



**CITY OF MORRO BAY
PUBLIC WORKS ADVISORY BOARD
SPECIAL MEETING AGENDA**

The City of Morro Bay is dedicated to the preservation and enhancement of the quality of life. The City shall be committed to this purpose and will provide a level of municipal service and safety consistent with and responsive to the needs of the public.

**Wednesday, July 15, 2015
Veteran's Memorial Building - 5:30 P.M.
209 Surf Street, Morro Bay, CA**

Stephen Shively, Vice-Chair Janith Goldman	Marlys McPherson, Chair Christopher Parker David Sozinho	Deborah Owen Stewart Skiff
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ESTABLISH QUORUM AND CALL TO ORDER
MOMENT OF SILENCE/PLEDGE OF ALLEGIANCE
ANNOUNCEMENTS
PRESENTATIONS – None

PUBLIC COMMENT PERIOD

Members of the audience wishing to address the Board on City business matters other than scheduled items may do so at this time. To increase the effectiveness of the Public Comment Period, the following rules shall be followed:

- When recognized by the Chair, please come forward to the podium and state your name and address for the record. Board meetings are audio and video recorded and this information is voluntary and desired for the preparation of minutes.
- Comments are to be limited to three minutes.
- All remarks shall be addressed to the Board, as a whole, and not to any individual member thereof.
- The Board respectfully requests that you refrain from making slanderous, profane or personal remarks against any elected official, commission and/or staff.
- Please refrain from public displays or outbursts such as unsolicited applause, comments or cheering.
- Any disruptive activities that substantially interfere with the ability of the Board to carry out its meeting will not be permitted and offenders will be requested to leave the meeting.
- Your participation in Board meetings is welcome and your courtesy will be appreciated.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Public Works Department at (805) 772-6262. Notification 24 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

A. CONSENT CALENDAR

- A-1 Approval of Minutes of June 18, 2015 Meeting
Recommendation: Approve minutes.

B. OLD BUSINESS

- B-1 Automated Metering and Contract Customer Service (Continued from June 19, 2015)
Recommendation: Review additional information and provide recommendations to Staff to forward to the City Council for consideration in their selection process.

B-2 Consideration of Forming Public Works Subcommittees (Continued from June 19, 2015)

Recommendation: Consider forming one or more subcommittees related to pertinent Public Works topics and appointing Board members to said subcommittee(s).

C. NEW BUSINESS - None

D. ADJOURNMENT

Adjourn to the Public Works Advisory Board meeting at the Veteran's Memorial Building, 209 Surf Street, on Thursday, August 20, 2015 at 6:00 p.m.

This agenda is subject to amendment up to 72 hours prior to the date and time set for the meeting. Please refer to the agenda posted at the Public Works Department, 955 Shasta Avenue, for any revisions or call the department at 772-6262 for further information.

Materials related to an item on this Agenda are available for public inspection during normal business hours in the Public Works Department, at Mill's/ASAP, 495 Morro Bay Boulevard, or the Morro Bay Library, 695 Harbor, Morro Bay, CA 93442.

This agenda may be found on the Internet at: www.morro-bay.ca.us/pwab or you can subscribe to Notify Me for email notification when the Agenda is posted on the City's website. To subscribe, go to www.morro-bay.ca.us/notifyme and follow the instructions.

Materials related to an item on this agenda submitted to the Board after publication of the agenda packet are available for inspection at the Public Works Department during normal business hours or at the scheduled meeting.

MINUTES - PUBLIC WORKS ADVISORY BOARD (PWAB)
REGULAR MEETING – JUNE 18, 2015
VETERAN’S MEMORIAL HALL – 6:00 P.M.

PRESENT:	Marlys McPherson	Chair
	Steve Shively	Vice-Chair
	Janith Goldman	Board Member
	Steve Shively	Board Member
	Stu Skiff	Board Member
	Chris Parker	Board Member
ABSENT:	David Sozinho	Board Member
	Deborah Owen	Board Member
STAFF:	Rob Livick	Public Services Director
	Damaris Hanson	Engineering Tech IV
	Kay Merrill	Administrative Utilities Technician

ESTABLISH QUORUM AND CALL TO ORDER
MOMENT OF SILENCE

The meeting was called to order at 6:01p.m., and a quorum was present.

ANNOUNCEMENTS - None

PRESENTATIONS - None

PUBLIC COMMENT

<https://youtu.be/xrretKsQ7Rc?t=1m8s>

The public comment period was opened, and seeing none, the public comment period closed.

