New Business #17

COUNTY AGENDA REQUEST

Department:	Water System	Presenter(s):	Lee Pope
Meeting Date:	Thursday, June 26, 2014	Type of Request:	New Business

Wording for the Agenda:

Consideration of staff's recommendation to adopt Resolution 2014-15 implementing the Leak Protection Program.

Background/History/Details:

The proposed new policy allows, in any twelve (12) month period, a credit for a repaired leak up to $1,000, provided the customer is paying the monthly leak protection fee of $3.00. This proposed policy allows for one bill to be credited to an average bill using the previous six months to calculate the average. Should the customer opt out of the Leak Protection Program (LLP), no credit for any leak would be considered. No credit shall be given in any twelve (12) month period above $1,000.00.

Example: As a result on the customer's side of the meter, if this resulted in a water bill of $700.00 and the average customer bill for the preceding six (6) months had been $50,00, then crediting the maximum leak insurance allowed of $1,000.00, the customer's bill would be reduced to $50.00. If the customer had another leak within the 12 months, they would still have $350.00 available for water credits.

The support documents include two draft resolutions to implement the Leak Protection Program. Draft A (pgs 2-6) is the originally submitted resolution provided by County Attorney Dennis Davenport for approval. Draft B (pgs 7-12) includes changes to the original resolution as suggested by Commissioner Charles Oddo.

A final form resolution will be produced based on the vote and changes adopted by the Board in adopting the Leak Protection Program.

What action are you seeking from the Board of Commissioners?

Approval of staff's recommendation to adopt Resolution 2014-15 implementing the Leak Protection Program.

If this item requires funding, please describe:

This current program requires funding; the new program will stand along and will not take funding from the current operating budget.

Has this request been considered within the past two years?	No	If so, when?	
Is Audio-Visual Equipment Required for this Request?*	No	Backup Provided with Request?	Yes

**** All audio-visual material must be submitted to the County Clerk's Office no later than 48 hours prior to the meeting. It is also your department's responsibility to ensure all third-party audio-visual material is submitted at least 48 hours in advance.***

Approved by Finance	Yes	Reviewed by Legal	
Approved by Purchasing	Not Applicable	County Clerk's Approval	Yes
Administrator's Approval			

Staff Notes:

An approved Leak Protection Program will replace the existing Plumbers Leak Adjustments and Water Adjustment Fund. Implementation the Leak Protection Program and its associated costs, as described, is included as part of the proposed Fiscal Year 2015 Water System budget.

A RESOLUTION BY
FAYETTE COUNTY WATER SYSTEM

WHEREAS, the Fayette County Water System (the "System") has extensively reviewed its policy of leak adjustments provided to customers of the System; and

WHEREAS, it is apparent that a number of customers are unaware of the policy, and there have been numerous occasions where it has proven difficult to administer the present policy due to the varying types of leaks, water problems, and/or related issues that have caused the System to implement this new policy so as to more uniformly deal with significant leak issues that may occur with certain System customers, as hereinafter defined; and

WHEREAS, the System Director desires to create this new policy, and implement the needed uniformity for the future operations of the System, its customers, and potential conservation of water usage in Fayette County; and

WHEREAS, this policy is intended to address the cost of excessive water loss causing the water billing amount to exceed a customer's normal average.

NOW, THEREFORE BE IT RESOLVED and adopted by the Board of Commissioners and it is hereby so resolved and adopted as follows:

SECTION 1

The previous policy of the System, to adjust customer leaks based on the wholesale water rate is rescinded in its entirety. On and after the effective date of this Resolution, this new policy shall govern all issues involving certain customer leaks, and related matters, as delineated in this policy.

SECTION 2

Leak Protection Defined: Applicability.

A. "Leak Protection" as used in this policy, and as implemented by the System, shall mean a program by which eligible customers will be protected from inordinate and unusual charges for water service provided by the System in the event of an undetected leak, water pipe failure, or similar unintentional cause which results in an abnormal discharge of water from a point commencing at the customer side of a water metering device through all the connections with the eligible customer's dwelling, building, or similar improvement.

B. No protection is afforded to any eligible customer who allows a defective waterline leak to occur for the amount of water used within a 60-day period. It shall be presumed that in the event the water usage by any eligible customer exceeds two (2) times their normal, customary usage within the preceding twelve (12)-month period, and this usage occurs for more than 60 consecutive days, that the customer has failed to take adequate and necessary precautions to end any leak. In such an event, the System may deny leak protection coverage partially, or in its entirety.

