

TO: FACILITIES/WATER RESOURCES COMMITTEE

FROM: MARIO IGLESIAS
GENERAL MANAGER

DATE: February 12, 2021



PRESENTATION ON TRANSITIONING FROM BI-MONTHLY TO MONTHLY BILLING CYCLE

ITEM

Consider the advantages and disadvantages of transitioning from a bi-monthly to a monthly billing cycle. [RECOMMEND RECEIVE AND DISCUSS PRESENTATION ON MOVING FROM A BI-MONTHLY TO A MONTHLY BILLING CYCLE AND DIRECT STAFF]

BACKGROUND

Nipomo Community Services District ("District") provides water and wastewater services to the community of Nipomo. The District bills customers for these services on a bi-monthly billing cycle. District staff is evaluating the benefit of shifting away from the current bi-monthly billing cycle to a monthly billing cycle. The advantages and disadvantages for making such a shift are discussed below and are viewed with the customer's best interest as the objective.

ADVANTAGES:

- Better Alignment with Customer's Financial Cycle
- Cost Spread over 12 Payments versus 6 Payments
- Earlier Detection of Abnormal Consumption
- Normalizes Cashflow

DISADVANTAGES:

- Cost

Overcoming this disadvantage is evaluated by examining the cost impacts on the process elements that make up the workflow involved. There are three process elements in customer billing to review:

- Data Collection (Reading Meters)
- Data Processing (Calculating Bill)
- Data Delivery (Disseminating Bill)

Each element is evaluated by looking at current costs versus the cost impact monthly billing would have over time. Each process element must be fully developed and vetted prior to executing a shift in the billing cycle. Furthermore, each process element has its own timeline and the initial evaluation of these elements has led to the decision to shift some of them, regardless of the billing cycle. As the evaluation has shown a cost reduction in a process element, staff is electing to incorporate the changes associated with a it.

DATA COLLECTION

Data collection (meter reading) is currently completed on each District water meter bi-monthly, with the exception of approximately 100 commercial accounts that are read and billed monthly. The annual cost of reading all water meters is approximately \$40,000. The District has a contractor collect the meter reads and provide them in electronic format. By shifting to monthly reading of all water meters under the current model, costs would be expected to double to \$80,000 annually. To overcome this cost increase, the District is installing Automated Metering Infrastructure (“AMI”) as part of its ongoing meter replacement program.

There are many advantages to installing AMI, notably the ability to read water meters remotely and on-demand and AMI equipped water meters that malfunction will trigger alarms as meters fail. This reduces the cost of reading meters, eventually, to only costs associated internally to District staff to address water meter malfunctions. Time and effort spent in this regard are not factored into the cost equation, as they are ongoing costs built into this process element under current conditions. It is anticipated that the workflow for addressing failed meters will not double the work as a result of having each meter read twice as often. It is further anticipated that the work will be more manageable as it will be addressed throughout the year, not just after meters are read and problems discovered.

Table 1. Cost Impact of Converting Meters to AMI Equipped Water Meters

Year	Number of Meters	Monthly Manual	AMI Savings	AMI Cost	Adj AMI Cost
2022	4,500	\$ 80,000	\$ -	\$ 144,000	\$ 144,000
2023	3,000	\$ 53,333	\$ 26,666	\$ 144,000	\$ 117,333
2024	2,600	\$ 46,222	\$ 33,777	\$ 144,000	\$ 110,222
2025	2,200	\$ 39,111	\$ 40,888	\$ 144,000	\$ 103,111
2026	1,800	\$ 32,000	\$ 48,000	\$ 144,000	\$ 96,000
2027	1,400	\$ 24,889	\$ 55,111	\$ 144,000	\$ 88,889
2028	1,000	\$ 17,778	\$ 62,222	\$ 144,000	\$ 81,778
2029	600	\$ 10,667	\$ 69,333	\$ 144,000	\$ 74,667
2030	200	\$ 3,556	\$ 76,444	\$ 144,000	\$ 67,556
9 Yr Period		\$ 307,555	\$412,444	\$ 1,296,000	\$ 883,556

