

Proposed Sanitary Sewer Utility Customer Billing Class – Restaurants & Commercial Kitchens

WHAT: A Proposed Ordinance Revision to establish sanitary sewer billing rate classifications for restaurants and commercial kitchens.

WHY: The cost to treat this type of effluent is higher than residential and those costs are not distributed uniformly or fairly. Residential customers in effect, subsidize the rates charged to most restaurants.

WHEN: The Ordinance revision is proposed to take effect 1/1/2015.

HOW: City Engineering will provide outreach and information to those affected.

OUTCOME:

Restaurants could experience a 30% increase in sewer costs and residential customers will experience a modest decrease. We also anticipate widespread improved grease trap maintenance as another outcome, which will positively impact maintenance costs and sewer functionality.

Proposal

To create (by Ordinance, Chapter 35) a Restaurant Class Billing Rate for restaurants and similar food preparation establishments.

There would be 2 rate tiers established for the approximate 1200 customers that fall into this classification. Both tiers are based upon representative data from 19 of the 29 restaurant customers that presently have their sewerage monitored under the surcharge billing program.

All Restaurant Class customers will be placed in the lower rate tier, but to remain in this lower rate tier, they would be required to provide consistent, periodic proof of maintenance of their respective grease collection facilities. "Restaurant Class II" would be the higher rate, and "Restaurant Class I" would be the lower rate. Customers would be moved to the higher rate tier absent the proof of maintenance.

We would discontinue the annual monitoring of the 29 total restaurant surcharge customers, except for periodic monitoring of a representative group for setting or revising the rates. This periodic evaluation shall occur at least once every 5 years. Protocol for this periodic monitoring shall be established by the City Engineer and approved by the Board of Public Works.

The surcharge billing program and respective monitoring would continue, but only for specific heavy industrial type customers. Presently there are only 24 customers that would remain in this category with 18 of those customers self monitoring or otherwise self reporting.

Benefits

The creation of the Restaurant Classifications for billing creates a fair and uniform billing system for non-restaurant customers. Since not all restaurants are monitored for surcharge billing, non-restaurant customers slightly subsidize the cost of treating restaurant effluent.

The creation of the Restaurant Classifications for billing creates a fair and uniform billing system for all restaurant customers, as well as the other customers of the Sewer Utility. Since not all restaurants are monitored for surcharge billing, it is unfair for those that are monitored for surcharge billing when compared to those that are not monitored. With non monitored restaurants discharging at strengths equivalent to monitored restaurants, the effect is that the residential customers are subsidizing these restaurants. With redistribution of these effluent strengths to the non monitored restaurants, it is estimated that residential rates for the volume portion of the bill, could drop by 5% or more.

The creation of the Restaurant Classifications for billing shall reduce overall monitoring for surcharge billing purposes. The 29 restaurants that are presently monitored would be discontinued except for approximately 15 to be monitored every 5 years. It is anticipated this would reduce costs to the surcharge billing program by about \$23,924 per year.

The creation of the Restaurant Classifications for billing provides incentive to customers to maintain their grease collection facilities. This will enhance the City's overall CMOM Program (Capacity, Management, Operations, and Maintenance). Presently the City does very little in the way of implementation of a FOG reduction program (Fats, Oils, Grease). A FOG Program is a requirement of CMOM and the Restaurant Class billing program would initiate an incentive program towards meeting this CMOM requirement.

If the creation of the Restaurant Classifications for billing does lead to improved maintenance of grease collection facilities by the customer, it will in turn lead to improved overall performance of the City's collection system, with less demand on Operations due problems related to grease.

Challenges

Enactment of this billing program will require Engineering to create a method to quickly and easily process and administer the maintenance submittals. We will also need a method to quickly and easily move a customer from Class 2 to Class 1 or vice versa. The billing software will need to be able to accommodate these types of changes also.

Enactment of this billing program shall require Engineering to determine what customers are included in the Restaurant Class for billing and what customers are not included. It is anticipated that the distinction can be made based on Zoning Classification. If some classifications are less obvious, we may be able to work with Public Health to adjust information on their permits such that it would provide a secondary sort method for us to make the distinction for billing purposes.

Enactment of this billing program will likely require many customers to install separate meters for separate metering of restaurant or food preparation related uses. For example, a large hotel with a restaurant would need a separate meter for the restaurant versus the meter for the rooms which would be billed at domestic.

