



HISTORIC
FRANKLIN
TENNESSEE

ITEM #12
WRKS 07/24/2012

MEMORANDUM

July 11, 2012

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Russ Truell, Assistant City Administrator
Steve Sims, Assistant City Recorder & Court Clerk

SUBJECT: Consideration of Revision to Title 18 to Define Residential, Multiresidential and Nonresidential Customers

Purpose

The purpose of this memorandum is to provide the Board of Mayor and Aldermen (BOMA) with information to consider changes to Title 18 (Water & Sewer) to define Residential customers and Multiresidential and Nonresidential customers for the purpose of applying water, sewer, irrigation and reclaimed water rates consistently.

Background

The Board of Mayor and Aldermen approves rates for water, sewer, and irrigation customers as either Residential or Commercial and Inside (the City) or Outside (the City). Reclaimed Water has only one rate currently. The rate for water charged for consumption above the availability charge is the same for inside customers whether residential or commercial. The Availability Charge for a Residential customer is lower than that of a Commercial (Nonresidential) customer. The same pricing structure holds true for customers outside the city but they pay a higher rate overall (i.e. residential customers outside the city pay a higher rate than residential customers inside the city).

However, the Municipal Code does not classify customers clearly to allow the City to apply rates for services billed as line items on the utility bill consistently (water, sewer, irrigation water, reclaimed water, solid waste and stormwater). In some cases the customer descriptions/classifications contradict each other so that a customer may have some service priced as residential and another priced as nonresidential (commercial).

In addition, there is no current provision for billing for multiple tenants from one meter. This is because Title 18 currently prohibits such practice in 18-113 which states "No customer shall supply water service to more than one dwelling or premise from a single service line." The changes proposed here are to accommodate billing changes and not a total rewrite of Title 18 to cover other areas needing modification. In addition, we have viewed that Title 18 applies only to our water and sewer district and not to other water or sewer districts. A change is proposed to allow the City to bill for "multiple minimums" for Multiresidential customers for both water and sewer intended for potable residential use.

This ambiguity and contradiction in the various titles of the Municipal Code has resulted in confusion by staff which resulted in inconsistent classification and pricing of water and sewer service of our



customers. The proposed changes to Title 18 will not affect pricing business policies of other water providers. They will continue to set their own rates and rules to meet Franklin building standards.

Financial Impact

There will be some indeterminate financial impact to the City and to customers due to varying consumption levels among the various customers. However, it is expected that once the revisions needed to clarify and standardize practices for billing for utility services is completed, this will be total revenue neutral when considering all services and all customers.

Customers primarily impacted will be those served by a master meter outside our water district where there are multiple end users. Our contract or service agreement is with the Homeowner Association (HOA) or agent. Our service has been priced as Residential for the Multiresidential customers. Customers who will be classified as Multiresidential and may be affected includes condominiums, townhomes, apartments, Franklin Housing Authority, mobile home parks, duplexes and triplexes serving multiple tenants from one water meter. Mixed use developments serving residential, multiresidential and commercial customers will be treated as Nonresidential and billed accordingly. Customers whose property is classified as a farm (including agricultural and forest properties) will have service charged at Nonresidential rates since there is a high probability that water is used for agricultural or livestock. Lastly, this will affect HOA associations where the not-for-profit corporation or agent has contracted with the city for service and will have service priced using Nonresidential rates. All Irrigation and Reclaimed service will be priced as Nonresidential even if watering residential lawns since it has a purpose not intended for human consumption.

Recommendation

Approval of the revision to Title 18 is recommended, allowing the consistent application of pricing rules for all customers and consumer groups irrespective of water provider.

ORDINANCE 2012 – 19

TITLE 18 – WATER and SEWER

SUMMARY OF CHANGES

Changes are primarily needed to attain consistency in application of billing rates for potable water, irrigation water, reclaimed water, sewer and metered sewer service charges provided in Title 18.

