

## Sprinkler Meter Background, Options and Recommendations

*(Companion document to the 5/7/13 Council Workshop discussion concerning the review of sprinkler meter installation and availability costs)*

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### Background

There are currently 249 sprinkler meters on the City's utility service. A sprinkler meter is a second water meter installed on outside faucets and/or a lawn irrigation system. The lines are separated for the purposes of calculating water only fees versus water & sanitary sewer fees. In summary, the water that is used for irrigation purposes is not factored into the sanitary sewer charges since the water does not enter the sanitary sewer system. A diagram is attached to show the installation arrangement of the two water meters.

To install a second meter (sprinkler meter), the customer pays a total installation charge of \$520.44 (\$325 meter; \$195.44 labor, equipment, and materials). Once the second water meter is installed and functioning the customer pays a standard water meter availability fee of \$11.55/month (\$138.60 annually), and is charged for the metered water usage.

Based on the 249 existing sprinkler meters, the availability charge is estimated to generate \$53,000 in revenue for the Water Fund in 2013.

Based on our current fee structure, the Table 1 below lays out the costs, savings and return on investment for customers who choose to install a sprinkler meter both under the current rate schedule. These calculations are based on a usage of 100 units per year.

	<u>Annual Usage Cost</u>	<u>Annual Usage Savings</u>	<u>ROI (years)</u>
1. Customer Not Using a Sprinkler Meter	\$1,059.00	\$0.00	n/a
2. Sprinkler Meter Under Current Rate Schedule	\$430.60	\$628.40	0.83

Table 1

### Options Considered

With the goal of making it more cost effective for residents to add a second (sprinkler) water meter, we looked at the following options:

1. Alter the availability charge on the second (sprinkler) meter.
  - a. Reduce by 50%
  - b. Reduce by 100%
2. Alter the water meter purchase fee, and/or the labor fee.
  - a. Reduce by 50%
  - b. Reduce by 100%
3. Combinations of options 1 & 2 listed above.

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### Proposed Changes

Testing the various options listed above via calculations performed by the Finance Director, staff is suggesting the following changes to the program as a way of achieving the above stated goal.

1. Eliminate the labor, equipment, and materials fee (\$195.44) to install the second (sprinkler) water meter.\*
2. Reduce the monthly availability charge of \$11.55 by 50% to \$5.78.

*\*Note: Customer still responsible for the fee of \$325.00 to purchase the second meter.*

Based on our proposed fee structure, the Table 2 below lays out the costs, savings and return on investment for customers who choose to install a sprinkler meter. These calculations are based on a usage of 100 units per year.

	<b>Annual Usage Cost</b>	<b>Annual Usage Savings</b>	<b>ROI (years)</b>
1. Customer Not Using a Sprinkler Meter	\$1,059.00	\$0.00	n/a
2. Sprinkler Meter Under Proposed Fee Schedule	\$361.30	\$697.70	0.47

Table 2

### Financial Results of Recommendation

1. Customer with second (sprinkler) water meter would save \$697.70.
2. City's water fund would lose \$26,500/year from the availability charge reduction, plus \$195.44 for the labor on new second (sprinkler) water meter installation.