A. CONSENT AGENDA

A-1 APPROVAL OF MINUTES FROM THE PWAB MEETING OF APRIL 16, 2015
<https://youtu.be/xrretKsQ7Rc?t=1m32s>

MOTION:

Steve Shively moved to approve Item A-1. The motion was seconded by Chris Parker and carried unanimously, 5-0.

A-2 DIRECTOR’S REPORT
<https://youtu.be/xrretKsQ7Rc?t=2m50s>

Rob Livick presented the Director’s Report.

B. OLD BUSINESS – None

C. NEW BUSINESS

Marlys McPherson stated the committee will be hearing Item C-2 first and then Item C-1.

C-2 Water Conservation Strategies and Proposed Rebates
<https://youtu.be/xrretKsQ7Rc?t=11m34s>

Damaris Hanson presented the staff report.

The public comment period was opened.

Ric Deschler stated Morro Bay has been conserving water for the last 25 years and questioned who will be paying for the proposed rebates.

The public comment period was closed.

MOTION:

Steve Shively moved to approve Item C-2. The motion was seconded by Janith Goldman and carried unanimously, 5-0.

C-1 Automated Metering and Contract Customer Service
<https://youtu.be/xrretKsQ7Rc?t=39m26s>

Rob Livick presented the staff report and Jason Bethke who is with Fathom, gave a presentation on Automated Metering and Contract Customer Service.

The public comment period was opened.

Ric Deschler stated he does not think the proposal from Fathom is good for the citizens of Morro Bay.

The public comment period was closed.

MOTION:

Steve Shively moved to continue Item C-1 to a Special Meeting to be held in July. The motion was seconded by Stu Skiff and carried unanimously, 5-0.

C-3 Consideration of Forming Public Works Subcommittees
<https://youtu.be/xrretKsQ7Rc?t=2h5m30s>

Rob Livick presented the staff report.

Due to 2 members being absent, Item C-3 was continued to the next Special Meeting to be held in July.

The public comment period was opened, and seeing none, the public comment period closed.

C-4 Review of Water and Sewer Rate Discount Program
<https://youtu.be/xrretKsQ7Rc?t=2h19m40s>

Rob Livick presented the staff report.

The public comment period was opened, and seeing none, the public comment period closed.

MOTION:

Marlys McPherson moved to approve Item C-4. The motion was seconded by Janith Goldman and carried, 4-1, with Steve Shively opposing.

ADJOURNMENT

The meeting adjourned at 8:42 p.m.



AGENDA NO: B-1

MEETING DATE: July 15, 2015

Staff Report

TO: Public Works Advisory Board **DATE:** July 13, 2015

FROM: Rob Livick, PE/PLS – Director/City Engineer

SUBJECT: Automated Water Metering Infrastructure, Meter Data Management and Customer Information System Software and Utility Billing and Customer Care Services (Continued from June 19, 2015)

RECOMMENDATION

After review of the presentations, concur in staff's recommendation to award a professional services agreement between the City of Morro Bay and FATHOM to perform services as detailed in the City's Request for Proposal (RFP) to the City Council for their consideration at their August 25, 2015 meeting.

FISCAL IMPACT

The implementation cost to provide the Integrated Fixed-Network Advanced Metering Infrastructure (AMI) with Meter Data Management (MDM) & Customer Information System (CIS) Solution with Utility Billing and Customer Care Services is \$3,189,857. As part of this project the City's existing meter population, of which more than 90% have exceeded their life expectancy, will be updated and covered under a 15-year warranty. The cost of this project will be financed over the 15 year period allowing the City to amortize the cost of the meters and AMI equipment over the anticipated lifetime of the equipment.

It is noteworthy to reiterate that the City's present meter infrastructure has outlived its useful life cycle and requires replacement at this time in order to provide accurate and fair billing to our customers and to end the cycle of increasing numbers of failed meters requiring replacement which is becoming a manpower availability issue given the size of the already taxed field staff. Staff has reviewed other options such as a multi-year Capital Improvement Project but have concluded that replacement in entirety is the more prudent option given that a longer implementation period the city would incur additional escalation in costs of materials and construction and still have the task of replacing failing meters until the project is concluded. Staff has reviewed the pricing for this task and finds that it is fair given industry costs for this scope of work. If the City were to continue its currently level of funding for the meter replacement budget, it will take approximately 80 years to

Prepared By: ___RL___

Dept Review: __ RL __

replace each meter.

The City currently spends approximately \$277,600 to perform utility billing and customer care services, including labor, benefits, meter replacements, software and contract services. FATHOM will provide these services for the City, with additional features and functionality currently not available to our customers, including interactive voice recognition (IVR) to provide additional payment opportunities as well as payment reminders to customers and an online customer portal and smartphone application that will provide our customers access to their water usage data and bill payment information, for \$4.02 per account per month, estimated at \$261,654 annually.

