

AGENDA ITEM #: \_\_\_\_\_

DATE: January 27, 2020

CAR #: 2020-6837



## CITY COUNCIL ACTION REPORT

**SUBJECT:** Approve expenditures of \$761,500 for the purchase of water meters and related budget transfer.

**STAFF PRESENTER(S):** Barbara Chappell, Deputy Public Works Director

**OTHER PRESENTER(S):** None

**Summary:** Request City Council approve the expenditure of \$761,500 in FY2020 for the purchase of water meters. This includes the \$471,500 budgeted for routine replacement and new meters in the department operating budget, plus the authorization of the budget transfer to use \$290,000 in savings from the Adaman Well capital project to fund the replacement of an additional 1,000 meters identified as malfunctioning or not reading.

### **Recommendation:**

Approve expenditure of funds in the amount of \$761,500 to purchase replacement water meters, and associated fittings and a related budget transfer.

### **Fiscal Impact:**

The FY2020 water operating fund budget includes \$167,000 for the routine replacement of water meters and \$304,500 for the purchase of new water meters for growth. In addition, the cost to replace approximately 1,000 meters identified as malfunctioning is estimated at \$290,000. Upon replacement it is estimated that approximately \$200,000 of currently lost revenue will be collected annually.

The FY2020 budget includes \$4,081,100 in water capital improvement funds for the Adaman Well No. 3 project (60004). The project budget included funding to drill a new well; however, the city successfully negotiated an agreement to lease an existing well, resulting in savings of almost \$2M. On August 19, 2019, Council approved the expenditure of \$1,952,368 to equip Adaman Well #3. The remaining available balance in this project is \$1,886,900 and we are requesting to approve the required budget transfer(s) of \$290,000 from this project to pay for approximately 1,000 additional water meters.

## **Background and Previous Actions**

Per City of Goodyear Resolution 08-1255, all expenditures of budgeted funds in excess of \$500,000 must obtain council approval. The city has developed and approved an FY2020

operating budget that includes \$471,500 for new and replacement meters. The purchase of the additional 1,000 water meters will put the annual expenditure for meters over the \$500,000 threshold.

## **Staff Analysis**

Many water meters in the system are getting old and wearing out. As the meters in the system age, they slow down and eventually stop registering completely. There are currently approximately 1,000 meters in the system that we are unable to obtain a read or are not registering flow resulting in inaccurate metering, billing and lost revenue. The average residential water customer uses 7,000 gallons of water per month. Each water customer is billed a base charge of \$18.54 and a usage charge based on metered consumption, for 7,000 gallons the usage charge is \$17.17 per month. When a meter malfunctions and does not register usage, only the base rate is billed, resulting in a revenue loss to the city. It is estimated that the city is currently experiencing an average of \$17,000 per month in revenue loss due to these malfunctioning meters.

In order to replace these meters the budget transfer is needed.

## **Attachments**

None