



UTILITY SERVICE BUSINESS RULES – CUSTOMER SEGMENTATION

The purpose of this is to provide a standard framework for pricing and delivering utility services based on Customer Segmentation. Utility services are provided by the City are authorized by Municipal Code in Titles 17 (Solid Waste), 18 (Water, Sewer & Reclaimed) or 23 (Stormwater) that segment customers and have business rules unique the segment. In addition, the City provides other services that are unsegmented and have business rules for the specific service (e.g. Backflow Inspections, Connection Fees, and Assessments)

Rates for services are in Title 23 and stated based on customer segmentation as either (1) Residential or (2) Commercial or Nonresidential depending on the specific Title of the Code addressing the service. For the purposes of this discussion, Nonresidential will be used for customers who are not classified as Residential. Historically, utility services for residential solid waste and stormwater were “added to” the water bill as a unique line item. We started billing for those services over the last decade but the rules and tools in effect for water/sewer drove issuance of bills. Therefore, we did not apply rules consistently to all services due to (1) inconsistent classification of what determines a “residential” property (2) the water district and (3) the party contractually responsible for the bill. Rules that made sense when we billed water/sewer only did not stand up when we extended the billing to solid waste and stormwater.

Definitions for customer segmentation (Residential or Nonresidential) vary by Title and make it difficult to extend standard business rules using the current definitions due to (1) the contract for service between the customer and the City (2) the ability to apply business rules consistently for those properties which have multiple end users (consumers) being served by a single water meter (Master Meter serves more than one end user) (3) situations where we have multiple parcels served by one meter/account and (4) multiple uses on one parcel.



UTILITY SERVICE BUSINESS RULES – CUSTOMER SEGMENTATION

Defining Residential will result in all others being classified as Nonresidential and should apply to all utility services provided by the City. Nonresidential business rules provide additional flexibility to the customer for obtaining services.

Residential is proposed to be defined as

RESIDENTIAL CUSTOMER: Is a residential property owner whose property meets all of the following criteria:

- The property is used as a single-family residential living unit and is owner or tenant occupied as a residential dwelling; and*
- The property is classified by the Williamson County Assessor as a Residential or Homebelt property; and*
- Is served by a single water meter serving a single residential living unit or duplex or triplex; and*
- The occupant (owner or tenant) has a unique utility service contract with the City or water district as an addendum to the water supply contract if served water from MVUD, Milcrofton, HB&TS or Brentwood (specific addendums are in their contracts for City services).*

This standardized approach will impact the following types of properties used for dwellings: apartments, farms, fraternal organizations (HOAs) including certain condos (served by a master water meter where the contract for service is with a fraternal organization – i.e. HOA), mobile home parks (where the contract for service and bills are presented to a private entity and not individually metered homes), the Franklin Housing Authority and duplexes.

1. **Apartments** –The Assessor classifies these as Commercial properties. The contract for service is with a private for profit entity except for one complex (Westview Apartments on New Hwy 96W).

a. **Water/sewer** –Except as noted above, all apartments are served by a master water meter and currently priced as Residential. Water/sewer



UTILITY SERVICE BUSINESS RULES – CUSTOMER SEGMENTATION

would be priced as Nonresidential. Consumption rates are the same for water but higher for Nonresidential sewer. This would result in an increase in sewer revenues for the City. However, we are currently billing multiple minimums so there might not be that large of an impact

- b. Solid Waste - This has no impact on solid waste as the Municipal Code (“Code”) provides that they are Nonresidential and they can obtain service from the provider of their choice. If the City provides, we would use Nonresidential pricing provisions.
 - c. Stormwater – The Code defines “dwelling units” as Residential and apartments are impacted. These would be billed based on ERU for the entire complex. This is impossible to determine the impact without analyzing each complex. Most are on a single parcel but some are on multiple parcels. We currently bill inconsistently as sometimes we use residential units and sometimes we use ERU. However, in cases where we are billing using unit multiples we are applying the unit rate at a value less than authorized by Code (i.e. we are charging \$1.83/unit and should be billing at \$2.74/unit). This appears to go back to when we started billing for stormwater. There is no provision for billing for common areas unless treated as Nonresidential and applying based on ERU covers common areas.
2. Farms – This includes properties classified by the Assessor as Farm or Agricultural. We currently apply a mixture of rules for these as they typically have multiple buildings and may have multiple dwellings on the meter. While some properties are working farms, some do not appear to be working farms and are in downtown and residential neighborhoods.
- a. Water/sewer – These are typically served by single water meter and currently priced as Residential. These would have the same impacts



UTILITY SERVICE BUSINESS RULES – CUSTOMER SEGMENTATION

as Apartments above. In addition, since these are Nonresidential they would be subject to backflow provisions (preventer and testing). Homestead should be considered Residential.