C. "Eligible customer" shall mean that this policy applies to any single family residential customer and any bona fide religious organization, which holds worship services within Fayette County, and the property of the religious institution is registered with the County as being exempt from taxation due to the property being used for religious services and/or related activities. **NO COVERAGE IS PROVIDED TO ANY SCHOOL, COMMERCIAL, INDUSTRIAL, OR MULTI-FAMILY ACCOUNT ON THE SYSTEM.**

SECTION 3

Cost of Service Opt-Out

A. All "eligible customers", as defined in Section 2, subparagraph C, shall be charged the sum of $3.00 per month on and after the effective date of this policy for leak protection afforded through this policy.

B. Notice of this service and protection shall be provided to all eligible customers. Any eligible customer who does not wish to participate in the protective services granted through this policy may provide the System with notice in writing of the eligible customer's decision to "opt-out" of the coverage afforded by this policy. Upon such notice, on the next billing cycle for the eligible customer, the leak protection service charge of $3.00 shall be removed from the customer's billing; provided that on and after that date, **there shall be no leak protection whatsoever for that customer.** Eligible customers will be allowed to opt back in at the beginning of each fiscal year.

SECTION 4

Coverage Provisions

A. In order to apply for payment protection coverage, an eligible customer shall submit such information, as required by the System on forms provided by the System for that purpose. Proof of repairs or other bona fide evidence must be provided in writing to the System for coverage to apply (receipts, invoices, etc.).

B. The total amount of protection provided shall be $1,000.00 in any twelve (12)-month billing period. The computation of the credit amount shall be based on the average water billings for an individual eligible customer for the six (6)-month period immediately

preceding the leak's protection and repair. As an example, as a result of a leak on the customer's side of the meter, if this resulted in a water bill of $700.00, and the average eligible customer bill for the preceding six (6) months had been $50.00 per month; then crediting the maximum leak insurance allowed of $1,000.00, the eligible customer's bill would be reduced to $50.00. No credit shall be given in any twelve (12)-month period above $1,000.00; **nor to anyone who has opted out of coverage.** No further adjustments for leak protection shall be made, unless the amount of water usage for a single billing cycle exceeds $1,000.00. In such circumstances, any eligible customer may present such evidence as they deem appropriate to the Customer Service Supervisor or System Director to determine what adjustment, if any, shall be afforded that eligible customer due to the inordinate magnitude of the leak up to $1,000.00.

C. In the event the eligible customer has had water service for less than six (6) months, then an average over the usage time of the eligible customer shall be computed by the System to determine the appropriate average amount for credit pursuant to this coverage.

SECTION 5

Exceptions from Coverage

A. In the event the System has reasonable grounds to believe that an eligible customer intentionally, or wantonly disregarded evidence of leakage that caused the amount of potable water being wasted on the eligible customer's property to exceed two (2) times their bill on an average monthly basis for more than 60 days, then the System Director my deny any claim for protection payments. Any decision by the System Director to deny a claim may be appealed by the eligible customer to the Water Committee. [Up to now, all decisions from the Water Committee have been recommendations with the final decision being made by the Board of

Commissioners. Need direction on how to structure the appeal process. Does it end with the Water Committee, or does it go to the Board of Commissioenrs?]

B. Eligible customers with large storage facilities, such as swimming pools, hot tubs, or water storage tanks shall provide the System with advance written notice of their intention to use Fayette County Water to fill, refill, or otherwise store water on the eligible customer's property.

C. Coverage may be denied if the eligible customer fails to notify the System of the eligible customer's request for leak protection within three (3) consecutive billing cycles of the leak.

SECTION 6

All policies and parts of policies in conflict herewith are specifically repealed.

SECTION 7

This policy is effective as of July 1, 2014 for all billing of eligible customers, on and after that date.

Dennis, I highlighted the text I changed in yellow, and added my comments in blue. - Chuck

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Alternately, if a leak on the customer's side of the meter resulted in a water bill of $1100 and the average eligible customer bill for the preceding six (6) months had been $50.00 per month, then the maximum leak insurance allowed of $1000 would reduce the eligible customer's bill to $100.00.

No credit shall be given in any twelve (12)-month period above $1,000.00; **nor to anyone who has opted out of coverage.** No further adjustments for leak protection shall be made, unless the amount of water usage for a single billing cycle exceeds $1,000.00. In such circumstances, any eligible customer may present such evidence as they deem appropriate to the Customer Service

Supervisor or System Director to determine what adjustment, if any, shall be afforded that eligible customer due to the inordinate magnitude of the leak up to $1,000.00.

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