- Define “Residential” customers as detached single family living units.
- Establish and define a customer class of “Multiresidential” primarily for those where more than one tenant shares a single water meter, including duplexes/triplexes, apartments, condos, townhomes, mobile home parks and Franklin Housing Authority.
- Rename “Commercial” customers to “Nonresidential” and clarified to include healthcare facilities, hospitals, assisted living facilities, government (non-housing), churches, fraternal entities (homeowner associations) and farms.
- Establish and define the use of “multiple minimums” for billing which allows the City to better recoup its fixed capital investments.
- Provide for nonpotable water (Irrigation and Reclaimed) to be billed at Nonresidential rates even if used at homes since the water is not used for human consumption.
- Clearly states that the sewer charge does not apply to irrigation and reclaimed water if the meter is installed and maintained and read by the water district.
- Requires that customers pay the Availability charge if water is available (e.g. if the customer obtains their water from a well).
- Extends the payment due date from ten (10) to fifteen (15) days before the penalty is applied to reflect our current billing practice.
- Specifies that Residential customers will receive bills and be responsible for other City services provided to include trash and stormwater.
- Provides for estimating bills for sewer as well as water.
- Provides that we will bill sewer based on water readings of the water provider.

The above changes primarily affect customers in other water districts who live in multiresidential living units (apartments and condos). We have issued bills under the “multiple minimum” concept in the COF water district but this practice has not been expanded to other water districts. Customers affected include:

Alara Brook	Alara Cool Springs	Alara Farms
Wyndchase	Grant Park	Parkside @ Aspen Grove
Dwell	Landings of Brentwood	HOA common areas (pool)
Farms (incl. agricultural & forest lands)	Residences with separate irrigation meters	Customers on well water

ORDINANCE 2012-19

TO BE ENTITLED: "AN ORDINANCE TO AMEND TITLE 18, TO STANDARDIZE AND DEFINE CUSTOMER CLASSIFICATION."

WHEREAS, the Board of Mayor and Aldermen of the City of Franklin, Tennessee, desires to bill and collect money for providing utility services; and

WHEREAS, the City's utility services include, but are not limited to, water, reclaimed water, irrigation water, wastewater (sewer), trash and stormwater services; and

WHEREAS, customers are classified as Residential and Nonresidential (or Commercial) for purposes of applying pricing provisions of the Code; and

WHEREAS, the Municipal Code defines and classifies Residential and Nonresidential (Commercial) customers differently based on the utility service provided; and

WHEREAS, the City desires that to present bills with consistency in customer classification for applying pricing for those services; and

WHEREAS, certain changes are needed in the Municipal Code to align the definition of Residential and Nonresidential customers; and

WHEREAS, the Board of Mayor and Aldermen believe it is in the best interest of the City to make these changes.

NOW, THEREFORE:

SECTION I: BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, Tennessee, that Section 18-114 of the Franklin Municipal Code be modified by deleting the language shown in ~~strike through~~ and adding the language shown in **bold** as follows.

"Sec. 18-114. – Billing for Water Service.

All water bills may be rendered weekly, semi-monthly, or monthly, at the option of the city.

The bills will consist of charges for the user service fee, consisting of the availability charge, the customer service charge and the consumption service charge, as well as other services obtained by the customer from the city in accord with the agreement between the customer and the city and the provisions of the Municipal Code.

The water service bill is based on gallons of water delivered. An availability charge applies if water is available, even if the customer has not connected to the sewer or there is no consumption for the period.

Water bills must be paid on or before the due date shown thereon to obtain the net or discount rate, otherwise the gross rate shall apply **which includes a penalty of 10% of the net amount billed for**

water. Failure to receive a bill will not release a customer from payment obligation, nor extend the due date.

