



**City of Santa Barbara**  
Public Works Department

**Memorandum**

**Item 6**

**DATE:** October 7, 2015  
**TO:** Water Commissioners  
**FROM:** Joshua Haggmark, Water Resources Manager  
**SUBJECT:** Automated Metering Infrastructure Business Case Update

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Westin Engineering (Westin) performed a business case for transitioning the City's water meter reading system to Automated Metering Infrastructure (AMI) technology, and demonstrated the City would benefit by making this transition. However, considering the City is now in its fifth year of drought, and Water Fund revenues are down, I recommend rather than moving forward with a planned AMI Pilot Project, we instead create a Request For Proposal for implementing a City-wide AMI System, which includes a Pilot Project, making this project "shovel ready" for possible grant funding, or to bid post-drought. In the meantime, staff will continue with the current meter replacement program, whereby the City's 23,300 meters are being replaced with AMI-capable meters at a rate of approximately 4,500 meters annually. With the upgraded meters in place, the City will be in an excellent position to transition to AMI meter reading technology.

**Background**

On March 10, 2014, the Water Commission received a presentation from staff on AMI technology, which allows for the remote reading of water meters and the transmission of meter data via telephone or radio signals to the City for processing. The Water Commission supported staff's recommendation that City Council authorize the Public Works Director to execute a contract with Westin in the amount of \$69,832 to perform an AMI business case to determine if the City would benefit by transitioning the City's water meter system to AMI technology. City Council approved this contract on April 8, 2014.

Westin's AMI business case included a comprehensive analysis of the cost, benefits, and resources required to transition the City's existing manual water meter reading system to an AMI system. Westin considered the necessary financial commitment for the project, and investigated the best available AMI technologies to serve the City's water meter system.

Westin's business case concluded that an AMI system would benefit the City in terms of improved customer service, cost savings, and increased efficiencies related to staff time for meter reading, billing, and addressing customer concerns. An AMI system would also serve as a water conservation tool by providing customers with their daily water-use data online, as opposed to the current system, which provides customers with their water-use data from the previous month.

Westin estimates AMI project capital costs at \$6.2 - \$7.4 Million, depending on the chosen technology, with a return on investment of four to five years. The estimates were based on spreading the capital costs associated with AMI implementation over 15 years, to align with expected replacement intervals of AMI components.