

Proposed Sanitary Sewer Utility Customer Billing Class for Food Establishments

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WHAT:

A proposed ordinance revision to establish a 2 tiered sanitary sewer billing rate classification for restaurants and commercial kitchens (food establishments)

WHY:

The composition of the effluent from these facilities contains levels of organic materials, nutrients, and bacteria significantly higher than that of residential sewage, which costs more to treat at the wastewater treatment plant. Those costs are not distributed uniformly or fairly. Residential customers in effect, subsidize the rates charged to most food preparation businesses.

WHO:

Food establishments such as restaurants and commercial kitchens. For identification purposes, inclusion will be based upon the following categories from the Public Health Food and Drink License:

- Restaurants or commercial kitchens with moderate or complex food handling
- Retail food establishment that process food and with > \$25,000/yr in gross sales

WHEN:

The Ordinance revision is proposed to take effect on 4/1/2017.

HOW:

City Engineering will provide outreach in the form of informational letters and public meetings to those affected. The Ordinance revision shall be considered by the Board of Public Works, the Board of Estimates, and ultimately the Common Council.

OUTCOMES:

Food establishments will initially experience a 60% increase in sewer costs for the volume component of their bill. Residential customers will experience a modest decrease. Food establishments who fail to submit an annual grease trap maintenance report will be bumped to the higher tier billing rate, which is a 120% increase in the volume component of their bill. A customer that is moved to the Tier 2 rate can be moved back to the Tier 1 rate upon successful completion of the required maintenance and reporting.

We also anticipate widespread improved grease trap maintenance as another outcome, which will positively impact maintenance costs and sewer functionality. Businesses can benefit from water conservation.

OTHER CONSIDERATIONS:

To mitigate the immediate impact, the food establishment rate class can be phased in over a period of 3 years. For example, a typical restaurant that is moderate volume sewer user may be billed approximately 75% for volume and 25% for demand (fixed charge). If the volume component increase of 60% is spread over 3 years, this would yield a 20% increase for the volume component in the first year or a total bill increase of 15% (not accounting for normal year to year inflationary increases). If the demand charge for a given business is 50% of the total bill, the net bill increase would be approximately 10% in the first year. The net effect on each business will vary based on the quantity of water they use.

Some businesses in this rate class will want to look at their respective water consumption. Any means to lower water use will lower their bill. Businesses with outside landscape water may want to separately meter that water. Likewise, hotels should separately meter the hotel from the restaurant or kitchen.