

**MAYOR**

George B McGill

**ACTING CITY
ADMINISTRATOR**

Jeff Dingman

CITY CLERK

Sherri Gard

BOARD OF DIRECTORS

Ward 1 - Jarred Rego

Ward 2 - Andre' Good

Ward 3 - Lee Kemp

Ward 4 - George Catsavis

At-Large Position 5 - Christina Catsavis

At-Large Position 6 - Kevin Settle

At-Large Position 7 - Neal Martin

AGENDA

Fort Smith Board of Directors

STUDY SESSION

April 8, 2025 ~ 6:00 p.m.

Fort Smith Senior Activity Center

2700 Cavanaugh Road

Fort Smith, Arkansas

This location does not maintain the technical infrastructure to livestream on the City of Fort Smith website; however, such will be livestreamed on YouTube at the following link:
<https://www.youtube.com/@CityofFortSmithArkansas/streams>

CALL TO ORDER

ITEMS OF BUSINESS

1. Review proposed Fort Smith Curbing Unrestricted Taxpayer Spending (CUTS) Package ~ *Rego/Good placed on the April 8, 2025 study session agenda at the March 4, 2025 regular meeting ~ (City Administrator)*
2. Discussion regarding personnel and equipment for the Water Utilities Department Water Line Maintenance to address water leaks ~ *Requested ordinance on April 15, 2025 regular meeting agenda ~ (Water Utilities)*
3. Review issues regarding Automated Meter Reading (AMR) system for utility billing ~ *Good/Martin placed on a future study session at the March 18, 2025 regular meeting ~ (Water Utilities)*
4. Review preliminary agenda of the April 15, 2025 regular meeting *(City Clerk)*

CITIZENS FORUM

ADJOURN

City of Fort Smith Board of Directors: Alternate Locations for March 11, April 8, May 13, and June 10, 2025 Study Sessions

Fort Smith, Arkansas sent this bulletin at 03/05/2025 03:02 PM CST



**Board of Directors: Alternate Locations for the
March 11, April 8, May 13, and June 10, 2025 Study Sessions**

**MEDIA NOTIFICATION
March 5, 2025**

Study Sessions of the City of Fort Smith Board of Directors are typically scheduled for 6:00 p.m. on the second and fourth Tuesday of each month and held at the Blue Lion, 101 North 2nd Street, Fort Smith.

At the Board of Directors study session held on January 28, 2025, Directors Kevin Settle, Christina Catsavis, Lee Kemp, and Neal Martin concurred to move the location of the first study session in March, April, May, and June to alternate locations within each of the four (4) wards.

All requested alternate locations have been confirmed; therefore, please see below:

March 11, 2025 - WARD 2

Elm Grove Community Center
1901 North Greenwood Avenue

April 8, 2025 - WARD 3

Fort Smith Senior Activity Center
2700 Cavanaugh Road

May 13, 2025 - WARD 4

Fire Station No. 11
8900 Massard Road

June 10, 2025 - WARD 1

University of Arkansas Fort Smith
Smith-Pendergraft Campus Center - Reynolds Room
800 North 49th Street

The study sessions will occur at their originally scheduled time of 6:00 p.m.

The above noted locations do not maintain the capability to livestream the study sessions on the City of Fort Smith website; however, such will be livestreamed on the [City of Fort Smith YouTube Channel](#).

If you have any questions, please contact the City Clerk's office at 479-784-2208.

Sherri Gard, MMC
City Clerk
sgard@fortsmithar.gov

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MEMORANDUM

TO: Honorable Mayor & Members of the Board of Directors
CC: Andy Richards, Chief Financial Officer
FROM: Jeff Dingman, Acting City Administrator
DATE: April 3, 2025
SUBJECT: Review of Fort Smith Curbing Unrestricted Taxpayer Spending (CUTS) Package

SUMMARY

On Monday, March 3, Vice-Mayor/City Director Jarred Rego distributed to Board Members and staff a plan of spending reprogramming and reductions called the Fort Smith Curbing Unrestricted Taxpayer Spending (CUTS) Act. As the city asks voters to renew and revise the existing apportionment of Sales and Use Taxes at the May 13 Special Election, Director Rego proposed that the Board to what it can to ensure that budgeted dollars are being spent as wisely and efficiently as possible.

This CUTS plan looks carefully at the 13 departments that receive money from the Water & Sewer Operating fund by way of cost allocation formulas. In addition to revision of cost allocations, the plan also includes identification of overall spending reductions in those departments.

The CUTS plan is intended as a starting point for meaningful and important discussions for the weeks and months ahead as the Board and staff work to identify ways to relieve pressure on the Water & Sewer Utility Fund and right-size the the overall operating budget of the city.

