

# Memorandum

## Public Works Department



**To:** City Manager  
**Subject:** Water Service and Sewer Lateral Repair Programs  
**Date:** July 18, 2012  
**Number:** 2012-144

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The staff reviewed the statistics for the Water Service Repair Program and the Sewer Lateral Repair Program for the past three years. The subscription fees are \$5.00 per month for the Water Service Repair Program and \$9.00 per month for the Sewer Lateral Repair Program. Both programs pay up to \$4,000 for the plumbing charges and up to \$4,000 for the surface restoration charges. The programs were designed to cover the entire repair cost for most subscribers who need repairs and provide additional income for the water and sewer utilities.

The Water Service Repair Program is meeting its goals. 89% of the repairs in the last three years were covered completely by the program and the average annual net program income is about \$54 per subscriber.

The Sewer Lateral Program design is not as successful. The average annual net program income average is good (\$81 per subscriber), but only 33% of the repairs in the last three years were completely covered by the program.

The design of the Sewer Lateral Repair Program needs to be adjusted so that it is completely covering a higher percentage of the sewer lateral repair costs. Based upon its performance for the last three years, this can be accomplished with a small loss of net income. If a change in the program cap stimulates more participation, total net income from the program may increase.

If the plumbing cap and the surface restoration cap had been combined into a single cap of \$8,000 per repair, the program would have completely covered 67% of the repairs in the past three years and the average annual net program income would have fallen to \$78 per customer.

In addition to modifying the program cap to enhance coverage for program subscribers, the staff will reduce program costs by undertaking repairs with city crews whenever possible. The program contractor has provided excellent service, but contractor unit costs for labor and equipment are higher than city unit costs for the same resources. The use of in-house labor and equipment also avoids the contractor markups. The contractor understands this change and offered to assist in-house crews whenever needed.

### **RECOMMENDATION**

The Public Works Department recommends that the City Council authorize an overall cap of \$8,000 per repair for the Sewer Lateral Repair Program.

Existing Sewer Lateral Repair Program customers will be mailed a program modification notice and the program enhancement will be used as the centerpiece for new program marketing.

**Submitted by:** Robert T. Hawes, P.E., Assistant City Manager/Public Works Director

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