Enactment of this billing program will require an adjustment in the methods Engineering uses to calculate and establish the billing rate structure for all users on an annual basis.

City Engineering will need to come up with a method to maintain a list of Restaurant Class customers for billing – for example, we will need to categorize new customers as they begin service. This may require some coordination with the Water Utility, who establishes initial service and initial billing accounts and the Public Health Department, who permits customers as commercial kitchens or food service establishments.

City Engineering will need to embark on some sort of Public Relations campaign to get the word out to customers regarding this change – and allow for public comment if desired, especially by those affected.

Documentation / Notes:

Remaining customers that Sewer Utility shall surcharge monitor: Schoepps; Gardner Bakery; Bagels Forever; Aramark Uniform Service; Cintas; Ohmeda.

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 * MADISON SEWER UTILITY *
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 * Sewer Charges For Those Customers Who *
 * Elect Or Are Required To Monitor The *
 * Characteristics Of Their Effluent *
 * ===== *

Current Example Surcharge Customer for High Strength

Customer:
 =====
 McDonnalds Dryden Rd

Customer Situs Address:
 =====
 2901 Dryden Dr

Surcharge Customer Number: 78201
 =====

	FEBRUARY 2014	AUGUST 2013	FEBRUARY 2013	AUGUST 2012
Account / Meter Number	Volume,Hundreds Of Cubic Feet (CCF)	Volume,Hundreds Of Cubic Feet (CCF)	Volume,Hundreds Of Cubic Feet (CCF)	Volume,Hundreds Of Cubic Feet (CCF)
51679 / 0033351255	409	1147	207	475
Total Volume (CCF)	409	1147	207	475
Standard Rate Per CCF	\$ 1.7908	1.7739	1.7386	1.7315
Standard Charge	\$732.44	\$2,034.66	\$359.89	\$822.46
Carbonaceous Biochemical Demand (CBOD),Mg/L	1807	2353.33	2353.33	1396.67
CBOD Pounds	4582	16735	3020	4113
CBOD Rate Per Pound	\$ 0.1637	0.1625	0.1654	0.1660
CBOD Charge	\$750.07	\$2,719.44	\$499.51	\$682.76
Suspended Solids (SS),Mg/L	711	797.67	797.67	821
SS Pounds	1803	5673	1024	2418
SS Rate Per Pound	\$ 0.2485	0.252	0.2424	0.2404
SS Charge	\$448.05	\$1,429.60	\$248.22	\$581.29
Total Kjeldahl Nitrogen (TKN),Mg/L	80.9	70.13	70.13	82.3
TKN Pounds	205	499	90	242
TKN Rate Per Pound	\$ 0.4427	0.4448	0.4301	0.4271
TKN Charge	\$90.75	\$221.96	\$38.71	\$103.36
Total Phosphorous (TP),Mg/L	21.4	23.8	23.8	22.8
TP Pounds	54	169	31	67
TP Rate Per Pound	\$ 3.3861	3.3209	3.4003	3.4164
TP Charge (New Beginning in 1996)	\$182.85	\$561.23	\$105.41	\$228.90
Volume Rate Per CCF	\$ 0.8363	0.8229	0.7906	0.7841
Volume Charge	\$342.05	\$943.87	\$163.65	\$372.45
Charges Based On Waste Characteristics	\$1,813.77	\$5,876.10	\$1,055.50	\$1,968.76
Less Standard Charge	\$732.44	\$2,034.66	\$359.89	\$822.46
Surcharge	\$1,081.33	\$3,841.44	\$695.61	\$1,146.30
Sanitary Charges Without a Surcharge Program	\$732.44	\$2,034.66	\$359.89	\$822.46
Total Sanitary Charges (Current Surcharge Program)	\$1,813.77	\$5,876.10	\$1,055.50	\$1,968.76
Total Sanitary Charges (Proposed Surcharge Program)	\$1,171.90	\$3,255.46	\$575.82	\$1,315.94

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 * MADISON SEWER UTILITY *
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 * Sewer Charges For Those Customers Who *
 * *
 * Elect Or Are Required To Monitor The *
 * *
 * Characteristics Of Their Effluent *
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Current Example Surcharge Customer for High Strength

