



**CITY OF PLANO  
COUNCIL AGENDA ITEM**

<b>CITY SECRETARY'S USE ONLY</b>				
<input checked="" type="checkbox"/> Consent <input type="checkbox"/> Regular <input type="checkbox"/> Statutory				
Council Meeting Date:		October 22, 2012		
Department:		Customer & Utility Services Department		
Department Head		Mark Israelson		
Agenda Coordinator (include phone #): <b>Tony Han 972-941-5128</b> <b>Andrea Park 972-941-5113</b>				
<b>CAPTION</b>				
An Ordinance of the City of Plano, Texas amending Section 18-32 of Chapter 18, Solid Waste, of the Code of Ordinances of the City of Plano, Texas and Section 21-131 of Chapter 21, Utilities, of the Code of Ordinances of the City of Plano, Texas to permit pro rata billing on residential and commercial accounts for utility service and providing a repealer clause, a savings clause, a severability clause, and an effective date.				
<b>FINANCIAL SUMMARY</b>				
<input type="checkbox"/> NOT APPLICABLE <input type="checkbox"/> OPERATING EXPENSE <input checked="" type="checkbox"/> REVENUE <input type="checkbox"/> CIP				
FISCAL YEAR: <b>2012-13</b>	<b>Prior Year (CIP Only)</b>	<b>Current Year</b>	<b>Future Years</b>	<b>TOTALS</b>
Budget	0	0	0	<b>0</b>
Encumbered/Expended Amount	0	0	0	<b>0</b>
This Item	0	-380,870	0	<b>-380,870</b>
BALANCE	0	-380,870	0	<b>-380,870</b>
<b>FUND(S):</b> WATER & SEWER FUND, MUNICIPAL DRAINAGE FUND, SUSTAINABILITY & ENVIRONMENTAL SERVICES FUND				
<b>COMMENTS:</b> This item has an estimated annual revenue decrease of \$380,870 (based on annual billing projections of \$137.1 million) to the current water and sewer, drainage, and solid waste collection fee projections. Prorating City Utility Services provides a more equitable method of billing. <b>STRATEGIC PLAN GOAL:</b> Periodic review and changes to the various City Utility Service Rates relate to the City's Goal of Financially Strong City with Service Excellence.				
<b>SUMMARY OF ITEM</b>				
In order for Customer & Utility Services Dept. to continue to provide great customer service, this Ordinance allows for pro-rating of utility bills based on customers actual usage/consumption. Pro-rata billing shall be consistent across all utilities (water, sewer, drainage, solid waste) and applicable to both commercial and residential customers. Total annual projected reduction in revenue from water, sewer, solid waste, and drainage collection fees is \$380,870.				
List of Supporting Documents: Memorandum, Ordinance			Other Departments, Boards, Commissions or Agencies	



Date: 10/1/2012 (last updated 11/22/2011)  
 To: Mark Israelson – Director of Office of Policy and Government Relations  
 From: Tony Han – Customer & Utility Services Manager  
 Subject: CUS Pro-Rata Impact Study

**Background:**

A consistent complaint from many of our customers relates to pro-rata billings. Many in the utility industry already provide pro-rata billings. Some examples include telephone services (AT&T, Verizon, Sprint), basic utilities (Atmos, TXU Energy, Oncor), television services (Time Warner, AT&T, Verizon FiOS). In researching pro-rata billing, we also surveyed 27 municipalities in north Texas and found seven to have a full pro-rata process (water, sewer, drainage, solid waste). The remaining cities surveyed, including Plano, only pro-rate solid waste.

The City of Plano Customer & Utility Services Department currently bills customers through a minimum bill process. The minimum bills include charges for water, sewer (Winter Quarter Average), drainage, and solid waste. A typical minimum bill is \$76.30. The minimum bill covers 30 days of service regardless of total days of actual usage. For example, a customer is charged \$76.30 for 30 days of service or 3 days of service. Based on a survey from staff interactions with customers, approximately 5 out of 10 customers are not happy with minimum bills.

**Data:**

The CUS Department has evaluated the pro-rata billing process to measure impacts it may have on revenue. In reviewing the data for one quarter (Jul./Aug./Sept.) in 2011, we found the following statistics for accounts related to new services and termination of services:

Number of Accounts reviewed for 3 <sup>rd</sup> quarter 2011	Average Days of Service for quarter	Total Min. Bill Revenue Collected for quarter	Projected pro-rata revenue based on avg. days of svc.	Projected loss based on pro-rata for quarter	Projected loss based on pro-rata annually	Projected loss by % based on \$137Mil. annual rev.
New: 2562	24	\$357,782.19	\$318,721.69	\$39,060.49	\$156,241.97	0.001114%
Terminate: 2577	22	\$322,440.58	\$266,283.53	\$56,157.05	\$224,628.19	0.001639%
<b>Totals:</b>					<b>\$380,870.16</b>	<b>0.002753%</b>

Based on the pro-rata research noted above, the estimated loss is less than half of 1% of total annual water/sewer revenue; however, the dollar impact is approximately \$380,870.16.

