

REQUEST FOR COUNCIL ACTION

Date: November 10, 2014
Item No.: 13.g

Department Approval



City Manager Approval



Item Description: Authorize Radio and Meter Purchase

BACKGROUND

The City began upgrading from a manual water meter reading system to an automated reading system (AMR) in October 2010. AMR technologies allow us to not only remotely read the water meters, but they are designed to be an effective approach in reducing operating costs, enhancing customer service, and mitigating risk. We are realizing these benefits with just over 4,000 new meters and radios already installed. Many customers are appreciative of the enhanced customer service, such as immediate leak detection and detailed usage history. Reading and collecting data from the meters not yet upgraded, however continues to be a labor-intensive and costly process.

DISCUSSION

The implementation plan was to complete commercial upgrades first, then move on to residential. Currently, all commercial properties and 32% of residential accounts are upgraded to AMR equipment. Our estimated completion date was the end of 2016. With each account we implement, we have immediate access to detailed data to improve customer service. If we continue down our current path, it is going to be a challenge to hit our targeted goal to provide all customers and the City this benefit by the end of 2016. We have committed 1 FTE staff person installing new meters and radios. However, obstacles such as last winter's frozen services and water breaks and other unforeseen issues are making it difficult to upgrade as fast as we would like. To meet our initial target completion we would need to commit 2 FTE staff to installing meters and radios and significant additional hours from other administrative staff for scheduling and data entry.

We purchase our Neptune water meters and radios from Ferguson Waterworks. We have been purchasing radios and meters as needed to date incurring annual inflationary cost increases. We were recently informed costs will increase for 2015 but have not received the actual amount at this time. Staff recently requested a proposal from the supplier to identify any savings available by locking in a price to build out the system. Ferguson is offering nearly a 10% discount from 2014 pricing if we order and take shipment before 12/20/2014. That is a total savings of \$78,584 over today's costs. If we continue to purchase additional meters and radios in 2015 and 2016, with the inflationary increases, we will pay a substantial amount more for these purchases. We could apply these savings along with additional utility funds toward contracting out up to 5000 of the remaining installations and complete the program by the end of 2015. All Roseville residents would then benefit from the enhanced customer service provided them by the AMR system sooner than anticipated and the City would also see increased benefits in reduced operating costs and risk mitigation.

By purchasing all the meters and radios needed to finish the upgrade as a single purchase, and contracting out scheduling and installation, we would not only realize the substantial meter and radio cost savings, but we would also save on administrative costs associated with a longer upgrade process. Staff will come back at a later date to present meter installation contractor costs. Initial numbers show the cost somewhere around the \$50 to \$65 range per installation.

Policy Objective

To provide efficient, accurate metering and billing for water use and to provide excellent customer service to all utility customers.

Financial Impacts

Total cost for 4,400 meters and radios to finish the AMR upgrade is \$789,712.

This is a one-time purchase of all needed meters and radios to finish the AMR program at a savings of over \$78,584. If purchased as needed, we would forgo this savings and incur inflationary cost increases in 2015 and 2016. We estimate total savings over \$100,000. There is \$600,000 requested in the 2015 Water Utility CIP for meters and radios and a like amount for 2016 for completion of the conversion.

Staff Recommendations

Staff recommends the purchase of meters and radios to complete the AMR upgrade to realize significant savings as we build out the AMR conversion. Staff will continue to explore contractual options to assist with installation of the meters.

Requested Council Action

Motion to authorize purchase of meters and radios needed to complete AMR upgrade and to authorize staff to receive proposals for installation of meters and radios.

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