



STAFF REPORT

Meeting Type: Board of Directors
Title: Advanced Metering Infrastructure (AMI) Opt-Out Policy
From: Paul Sellier, Director of Water Resources
Through: Ben Horenstein, General Manager
Meeting Date: September 1, 2026

PS
BH

TYPE OF ITEM: Action X Information

RECOMMENDATION: Receive an update regarding an Opt-Out policy for Advanced Metering Infrastructure (AMI)

SUMMARY: In May of 2026, the Board of Directors authorized the General Manager to finalize and execute agreements with Badger Meter for equipment, software, and services to allow the District to implement a District-wide AMI system. The agreements have been finalized, and installations are scheduled to begin September, 2026. The AMI system will provide near real-time water use data and allow for improved leak detection, which will significantly enhance the District's water efficiency efforts, and provide customers with the ability to track their water use and set automated leak alerts. In preparation for deployment, staff is recommending that the Board consider adoption of an AMI Opt-Out policy, which would allow customers the option to opt-out of AMI.

DISCUSSION: The District's current water meters are read manually on a bi-monthly schedule to bill each customer for their water use. The District is moving forward with a significant investment in AMI which will substantially reduce the need to manually read meters and therefore improve billing and operational efficiency. As AMI is installed across each billing route, these meters will no longer need to be read manually. It is possible that a few of our customers may want to maintain their manually read meters and opt out of the AMI meters. However, customers that choose to opt out of AMI will require a meter reader to make a bi-monthly visit to the meter, and in doing so will generate a business cost. Staff recommends that the Board consider the adoption of an opt-out policy that would provide an established process for customers that may not want AMI. The main considerations for this policy include eligibility, leak adjustments, and fee considerations.

Eligibility: Opt-out eligibility would be limited to existing single-family and duplex customers. These two customer groups make up over 85% of the District's meter population, based on experience at other water agencies, and these customer groups tend to be the most likely to want an opt-out option. Multi-family, business, institutional, irrigation, and recycled water customers would not be eligible to opt-out. These customers typically have larger meters where the importance of AMI is magnified due

to the greater potential for water loss from leaks. All new services and accounts, including single-family and duplex, would be required to have AMI as a condition for water service. In order to move towards system-wide AMI over time, opt-outs would be upgraded to AMI upon move out. It is also important to distinguish between the meter and the cellular endpoint. The opt-out policy will only apply to the cellular endpoint as that is the piece of equipment that collects and transmits AMI data. The water meter is owned and maintained by the District and the District determines the appropriate water meter to install for each water service.

Leak Adjustment: Under an existing policy (Code Section 6.01.090 – Adjustment of Bills for Loss of Water), all customers are eligible to pursue a leak adjustment once every 3 years and up to 2 consecutive billing periods. Customers are required to submit a form and confirmation of the leak and repair before receiving a bill adjustment, which is based on historical usage. Staff recommends that opt-out customers not be eligible for leak adjustments as opting out prevents the benefit of AMI leak detection and timely automated leak notifications.

Fee Considerations: Customers who opt out of AMI metering would necessitate manual meter reading, an avoidable expense with AMI. Consequently, Staff proposes that a recurring fee to recover at least a portion of the cost of manually reading opt-outs is reasonable, as these customers will be spread across the service area and will require specific office and field staff time that is not necessary when collecting reads via AMI. Based on a 2018 fee study that was updated to reflect 2026 costs, the total cost to obtain a single meter read is \$92.42. However, the actual cost to read all opt-outs will not be known until the AMI project is near completion as any geographic clustering of opt-out customers would lead to less trips for individual reads. Depending on the total number of opt-outs, the actual cost will likely be around \$60 per read. Staff recommends starting the bi-monthly reading fee at \$40, which would be added to the customer's bimonthly bill. This fee could be re-evaluated every 2-year budget cycle and may be escalated to actual cost recovery over time. In addition to a manual reading fee, some utilities also charge a one-time/set up fee for enrolling customers in or out of the opt-out policy. Although the District will incur a cost for this, staff is not currently recommending this additional fee.

Staff has been developing an outreach plan for the AMI implementation and will provide education and outreach to promote the benefits of AMI and highlight how customers can use this technology to track their own water use and set automated leak alerts. While it is expected that the majority of customers will welcome the benefits from AMI, formalizing an opt-out policy will provide customers with an option.

Staff plans to return to a future Board meeting with a proposed policy for Board adoption.

ENVIRONMENTAL REVIEW: Not Applicable.

FISCAL IMPACT: None.

ATTACHMENT(S): None