



**TOWN OF PALMER LAKE
BOARD OF TRUSTEES - AGENDA MEMO**

DATE: October 27, 2022	ITEM NO.	SUBJECT: Water Fund – Rates and Loan Obligations
Presented by: Town Administrator /Clerk		

Background

As early as January 2021, discussions of the incorrect water billing and inaccurate water rates were addressed with the Board of Trustees. Note minutes from the following 2021 meetings –

(1/28/21 Agenda Item) 13. Discussion/Direction Relating to Water Billing – Annual Increase, Corrections. Discussion took place about the requirements laid forth by Resolution for appropriate cash flow committed to pay back loans as well as the discrepancies in past years not following through with the described annual increases. Annual increase should be 3% on the monthly base rate, the unit charge per gallon on billing and the tap rate. Historically, only one of the increases took place. Corrections to address were customers billed for a ¾ inch tap vs. actual 1 to 2” tap respectively. MOTION (Currier) to apply the annual 3% as laid forth and make corrections for larger tap size. Discussion took place about commercial accounts and the impact in this time of COVID. Dee Banta requested clarification of the number of accounts the correction will impact. Stuart Currier stated that the usage is what matters not the pipe size. **MOTION (Stuth, Padgett) to table this item until the February 11 meeting. Roll call vote – aye (5); nay (0).** Motion PASSED.

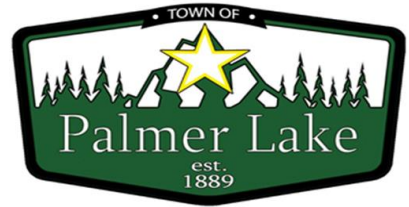
(2/11/21 Agenda Item) 16. Direction on Established Rate Increase and Correction to Water Billing. Mayor Bass suggested that items 16 and 17 be continued to the next meeting. **MOTION (Bass, Havenar) to table item 16 and 17 until February 25th. Roll call vote – aye (7); nay (0).** Motion PASSED.

(2/25/21 Agenda Item) 12. Direction to Correct Water Billing and Establish Rate Increases. Mayor Bass provided background of this item from past meetings. Discussion took place about loan payments. Staff assured members that loan payments are being covered but the forecasted revenue for water improvement and the increase of loan payments beginning in 2024 will come up short without the established rate increases laid forth in the 2019 Resolutions. The corrections were restated – correct billing larger size taps accordingly as well as a 3% increase to the following – new water tap fee, base rate fee, and usage tier rates. Trustee Dawson inquired about the projections for capital improvement and staff will review to assemble. **MOTION (Bass, Dawson) to approve the corrections and rate increases as presented. Roll call vote – aye (6); nay (1 - Stuth).** Motion PASSED. Collins mentioned that with the roll out of a new billing provider in March, staff will make increases effective in April to allow for ample notice to water customers.

As originally presented and reviewed early in 2021 with the Board and again reviewed at the 10/13 meeting, the issues are noted below.

Where and for how long were fee increases missed?

1. Larger tap sizes were charged the same rates as ¾” taps until March 2021. Per the Water Supervisor, a larger tap size should have been paying a higher rate. It appears they never did, until March 2021. There are 15 such “larger” taps. These accounts have been corrected per the direction of the Board in 2/2021.
2. The usage rate increase directed in April 2021 was 14 months late.
3. Due to #2, the usage rate increase in April 2021 was still 3% less than what was intended per Resolution 4 of 2019.
4. Similarly, due to #3, the usage rate increase effective in Feb 2022 was still 3% less than what was intended per Resolution 4 of 2019.



- The base rate/cap imp and usage rate increase in April 2021 was 2 months late. (This was somewhat intentional as we changed billing providers in March and did not want to create confusion that the rate increase was an error due to changing billing providers.)

Why did we transition to Amcobi?