In the event a bill is not paid on or before ~~ten~~ **fifteen** days after the discount date, the customer's service ~~shall~~ **may** be discontinued without further notice. The city shall not be liable for any damages resulting from discontinued service under the provisions of this section, even though payment of the bill is made at any time on the day that service is actually discontinued.

Should the final date of payment of bill at the net rate fall on a weekend or a holiday, the business day next following the final date will be the last day to obtain the net rate. A net remittance received by mail after the time limit for payment at the net rate will be accepted by the city if the envelope is date-stamped on or before the final date for payment of the net amount.

If a water meter fails to register properly, or if a meter is removed to be tested or repaired, or if water is received other than through a meter, the city reserves the right to render an estimated bill based on the best information available. Any unauthorized removal or tampering with the meter will result in a fine as specified in title 22, comprehensive fees and penalties, per occurrence.

The wastewater (sewer) service charge shall not apply to separately metered water delivery points that are owned, maintained and read by the water provider where there is no potential for the wastewater stream of entering the wastewater stream (e.g. separately metered irrigation and cooling tower applications). All irrigation and reclaimed service shall be priced under Nonresidential rates.

Bills will be issued to the party or parties who obtain service under the provisions of Section 18-103 of this Code ("Obtaining Service"). Residential customers will have consolidated bills presented for other services including, but not limited to, wastewater, solid waste, and stormwater in accordance with the provisions of this Code.

Service pricing will be as either Residential or Nonresidential (Commercial) as shown in Title 22 as follows:

A. RESIDENTIAL is for a residential property owner whose property meets all of the following criteria and will have water service provided and billed under Residential rate provisions using Residential rates:

- 1. The property is used as a detached single-family residential living unit by an owner or tenant and is intended to be used as a residential dwelling; and**
- 2. The property is classified by the Williamson County Assessor as a Residential or Homebelt property; and**
- 3. Is served by a single water meter serving a single residential living unit; and**
- 4. The development consists primarily of similar units and not mixed-use or attached dwellings which are classified as "Multiresidential".**

5. The occupant (owner or tenant) has a unique utility service contract with the City or water district. An addendum to the water supply contract authorizes the City to provide and be paid for city provided services if served water from MVUD, Milcrofton, HB&TS or Brentwood (specific addendums are in their contracts for City services).

B. **MULTIRESIDENTIAL** customers are those that live in residential living units containing the following characteristics. Service is priced at residential rates using “multiple minimums”. Multiple minimums apply when more than one living unit is served from one water meter. This allows for water service to be priced as if each living unit were measured and billed separately. The effect is that total consumption is divided by total units to determine the pricing per unit and billed to the party contracting for service. Living units with one meter/unit will result in being priced as if they are Residential.

1. The property is used as an attached or detached multi-family residential living unit by an owner or tenant and is intended to be used as residential dwellings; and

2. The property is classified by the Williamson County Assessor as a Residential (condominiums, townhomes, duplexes, triplexes) or Commercial property (apartments, duplexes, triplexes) or Governmental property (Franklin Housing Authority); and

3. The development consists primarily of similar mixed-use or attached dwellings which are not classified as “Residential” above.

4. The occupant (owner or tenant) typically does not have a utility service contract with the City or water district and the contract for service is typically with a commercial enterprise, an agent of the owner/tenant (e.g. an Homeowner’s Association or Property Management Firm) or a government entity (Franklin Housing Authority). An addendum to the water supply contract authorizes the City to provide and be paid for city provided services if served water from MVUD, Milcrofton, HB&TS or Brentwood (specific addendums are in their contracts for City services).

C. **NONRESIDENTIAL** is a customer who does not meet the requirements as a Residential or Multiresidential customer but may have living units on the property. Included are farms, healthcare facilities, hospitals, assisted living facilities, hotels (including extended stay facilities) and common properties for residential and multiresidential developments. All “Irrigation Water” shall be classified as Nonresidential even if delivered to a residential customer. Water pricing will be under Nonresidential (commercial) rate provisions.

