

MEMORANDUM

TO: Mayor and Board of Commissioners

FROM: Mandy Cartrette, Finance Officer

SUBJECT: New Water and Sewer Adjustment Policy

DATE: August 12, 2013

At the Board meeting of July 22, 2013, the Board of Commissioners voted to change the way that water and sewer adjustments are calculated for customers that have water leaks or unexplainably high bills. The water and sewer policy that was adopted is attached.

Town staff requests clarification on a few issues before this new policy is implemented.

- In item number 7 of the written policy, it states “Leak adjustments are not provided for leaking faucets, toilets, air-conditioning cooling towers, ice-makers and faucets left on for an extended time. The items mentioned here are examples and do not represent a complete list of problems to be considered ineligible for a leak adjustment.” However, when the Board discussed this issue verbally, it decided that adjustments would be made regardless of whether or not the customer could show that he or she had a leak. Will adjustments be given regardless of whether or not proof of a leak can be shown?
- Town staff needs an effective date for the new policy. Attorney Messick has stated that back-dating this policy is not something that the Town should do, so it is recommended that the Town Board adopt this policy as of August 12, 2013 or some future date.

CONSIDERATIONS

It is commendable that the Board wishes to help Town water and sewer customers by granting relief for high water and sewer bills. However, as the Town’s Finance Officer, I feel that it is prudent to make the Board aware of the following cost considerations if the Board feels compelled to change the water and sewer adjustment policy, as it has discussed:

- When the Board discussed the new policy, there was some discussion of allowing citizens one adjustment per year for a high water bill. The adjustments could be made to water and sewer charges regardless of whether or not there was proof of a water leak. If the Board wishes to adopt this new policy, then, in theory, a citizen could come and ask for a water and sewer adjustment if he/she filled up a swimming pool or used a lot more water than normal to water his/her lawn. When there is a high water bill and there is no proof of a leak, it is very difficult to determine the cause, and under the new policy, the

customer would not have to provide any information about why their water bill is unusually high.

- As the Town has responsibility for its water lines to the meter, the Town's water and sewer customers have a responsibility to ensure that toilets are not leaking, water hoses are not left on, and sink faucets are not leaking for an extended period of time, etc. While water leaks within the water lines are no fault of the customers and can rarely be prevented, we believe that poor water management practices that result in abnormally high bills should not be included as allowable situations in which water and sewer adjustments are granted by the Town.
- Currently, the Town of Pittsboro does not allow any adjustments to water charges. The new policy would allow for adjustments to water charges, and this policy has the potential to reduce revenues. For example, if approximately 100 customers request an adjustment to a high water bill and the average adjustment for that high bill is \$200 (the actual amount will differ), a **reduction in revenue of \$20,000** would occur. This would represent a significant cost burden for the struggling Water & Sewer Enterprise Fund.

RECOMMENDATIONS

That the Board of Commissioners further discuss the water and sewer adjustment policy, that the Board provide clarification to Town staff on the unclear issues, and that the Board consider a budget amendment (to be presented at a future meeting) that would reflect a loss in revenue that would likely result from the new policy.

Town of Pittsboro

Water and Sewer Charge Adjustment Policy

Effective _____

- When a water leak exists for a customer that has water and sewer service, and the leak is such that the water from the leak does not go into the Town sewer system, an adjustment will be made to the water and sewer charges per the adjustment calculation described below. Release of such charges is for significant leaks only. Fifty percent (50%) increase ~~of~~ or more over Normal Use is considered a significant leak. The adjustment amount is calculated as follows: the customer's average water and sewer bills over the past twelve months are calculated and the amount of the average water and sewer bills are deducted from the high bills. These differences are then multiplied by twenty-five percent (25%) and added to the customer's average water and sewer bills. ~~The amounts that are calculated are deducted from water and sewer charges on the high bill.~~
- When a water leak exists at a location that is not connected to Town sewer and the leak is such that water from the leak does not go into the Town sewer system, an adjustment will be made to the water charges per the adjustment calculation described below. Release of such charges is for significant leaks only. Fifty (50%) increase or more over Normal Use is considered a significant leak. The adjustment amount is calculated as follows: the customer's average water bill over the past twelve months is calculated and the amount of the average bill is deducted from the high bill. This difference is then multiplied by twenty-five percent (25%) and added to the customer's average bill. The amount that is calculated is deducted from the water charges on the high bill.
- Normal Use will be determined by average monthly water and/or sewer use based on past twelve (12) months sewer usage. If twelve (12) month sewer use data is not available, fewer months of data may be used.
- Customers may receive only two ~~(2)~~ (1) adjustments per fiscal year.
- A customer may request an adjustment within sixty (60) days from the date billed if the customer can provide a plumber's invoice, receipt for repair parts, or other proof that a repair has been made.
- Payment schedules are available upon request.

- Leak adjustments are not provided for leaking faucets, toilets, air-conditioning cooling towers, ice-makers and faucets left on for an extended time. The items mentioned here are examples and do not represent a complete list of problems to be considered ineligible for a leak adjustment.
- The Town of Pittsboro does not reimburse customers for any plumbing bills, property damage, or other expenses related with a water leak or sewer problem.
- Sewer charges may be waived for customers purchasing water for swimming pools no more than once (1) per year. Customers must verify their place of residence – residents of the Town of Pittsboro shall be charged normal water rates; customers from outside of the Town of Pittsboro shall be charged two (2) times the residential rate. Contractors unable to provide proof of residence shall be non-residential rates.