Estimated Annual Meter Reading, Utility Billing and Customer Care Costs

	Year 1	Year 5	Year 10	Year 15
Morro Bay	\$277,592	\$309,404	\$354,770	\$407,327
FATHOM	\$261,654	\$277,710	\$299,173	\$322,294

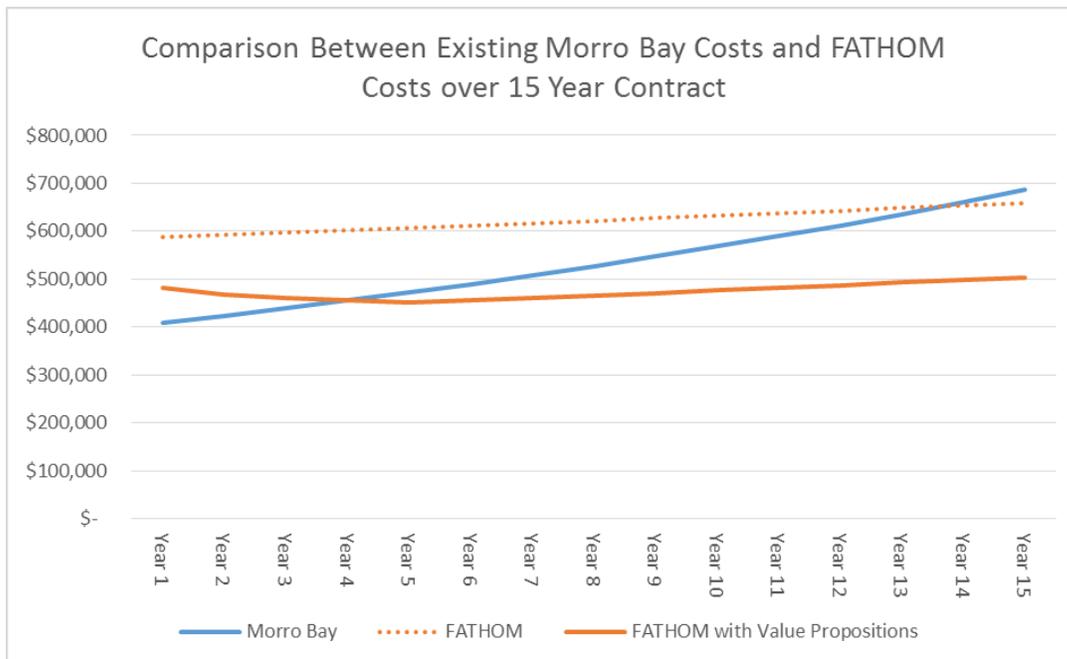
In addition, with FATHOM and the new infrastructure, the City will likely recover revenues that are due to the City but not collected. Through the unique implementation process of FATHOM, the data within the CIS is verified to ensure accuracy, matching the information in the CIS to what exists in the field to fairly bill our customers, finding stranded assets and correcting data inaccuracies. With the replacement of the meters, unaccounted for water loss will be reduced and allow for our customers to be billed accurately. The City should also see a reduction in the amount of write offs required through the IVR system and increased number of ways to pay. Preliminary estimates for the recovered revenue is approximately \$106,800 in the first year.

FATHOM will also provide meter data management services that will allow the City to maximize the value of the AMI system and the data it provides through advanced analytics and reporting tools. These tools will help the City meet the City Council Goals and Objectives as well as aid in reporting for the conservation mandates. The fees for the MDM services are \$0.75 per account per month, estimated at \$48,816 annually.

Overall, with FATHOM taking over the utility billing and customer care services in conjunction with the AMI system, the City will save an estimated \$74,000 in the first year including the anticipated recovered revenue. In addition, the annual increases in City labor, health care and inflation costs over the term of the contract are anticipated to escalate at a higher rate than the annual adjustment for FATHOM, increasing these savings to approximately \$180,800 in year 15.

Overall Operating Costs

	Year 1	Year 5	Year 10	Year 15
Morro Bay	\$277,592	\$309,404	\$354,770	\$407,327
FATHOM Total	\$310,470	\$329,522	\$354,988	\$382,423
FATHOM Net with recovered revenue	\$203,678	\$173,560	\$199,838	\$226,519



In summary, FATHOM will be able to perform the billing, customer care and meter reading operations for less than we currently spend while providing us increased levels of service to our customers. Through this process, FATHOM will perform a data cleanse that, in addition to the benefits of new meters and technology, will allow the City to collect revenues due to the City but are lost in the data. With these savings, the City can also have the tools to maximize the value of the new meters and AMI system in support of the conservation mandates and City Council goals.

