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To: henryh@rutlandcity.org
Subject: DPW Committee Report - 05/30/18

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Department of Public Works Committee Report

May 30, 2018

Committee Members Present: Aldermen Etori, Mattis, Tommolla, Gillam and Clifford. Other present were: President Davis, Alderman DePoy, Mayor Allaire, Treasurer Markowski, Attorney Bloomer, Commissioner Wennberg, DPW Business Manager Gorruso, Bob Flaherty from Fathom and Gordon Dritschillo from the Rutland Herald.

Meeting was called to order at 5:30 p.m. Commissioner Wennberg reviewed history of the process that had led to the request before the Committee and the Board; that is to authorize the Mayor to sign a contract with Fathom Water Services to upgrade our water and sewer metering system to Advanced Metering Infrastructure and provide ongoing customer and billing services.

The issues that caused the department to investigate the AMI system were the discovery of multiple utility billing errors; a very high level of “non-revenue” water, that is water that was being delivered to the system but was not being registered at water meters; the need to move the monthly billing; and the fact that at the current installation rate we will never be able to complete the conversion of the system to radio meters.

Commissioner Wennberg said DPW explored the concept with three contractors of completing the meter installations all at once and installing a fixed base network to enable AMI features. Fathom’s approach was the most comprehensive because it included not only installation but a system wide audit to eliminate billing errors, ongoing billing and customer service support, and financing. The Board authorized an RFP. Fathom was the only proposal received but they offered a menu of meter brands and technologies for the city to

choose. The Board awarded the RFP to Fathom contingent upon negotiation of an acceptable contract.

The DPW is recommending the use of Neptune meters and the ITRON fixed-base communications network. Neptune is the same meter we have been installing for a number of years and this decision makes it possible to keep 1,500 meters that are already installed, reducing the overall cost. The ITRON network is about \$31,000.00 per year more expensive than the alternative but offers several additional features. Included in the price is a system wide network of leak detectors. These detectors will alert the department of water main leaks before they surface allowing most of them to be fixed in a planned fashion. Commissioner Wennberg reported that the department typically spends about \$30,000.00 per year in overtime just to repair emergency water leaks, most of which could be eliminated with the ITRON system.

Commissioner Wennberg said the project will cost \$616,922.00 per year for the ongoing services and the lease payments for the hardware and installation. This does not include \$247,000.00 one time costs for direct labor to install which the City will pay. Annual savings are estimated at \$737,260.00 per year, resulting in a net savings of \$120,388.00. The savings come from the increased revenues (accurate meters and billing), reduced expenses (meters, billing, postage, etc.), and reduced overtime for leak repairs.

Once completed, the project will provide many benefits including new meters, state of the art fixed based data collectors, a customer service portal, a 15 year warranty on meters, monthly contract billing through a new billing system, a distribution system leak detection. Customers will be notified of unusual water use within a day or two rather than three months later to be able to manage their use and receive monthly bills.

Alderman Etori asked about the estimate that revenues would increase by capturing 15% of the non-revenue water. Commissioner Wennberg explained that this estimate was reviewed by his staff and they believed it was very conservative. Alderman Tommolla asked if DPW monitored the billing of accounts where meters had been changed. Commissioner Wennberg said that commercial accounts were monitored but residential accounts were not because of the variability of usage at homes. Alderman Mattis asked if the commercial analysis could be shared with the committee and Commissioner Wennberg said he would do so.

President Davis asked Commissioner Wennberg what the "win/lose" was with this deal. Commissioner Wennberg said that one risk was the 15% revenue improvement did not materialize and another was if the installation took significantly longer than planned because the direct labor was the responsibility of the City, not Fathom. He explained why he

believed the risks in both cases were small or manageable. President Davis asked what the expected impact on water and sewer rates would be and Commissioner Wennberg said the project should not affect rates either way, but if revenue capture was better than expected, a rate reduction might be possible. President Davis asked about the term of the Fathom contract. Commissioner Wennberg said it was 5 years with options for 5 year renewals. The first 3 years would be at the stated price but in years 4 and 5 there would be a CPI adjustment to the monthly fees. The lease payments would remain the same for 15 years.

Alderman Ettori asked what would happen at the end of 15 years - would all the meters have to be replaced again? Commissioner Wennberg said probably, since the expected life is 15 years. He said that the day they went off warranty and the lease was paid off we probably would need to do the process all over again. Alderman Ettori suggested we would want to begin planning for that several years ahead of time.

Alderman Mattis asked several questions about the leak detection system and how it would function. There was some discussion about the impact on customers who would have old meters and will see an increase in their bills. It was acknowledged that there would be "winners and losers" in the project but the result would be everyone paying their fair share of the cost based upon their actual consumption. Business manager Gorruso observed that while that was true, they would also be able to manage their use much better. Alderman Ettori said that he wanted to review the contract with the City Attorney. Attorney Bloomer suggested the committee enter executive session. Alderman Tommolla moved and Alderman Ettori seconded the two motions read by Attorney Bloomer and the committee went into executive session.

Upon returning to open session, Chairman Clifford moved and Alderman Ettori seconded that the committee recommend that the full Board authorize the Mayor to sign the proposed 5 year Technology Service Agreement with Fathom Water Management, Inc. for the Integrated Fixed-Network Advanced Metering Infrastructure (AMI) and Customer Information System and also sign documents as needed to approve the lease/purchase of necessary services and equipment in the amount of \$3,072,437.00 for a term of 15 years with Municipal Leasing Consultants (MLC); provided that in both cases the final language is approved by the City Attorney.

Motion passed unanimously.

Motion to adjourn was made, seconded and passed. Meeting adjourned at 7:30 p.m.

Paul Clifford, Chair

