

**TO: Mayor and City Council**

**FROM: Mike Althoff, Public Works Director**

**SUBJECT: Mayo Clinic Health Systems Utility Bill**

**DATE: April 2, 2019**

**BACKGROUND**

In December Mayo called inquiring about their August use; Mayo staff had noted that in past years August was always a high month. After reviewing the history, we noticed that their use increases during the summer months on their main meter; which is consistent of the use on their irrigation meter. After reviewing this, public works utility staff did a site visit to confirm how their meters were installed. We discovered the irrigation meter was installed in series and after the main meter. The way accounts are setup in our billing system requires the irrigation meter to be added in parallel, not stacked on the main meter. This created a double billing situation where all the irrigation water is also run through the main meter and billed for both water and sewer. The calculations below will show what has been overbilled, back to the date of installation. Mayo Staff and PW Commission met last month to discuss the issue; a contingent offer was presented by the Public Works Commission to Mayo for a 100% credit on the sewer and a 50% credit to the water. This offer was accepted by Mayo with the understanding that this needs to be presented to, and accepted by, City Council. If approved, the credit would be applied to their utility account and based on average use, would be used up within a year or so. Going forward, knowing how it's installed we have added the modification in the billing software so it will be billed correctly in the future.

Total Sewer Adjustment

2014 = \$4,476.26  
2015 = \$4,720.32  
2016 = \$5,072.76  
2017 = \$8,136.05  
2018 = \$9,823.00

Total = \$32,228.39

Total Water Adjustment

2014 = \$2,813.66  
2015 = \$2,988.48  
2016 = \$3,212.12  
2017 = \$5,152.98  
2018 = \$6,222.50

Total = \$20,389.74

50% = \$10,194.87

Total Sewer and Water Adjustment

\$42,423.26

**REQUESTED COUNCIL ACTION**

Motion to approve the utility credit for Mayo Clinic in the amount of \$42,423.26 to be applied to their account.