



**Recommendation for
Water & Wastewater Commission**

Commission Meeting Date:	May 11, 2016
Council Meeting Date:	May 19, 2016
Department:	Austin Water
SUBJECT	
Approve an ordinance amending City Code 15-9 relating to single-family residential customer water bill adjustments.	
AMOUNT AND SOURCE OF FUNDING	
Purchasing Language:	N/A
Prior Council Action:	May 12, 2011- Council approved a resolution directing the City Manager to implement revised policies for water leak-related bill adjustments and unusually high water bill adjustments.
For More Information:	David Anders, 512-972-0323; Alice Flora, 512-972-0041; Denise Avery, 512-972-0104
Boards and Commission Action:	May 11, 2016- To be reviewed by the Water and Wastewater Commission.
MBE/WBE:	N/A

The proposed amendments, adding Sec. 15-9-141 – Adjustment of residential water bill due to leak, and adding Sec. 15-9-142 – Adjustment of unusually large water bill, fulfill the Council's direction to implement revised leak and unusually high water usage bill adjustments.

The prior resolution (#20110512-003) directed Austin Water to ensure that the water leak adjustment policy becomes more consistent with water conservation ordinances and to implement an unusually high water bill adjustment due to unknown causes.

Between August 23, 2015 and January 1, 2016, Austin Water received almost 24,000 customer calls related to high water bills that occurred during the summer months of 2015.

The proposed amendments codify the long-standing leak-related adjustment policy and detail the investigation and determination of adjustments due to unusually large water bills. The unusually large water bill adjustment amendment ensures that water conservation ordinances are followed while providing a remedy for customers experiencing water volumes greater than or equal to three times the customer's normal water usage.

Financial Analysis

DATE OF COUNCIL CONSIDERATION:

2/10/16

CONTACT DEPARTMENT(S):

Austin Water/ Neighborhood Housing

SUBJECT: Approve an Ordinance amending City Code Chapter 15-9 relating to single-family residential customer water bill adjustments.

ANALYSIS / ADDITIONAL INFORMATION:

Austin Water performed an analysis of historical water bills to determine the extent of qualifying customers and the potential fiscal impact of the proposed code amendment policies. Over the most recent two years, the number of qualifying customers varied significantly based on differences in weather and watering demands.

The tables below describe the maximum financial impact of the proposed adjustment program where customers have high water bills during the months of June through September, for 2015 and for 2014. The primary qualifier is that up to two months during this period reflect greater than three

June to September 2015

Water Usage 3x Normal Usage	Qualifying Customers	Total Credit	Average Credit
<2,000 gallons	105	\$100	\$1
2,001-6,000 gallons	2,053	\$12,500	\$6
6,001-11,000 gallons	2,940	\$74,200	\$25
11,001-20,000 gallons	3,728	\$297,900	\$80
>20,000 gallons	5,042	\$1,955,300	\$388
Totals	13,868	\$2,340,000	\$169

June to September 2014

Water Usage 3x Normal Usage	Qualifying Customers	Total Credit	Average Credit
<2,000 gallons	76	\$200	\$3
2,001-6,000 gallons	1,506	\$9,000	\$6
6,001-11,000 gallons	2,033	\$52,500	\$26
11,001-20,000 gallons	2,340	\$193,400	\$83
>20,000 gallons	2,980	\$1,212,800	\$407
Totals	8,935	\$1,467,900	\$164

Austin Water would not expect a fiscal impact in any one year to be the full worst case scenario of \$2.3 million or \$1.5 million calculated in the fiscal year comparison tables above. We anticipate many of the lower volume customers who qualify would not apply for a credit for such a small amount. We would also anticipate that many of the higher volume block users would have expected higher usage due to irrigation demands and would not apply.

Along with the excess water volume usage requirements, the code provision may further limit the number of customers that qualify or request an adjustment. The code stipulates that customers will be required to complete an affidavit requesting an adjustment within 90 days of the high bill. In addition, customers are limited to receiving a high bill adjustment once every 24 months. Upon acceptance of an adjustment, customers will not be allowed to contest the credit through the administrative hearing process. Each of these constraints may control the number of customers that request and are awarded an adjustment.

