



MEMORANDUM

To: Mayor and City Council
From: Kim Tiehen, Director of Finance
Date: September 13, 2022
Reference: Discussion regarding the use of winter-averaging as the billing method for sewer service
2040: Sustainable Government

Background:

As part of the 2020 water and sewer rate study, staff recommended a move to a tiered rate structure to bill water usage and began exploring a change to the billing method used to bill for sewer services. In April 2021, Council approved moving to a tiered rate structure for water and a reduction in the sewer cap from 14,000 gallons to 13,000 gallons. In addition, Council expressed an interest in moving from the current capped billing method that was approved by Council on November 27, 1989 to a winter-averaging billing method.

Staff provided Council with a timeline concerning when winter-averaging could be implemented. The timeline took into consideration the fact that Utility Billing was in the middle of implementing new billing software. Staff expressed the importance of maintaining the current billing method for sewer, so they could conduct parallel testing (running billing in the old system and new system to ensure the new system was setup correctly.) The tiered rate structure for water was already established in the system since the City would revert to tiered billing for the period June 1 through October 1. However, the old system was not setup to perform winter-averaging and the software implementation team strongly discouraged implementing anything new while implementing new software.

Based on the above, staff presented a timeline to implement winter-averaging in April 2023. The timeline showed that winter-averaging data would be collected beginning in November 2022 if Council approved a change to winter-averaging in September/October 2022. Once Council approves the billing method change, staff would begin communicating the change to residents.

Analysis:

Based on the timeline outlined above, this item is being brought forward to Council to continue the discussion regarding winter-averaging. During work session on September 13, staff will share additional history concerning the Water Sewer Fund, provide options and share recommendations concerning the various aspects of winter averaging. Staff will be seeking Council's direction concerning which option to bring forward for consideration of approval.

Legal Review:

N/A

Fiscal Impact:

Recommendation:

This item is to receive direction from Council.