A breakdown of the annual projected loss by category is shown below:

Service Category	Quarterly New Connect Projected Loss	Quarterly Terminate Projected Loss	Quarterly Projected Sub Totals	Annual Projected Loss
Drainage	\$2,066.39	\$2,616.13	\$4,682.51	\$18,730.06
Sewer	\$19,518.86	\$27,261.89	\$46,780.75	\$187,122.98
Water*	\$17,027.94	\$25,702.51	\$42,730.45	\$170,921.81
Solid Waste (R & R2)*	\$0.00	\$0.00	\$0.00	Zero loss - already pro-rated
Extra Cart (3rd cart)	\$274.72	\$567.98	\$842.70	\$3,370.80

\* \$724.52 of projected annual loss by pro-rating downtown waste services and cooling tower services.

**Recommendation:**

The CUS Dept. would like to start the pro-rata process by January 1, 2013.

**An Ordinance of the City of Plano, Texas amending Section 18-32 of Chapter 18, Solid Waste, of the Code of Ordinances of the City of Plano, Texas and Section 21-131 of Chapter 21, Utilities, of the Code of Ordinances of the City of Plano, Texas to permit pro rata billing on residential and commercial accounts for utility service and providing a repealer clause, a savings clause, a severability clause, and an effective date.**

**WHEREAS**, the City Council passed Ordinance No. 2004-9-28 on September 27, 2004 which set forth utility billing and payment procedures, and Ordinance No. 2008-9-34 on September 22, 2008 which set forth residential solid waste collection charges; and

**WHEREAS**, staff recommends adding a provision to provide for pro rata billing for residential and commercial accounts for utility service in order to provide a more equitable method of billing; and

**WHEREAS**, the City Council of the City of Plano, after consideration of the recommendations of staff and all matters attendant and related thereto, is of the opinion that the recommended changes are necessary and in the best interest of the City of Plano and its citizens and should be approved and adopted.

**NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PLANO, TEXAS, THAT:**

**Section I.** Section 18-32, "Collection within city limits," of Chapter 18, Solid Waste, of the City of Plano Code of Ordinances is hereby amended to add subsection (c) to read as follows:

**"Sec. 18-32 Collection within city limits.**

(c) *Pro rata billing.* Customers who request to commence, transfer, or terminate any residential or commercial account for utility service within a billing cycle shall be billed based on a pro rata basis. The calculation method consists of taking the applicable service charge, dividing by a standard thirty (30) day service period and then multiplying by the number of days service was provided for the billing cycle."

**Section II.** Section 21-131, "Billing and payment," of Chapter 21, Utilities, of the City of Plano Code of Ordinances is hereby amended to add subsection (f) to read as follows:

**"Sec. 21-131 Billing and payment.**

(f) *Pro rata billing.* Customers who request to commence, transfer, or terminate any residential or commercial account for utility service within a billing cycle shall be billed based on a pro rata basis. The calculation method consists of taking the applicable service charge, dividing by a standard thirty (30) day service period and then multiplying by the number of days service was provided for the billing cycle."

**Section III.** All provisions of the Code of Ordinances of the City of Plano, codified or uncoded, in conflict with the provisions of this Ordinance are hereby repealed, and all other provisions of the Code of Ordinances of the City of Plano, codified or uncoded, not in conflict with the provisions of this Ordinance shall remain in full force and effect.

**Section IV.** The repeal of any Ordinance or part of Ordinances effectuated by the enactment of this Ordinance shall not be construed as abandoning any action now pending under or by virtue of such Ordinance or as discontinuing, abating, modifying or altering any penalty accruing or to accrue, or as affecting any rights of the municipality under any section or provisions at the time of passage of this ordinance.

**Section V.** It is the intention of the City Council that the sections, paragraphs, sentences, clauses, and phrases of this Ordinance are severable, and if any phrase, clause, sentence, or section of this Ordinance shall be declared unconstitutional or invalid by any court of competent jurisdiction, such unconstitutionality or invalidity shall not affect any other remaining phrase, clause, sentence, paragraph or section of this Ordinance.

**Section VI.** This Ordinance shall become effective immediately upon its passage and publication as required by law and shall apply to the billing cycle occurring after January 1, 2013.

**DULY PASSED AND APPROVED** this the 22nd day of October, 2012.

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Phil Dyer, MAYOR

ATTEST:

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Diane Zucco, CITY SECRETARY

APPROVED AS TO FORM:

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Diane C. Wetherbee, CITY ATTORNEY