RESOLUTION NO. 20110512-003

WHEREAS, Austin Water Utility's policy is to provide relief to its customers who experience high water and wastewater bills due to certain water leaks by processing an adjustment or credit on the customer's water bill; and

WHEREAS, as appropriate, the City of Austin wants to provide relief to customers who experience unusually high water bills; and

WHEREAS, the current resolution, number 20050929-056 was approved for this purpose and Austin Water Utility wants to ensure this resolution is consistent with Chapter 6-4 of the City Code that prescribes water conservation regulations that require repair of controllable leaks and prohibits the waste of water during irrigation; and

WHEREAS, the Austin Water Utility's conservation goals encourage customers to regularly monitor and take responsibility for water use; and

WHEREAS, the City of Austin supports the City Council's Citizens Water Conservation Implementation Task Force and its policy proposal recommending conservation measures for reducing water use within the City;
NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

Resolution number 20050929-056 is repealed and replaced by this resolution and the City Manager is directed to implement revised policies for providing relief for high water and wastewater utility bills for customers billed at a residential rate due to water leaks including the following policies:

- 1) Subsequent to repairing a leak, an adjustment will be processed for leaks related to indoor plumbing that were not within the customer's control, such as a broken water pipe or unapparent leaks.
- 2) Subsequent to repairing a leak, an adjustment will be processed for hidden water leaks relating to the customer's outdoor plumbing, such as an underground water leak from a break in the main water line to the house. Repairs for visible water leaks such as a dripping faucet, a broken sprinkler head or other issues such as pool cracks or malfunctioning pool auto fillers do not qualify for a leak adjustment, unless staff determines an exception is warranted.
- 3) A residential customer is eligible for one leak adjustment in a 12 month period, provided the customer submits documentation of the leak repair within 3 months of the repair date. A customer will not be eligible for a subsequent leak adjustment until 12 months after the credit for the prior leak adjustment was applied to the customer's account.
- 4) The Austin Water Utility will credit the customer's account for 50% of the excess usage. Excess usage is defined as usage that is over and above the customer's normal usage,
- 5) *Charges for metered water consumption related to water leaks for up to two billing cycles affected will be calculated as follows:*

The customer will be responsible for the remaining 50% of the excess usage, which will be calculated at the lower of (a) the standard

application of the regular billing rate, or (b) an established discounted rate for the excess usage.

- 6) If the customer's wastewater charges were higher than normal because of the water leak, the wastewater charges will be adjusted to the customer's normal usage and a credit will be applied to the customer's account.

BE IT FURTHER RESOLVED:

The City Manager is directed to implement a revised administrative adjustment policy applicable to customers billed at a residential rate, that are currently making payments on a utility bill that includes unusually high water and wastewater bill charges that may not be attributed to a particular cause.

With regard to this administrative adjustment policy the following applies:

- 1) Should the Director of Austin Water Utility determine that a customer's high use is likely related to customer actions or omissions not in compliance with City Code Chapter 6-4, the customer may not be eligible for an administrative adjustment. As such, customers with pools, spas and irrigation systems may not be eligible for an administrative adjustment.
- 2) A residential customer is eligible for one administrative adjustment in an 18 month period. A customer will not qualify for a subsequent administrative adjustment until 18 months after the credit for the prior adjustment was applied to the customer's account.

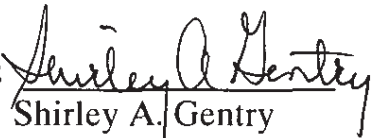
- 3) The Austin Water Utility will credit the customer's account for 50% of the excess usage. Excess usage is defined as usage that is over and above the customer's normal usage.
- 4) Charges for metered water consumption related to the unusually high water usage for up to the two billing cycles affected will be calculated as follows:

The customer will be responsible for 50% of the excess usage, which will be calculated at the lower of (a) the standard application of the regular billing rate, or (b) an established discounted rate for the excess usage.

- 5) If the customer's wastewater charges were affected by the unusually high water usage, the wastewater charges will be adjusted to the customer's normal usage, and a credit will be applied to the customer's account.