Table 1 looks at the cost impact of converting the District’s 4,500 current water meters to AMI equipped remote read water meters. Inflation is not included in the estimates cited in the table for either the manual cost of reading meters or the cost to convert to AMI. The adjusted AMI Cost over the 9-year period does not take in to account the District’s existing budget of \$50,000 annually for the meter replacement program. Including these costs, \$450,000 total for this period, the total AMI Adjusted Cost impact of \$884,000 would be further adjusted down to \$435,000 overall. Much of the impact will manifest in fiscal years 2021-2022 and 2022-2023. An additional

\$60,000 will need to be dedicated in these two fiscal years to convert 300 meters above the 800 included in the routine change-out program for those years to achieve the necessary 1,500 AMI-ready meters.

Fiscal Year	Meters to be Converted	Estimated Budget
2020-2021	400	\$130,000
2021-2022	600	\$200,000
2022-2023	500	\$200,000*

*Additional Contract Services Cost (6 months to change 500 meters)

Table 2 demonstrates the cost difference between continued contract services over 9 years of a monthly billing cycle versus a gradual AMI replacement program implementation. As with Table 1, inflation over this period of time was not calculated into the equation. With this in mind, Table 2 shows an additional cost of \$164,000 over a 9-year period. The Adjusted AMI Cost is the difference between the Manual Reading cost and the cost of AMI hardware. As in Table 1., the \$50,000 annual budget variable is left out of the calculation. It is reasonable to consider the \$163,556 difference between Contract Cost and Adj AMI Cost identified in Table 2, would be somewhat less when taking into account the impact on each year's budget for meter replacement.

For example: FY Budget 2022 line item for meter replacement of \$144,000 minus the \$50,000 that is traditionally included in the budget, leaves a \$94,000 additional impact.

Table 2. Cost Difference Between Continued Contract Services vs Gradual AMI Implementation

Year	Number of Meters	Contract Cost	Adj AMI Cost	
2022	4500	\$ 80,000	\$ 144,000	
2023	4500	\$ 80,000	\$ 117,333	
2024	4500	\$ 80,000	\$ 110,222	
2025	4500	\$ 80,000	\$ 103,111	
2026	4500	\$ 80,000	\$ 96,000	
2027	4500	\$ 80,000	\$ 88,889	
2028	4500	\$ 80,000	\$ 81,778	
2029	4500	\$ 80,000	\$ 74,667	
2030	4500	\$ 80,000	\$ 67,556	
9 Yr Period		\$ 720,000	\$ 883,556	\$ 163,556

In conclusion, while this process element has a measurable financial impact on the District's budget, its benefits exceed the boundaries of simply saving money on meter reading. Providing leak detection to alert customers within 24 hours that there is a potential leak on their property, supporting billing clerks in their efforts to explain water consumption to customers concerned with their water bill, and executing a plan to reduce water loss as required by the State Water Board, all these are benefits are derived from AMI.

DATA PROCESSING

Data processing picks up after data collection (meter reading). The electronic files are imported from the contract meter reading service into the District's Customer Service Information ("CSI") system, and under the control and supervision of District staff, the CSI software conditions the data. Conditioning data includes generating exception reports, calculating usage, and assigning fees and charges to customer accounts. In general, data processing includes all activities necessary to prepare bills for printing, excluding the act of printing.

The CSI software provider will need to make changes in the software, to accommodate the shift in all aspects from a bi-monthly to a monthly billing cycle. It is estimated that it will take 9 months of software transition work to reach a point where staff is confident that all necessary changes have been made. A one-time cost of \$25,000 is estimated to make the conversion, but a formal process and cost structure have yet to be confirmed.

With regards to demands on staff time, it is anticipated that additional staff time will be needed to manage the influx of customer care engagements. District management has taken this into account and has plans to adjust staffing levels as needed. Staffing options range from adding a part-time temporary team member during the high-volume call period to adding a permanent full-time team member. The District's rate structure is constructed to accommodate the wide range of staffing solutions between these two options.

