



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
April 13, 2010

Honorable Mayor and
Members of the City Council

**Title: ADOPT ORDINANCE AMENDING CITY CODE PROVISIONS RELATING TO
VACANCY CREDITS FOR WATER AND SEWER SERVICE**

Location/Council District: Citywide

Recommendation: Adopt an Ordinance amending sections 13.04.810 and 13.08.460 of the Sacramento City Code, governing vacancy credits for water and sewer service.

Contacts: Jamille Moens, Business Services Division Manager, 808-5988
Shelle Smallwood, Billing Manager, 808-4928

Presenter: NA

Department: Utilities

Division: Business Services

Organization No: 14001631

Description/Analysis:

Issue: The City Code currently authorizes water and sewer service customers with vacant property to request a credit for non-use whereby the customer pays nothing for water or sewer service during the period of vacancy, upon payment of a service fee and satisfaction of other requirements specified in the Code. With the City Council's adoption of a new metered water service billing structure in June of 2009, the provision of a vacancy credit is no longer needed for metered water service customers, because the metered rate consists of a volumetric component based on the amount of water used and a fixed service charge that recovers the City's fixed costs that are incurred regardless of water usage. A metered customer with a vacant property will not incur any volumetric water charges if no water is being used on the property, but remains responsible for payment of the fixed service charge.

The proposed ordinance amends the City Code to provide that no vacancy credit will be given for non-use of metered water service connections, reduces the amount of the vacancy credit to recover fixed service costs from flat rate customers, and makes other clarifying changes to the applicable Code provisions

Policy Considerations: Charging customers the fixed costs associated with their service connection irrespective of actual use is in line with the Department of Utilities' goal to provide fair and equitable charges for all customers. The fixed costs are included in the approved Department of Utility Rate schedule.

Environmental Considerations:

California Environmental Quality Act (CEQA): Adoption of the proposed ordinance does not constitute a project under the California Environmental Quality Act (CEQA) and is exempt from CEQA review under Sections 15378(b)(2) (general policy and procedure making), 15378(b)(4) (government fiscal activities) and 15378(b)(5) (administrative activities that will not result in changes to the environment) of the CEQA Guidelines.

Other: Not applicable.

Commission/Committee Action: At the March 16, 2010 Law and Legislation Committee meeting, the Committee reviewed the proposed Ordinance and recommended that it be forwarded to the City Council for adoption.

Rationale for Recommendation: Currently, metered water service customers pay a fixed service cost for the connection to the City's main, regardless of usage. The flat rate charged to water service customers without a meter also includes a component of fixed costs in addition to a median volumetric usage (based upon room count). Because the City is required to maintain the infrastructure and treat the water available to all water service connections, including connections where the building is vacant, the City's fixed costs should continue to be charged during a vacancy. In doing so, the City will provide consistency in billing for all households, whether the property is metered or not, and also ensure that the City's fixed costs are recovered for all service connections.

Financial Considerations: Adoption of the proposed ordinance will allow the Department to recover the fixed costs associated with service connections to the City's water and sewer systems, whether or not usage occurs. During fiscal year 2009, four hundred residential units were generating vacancy credits. Based upon the number of vacancies in FY09 and the average vacancy period of nine months, using the current flat rate for a four to five room home, approximately \$94,902 in vacancy credits would be generated in FY10. Of these credits, \$57,814, for the related fixed service cost, would be recovered with the proposed amendment. In addition, the City would no longer need to turn water service off for metered customers during a vacancy, since volumetric use can be monitored, thus saving the metered customer the cost of the vacancy shut-off service fee.

Emerging Small Business Development (ESBD): Not applicable. No goods or services are being purchased.

April 13, 2010

Respectfully Submitted by: _____


Jamille Moens
Business Services Manager

Approved by: _____


Marty Hanneman
Director of Utilities

Recommendation Approved:

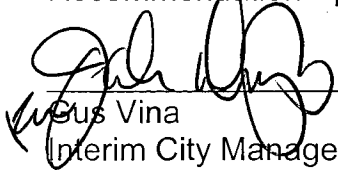

Gus Vina
Interim City Manager

Table of Contents:

Report

Pg. 1

Attachments

1 Background

Pg. 4

2 Ordinance (Redline)

Pg. 5

3 Ordinance

Pg. 7

Attachment 1

BACKGROUND

A customer whose property is vacant may qualify for a temporary water and sewer vacancy stop in accordance with the existing provisions of City Code sections 13.04.810 and 13.08.460, once the following conditions have been met: submission of a signed vacancy stop request, receipt of the associated fee to stop services, water services are shut-off at the property by a City official, and the utility account is paid current. The vacancy stop fee for water and sewer service is currently \$181. During the period a customer is on a vacancy stop, a full credit is provided for the water and/or sewer service fees assessed, resulting in zero billing for these services.

The proposed ordinance includes the following changes to City Code sections 13.04.810 and 13.08.460:

- No water service vacancy credit would be provided to metered customers. With the City Council's adoption of a new metered water service billing structure, the provision of a vacancy credit is no longer needed for metered water service customers, because the metered rate consists of a volumetric component based on the amount of water used and a fixed service charge that recovers the City's fixed costs that are incurred regardless of water usage. A metered customer with a vacant property will not incur any volumetric charges if no water is being used on the property, but remains responsible for payment of the fixed service charge.
- The vacancy credit provided to flat rate customers would not include any credit for the City's fixed costs that are incurred regardless of water usage.
- A provision is added to authorize the vacancy credit if all buildings receiving water/sewer service have been demolished.
- More explicit language is provided regarding conditions that would result in the termination of a vacancy credit.
- The sewer vacancy credit provision is streamlined by cross-referencing the water vacancy credit provision and removing duplicative language.