BACKBACKGROUND & DISCUSSION

In January 2014, the City Council directed City staff to investigate automated water meter infrastructure (AMI) and contracting billing and customer care operations for both the city’s water and sewer utilities, with a goal of driving cost savings and delivering efficiencies to the management of the utility while also improving the “customer experience” by providing a secure customer web portal that provides current and historical water consumption, billing and ease of payment opportunities to the customer. At present the City’s contracts with a meter reading contractor (roughly \$75,000 cost per year) to read all meters once per month. City staff then manually develops and prepares and mails approximately 5,400 monthly bills, receives payments and tally up payments including 4,000-plus checks per month manually by hand. As we have seen from examining processes in use at other water, sewer, electric and gas utilities there are proven efficient and less expensive processes in place to perform meter reading and billing operation all while generating real-time data for use in driving additional internal operational efficiencies through effectual management of utility operations.

At City Council direction, staff developed released a Request for Proposals (RFP) and advertised for this service on April 23, 2015. On June 1, 2015 the City received a viable proposal from FATHOM to install 5,424 automated meters and provide all the billing and customer service responsibilities

that are currently conducted through a combination of “in-house” and contracted efforts. FATHOM currently provides service to over 140 municipal and privately held water and wastewater utilities representing over 3.5 million utility accounts.

This proposal provides the City a “triple bottom line” win (social, environmental and financial). Our residents will have better awareness of what water they are using, we would all use water more efficiently and we would all save money while continuing to receive amazing customer service. Staff also determined that this proposal meets the following City Council Goals and Objectives that were adopted on February 24, 2015:

Goal # 9 - Improve Water Supply Diversification

f. Conservation – “Continue City Implementation and community education to improve water conservation”

- Through the secure FATHOM Customer Web Portal, our customers will be able to view their daily, weekly, monthly and past water consumption data in near real-time which will enable them to take control of their water consumption and as manage their individual utility account costs.
- The Customer Web Portal will also allow our customers to compare their water usage to similar sized properties of compatible rate structure categories in order to judge their individual account water conservation progress and strategies.
- The FATHOM proposal also includes the ability for the utility to include bill stuffer and online messaging from the utility to its customers and the Customer Portal also contains useful proven water conservation techniques to assist customers further manage their individual account.

Goal #10 – Improve City Operations

f. Information Technology, Fundamentality remake IT operations in the city – consider every approach, system, platform, software solution and best practice to gain efficiency, effectiveness, collaboration and transparency using IT Solutions.

- FATHOM has a proven track record within the utility industry by delivering revenue enhancement and cost cutting and internal operational savings to their utility partners through the use of real-time data in ease of interpretation formats that complement sound management and needs forecasting decision making process.
- The Meter Data Management System (MDM) continually monitors utility operational performance and identifies areas requiring attention in the areas of production, usage and equipment performance. This platform also contains a robust report generation engine that will be extremely useful to reduce labor costs associated with monthly and annual mandated Regulatory Agency (State of CA) Water Conservation, Utility Permit Adherence and other mandated reports.
- The introduction of the Customer Web Portal will enhance our customer’s ability to control and manage their water usage and conservation techniques by having access to near real-time data to make appropriate individual account decisions and having leak detection

notifications within a 24 hour timeframe. Further enhancements to the customer experience include the ability to pay securely online from the comforts of their home and view all of the portal tools and reports from their iOS or Android devices.

Goal #10 – Improve City Operations

e. Public Information, Measurably improve public information and public outreach maximizing IT solutions while insuring residents less tech-oriented have appropriate access to public information.

- The FATHOM Customer Web Portal is an excellent tool to provide information and communication between the customer and their City. The City has the ability to further communicate directly with its customers through bill stuffers as well as online messaging on the Customer Portal.

Goal #10 – Improve City Operations

f. Water Metering and Billing, Research and bring to Council for decision a contracted arrangement for automated meter reading and complete billing operations.