DATA DELIVERY (MAILING BILL)

The last step in the billing transaction process is delivering the collected data in the form of a utility bill to the customer. While not an extraordinary cost, all costs associated with customer billing are being evaluated in search of greater efficiencies that equate to cost savings without service reductions. Staff is planning on entering into a contract that will cut the current cost of this last step.

Currently, once the data is processed the bills are printed, boxed-up for handling, picked up by a mailing service, leaving the mailing service to stuff and post envelopes, and deliver the bills to the post office. It costs the District approximately \$1,500 per month for this process, not including staff time to print, box, and alert the mailing service the bills are ready. Staff has received three bids for services that eliminate the printing and boxing of bills. The new service provider will take the electronic file that is generated during the data processing step, and will print and mail the bills. This service provider has proposed a cost of \$1,120 per month, saving the community \$380 per month plus staff time.

FISCAL IMPACT

The fiscal impact on the District is looked at over a 9-year period, as the full shift from bi-monthly to monthly billing is tied to the cost of AMI implementation. Each of the three process elements – Data Collection, Data Processing, and Data Delivery – has its own impact on the District's finances.

Data Collection: \$94,000 additional cost per year to the meter replacement program with an additional \$60,000 for Fiscal Years 2021-22 and 2022-23 to have 1,500 AMI meters.

Data Processing: \$25,000 one-time cost for CSI adjustment – Additional staff time cost ranging from \$25,000 to \$70,000 per year on-going.

Data Delivery: \$4,000 per year cost savings on-going.

STRATEGIC PLAN

Goal 5. OPERATIONS. Maintain a proactive program to ensure readiness of systems and cost-effectiveness of operations.

A.1 Ensure efficiency and effectiveness in operations, including evaluating Automated Meter Reading.

Goal 6 – GOVERNANCE AND ADMINISTRATION – Conduct District activities in an efficient, equitable and cost-effective manner.

- B.1 Utilize technology to maximize productivity and communications.
- B.2 Provide excellent customer service.

RECOMMENDATION

It is recommended that the Facilities and Water Resources Committee discuss the proposal to move towards monthly billing and direct staff.

ATTACHMENT

- A. Moving to Monthly Billing Cycle Presentation

FEBRUARY 18, 2021

ITEM 2

ATTACHMENT A

The background is a gradient of light blue to a darker blue at the bottom. It is decorated with several realistic water droplets of various sizes, some with highlights and shadows, scattered across the surface.

EXAMINE TRANSITIONING TO A MONTHLY BILLING CYCLE

SERVICE/COST ASSOCIATION

◦ Premise

Shifting from a Bi-monthly billing cycle to a monthly billing cycle would provide measurable benefits to users.

In Support of the Premise:

- With few exceptions, utility providers bill users for services in the areas on a monthly billing cycle. By billing every other month, a utility user has to adjust their bill paying practice beyond a traditional one month period.
- The majority of wage earners are paid once a month or twice a month.
- By aligning with the billing cycle better paired with user pay cycles, those user's can better manage there financials.



Gain Process Efficiencies through Improved Technology

Improved Customer Experience (w/Cost Savings)

Addresses Emerging Regulatory Compliance Statutes

Three Process Elements

Data
Collection
Meter
Reading

Data
Processing
Bill
Calculating

Data
Delivery
Bill
Dissemination

Cost Impacts on future budgets

Calendar Year Quarter	2021				2022				2023			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Data Collection	Step 1		Step 2				Step 3		Step 4		Step 5	
Data Processing												
Data Dissemination												
Billing Cycle	Bi-Monthly								Monthly			
Fiscal Year Budget Plan	FY 2020-21		FY 2021-22				FY 2022-23				FY 2023-24	
AMI Meter Conversion	\$130,000		\$200,000				\$200,000				\$144,000	
One-time Setup	\$30,000											
Meters Converted	400		600				500				400	
CSI Conversion			\$15,000				\$10,000					
Staffing Adjustment							\$25,000				\$25,000	
Bill Delivery Conversion	No cost		\$4,000 Savings				\$4,000 Savings				\$4,000 Savings	

TO: FACILITIES AND WATER RESOURCE COMMITTEE

FROM: MARIO IGLESIAS
GENERAL MANAGER

DATE: FEBRUARY 12, 2021

AGENDA ITEM

3

FEBRUARY 18, 2021

CONSIDER PROPOSAL FOR SCREENING SOUTHLAND WASTEWATER FACILITY

ITEM

Discuss and consider screening the view of Southland Wastewater Facility from Highway 101.
[RECOMMEND DISCUSS AND CONSIDER SCREENING PROPOSAL AND DIRECT STAFF].