Attachment 2

REDLINE

ORDINANCE NO.

Adopted by the Sacramento City Council
Date Adopted

AN ORDINANCE AMENDING SECTIONS 13.04.810 AND
13.08.460 OF THE SACRAMENTO CITY CODE, RELATING
TO VACANCY CREDITS FOR WATER AND SEWER SERVICE

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Section 13.04.810 of the Sacramento City Code is amended to read as follows:

13.04.810 Vacancy credit.

A. ~~If a customer desires to discontinue requests that the customer's water service and/or city sewer service be temporarily discontinued because all of the building(s) on the parcel receiving water and/or sewer service are vacant or have been demolished, and the water service does not supply other building(s) and/or parcels that currently are occupied, the director shall grant a credit for non-use of the customer's water service connection and/or sewer service connection shall be granted if authorized under this section and upon satisfaction of all of the following conditions:~~

A1. ~~Execution of a temporary stop service agreement as required by the department Submittal of a written request to the Revenue Division.~~

B2. ~~Payment of a the applicable service and/or processing fee established by resolution of the city council.~~

C3. ~~Payment of the current utility bill in full.~~

D4. ~~The water service is turned off by department personnel, provided that this requirement shall not apply to any of the water service connections described in subsection C below.~~

5. ~~If the credit for non-use is requested because all of the buildings receiving water and/or city sewer service have been demolished, all demolition work must have been completed and given final approval by city officials in accordance with the applicable provisions of Chapters 8.96, 8.100 or 15.44 of this code.~~

- B. The credit for non-use of a water service connection being charged a flat rate shall be equal to the difference between the monthly flat rate and the monthly basic service charge that would apply to the connection if it were being charged a metered rate.
- C. No credit shall be allowed or provided for non-use of an irrigation service connection, or fire service connection, or any other water service connection that has a water meter and is being charged a metered rate.
- D. A credit for non-use of water and/or sewer service shall be terminated when the water service is turned on by department personnel, upon occupancy of any building that receives the water service, or as provided in subsection E below.
- E. For a parcel with a water service connection that has a water meter and is being charged a metered rate, other than an irrigation service or fire service connection, a credit for non-use of city sewer service on the parcel shall be terminated if the water meter indicates that water is being used.

SECTION 2.

Section 13.08.460 of the Sacramento City Code is amended to read as follows:

13.08.460 Vacancy credit.

~~If a customer requests that the customer's sewer service be temporarily discontinued desires to discontinue sewer service because all of the building(s) on the premises receiving water and sewer service are vacant or have been demolished, and the water and sewer service is not utilized by other building(s) and/or premises that currently are occupied, the director shall grant a credit for non-use of the water and customer's sewer service connection if authorized as provided in section 13.04.810 of this code. shall be granted upon satisfaction of all of the following conditions:~~

- ~~_____ A. _____ Submittal of a written request to the city revenue division;~~
- ~~_____ B. _____ Payment of a service fee established by resolution of the city council;~~
- ~~_____ C. _____ Payment of the current utility bill in full;~~
- ~~_____ D. _____ The water service is turned off and sewer service is disconnected by department personnel.~~

Ordinance No.

Adopted on

Attachment 3

ORDINANCE NO.

Adopted by the Sacramento City Council

Date Adopted

AN ORDINANCE AMENDING SECTIONS 13.04.810 AND
13.08.460 OF THE SACRAMENTO CITY CODE, RELATING
TO VACANCY CREDITS FOR WATER AND SEWER SERVICE

BE IT ENACTED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

SECTION 1.

Section 13.04.810 of the Sacramento City Code is amended to read as follows:

13.04.810 Vacancy credit.

- A. If a customer requests that the customer's water service and/or city sewer service be temporarily discontinued because all of the buildings receiving water and/or sewer service are vacant or have been demolished, the director shall grant a credit for non-use of the customer's water service connection and/or sewer service connection if authorized under this section and upon satisfaction of all of the following conditions:
1. Execution of a temporary stop service agreement as required by the department.
 2. Payment of the applicable service and/or processing fee established by resolution of the city council.
 3. Payment of the current utility bill in full.
 4. The water service is turned off by department personnel, provided that this requirement shall not apply to any of the water service connections described in subsection C below.
 5. If the credit for non-use is requested because all of the buildings receiving water and/or city sewer service have been demolished, all demolition work must have been completed and given final approval by city officials in accordance with the applicable provisions of Chapters 8.96, 8.100 or 15.44 of this code.

- B. The credit for non-use of a water service connection being charged a flat rate shall be equal to the difference between the monthly flat rate and the monthly basic service charge that would apply to the connection if it were being charged a metered rate.
- C. No credit shall be allowed or provided for non-use of an irrigation service connection, fire service connection, or any other water service connection that has a water meter and is being charged a metered rate.
- D. A credit for non-use of water and/or sewer service shall be terminated when the water service is turned on by department personnel, upon occupancy of any building that receives the water service, or as provided in subsection E below.
- E. For a parcel with a water service connection that has a water meter and is being charged a metered rate, other than an irrigation service or fire service connection, a credit for non-use of city sewer service on the parcel shall be terminated if the water meter indicates that water is being used.

SECTION 2.

Section 13.08.460 of the Sacramento City Code is amended to read as follows:

13.08.460 Vacancy credit.

If a customer requests that the customer's sewer service be temporarily discontinued because all of the buildings receiving sewer service are vacant or have been demolished, the director shall grant a credit for non-use of the customer's sewer service connection if authorized as provided in section 13.04.810 of this code.

Ordinance No.

Adopted on