



STAFF REPORT

Meeting Type: Board of Directors

Title: Advanced Metering Infrastructure (AMI) Opt-Out Program and Adoption of Manual Meter-Reading Service Fee

From: Paul Sellier, Director of Water Resources

Through: Shaun Horne, General Manager

Meeting Date: November 4, 2026

TYPE OF ITEM: X Action Information

RECOMMENDATION: Adopt a resolution approving the development of an Advanced Metering Infrastructure (AMI) Opt-Out Program and adopting a Manual Meter-Reading Service Fee

SUMMARY: On May 26, 2026, the Board of Directors approved a set of agreements with Badger Meter, Inc. for the acquisition of an AMI system. The agreements have been finalized, and initial AMI equipment deliveries have arrived. The District's new 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 full deployment, staff is recommending that the Board of Directors adopt a Resolution that allows existing single-family and duplex residential customers with the option to opt-out of AMI and adopts a Manual Meter-Reading Service Fee to help recover the cost of bimonthly manual meter-reading for opt-out customers.

DISCUSSION: A large majority of the District's current water meters are read manually on a bimonthly schedule to bill each customer for their water use. The District is moving forward with a significant investment in an AMI system, which will essentially eliminate the need to regularly 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. District staff recognizes, however, that some customers may not welcome the installation of AMI at their property. So, staff is proposing that the Board of Directors approve the development of an AMI Opt-Out Program that will allow existing single-family and duplex residential customers to opt-out of having AMI installed at their property.

The proposed AMI Opt-Out Program would allow existing single-family and duplex residential customers the option to submit an application to opt-out of AMI at their property provided staff is able to determine that the meter location, accessibility, safety considerations, meter configuration, service requirements, or other operational circumstances would not preclude manual meter-reading. The opt-

out customer must continue to provide access to the water meter for inspection, maintenance, repair, replacement, and manual meter reading or be subject to exclusion from the AMI Opt-Out Program. The Customer would be allowed to request reinstatement of AMI at any time.

District customers who choose to opt-out of AMI will, however, require a meter reader to make a bimonthly visit to the meter and there will be additional administrative tasks as the water usage information will be processed differently from most customers. Both the bimonthly visit and the administrative tasks will generate business costs for the District. Staff is therefore also proposing that the Board adopt a Manual Meter-Reading Service Fee to recover the cost of individual bimonthly manual meter-reading services provided to opt-out customers. The purpose of the reoccurring Manual Meter-Reading Service fee is to recover the cost of manually reading opt-outs 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 through the District's AMI system. 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 fluctuate depending on how many opt-out customers reside within any geographic area. District staff is estimating that the actual cost will likely be around \$60 per manual meter-read. District staff is proposing conservatively that the Board of Directors adopt a Manual Meter-Reading Service Fee of \$40 bimonthly, which may be reevaluated from time to time to reflect actual costs. Staff is proposing that the Manual Meter-Reading Service Fee be added to the opt-out Customer's bimonthly bill. If there are two consecutive billing periods of non-payment, the District would find that the opt-out election is no longer valid and would install the AMI endpoint at this customer's meter.

Currently, pursuant to District code section 6.01.090, District customers may request an adjustment of their bill in case of loss of water due to circumstances beyond the reasonable control of the customer. A customer participating in the opt-out program will not receive services or benefits that depend upon AMI communication or interval water-use data, including automated meter reads, customer water-use data provided through an AMI customer portal, and automated leak notifications. A customer choosing to opt-out of the District's AMI system is voluntarily foregoing the ability to become aware of water loss through system alerts. Due to this fact, staff proposes that customers who seek to participate in the AMI Opt-Out Program are not eligible for an adjustment of their bill for water loss under District Code section 6.01.090.

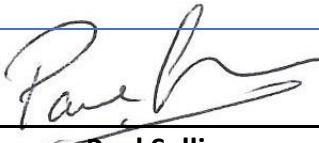
Staff intends to make an ambitious effort at customer education and outreach to promote the benefits of AMI and highlight how customers can use this technology to track their water use and set automated leak alerts. While most customers will benefit from AMI, adopting an AMI Opt-Out Program will provide customers with an option.

ENVIRONMENTAL REVIEW: Not Applicable.

FISCAL IMPACT: While there will be some administrative staff time needed to develop and implement the new AMI Opt-Out Program, most of ongoing program costs are related to the need for manual meter-reading service, which would be partially recovered through the adoption of the Manual Meter-Reading Service Fee.

ATTACHMENT(S):

1. Proposed Resolution approving the development of an AMI Opt-Out Program and adoption of a Manual Meter-Reading Service Fee

DEPARTMENT OR DIVISION	DIVISION MANAGER	APPROVED
Water Resources	 Paul Sellier Water Resources Director	 Shaun Horne General Manager