BACKGROUND

The Nipomo Community Services District ("District") owns and operates the Southland Wastewater Treatment Facility (Southland WWTF) located at 507 Southland Street in Nipomo. The Southland WWTF has approximately 2,000 feet of frontage to Highway 101 on the west side of the highway at the southerly most end of Nipomo.

The District's Board of Directors requested staff evaluate the possibility of screening some of the mechanical areas of the treatment plant in an effort to improve the aesthetics of the area. Allweather provided the District with a bid to plant oleanders along an access road within the treatment plant. Oleanders were suggested as they are drought tolerant, need little water once established, and are vigorous and resilient plants requiring little maintenance.

There was concern expressed from Board Members during the Manager's Report when providing guidance on what types of screening material would be most appropriate. Oleanders are known to be a health risk and extremely toxic to humans and most other animals if consumed. The area within the treatment facility where the oleanders are to be planted is fenced, so there is little risk of animals entering the facility.

FISCAL IMPACT

The cost estimate provided by Allweather ranges from \$44,000 for large plants to \$29,000 for medium plants. The costs associated with installing gopher baskets and adjusting the irrigation system to accommodate emitters to newly installed plants are approximately \$7,000. This project was not included in the Fiscal Year 2020-21 Budget, so a budget adjustment would be necessary if the project is to be completed this fiscal year.

STRATEGIC PLAN

Goal 2. FACILITIES THAT ARE RELIABLE, ENVIRONMENTALLY SENSIBLE AND EFFICIENT.
Plan, provide for and maintain District facilities and other physical assets to achieve reliable, environmentally sensible, and efficient District operations.

RECOMMENDATION

Staff recommends that the Committee discuss and consider the project as it has been presented in the Allweather estimate. If the Committee decides to move the project forward for Board consideration in the current year, a budget adjustment would be prepared and included with the project award. Or the Committee could decided it would be best to schedule the project to screen the Southland Wastewater Treatment Facility for next fiscal year. In either scenario, awarding an agreement to complete the work would follow the District's purchasing policy.

ATTACHMENTS

A. Allweather Cost Estimate

FEBRUARY 18, 2021

ITEM 3

ATTACHMENT A

- Option 3. - Gopher Cage install at plant root ball
 - ✓ (352) 15 gal – Gopher baskets

Total \$5,280.00

Initials

- ✓ (585) 5 gal – Gopher baskets

Total \$5,850.00

Initials

Total Determined Per Options Chosen

Clarifications:

- ✓ This proposal is valid for 60 days from the date of this bid
- ✓ All products will be like or equal to plan specifications.
- ✓ One-year warranty can only be executed if Allweather provides irrigation monitoring / landscape maintenance during the warranty period. Maintenance contract during this warranty period will be discussed at the completion of the project. If maintenance is provided by a third-party contractor, it voids all warranties implied or otherwise guaranteed.
- ✓ Warranty does not cover rodent, pest, animal or resident damage or any unforeseen circumstances beyond our control.
- ✓ Payment due upon completion of project, upon final walk sign off

Exclusions:

- ✓ No permit fees are included with this proposal. All necessary permit and permit fees will be acquired by others or as a change order.
- ✓ Soil testing excluded – Any requested testing will be a change order.
- ✓ This proposal does not include irrigation backflow certifications as required by the UBC and the state of California Regional Water Quality Control Board.

If you have any questions, please do not hesitate to contact us.

Thank you,

Jessica Smith

Project Manager
