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Title: ***RESOLUTION - 540th amendment to the Master Fee Schedule Resolution (MFS) No. 80-420 amending the backflow prevention program fee (City Wide) (Subject to Mayor's veto)

Sponsors: Department of Public Utilities

Indexes:

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Attachments: 1. 540th Amendment to the Master Fee Schedule Resolution No. 80-420.pdf

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11/9/2017	1	City Council	approved	Pass

REPORT TO THE CITY COUNCIL

November 9, 2017

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THROUGH: BUD TICKEL, Water System Manager
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SUBJECT

***RESOLUTION - 540th amendment to the Master Fee Schedule Resolution (MFS) No. 80-420 amending the backflow prevention program fee (City Wide) (Subject to Mayor's veto)

RECOMMENDATION

Staff recommends that the City Council adopt the 540th Amendment to the Master Fee Schedule (MFS) Resolution No. 80-420 to amend the Backflow Prevention Program Fee effective January 1, 2018.

EXECUTIVE SUMMARY

Currently, the City of Fresno collects a monthly fee of \$3.00 per device from customers with backflow

prevention devices (also referred to as cross connection control assemblies) to cover program administration costs, including testing notification and maintaining customer records. The Department of Public Utilities (DPU) is proposing that the Water Division contract with a backflow data management firm to handle the administration of the testing program. This firm will not be charging the City for their services, but will be assessing each customer an annual fee of \$9.95 per device.

To offset this changeover in program costs, the adoption of the attached amendment to the MFS is recommended to lower the rate per device by \$1.00 from \$3.00 to \$2.00. This will reduce the annual cost to customers by an average of \$12.00 per device and allow the Water Division staff to focus on program management and surveys. It is proposed that this fee be made effective January 1, 2018, to allow for transition of the program.

BACKGROUND

The City of Fresno is required by State law to ensure all privately owned backflow prevention devices that are connected to the City of Fresno Water system be tested on an annual basis. There are currently 8,885 cross connection control assemblies in the system. On June 21, 2012, the City Council adopted Ordinance No. 2012-11 which required water customers with backflow prevention devices to obtain annual certified inspections and operational tests. This transferred the responsibility for testing and maintenance from the Water Division to water customers with backflow prevention devices who are required to send in the certification paperwork to the Water Division. The current charge to cover the regulatory requirements to administer the program, maintain test records and conduct surveys is \$3.00 per month per device for all customers with backflow preventers.

To reduce costs, increase staff efficiency and improve customer service, the award of a contract to Backflow Solutions, Inc. (BSI) is planned for them to administer the City's backflow data management program. This service will include issuing testing notification letters, non-compliance follow-up, collecting and archiving test records, and generating reports. BSI will not charge the City for these services, but will collect an annual fee of \$9.95 per device from all customers with backflow preventers.

As the Water Division will no longer need to allocate staff and resources for the data management program, it is proposed that the Backflow Prevention Program Fee be reduced by \$1.00 from \$3.00 to \$2.00 to cover the costs to administer the program and conduct surveys. This will save customers \$12.00 on a yearly basis and more than offset the \$9.95 per device charge from BSI.

The proposed effective date of this fee change is January 1, 2018. This will allow time for the Water Division to notify affected customers of the new program and the change in backflow prevention program costs for their property.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act Guidelines Section 15378 this item does not qualify as a "project" and is therefore exempt from the California Environmental Quality Act requirements.

LOCAL PREFERENCE

Not Applicable - Local preference does not affect the outcome of this Council item.

FISCAL IMPACT

There will be no impact on the General Fund or other City funds. The Backflow Prevention Program Fee of \$2.00 per device is calculated to collect sufficient revenues to fully recover the costs of administering the revised program. Therefore, the revenue to be collected in the first full year is estimated to be \$213,200, based on 8,885 assemblies. This reduction in revenue will have no significant impact to the current rate plan (FY 2015 - FY 2019) as the reduction in revenue was already assumed in the revised projections for the FY 2018 Water Enterprise Fund Adopted Budget.

Attachment:

- 540th Amendment to the Master Fee Schedule Resolution No. 80-420