- b. Solid Waste - This has no impact on solid waste as Code provides for “agricultural establishments” to be considered as Nonresidential. They can obtain service from the City if desired but would obtain service using Nonresidential pricing if service is desired.
 - c. Stormwater – There is an issue as some farms may be exempt (see 23-702 that says “agricultural land management activities” ...are exempt from the provisions of this article.” We would need to review each application manually to determine the impact. It is recommended that the notice would include a section outlining the exemption and process for requesting an exemption.
3. Fraternal - This includes lodges and certain associations such as Homeowner Associations. These are exempt from paying property taxes. There were 764 parcels classified as Fraternal on the 2010 property tax rolls. Most subdivisions have HOAs which contract with the City for services for the common areas to include the recreational facilities (pool, pool house, tennis courts, playgrounds, drinking fountains) as well as landscaping, parking lots, and service buildings. The HOA is typically the customer for those properties which are served thru a master meter – i.e. a condo association contract with the City for those consumers served by the customer’s master meter.
- a. Water/sewer –Typically these customers have been treated as residential. Residents of condos that are served water thru a master meter (provided thru an agreement between the City and the HOA) are currently priced as Residential. Water/sewer would be priced as Nonresidential for condos when served thru a master water meter as



UTILITY SERVICE BUSINESS RULES – CUSTOMER SEGMENTATION

we do not a contract for service with the end use consumer.

Consumption rates are the same for water but higher for Nonresidential sewer. This would result in an increase in sewer expenses for the end user consumer (resident). However, we are currently billing multiple minimums so there might not be that large of an impact.

- b. Solid Waste - This has some impact on solid waste as Code provides that they are Nonresidential and they can obtain service from the provider of their choice. If the City provides, it would use Nonresidential pricing provisions for developments that are master metered and for common areas. Individually metered condos/townhomes would be billed for solid waste as is any detached home. Service would be by agreement between Solid Waste and the HOA (rollouts or dumpsters).
- c. Stormwater – The code defines “dwelling units” as Residential and so condos are impacted. These would be billed based on ERU for the entire complex if master metered or the homeowner/tenant if individually metered. Common areas would be billed to the HOA. It is impossible to determine the impact without analyzing each complex. Individual condo units are a single parcel but common areas are on separate parcels. We currently bill inconsistently as sometimes we use residential units and sometimes we use ERU. For those cases where we are billing using unit multiples but are applying the unit rate at a value less than authorized by Code (i.e. we are charging \$1.83/unit and should be billing at \$2.74/unit). There is no provision for billing for common areas unless treated as Nonresidential.
4. Condominiums/townhomes – These are not a property class but a special subcategory of Residential properties and are uniquely identified in the



UTILITY SERVICE BUSINESS RULES – CUSTOMER SEGMENTATION

property records. While most are metered and billed separately, some are served thru a master water meter and the HOA, developer or property manager is billed. See Fraternal above for handling those served thru a master meter. If served thru individual meters then they are Residential. Condos present the largest challenge as the end user may be a customer or consumer (i.e. those served water thru a master meter).

5. **Trailers and Mobile Homes** – These are not a property class but a special subcategory of Residential properties and are uniquely identified in the property records. A few are individually metered and billed separately and would be classified as Residential. However, most are served thru a master water meter and owner of the land or property manager is billed. See Fraternal above for handling those served thru a master meter. This change affects Franklin Estates which is a privately owned park renting space to owners and tenants. Water is provided thru 5 master water meters to three parcels containing about 377 mobile homes.
6. **Franklin Housing Authority (FHA)** – The Assessor classifies these as Government properties. The contract for service is with a government entity so no property taxes are paid. There are several parcels with multiple buildings with multiple units in each.
 - a. **Water/sewer** – Except as noted above, all units are served by a master water meter and currently priced as Residential with a 20% discount. Water/sewer would be priced as Nonresidential. Service is provided to each parcel with multiple buildings being served from one water meter. Consumption rates are the same for water but higher for Nonresidential sewer. This would result in an increase in sewer expenses for the FHA. However, we are currently billing multiple minimums so there might not be that big of an impact.



UTILITY SERVICE BUSINESS RULES – CUSTOMER SEGMENTATION

- b. Solid Waste - This does have an impact on solid waste as Code provides that they are Nonresidential (multiple units) but we are pricing as if they are Residential (\$15/can instead of \$20/can). They can obtain service from the provider of their choice. If the City provides, it should use Nonresidential pricing provisions.
- c. Stormwater – The code defines “dwelling units” as Residential and so apartments are impacted. These would be billed as Nonresidential based on ERU for the entire complex. This impact is impossible to determine without analyzing each complex. We are billing using unit multiples but are applying the unit rate at a value less than authorized by Code (i.e. we are charging \$1.83/unit and should be billing at \$2.74/unit). There is no provision for billing for common areas unless treated as Nonresidential.
7. Duplex – We have about 50 properties which are characterized as duplexes meaning a structure containing more than one dwelling unit for more than one family with multiple addresses (as opposed to multiple families living in one single family dwelling with one address). Most are served by a master water meter and service is billed to the owner since we cannot separate the bill. These would be classified as Residential only if each unit is provided water thru separate meters. If master metered, then they are Nonresidential.