- Staff has completed the publically advertised Request for Proposal process and received a project proposal from FATHOM that in our view meets or exceeds the detailed Scope of Work developed to provide efficiencies and cost savings to the city's utilities both short and long term while also dramatically improving the Customer Service model.
- Through the development of the Request for Proposal the city documented that roughly 90% of the city's meter infrastructure has outlived its useful and reliable life expediency leading to an ever escalating equipment malfunction rate and lack of 100% reliable reading data generation that produces accurate and fair billing. These equipment failures also place an inordinate strain on the department's manpower availability and cost containment capabilities and continue to increase in cost as more and more meters fail due to age. Approximately 10% of the city's meter inventory has been installed in recent years as former meters in field failed, this project calls for these "newer" meters to be retrofitted to AMI to insure that the city and its customers enjoy all of the benefits of one seamless system while also practicing cost containment by keeping these newer meters in use.
- The FATHOM billing platform is compatible with the city's Financial Software so the updating of utility account payables, accounts receivable and payables to the city's Financial Programs will be a smooth process.
- New meter infrastructure along with the FATHOM Billing Platform will ensure that each and every customers will receive an accurate and fair bill reflecting only the water they consume and sewer services they receive.
- The FATHOM outbound and inbound IVR system will provide customers with friendly bill payment reminders over the phone in advance of delinquency deadlines, this is a proven method to increase revenue, reduce delinquent accounts, reduce turn offs and results in minimal accounts referred to collections.

Goal #10 – Improve City Operations

g. Customer Service, Take Customer Service to a World Class level.

- Staff is secure given the track record realized by other utilities utilizing the FATHOM Platform and services that a dramatically improved customer service component will be realized by our utility customers and at a much reduced cost of service level.
- As detailed above the utility customer service component will be increased dramatically through the introduction of the customer secure web portal to view and control individual account activity through the availability of near real-time water consumption data, receive prompt leak detection notifications, improved 24/7 communication capability between the customer and their utility and ease of payment opportunities all of which add to improved and empowered customers and utility cost reductions.

As mentioned earlier the FATHOM proposal identifies the following key objectives that can be met through its implementation, including:

- Completely turn-key, advanced suite of integrated utility services. These platforms will help the City fully optimize operations and secure the utility's financial sustainability.
- Focus on the data, ensures that every customer is accounted for-and every customer is billed correctly each month.
- Requires no additional City staff or IT resources, even as we continue to grow.
- City will never have to pay maintenance fees or pay to update or upgrade the system and with no seat licenses, our staff will have access to the information they need.
- FATHOM will be a partner to the City of Morro Bay throughout the contract and provide our customers with the superior service levels.
- Morro Bay residents will enjoy an enhanced customer experience, emphasizing access to the account management information they need-when they need it, with many ways to pay to keep account(s) up-to- date and avoid unnecessary shut-offs.
- City of Morro Bay will realize and maintain increased revenue, decreased costs, and delighted customers while saving water.

Questions from the Public

Q. Will there be an “Opt Out” provision?

A. The City is currently investigating the option of offering an “Opt Out” provision. If implemented those choosing to “Opt Out” would pay an increased meter reading and billing fee. The typical amount charged by other cities is about \$75 for set up and \$10 per month meter reading fee.

Q. How safe is the radio frequency?

A. For those concerned with safety and EMF, wireless meters produce roughly the same level of electromagnetic output as a typical home wireless internet router but they are located 20 to 100 feet outside and generally away home at your water meter.

CONCLUSION

Going to an AMI and contract customer service system is a win for the City. It provides for social, environmental and financial benefits and meets four of the City Council goals. Staff concludes that the City Council should consider this program at their August 25, 2015 meeting.



AGENDA NO: B-2

MEETING DATE: July 15, 2015

Staff Report

TO: Public Works Advisory Board **DATE:** July 10, 2015

FROM: Rob Livick, PE/PLS – Director/City Engineer

SUBJECT: Consideration of Forming Public Works Subcommittees (Continued from June 19, 2015)

RECOMMENDATION

Discuss and consider forming one or more subcommittees related to pertinent Public Works topics and appointing Board members to said subcommittee(s).

FISCAL IMPACT

None as a result of this action.

DISCUSSION

The formation of subcommittees would allow Board members to work together on items of interest outside the confines of the normal Public Work Advisory Board structure. The subcommittees could have a maximum of three members and members could serve on multiple subcommittees, so long as the requirements of the “Brown Act” were followed, i.e. no wagon wheel or serial meetings. Additionally, the subcommittees could meet with staff as part of their research into an issue. These subcommittees would report back to the full PWAB on a regular basis. The Board could then choose to agenize the topic for an in depth discussion and potentially request the Council provide direction to staff.

Examples of potential subcommittees include:

- Water, including conservation
- Wastewater
- Streets and Sidewalks
- Franchises, Garbage and limited input on others
- Traffic and Transportation
- Transit, Morro Bay Transit and Trolley
- Capital Projects

Prepared By: ___RL___

Dept Review: __ RL__