ADOPTED: May 12, 2011

ATTEST:


Shirley A. Gentry
City Clerk

RESOLUTION NO. 20160407-023

WHEREAS, from August 23, 2015 to January 1, 2016, Austin Water received calls from 23,944 customers related to high water bills; and

WHEREAS, the City of Austin wants to provide relief to single family residential customers who experience unexpected, unusually high water bills that cannot be attributed to a particular cause; and

WHEREAS, a recent independent audit of Austin Water's meter reading system found that 3.4% of meter reads could not be read, had a blurred photo or showed a discrepant reading; and

WHEREAS, of the more than 220,000 meters system-wide, a 3.4% potential error rate equates to 7,650 meters; and

WHEREAS, the Austin Water Utility already has a policy in place to provide relief to single-family residential customers who experience high water and wastewater bills due to certain water leaks by processing an adjustment or credit on the customer's water bill; and

WHEREAS, the current leak policy, Resolution #20110512-003 was approved for that purpose and Austin Water Utility wants to ensure this resolution is consistent with Chapter 6-4 of the City Code that prescribes water conservation regulations that require repair of controllable leaks and prohibits the waste of water during irrigation; and

WHEREAS, the Austin Water Utility's conservation goals encourage customers to regularly monitor, take responsibility, and pay for their water use, and the Water Utility also has a responsibility to ensure that meters are accurate, that

customers are billed appropriately, and to provide a high level of customer service;
NOW, THEREFORE,

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:

The City Manager is directed to draft proposed amendments to the City Code and implement a revised administrative adjustment policy applicable to customers billed at the single family residential rate, who received a utility bill that includes unusually high water and wastewater bill charges that may not be attributed to a particular cause. With regard to this administrative adjustment policy the following applies:

- 1) A single family residential customer is eligible for an administrative adjustment if a customer's water usage is greater than or equal to three times the customer's normal usage at the service address for which an adjustment is being requested.
- 2) The single family residential customer must have at least 12 months of water billing history at the service address for which an administrative adjustment is being requested.
- 3) A single family residential customer is eligible for one administrative adjustment in a 24 month period. A customer will not qualify for a subsequent administrative adjustment until 24 months after the credit for the prior adjustment was applied to the customer's account.
- 4) To request an administrative adjustment for water consumption related to unusually high water usage, the customer must file an application on a

form provided by the Director of Austin Water Utility within 90 days of the date of the bill reflecting the unusually high water usage.

- 5) Should the Director of the Austin Water Utility determine that a customer's unusually high use is likely related to customer actions or omissions not in compliance with City Code Chapter 6-4, the customer may not be eligible for an administrative adjustment. As such, customers with pools and spas may not be eligible for an administrative adjustment.
- 6) The Austin Water Utility will credit the single family residential customer's account for 50% of the excess usage. Excess usage is defined as usage that is over and above the customer's normal usage. A customer's normal usage shall be determined based upon average water usage during the same month over the previous 2 years. If the previous 2 years usage history for the same month does not exist, a customer's normal usage is calculated as water usage during the same month in the previous year, similar months during the same season in the current or previous year, or water usage during similar subsequent months.
- 7) For the remaining 50% of the excess usage, the charges for metered water consumption related to the unusually high water usage for up to the two billing cycles affected will be calculated as follows. The customer will be responsible for 50% of the excess usage, however the charges will be calculated at the lower of (a) the standard application of the regular billing rate, or (b) an established discounted rate for the excess usage.

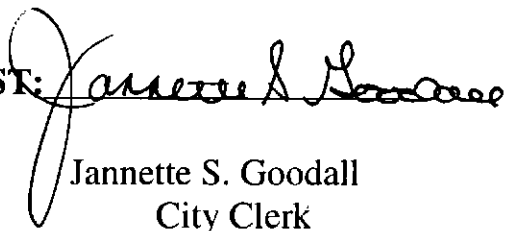
- 8) If the customer's wastewater charges were affected by the unusually high water usage, the wastewater charges will be adjusted to the customer's normal usage and a credit will be applied to the customer's account.
- 9) If a customer accepts a credit for unusually high water usage, the customer may not request an administrative hearing, for the same water billing period as the credit is applied, to dispute the administrative adjustment or the remaining amount of the excess usage charged to the customer.

BE IT FURTHER RESOLVED:

The City Council directs the City Manager draft proposed amendments to the City Code and implement revised policies to the City's current leak adjustment policy related to calculating a customer's normal usage, how much the customer will pay for the excess usage, waiving certain rights to an administrative hearing related to the same water bill, and any other changes necessary. The City Manager is further requested to include any recommended modifications that he may believe appropriate to the foregoing policies and procedures concurrently with the draft code amendments called for by this resolution.

ADOPTED: April 7, 2016

ATTEST:


Jannette S. Goodall
City Clerk