1. Vivimus in Pacem et Bonem
2. Vivimus in Pace et Benevolentia
3. Vivimus in Pacem et Bonum
4. Vivimus in Pace et Bona Boluntate
5. In Pace Vivimus Bonaque Voluntate

President Dalton thanked Dr. Bonawitz for his opinion and for bringing the matter to the attention of City Council. He suggested that this matter be investigated further prior to the printing of any new documents that include the Latin motto.

Ms. Hill suggested that the matter be placed on a future Regular City Council Meeting Agenda and a resolution be introduced to correct the City motto.

6. ADMINISTRATION

6a. **Public Services** - Presentation regarding Radio Read System, an automated method for reading water meters (Members received a copy of a City Council Agenda Summary Sheet dated June 13, 2003 from Kim Murphey, Administrative Coordinator)

Mr. Roger Rousse, Director of DPS, explained that, in an effort to control future water rate increases, he and Mr. Raymond Leafdale, General Superintendent, evaluated the Radio Read System for water meters. He noted that the Sewer and Water budgets were established as enterprise funds, thus all costs associated with those operations are borne by revenues, making them, in effect, independent City operations. He briefly explained the current process of reading meters using a handheld device that physically touches each meter; the data is transmitted to that handheld device, which is then returned to the City's Accounting department for generation of individual bills. The Radio Read System under consideration allows the same information to be gathered by passing within 2,000 feet of the meter, allowing the approximately 21,000 meters in the City to be read in approximately four (4) hours. In addition to the savings in labor pool workers dedicated to meter reading, meters could now be installed inside new homes, as opposed to externally. Those homes with outside meters can be easily adapted. Finally, the current system results in estimated and actual readings on alternating months. This system would provide actual readings on a monthly basis.

Mr. Rousse then introduced **Mr. Al Weber** and **Mr. Ken Knieling** of ETNA Supply Company, 529 32nd Street, Grand Rapids, Michigan, representatives of the company that currently supplies the City with water meters and offers the Radio Read System.

Mr. Weber provided a brief history of his firm, ETNA Supply Company, stressing the accuracy, durability and reliability of their products dating back as far as 1958. He reviewed how the touch-read and the Radio Read systems work. He then discussed a financial benefits analysis (FBA) that calculated the "payback" the City will likely experience if the Radio Read System were implemented. Mr. Weber's FBA noted the following:

- Approximately 21,000 meters in the City
- Approximately 5,000 older meters will require replacement
- $74 for each rebuilt meter

- $130 for each Radio Read meter
- $1,000 for the annual maintenance agreement (including all free upgrades)
- $30 for an average service cost
- $65,270 in annual office costs (resequencing, billing, checking data, phone calls)
- 48 month change out
- Positive cash flow in five (5) years
- $13.0 million savings in meter reading and billing
- $14.0 million savings over twenty (20) years
- Complete payback of $3.8 million dollars estimated at eight (8) years, five (5) months

Mr. Barnett asked if the software support is at zero for twenty (20) years.

Mr. Weber explained that the City currently pays software support for existing meters and the AMR support cost is $1,000 annually.

Mr. Barnett asked for clarification that the City would pay no more than $1,000 annually for software upgrades, even in the event of a complete rewrite of the system in the future.

Mr. Weber assured Council that if a future software upgrade is within the same version it will be included in the annual fee.

Mr. Barnett, while noting that he was impressed with the presentation, expressed his concern with using a single source or supplier, fearing that in the future, if there were drastic changes, it would be difficult to accommodate that change within the entire City.

Mr. Weber assured Mr. Barnett that his company would not benefit from mistreating such a long-term and loyal customer as the City of Rochester Hills.

Mr. Barnett questioned whether the estimated $3.4 million cost to implement the program is individualized enough that the program could be implemented in smaller units over a longer period of time.

Mr. Weber explained that the $130 price per unit will remain in effect for four (4) years and the City will only be charged for the actual units purchased.

Ms. Hill questioned the life of each unit's battery and their replacement cost.

Mr. Weber stated that the batteries are guaranteed for five (5) years, however, the company has experienced more than ten (10) years life from them and the replacement cost is $17.

Ms. Hill asked what program would be implemented to replace batteries that will potentially fail and how those costs would be billed.

Mr. Knieling explained that each meter reading also provides diagnostic information, thus forewarning meter readers that battery replacement is necessary.

Mr. Rousse indicated that battery replacement costs would be incorporated into water/sewer rates in a similar manner to how improvements are handled.

Ms. Hill wondered how many other communities presently operate on this system.

Mr. Webber explained that there are approximately 225 handheld systems in the state, sixty-five (65) radio read/handheld systems, and thirteen (13) vehicle-based systems. *(Specific municipalities were identified in the meeting packet.)*

Ms. Holder questioned whether this system would possibly interfere with cell phone signals.

Mr. Knieling assured Council that the direct spread spectrum (DSS) used to transmit the meter signals will not interfere with any other area signals.

Mr. Barnett noted that in previous discussions it was determined that the employees tasked to read meters currently would not be eliminated, but would return to the general employee pool, thus resulting in no real payroll savings.

Mr. Rousse explained that the draw from the resource pool would be reduced and no longer associated with meter reading. When viewed as an enterprise fund, that cost of meter reading will be reduced by the value of three (3) employees. Mr. Rousse went on to stress that, as the City's water and sewer infrastructure is "relatively young," operational costs are going to be reduced proportionate to older communities, possibly resulting in reduced costs equal to the value of three (3) employees. In addition, it is likely the resource pool, through attrition and retirement, will reduce sufficiently over the next four (4) to six (6) years that replacement of those employees may not be necessary.

Ms. Hill questioned how the initial outlay of funds, estimated at $1 million per year for four (4) years, would be charged back to the customer.

Mr. Rousse explained that the increase in rates this year incorporate the first-year costs of the plan, however, eventually customers will benefit from reduced meter reading costs.

Ms. Hill wondered what would be the increase for each customer.

Mr. Rousse estimated it would be approximately $40 spread over a one (1) year period. He noted that the primary benefits of the new system would be the reduction in personnel costs and the implementation of monthly actual meter readings. In addition, he noted this new system would facilitate enforcement of water restrictions and the early detection of leaks or water main breaks. Furthermore, the City could determine within a four (4) hour period how much water has been purchased from the Detroit Water and Sewerage Department (DWSD).

(Recess 8:48 p.m. to 9:05 p.m.)
(Member Barnett exited at 8:48 p.m.)