SECTION II: BE IT FURTHER ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, Tennessee, that Section 18-210 of the Franklin Municipal Code be modified by deleting the language shown in ~~strikethrough~~ and adding the language shown in **bold** as follows.

“Sec. 18-210. – Billing for Sanitary Sewer Service.

~~A sewer service charge as specified in title 22, comprehensive fees and penalties, shall be authorized and collected from any person discharging into the sanitary sewer system of the city. No municipal employee shall accept payment of water service charges from any customer without receiving at the same time payment for all sewer service charges owned by such customer. Water service may be discontinued for nonpayment of the sewer service charge.~~

All sewer bills may be rendered weekly, semi-monthly, or monthly, at the option of the city.

The bills will consist of charges for the user service fee, consisting of the availability charge, the customer service charge and the consumption service charge, as well as other services obtained by the customer from the city in accord with the agreement between the customer and the city.

The sewer service bill is based on gallons of water delivered by the water provider through the potable water meter. An availability charge applies if sewer is available, even if the customer has not connected to the sewer or there is no consumption for the period.

In the event a bill is not paid on or before fifteen (15) days after the discount or due date, the customer's water service may be discontinued without further notice. The city shall not be liable for any damages resulting from discontinued service under the provisions of this section, even though payment of the bill is made at any time on the day that service is actually discontinued.

Should the final date of payment of bill at the net rate fall on a weekend or a holiday, the business day next following the final date will be the last day to obtain the net rate.

If a water meter fails to register properly, or if a meter is removed to be tested or repaired, or if water is received other than through a meter, the city reserves the right to render an estimated bill based on the best information available. Any unauthorized removal or tampering with the meter will result in a fine as specified in title 22, comprehensive fees and penalties, per occurrence.

Any unauthorized removal or tampering with the water meter shall result in a remedial fine as specified in Title 22, Comprehensive fees and penalties.

The wastewater (sewer) service charge shall not apply to separately metered water and reclaimed water delivery points that are owned, maintained and read by the water provider where there is no potential for the wastewater stream of entering the wastewater stream (e.g. separately metered irrigation and cooling tower applications).

Bills will be issued to the party or parties who obtain service under the provisions of Section 18-103 of this Code ("Obtaining Service"). Residential customers will have consolidated bills presented for other services including, but not limited to, wastewater, solid waste, and stormwater in accordance with the provisions of this Code.

A. RESIDENTIAL is for a residential property owner whose property meets all of the following criteria and will have water service provided and billed under Residential rate provisions using Residential rates:

1. The property is used as a detached single-family residential living unit by an owner or tenant and is intended to be used as a residential dwelling; and
2. The property is classified by the Williamson County Assessor as a Residential or Homebelt property; and
3. Is served by a single water meter serving a single residential living unit; and
4. The development consists primarily of similar units and not mixed-use or attached dwellings which are classified as "Multiresidential".
5. The occupant (owner or tenant) has a unique utility service contract with the City or water district. An addendum to the water supply contract authorizes the City to provide and be paid for city provided services if served water from MVUD, Milcrofton, HB&TS or Brentwood (specific addendums are in their contracts for City services).

B. MULTIRESIDENTIAL customers are those that live in residential living units containing the following characteristics. Service is priced at residential rates using "multiple minimums". Multiple minimums apply when more than one living unit is served from one water meter. This allows for water service to be priced as if each living unit were measured and billed separately. The effect is that total consumption is divided by total units to determine the pricing per unit and billed to the party contracting for service. Living units with one meter/unit will result in being priced as if they are Residential.

