

AGENDA REPORT

To: Honorable Mayor Joyce & Councilmembers
From: Sarah Dvoracek, City Manager
Date: June 26, 2019
Re: Ventra Refund Request

For the Agenda of July 1, 2019

Background. Ventra requested a refund during the May 6, 2019 council meeting for sewer usage charges. Council voted to table the item until May and June 2019 usage information could be reviewed. Ventra's usage history through June 26, 2019 is attached, however, this is not the full usage for the June 2019 billing cycle. The June 2019 utility bill and full billing cycle usage for June 2019 will be provided at the meeting Monday, July 1, 2019.

Issues & Questions Specified. Ventra is requesting a sewer credit in the amount of \$45,992.00.

Alternatives.

1. Approve Ventra's full refund requests of \$45,992.00.
2. Determine and approve a partial refund.
3. Do not approve any refund.

Financial Impact. Refunding Ventra an approved amount.

Recommendation. I recommend the city council vote to approve a partial refund to Ventra.

Attachments.

1. Original documents provided by Ventra for the May 6, 2019 council meeting.
2. Ventra usage through June 26, 2019.



Evart City Hall
5814 100th Avenue
Evart, MI 49631

4/29/2019

Dear Honorable Mayor and Council Members,

We are writing to request a refund for a portion of Ventra Evart's sewer charges for the period of January 1, 2019 thru April 30, 2019 due to a meter calibration issue.

After extensive internal investigation to identify the root cause of the increased sewer charges, we enlisted the aid of a third-party to calibrate the sewer meter located at our facility. Findings indicated that the meter was not operating properly due to a broken support cable as well as significant debris build up. The opinion of the technician was that both of these variables caused "significant bearing on the flow readings." The aforementioned issues were addressed on 4/16/19. The full service report is attached for your review.

In an analysis of our historical usage, we identified that our sewer usage as a percentage of overall water usage was consistent at 18% for 2017-2018. Beginning in January 2019 we started seeing drastically elevated readings that continued to climb. Detailed information is provided below.

| 2019 Usage Data | | | | 2018 Usage Data | | | | 2017 Usage Data | | | |
|-----------------|-------------------|-------------------|------------|-----------------|-------------------|--------------------|------------|-----------------|-------------------|--------------------|------------|
| | Sewer Usage | Water Usage | % | | Sewer Usage | Water Usage | % | | Sewer Usage | Water Usage | % |
| Jan-19 | 3,918,120 | 12,084,700 | 32% | Jan-18 | 1,761,940 | 11,604,700 | 15% | Jan-17 | 1,725,900 | 8,908,850 | 19% |
| Feb-19 | 4,089,730 | 11,990,200 | 34% | Feb-18 | 1,798,880 | 13,384,050 | 13% | Feb-17 | 1,743,850 | 7,643,350 | 23% |
| Mar-19 | 4,652,690 | 9,999,950 | 46% | Mar-18 | 1,616,840 | 10,309,050 | 16% | Mar-17 | 1,758,390 | 11,972,250 | 15% |
| | | | | Apr-18 | 1,962,180 | 12,431,000 | 16% | Apr-17 | 1,981,240 | 7,763,550 | 21% |
| | | | | May-18 | 1,820,680 | 9,714,150 | 19% | May-17 | 1,699,600 | 7,473,500 | 23% |
| | | | | Jun-18 | 1,460,930 | 9,684,750 | 15% | Jun-17 | 1,662,610 | 8,338,450 | 20% |
| | | | | Jul-18 | 1,898,320 | 9,668,300 | 20% | Jul-17 | 1,057,660 | 8,983,250 | 12% |
| | | | | Aug-18 | 2,290,310 | 9,062,500 | 25% | Aug-17 | 1,824,780 | 8,978,650 | 21% |
| | | | | Sep-18 | 2,418,840 | 10,111,950 | 24% | Sep-17 | 1,680,220 | 10,890,400 | 14% |
| | | | | Oct-18 | 2,418,240 | 11,002,500 | 22% | Oct-17 | 1,489,420 | 8,351,150 | 18% |
| | | | | Nov-18 | 1,290,620 | 9,966,250 | 13% | Nov-17 | 1,294,830 | 8,630,450 | 16% |
| | | | | Dec-18 | 2,228,460 | 10,583,200 | 21% | Dec-17 | 1,738,370 | 9,293,700 | 19% |
| Totals | 12,858,840 | 33,983,880 | 37% | Totals | 22,883,900 | 127,303,200 | 18% | Totals | 18,183,870 | 107,018,650 | 18% |

We believe that incorrect meter readings resulted in elevated charges that do not accurately reflect our sewer usage. If we utilize the historical rate of 18%, we would have overpaid for sewer usage in the amount of \$45,992. We would respectfully request that you review this proposal and consider issuing Ventra a refund in this amount.

| 2019 Sewer Cost Data | | | |
|----------------------|-------------|-----------|----------------------------------|
| | Billed Cost | Estimated | Variance |
| Jan-19 | \$ 27,961 | \$ 15,531 | \$(12,430) |
| Feb-19 | \$ 29,201 | \$ 15,410 | \$(13,791) |
| Mar-19 | \$ 32,506 | \$ 12,735 | \$(19,771) |
| | | | Refund Requested \$45,992 |

Thank you for your consideration.

