAYING FOR LABOR AND MATERIALS TWICE.

1.5% per month (18% annual) finance charge will be added to all delinquent invoices