

## Raising Revenues Without Raising Rates

by Randy Hellbusch, Circuit Rider

When conducting rate studies, sometimes there are certain practices discovered that if were properly implemented a rate increase would possibly not be necessary, or at least not as huge of an increase. One main goal of all water system rates should be to be as fair and equitable to all users as possible. For example, many small systems find it difficult when shut off dates arrive for non-payment. I understand this. I have been there myself. The reality is if a strict shut off policy is not enforced, it is actually unfair to the users that do pay their bill on time. They are the ones paying the wages of the staff that have to spend time on shut offs and reconnects. Another area I often see is that all meters are charged the same monthly fee regardless of meter size. The customers with the larger meter are usually the ones that put the most demand on the system and therefore should pay accordingly. Below are 10 revenue-generating examples to take a look at next time revenue is running short of expenses and a rate increase is being considered.

1. Eliminate the minimum gallons allowed on water and sewer bill. Example \$20/month plus \$2.00/1000. Collect for all water that goes through the meter. This is the most fair and equitable method for all users in billing for water
2. Eliminate the descending step rate. Example the first 5,000 at \$1.00/1000, next 5,000 at \$.75/1000 and over 10,000 at \$.50/1000. The cost is the same to pump the first gallon as it is to pump the 50,000th gallon. Descending or step rates actually discourage water conservation.
3. Meter all connections and bill for all water consumed. Each user must pay a proportional share of operation, maintenance and replacement cost. City hook-ups should be metered to account for all water pumped.
4. Maintain an on-going meter replacement and testing program. Suggested schedule per AWWA is as follows: 5/8" every 10 years, 3/4" every 8 years, 1" every 7 years, 2" every 5 years, 3" every 4 years, 4" every 2 years, 6" or larger every year.
5. Have a meter charge or service charge based on the size of meter. A user with a 2" meter has the availability of 8X the volume of water compared to a 3/4" meter.
6. Amend water ordinance to adjust rates and fees by resolution.
7. Have adequate reconnection fees.
  - A. Fees should include a high fee for after hours and holiday reconnections.
  - B. If a shut off date has arrived, all who are on that list should pay a reconnect fee once staff has been sent out to conduct shut offs, regardless of whether they run in to pay at the last second. Staff has already allocated time for the effort.
8. Have adequate tap and inspection fees.

9. Have adequate deposit fees.
10. Have an accurate and separate record of revenue and expenditures for the water and sewer systems. Have a rates review by an outside source at least every three years.