Sincerely,


Chad Lipter - General Manager


Joe Kasperlik - Controller

Ventra Evert Historical Sewer and Water Usage

2019 Usage Data

| | <u>Sewer Usage</u> | <u>Water Usage</u> | <u>%</u> |
|--------|--------------------|--------------------|----------|
| Jan-19 | 3,916,120 | 12,084,700 | 32% |
| Feb-19 | 4,089,730 | 11,990,200 | 34% |
| Mar-19 | 4,552,690 | 9,908,950 | 46% |

Totals 12,558,540 33,983,850 37%

2019 Sewer Cost Data

| | <u>Billed Cost</u> | <u>Estimated</u> | <u>Variance</u> |
|--------|--------------------|-------------------------|--------------------|
| Jan-19 | \$ 27,961 | \$ 15,531 | \$ (12,430) |
| Feb-19 | \$ 29,201 | \$ 15,410 | \$ (13,791) |
| Mar-19 | \$ 32,506 | \$ 12,735 | \$ (19,771) |
| | | Refund Requested | \$ (45,992) |

| | <u>Sewer Usage</u> | <u>Water Usage</u> | <u>%</u> | <u>Rate</u> |
|--------|--------------------|--------------------|----------|-------------|
| Jan-19 | 2,175,246 | 12,084,700 | 18% | 0.00714 |
| Feb-19 | 2,158,236 | 11,990,200 | 18% | 0.00714 |
| Mar-19 | 1,783,611 | 9,908,950 | 18% | 0.00714 |

Totals 6,206,761 34,027,526 18%

2018 Usage Data

| | <u>Sewer Usage</u> | <u>Water Usage</u> | <u>%</u> |
|---------------|--------------------|--------------------|------------|
| Jan-18 | 1,761,940 | 11,504,700 | 15% |
| Feb-18 | 1,798,860 | 13,384,050 | 13% |
| Mar-18 | 1,616,840 | 10,309,850 | 16% |
| Apr-18 | 1,862,160 | 12,431,000 | 15% |
| May-18 | 1,820,680 | 9,714,150 | 19% |
| Jun-18 | 1,460,930 | 9,664,750 | 15% |
| Jul-18 | 1,898,320 | 9,568,300 | 20% |
| Aug-18 | 2,290,310 | 9,062,500 | 25% |
| Sep-18 | 2,416,640 | 10,111,950 | 24% |
| Oct-18 | 2,418,240 | 11,002,500 | 22% |
| Nov-18 | 1,290,520 | 9,966,250 | 13% |
| Dec-18 | 2,228,460 | 10,583,200 | 21% |
| Totals | 22,863,900 | 127,303,200 | 18% |

2017 Usage Data

| | <u>Sewer Usage</u> | <u>Water Usage</u> | <u>%</u> |
|---------------|--------------------|--------------------|------------|
| Jan-17 | 1,725,900 | 8,906,850 | 19% |
| Feb-17 | 1,743,850 | 7,543,350 | 23% |
| Mar-17 | 1,756,390 | 11,972,250 | 15% |
| Apr-17 | 1,661,240 | 7,763,550 | 21% |
| May-17 | 1,699,600 | 7,473,500 | 23% |
| Jun-17 | 1,652,610 | 8,338,450 | 20% |
| Jul-17 | 1,057,660 | 8,983,250 | 12% |
| Aug-17 | 1,824,780 | 8,876,550 | 21% |
| Sep-17 | 1,560,220 | 10,880,400 | 14% |
| Oct-17 | 1,480,420 | 8,351,150 | 18% |
| Nov-17 | 1,294,830 | 8,630,450 | 15% |
| Dec-17 | 1,736,370 | 9,293,700 | 19% |
| Totals | 19,193,870 | 107,013,450 | 18% |

*based on historical rates



TM

A MEMBER OF THE KENDALL GROUP

WE OWN IT

April 16, 2019

Ventra Plastics - Evert
601 West 7th Street
Evert, MI 49631

Ref. #SHVE0416

Attn: Mr. Joel Hoffmeyer

This is to inform you that on April 16, 2019, a service call was performed to check the wastewater meter at your facility.

The metering system involved is an Eastech Vantage 2210 Ultrasonic Flow meter, S/N 14265, with FB2 transducer. The maximum range of 155.7 GPM is being measured through a .5 ft. H Flume.

Totalizer reading: 847977 X10 (as of this service call)
Flow reading: 120 GPM (this is a random reading during the service call)

Upon initial inspection, we found the support cabling on the left side of the flume to be detached. It was replaced with new cable and hardware and the flume was leveled. The cabling that was replaced in October, 2018, was still intact and working properly.

We found a large amount of solids and debris built up in the flume and in the mouth of the flume. Large chunks of cement and a lot of stones and gravel. This debris was removed and cleaned out. These deposits were likely hindering the flow pattern and could have had a significant bearing on the flow readings. Readings would have been higher than normal based on this debris.

Once cleaned, actual flow levels at the flume in the pit were found to be approximately a 1/8 inch lower than what was being recorded on the electronics and totalizer. An adjustment was made to calibrate the difference. After the adjustment, readings were found to be right on.

It is not possible to determine how many more gallons were accumulated based on this calibration difference but the difference does become more significant with higher flows.

We certify this instrument is calibrated to the manufacturer's specifications and is in good working condition as of the above date.

If you have any questions or feel we may be of further service to you in any way, please contact this office at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Herweyer".

Steve Herweyer

3838 Clay Avenue S.W

smithinstrument.com

Grand Rapids, MI 49507
Phone: 616.245.1195
Toll Free: 800.988.1195
Fax: 616.245.0334