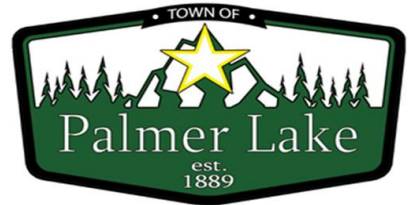
Something needs to be stated about the change to Amcobi billing service. The condition of the data that staff previously had with the prior billing service provider was poor.

Staff chose and the Board supported great value and service for our residents at a reasonable cost. The costs to the town and to the resident compare as follows:

WATER BILLING PAYMENT PROCESSING FEES				
Payment Type	Provider			
	White Mountain		AmCoBi/Paymentus	
	Town pays	Resident pays	Town pays	Resident pays
Credit/Debit Card	5.44%	5.44%	0	2.95%
Electronic Check	5.44%	5.44%	0	0
Cash/Check	0	0	0	0

The best water billing system requires excellent data management. This requires tracking all of the water account contact information, previous and current meter reads, accurate billing calculations, flexible billing options (ie., postal mail and email), flexible payment options, accurate payment recording (with low service fees), and complete account history. This also requires tracking changes to ownership, rentals, misreads, and timely and accurate communication and problem-solving.

The prior system did not meet these needs. The software interface was archaic, not intuitive, and had several bugs to the system. For example, often an account balance on one tab did not match the account balance on another tab. Sometimes switching between tabs took staff to an entirely different account. Many functions would generate database errors and staff were told to click “Ignore” repeatedly to bypass the error. Some functions on the read/write did not work at all and closing a read-only instance did not completely clear up the problem and the PC had to be shut down. All autopayments would post even if they failed. When an issue was not resolved, a manual adjustment was required. In addition to these inefficiencies, the historical data was basically inaccurate or unavailable. Much of the meter reading prep and import, as well as the in-house billing process, was rather tedious, and generally had issues demanding hours of staff attention. Although the admin staff managed to send bills each month, the consistency and accuracy of the bills suffered greatly. The prior billing prep process and the data import process often required support from the billing provider and the meter system provider for a successful import. The prior system did not provide electronic/email bills. The format of the previous bills lacked basic detail such as the prior month’s information, lacking historical data. Processing bills came at a cost - printing and folding process required paper, ink, and envelopes for 1000 accounts. This added wear on the copier and requires the lease of a folding machine that is almost exclusively used for this once-a-month process. The envelope stuffing required labor/time of another staff member or two, processing a separate payment, and a trip to the post office. Special circumstances, such as residents with multiple accounts requesting all bills be mailed together, required manual work. Throughout the month, the system required payments to be posted and investigation of customer inquiries. It was not web-based and ran locally on one PC; thus only one staff member had access to view it. This describes some, but not all, of the issues previously experienced.



Amcobi meets the needs identified above. It is primarily a data management system for utilities. It is a modern, web-based system and offers complete customer service while also providing a portal for town staff. The provider is based in Colorado Springs with a call center. The system interfaces directly with the meter read system, and any issues are managed by the provider. The creation of bills is included in the cost to the town and bills are emailed and/or printed and postal mailed by the provider. The bills are modern, easy to read, provide rate detail and historical information. The payment options are like current options, but autopay charges are about half the current rate. The provider will manage resident calls but staff can assist in any means necessary for the water customer.

Additionally, having Amcobi care for the billing process frees staff to conduct other work that has been ignored, specifically records management, development of the Court Clerk role and licensing procedures for permits and licensing in the town.

A very significant fact is that prior to this 2021 change, staff had nearly none or inaccurate historical information about water accounts to assist in forecasting. Since April 2021, we now have confidence of meaningful data to work with. Staff has reached out to a rep of Rural Community Assistance Corporation (RCAC) to conduct a complete water rate analysis and forecast over the next few months to develop equipment replacement and capital improvement saving at no charge to the town. In the meantime, Colorado Water Resources and Power Development Authority will review our water fund financial statements and revenue to determine a necessary water rate to meet/maintain the fund requirements.

Staff suggests, at a minimum, to get two of the past rates not regularly increased to the intended rate, increasing them by 7% in 2023.