



## Request for City Council Committee Action From the Department of Public Works

**Date:** December 14, 2004  
**To:** Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee  
**Referral to:** Honorable Barbara Johnson, Chair Ways & Means/Budget Committee

**Subject** **Increase existing and establish new Department of Public Works Water Service Fees**

### Recommendation

Receive and File the attached rate schedule for services provided by the Department of Public Works.

### Previous Directives

Prepared by: Ramon Morales, Manager, Utility Billing, 2404.  
Approved by:

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Klara A. Fabry, P.E., City Engineer, Director of Public Works

Presenters: Adam Kramer, P.E., Asst. Director of Public Works, Director of Water Services

### Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.  
(If checked, go directly to Background/Supporting Information)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action requires use of contingency or reserves
- Other financial impact: The action will recover the costs of providing additional services.
- Request provided to the Budget Office when provided to the Committee Coordinator

### Background/Supporting Information

In an effort to be more efficient with resources, the Department of Public Works Water Services and Finance Utility Billing Office teamed up to evaluate business processes. The team discovered that customers who consistently require or misuse City services place a greater burden on resources. In response, the team agreed that fees should be increased or created to recover costs for these services. To determine the feasibility and amount of the fees, Minneapolis City Ordinances and State Statutes were reviewed. According to these regulations, fees must be consistent in application to a class of consumers, and shall reasonably relate to the additional costs of the services and materials required. The City Attorney's Office assisted in the interpretation of these laws and provided guidance for the calculation of fees.

Minneapolis City Ordinance 509.800 directs the City Engineer to establish a schedule of charges that reasonably relate to the additional costs of services and materials. The fees listed on attachment A are established to comply with this ordinance. All fees are based on actual costs of services and will be recalculated annually to reflect current costs. Fees may be waived if a customer presents satisfactory evidence that they had no control over circumstances that caused a fee to be charged. Fees will become effective on January 1, 2005.

The objectives of the fee increases and of the additional new fees are:

- Charge the consumers that use the service rather than the overall consumer base
- Align the costs of the service with the actual costs related to that service
- Improve compliance with the ordinances

**Water Disconnection and Reconnection Fees** - The Public Works Department discontinues water service to properties with past due utility charges, or at the request of a property owner. Currently, a \$10.00 fee is charged for this service. An additional \$10.00 is charged to have water service restored. These fees have not been increased for 20 years or more and are below the actual cost of providing the service.

**Administrative Disconnection and Reconnection Fees** - Customers who habitually delay paying their utility bills and constantly require extra collection efforts create additional administrative costs for the City. Staff hours are spent tracking payments, preparing and mailing service disconnection notices, compiling and routing a list of properties scheduled for disconnection. If service is disconnected, staff must obtain payment and arrange for the reconnection of service. These additional activities impede the efforts of staff to respond to other customer requests and job responsibilities. These fees will be charged when disconnection and reconnection services are required to compel payment of past due utility charges.

**Administrative Posting Fee** - Rental properties where landlords fail to pay past due charges must be posted with a disconnection notice and each occupant must be given a notice of tenant's rights. Eighty-five percent of the properties that require this action are repeat offenders. One FTE will post an average of 90 properties per week. The costs for labor (including benefits), equipment and supplies directly related to this activity are \$1,114 per week.

**Meter Service Trip Fee** – To efficiently manage resources scheduling and dispatching of staff must be timely and productive. When customers do not keep scheduled appointments for service and staff is dispatched, an unproductive trip is made to a location. This creates additional costs for the City by dispatching staff to the location a second time to complete the work. There will be no trip fee if service is completed as scheduled. A fee will be charged for a subsequent trip if a customer fails to keep an appointment without notice to the department.

**Meter Reading Fee** – There are approximately 1500 properties in the City that do not have automatic meter reading devices. Despite repeated efforts to obtain permission to install a device, property owners have declined to authorize the installation. Meters at these locations must be read manually. Because these properties are scattered throughout the City a FTE must drive longer distances between meter readings. Furthermore, eighty percent of the time staff is unable to gain access to read the meter. With the option of automatic meter reading available, at no extra cost for the customer, manual meter reading is an additional cost that can be avoided with the installation of an automatic meter reader. A fee will be charged for each attempt made by the department to read the meter.

Attachment 1 – Rate Schedule

C: Erik Nilsson, Assistant City Attorney  
Adam Kramer, Director of Water Services

**MINNEAPOLIS PUBLIC WORKS DEPARTMENT  
WATER SERVICES**

**ATTACHMENT A  
RATE SCHEDULE  
01/01/05**

<u>Description</u>	<u>Current</u>	<u>New</u>	<b>2005 Revenue Increase (Projected)</b>
Water Disconnection Fee	\$10.00	\$49.00	\$301,431
Water Reconnection Fee	\$10.00	\$40.00	\$211,170
Administrative Disconnection Fee	\$ 0.00	\$ 6.00	\$ 39,684
Administrative Reconnection Fee	\$ 0.00	\$ 6.00	\$ 37,836
Administrative Posting Fee	\$ 0.00	\$13.00	\$ 65,000
Meter Service Trip Fee	\$ 0.00	\$11.00	\$ 33,282
Meter Reading	\$ 0.00	\$10.00	\$ 26,320
<b>Total Projected Revenue</b>			<b><u>\$714,723</u></b>