Customer:
 =====
 Applebee's

Customer Situs Address:
 =====
 660 S. Whitney Way

Surcharge Customer Number: 57509 00
 =====

	The Billing Period Ending =====	The Billing Period Ending =====	The Billing Period Ending =====	The Billing Period Ending =====
	May 2014	Nov 2013	May 2013	Nov 2012
	=====	=====	=====	=====
Customer / Meter Number:	Volume,Hundreds Of Cubic Feet (CCF)	Volume,Hundreds Of Cubic Feet (CCF)	Volume,Hundreds Of Cubic Feet (CCF)	Volume,Hundreds Of Cubic Feet (CCF)
=====	=====	=====	=====	=====
05639 01 / 0032993217			297	1005
05639 01 / 0018043981	873	956	475	

Total Volume (CCF)	873	956	772	1005
Standard Rate Per CCF	\$ 1.8404	1.7739	1.7596	1.7315
Standard Charge	\$1,606.67	\$1,695.85	\$1,358.41	\$1,740.16
Carbonaceous Biochemical Demand (CBOD),Mg/L	602	526.33	526.33	1260
CBOD Pounds	3258	3120	2519	7851
CBOD Rate Per Pound	\$ 0.1674	0.1625	0.1637	0.1660
CBOD Charge	\$545.39	\$507.00	\$412.36	\$1,303.27
Suspended Solids (SS),Mg/L	386	330.67	330.67	1216
SS Pounds	2089	1960	1583	7577
SS Rate Per Pound	\$ 0.2384	0.2520	0.2481	0.2404
SS Charge	\$498.02	\$493.92	\$392.74	\$1,821.51
Total Kjeldahl Nitrogen (TKN),Mg/L	49	31.73	31.73	78.17
TKN Pounds	265	188	152	487
TKN Rate Per Pound	\$ 0.4366	0.4448	0.4388	0.4271
TKN Charge	\$115.70	\$83.62	\$66.70	\$208.00
Total Phosphorous (TP),Mg/L	6.07	4.4	4.4	17.63
TP Pounds	33	26	21	110
TP Rate Per Pound	\$ 3.5775	3.3209	3.3531	3.4164
TP Charge	\$118.06	\$86.34	\$70.42	\$375.80
Volume Rate Per CCF	\$ 0.8758	0.8229	0.8098	0.7841
Volume Charge	\$764.57	\$786.69	\$625.17	\$788.02
Charges Based On Waste Characteristics	\$2,041.74	\$1,957.57	\$1,567.39	\$4,496.60
Less Standard Charge	\$1,606.67	\$1,695.85	\$1,358.41	\$1,740.16
Surcharge	\$435.07	\$261.72	\$208.98	\$2,756.44
Sanitary Charges Without a Surcharge Program	\$1,606.67	\$1,695.85	\$1,358.41	\$1,740.16
Total Sanitary Charges (Current Surcharge Program)	\$2,041.74	\$1,957.57	\$1,567.39	\$4,496.60
Total Sanitary Charges (Proposed Surcharge Program)	\$2,570.67	\$2,713.36	\$2,173.46	\$2,784.26

Sanitary Charges Comparison for Example Customers Not Currently Surcharge Customers

	The Billing Period Ending =====	The Billing Period Ending =====	The Billing Period Ending =====	The Billing Period Ending =====
	SPRING 2014 =====	FALL 2013 =====	SPRING 2013 =====	FALL 2012 =====
<u>McDonald's - 2402 S Park Street</u>				
Current Volume Charges	\$898.84	\$1,291.40	\$1,144.82	\$971.37
Proposed Surcharge Program Charges	\$1,438.14	\$2,066.24	\$1,831.71	\$1,554.19
<u>Noodles & Company - 232 State Street</u>				
Current Volume Charges	\$1,724.26	\$1,459.92	\$1,511.36	\$1,087.38
Proposed Surcharge Program Charges	\$2,758.82	\$2,335.87	\$2,418.18	\$1,739.81
<u>Fleming's Steakhouse - 750 N Midvale</u>				
Current Volume Charges	\$1,300.16	\$1,094.50	\$1,044.49	\$1,082.19
Proposed Surcharge Program Charges	\$2,080.26	\$1,751.20	\$1,671.18	\$1,731.50
<u>Granite City Food & Brewery - 454 S Gammon Rd</u>				
Current Volume Charges	\$1,945.67	\$1,830.66	\$2,069.70	\$2,384.28
Proposed Surcharge Program Charges	\$3,113.07	\$2,929.06	\$3,311.52	\$3,814.85

60% Increase for Volume Portion of Sanitary Bill