1. The property is used as an attached or detached multi-family residential living unit by an owner or tenant and is intended to be used as residential dwellings; and
2. The property is classified by the Williamson County Assessor as a Residential (condominiums, townhomes, duplexes, triplexes) or Commercial property (apartments, duplexes, triplexes) or Governmental property (Franklin Housing Authority); and
3. The development consists primarily of similar mixed-use or attached dwellings which are not classified as "Residential" above.
4. The occupant (owner or tenant) typically does not have a utility service contract with the City or water district and the contract for service is typically with a commercial enterprise, an agent of the owner/tenant (e.g. an Homeowner's Association or Property Management Firm) or a government entity (Franklin Housing Authority). An addendum to the water supply contract authorizes the City to provide and be paid for city provided services if served water from MVUD, Milcrofton, HB&TS or Brentwood (specific addendums are in their contracts for City services).

C. NONRESIDENTIAL is a customer who does not meet the requirements as a Residential or Multiresidential customer but may have living units on the property. Included are farms, healthcare facilities, hospitals, assisted living facilities, hotels (including extended stay facilities) and common properties for residential and multiresidential developments. All "Irrigation Water" shall be

classified as **Nonresidential even if delivered to a residential customer. Water pricing will be under Nonresidential (commercial) rate provisions.**

SECTION III: BE IT FURTHER ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, Tennessee, that Section 18-415 of the Franklin Municipal Code be modified by deleting the language shown in ~~strikethrough~~ and adding the language shown in **bold** as follows.

"Sec. 18-415. — Billing for Reclaimed Service.

All reclaimed water bills may be rendered weekly, semi-monthly, or monthly, at the option of the city.

The bills will consist of charges for the user service fee, consisting of the availability charge, the customer service charge and the consumption service charge, as well as other services obtained by the customer from the city in accord with the agreement between the customer and the city.

The reclaimed water service bill is based on gallons of reclaimed water delivered. A minimum availability charge applies upon availability and connection to the reclaimed water lines even if there is no consumption for the period.

Reclaimed water bills must be paid on or before the due date shown thereon to obtain the net or discount rate, otherwise the gross rate shall apply **which includes a penalty of 10% of the net amount billed for water.** Failure to receive a bill will not release a customer from payment obligation, nor extend the due date.

In the event a bill is not paid on or before ~~ten~~ **fifteen (15)** days after the due date, the customer's service ~~shall~~ **may** be discontinued without further notice. The city shall not be liable for any damages resulting from discontinued service under the provisions of this section, even though payment of the bill is made at any time on the day that service is actually discontinued.

Should the final date of payment of bill at the net rate fall on weekend or a holiday, the business day next following the final date will be the last day to obtain the net rate. A net remittance received by mail after the time limit for payment at the net rate will be accepted by the city if the envelope is date-stamped on or before the final date for payment of the net amount.

If a **reclaimed water** meter fails to register properly, or if a meter is removed to be tested or repaired, or if water is received other than through a meter, the city reserves the right to render an estimated bill based on the best information available.

Any authorized removal or tampering with the meter shall result in a remedial fine as specified in title 22, comprehensive fees and penalties.

The wastewater service charge shall not apply to separately metered reclaimed water delivery points that are owned, maintained and read by the City where there is no potential for the wastewater stream of entering the wastewater stream (e.g. separately metered irrigation and cooling tower applications).

Bills will be issued to the party or parties who obtain service under the provisions of Section 18-103 of this Code ("Obtaining Service"). Residential customers will have consolidated bills presented for other services including, but not limited to, wastewater, solid waste, and stormwater in accordance with the provisions of this Code.

Service pricing will be Nonresidential (commercial) as shown in Title 22 for all applications of Reclaimed service.

SECTION IV. BE IT FINALLY ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, Tennessee, that this Ordinance shall take effect from and after its passage on second and final reading or July 1, 2012 whichever is later, the public health, safety and welfare requiring it.

ATTEST:

CITY OF FRANKLIN, TENNESSEE

BY: _____

ERIC S. STUCKEY
City Administrator

BY: _____

DR. KEN MOORE
Mayor

PASSED FIRST READING

PASSED SECOND READING

Approved as to form:

Kristen L. Corn, Staff Attorney