

City of San Marcos

City Council Meeting

August 4, 2020

Purpose

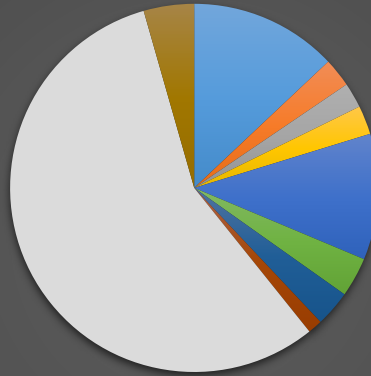
- **To provide sewer surcharge fee relief for commercial customers affected by the COVID emergency orders:**
 - Provide tiered reimbursement based on decreased water usage
 - Assess a temporary flat monthly fee based on decreased water usage

Relevant Orders

- **March 19 (statewide)** – Avoid social gatherings in groups of more than 10; avoid eating or drinking at bars/restaurants or visiting gyms; closes schools
- **March 26 (Hays County)**– “Stay at Home, Work Safe’ Order goes into effect; only essential activities and businesses allowed
 - **March 31 (statewide)** – similar Governor’s order is issued
- **April 27, May 18, June 3 (statewide)** – Phased re-opening plans announced
- **June 26 (statewide)** – Reinstated 50% occupancy limit for businesses, with some exceptions; bars and tubing services closed

What type of Businesses Pay Sewer Surcharge?

Sewer Surcharge Businesses



■ Mechanic

■ Car Wash

■ Cleaners

■ Graphics

■ Hotel

■ Manufacturing

■ Medical

■ Nursing Home

■ Restaurants

■ School

Emergency Order Effects

- From **March 26, 2020** to present, businesses in San Marcos have been adversely affected by emergency orders yet continue to pay Sewer Surcharge Fees based upon normal operating conditions.
- When a business is closed or operating at a reduced capacity, it discharges a lower wastewater volume than when the surcharge fee was assessed and potentially has a lower contaminant level (COD).
- By utilizing the water usage of the businesses during the shutdown, a new temporary flat fee can be assessed for businesses. The new temporary flat fee will be applied **retroactively from 3/26/20** to the customer's monthly bill until the following occurs: (1) all relevant emergency orders are rescinded and business operations are no longer restricted; or (2) a new sampling event is conducted by the City's Water Quality Services Section to determine a new fee.

Data Analysis Timeline

- As water usage for each account is metered and billed monthly after the fact, the needed consumption data to assess the effects of the shutdown and restriction orders lags by 45 to 60 days.
- The data was available in mid-June to have confidence in the determination of actual impact to individual businesses under the emergency orders.
- The analysis and policy formulation on appropriate relief was conducted June and July.

How is the water reduction percentage determined?

- Averaged the monthly water usage from March 2019 – February 2020 with help from Utility Billing
- Compared this average with actual water usage by customer during the month of May 2020

Water Reduction Tiers	Total Businesses	Current Fee Reduced by
30 - 49% Decrease in Water Usage	49	30%
50 - 74% Decrease in Water Usage	57	50%
75% Decrease in Water Usage	48	75%
TOTAL	154	

Example of Temporary Flat Fee Assessment

Homer's Doughnuts:

- Current Surcharge fee = \$100/month;
- Homer's Doughnuts water usage dropped from 20,000 gal avg. to 2,500 gal for April 2020 and 4,000 gal in May 2020. Since the water usage is >75% decrease, the temporary discounted surcharge monthly fee will be \$25.

Projected Cost of Reimbursement Per Month

Discount Tiers	Total Businesses	Current Surcharge Collected	Monthly Reimbursement Cost
30 - 49% Decrease in Water Usage	49	\$10,008.72	-\$3,002.62
50 - 74% Decrease in Water Usage	57	\$14,459.45	-\$7,229.73
75% Decrease in Water Usage	48	\$16,634.45	-\$12,475.83
TOTAL	154	\$41,102.62	-\$22,708.18