

32/30 Alternative Summary

In consideration of Raftelis recommendation #6, what to do about the 32/30 plan and possible alternatives, this committee has developed a recommendation based on four guiding principles. Those principles are:

1. Nobody should be billed for something they don't owe.
2. There is a certain amount of money that account holders owe and that is due the City.
3. Fear of what the future may hold (bonds, budget cuts, rate increases) should not keep the Committee from doing what is right.
4. Rebuilding public trust is paramount. If the Committee makes a recommendation that doesn't accomplish that, then we have failed.

In considering the best path forward for such an important matter, many factors need to be considered. Factors this committee has weighed include transparency, ease of implementation, financial implications, and the ability to explain it to the public in a manner that they can understand and will help to rebuild trust. Fortunately, the recent freeze and the amazing efforts by Utility Billing staff to take meter reads after the freeze, compare it to 2020 consumption which includes adjusting that consumption from 28 days to 32 days, and bill residents for the lesser of the two has instilled confidence in the ability of staff to execute/implement this plan.

The recommendation from this committee is to move away from the 32/30 plan at the end of June 2021 and to calculate the amount each account owes at that point. The City should generate bills for every outstanding meter read at that time. The amount due depends on when the account was created, but general guidance is as follows:

- A. The majority of account holders (roughly 80%) have had service well before the gap between meter read and billing began which is in either the third or fourth quarter of 2018 depending on the cycle. These account holders should have all outstanding meters read billed without any base water charges, sewer charges, trash charges, or any MUD surcharges.
- B. Roughly 7% of account holders opened their account and experienced a delay of almost a month to as much as almost two months from when their meter was read to the first bill being created. They will owe one base water charge, one sewer charge, one trash charge, and one MUD surcharge. If they have two outstanding meter reads at the end of June 2021, the second meter read will have none of these monthly charges.
- C. Roughly 13% of account holders owe two months of base charges. For these customers, every outstanding meter read should be assessed all charges. This will be the easiest group to generate a bill for.

Because trash charges vary, and those who owe trash charges technically received free service possibly as far back as 2018, it is recommended that a "catch-up" trash rate of \$15/month be used, as it has not been less than that during 2018 or since then.

Since we are talking about a problem that started more than two and a half years ago, and an amount of water we can't say exactly when it was used as well as a current tier structure that allows for residents to be overcharged, it is recommended that all consumption be billed at the lowest tiered consumption rate applicable to the account holder. All outstanding meter reads that are billed where a base charge isn't assessed should have the billed volume reduced by 2,290 gallons. A meter read for a resident in Group A that is inside City limits of 8,000 gallons would have 5,710 gallons billed at \$4.06/1,000 gallons.

It is important that in July 2021 we move back to a monthly meter read. City Council, if they adopt this recommendation, will also need to adopt new tiers and it's the recommendation that they revert to the tiers in place prior to implementation of the 32/30 plan.

UB Ad Hoc Committee Member, Jimmy Davis, is available to volunteer his assistance to help the UB staff determine what group every account falls into and provide breakouts by billing cycle of all accounts that fall into each group. This information can be calculated in one day. Training can be provided to the UB staff, specific accounts reviewed so they can understand why the account falls into the group it does, and questions can be answered so they can understand the logic behind the model.