Attached to this item is the original Fort Smith CUTS Package document distributed by Director Rego on March 3 and an analysis of the budget impact of such plan prepared by the Finance Department and Chief Financial Officer Andy Richards. As interpreted, the plan drives \$2.3 million back to the General Fund by reducing allocation percentages causing the General Fund to absorb more of the allocated expenditures. There is a savings of \$3.1 million to the Water & Sewer Fund because of the lower allocation percentages and the cuts to the 13 allocated departments. The other funds realize some savings because of the cuts to the allocated departments. We did not cut Public Transit as proposed due to the loss of federal revenues that would be associated with it. The reprogramming of these funds to the Consent Decree has not been depicted here. Presumably all or part of the \$3.1 million in savings to the Water & Sewer Fund could be transferred to the Consent Decree CIP fund, but that would reduce the operating reserves.

Please contact Mr. Richards or myself if you have questions related to this agenda item.

ATTACHMENTS

1. [20250303 Fort Smith CUTS Package presented by J Rego.pdf](#)
2. [CUTS Budget 2025.pdf](#)

The Fort Smith Curbing Unrestricted Taxpayer Spending (CUTS) Package

Introductory Information

- The CUTS Package primarily focuses on the thirteen departments that receive some of their budget dollars from the Water and Sewer Operating Fund (hereafter referred to as the W&S Fund).
- Police, Fire, Parks, Streets, and Solid Waste receive no money from the W&S Fund.
- Each of the departments listed below (except Engineering) is being directed to reprogram 15% of funding from the W&S Fund for Consent Decree work.
- Each of the departments listed below is being directed to implement a one-time 5% budget cut and transfer that amount to the W&S Fund for Consent Decree work.

Fiscal Impact Summary

Total Potentially Generated for 2025 Consent Decree work from budget reprogramming: \$7,068,679

- Amount generated annually from 15% W&S Fund reprogramming funding: \$2,898,255
- Amount generated from one-time adjustments 5% Overall Budget Cut, 25% Dues and Subscriptions Budget Cut, 10% Mayor's Special Events Budget Cut, and 25% MakeMyMove cut: \$1,117,594
- Amount generated from one-time General Fund Transit spending, pending legal review: \$2,952,830
- Amount generated annually, pending legal review from Convention Center funding: \$100,000

City Administration is directed to produce a package of ordinance(s)/resolution(s) accomplishing the following:

Board of Directors 2025 Budget: \$492,581

- Currently, 37% of that total comes from the W&S Fund, reduce that figure to 22% and reprogram 15% (\$73,887) to Consent Decree work
- Implement a 5% cut to the Board of Directors Budget and reprogram the \$24,629 to Consent Decree work
- **Total made available for 2025 Consent Decree work: \$98,516**

Mayor 2025 Budget: \$615,630

- Currently, 34% of that total comes from the W&S Fund, reduce that figure to 19% and reprogram 15% (\$92,345) to Consent Decree work
- Implement a 5% cut to the Mayor's Budget and reprogram the \$30,782 to Consent Decree work
- **Total made available for 2025 Consent Decree work: \$123,127**

City Administrator 2025 Budget: \$1,638,298

- Currently, 47% of that total comes from the W&S Fund, reduce that figure to 32% and reprogram 15% (\$245,745) to Consent Decree work
- Implement a 5% cut to the City Administrator's Budget and reprogram the \$81,915 to Consent Decree work
- **Total made available for 2025 Consent Decree work: \$327,660**

Internal Audit 2025 Budget: \$607,474

- Currently, 45% of that total comes from the W&S Fund, reduce that figure to 30% and reprogram 15% (\$91,121) to Consent Decree work
- Implement a 5% cut to the Internal Audit Budget and reprogram the \$30,374 to Consent Decree work
- **Total made available for 2025 Consent Decree work: \$121,495**

Human Resources 2025 Budget: \$878,708

- Currently, 35% of that total comes from the W&S Fund, reduce that figure to 20% and reprogram 15% (\$131,806) to Consent Decree work
- Implement a 5% cut to the Human Resources Budget and reprogram the \$43,935 to Consent Decree work
- **Total made available for 2025 Consent Decree work: \$175,741**

City Clerk 2025 Budget: \$419,753

- Currently, 37% of that total comes from the W&S Fund, reduce that figure to 22% and reprogram 15% (\$62,963) to Consent Decree work
- Implement a 5% cut to the City Clerk Budget and reprogram the \$20,988 to Consent Decree work
- **Total made available for 2025 Consent Decree work: \$83,951**

Finance 2025 Budget: \$1,874,013

- Currently, 42% of that total comes from the W&S Fund, reduce that figure to 27% and reprogram 15% (\$281,102) to Consent Decree work
- Implement a 5% cut to the Finance Budget and reprogram the \$93,701 to Consent Decree work
- **Total made available for 2025 Consent Decree work: \$374,803**

Purchasing 2025 Budget: \$790,638

- Currently, 37% of that total comes from the W&S Fund, reduce that figure to 22% and reprogram 15% (\$118,596) to Consent Decree work
- Implement a 5% cut to the Purchasing Budget and reprogram the \$39,532 to Consent Decree work
- **Total made available for 2025 Consent Decree work: \$158,128**

IT 2025 Budget: \$9,233,993

- Currently, 30% of that total comes from the W&S Fund, reduce that figure to 15% and reprogram 15% (\$1,385,099) to Consent Decree work
- Implement a 5% cut to the IT Budget and reprogram the \$461,700 to Consent Decree work
- **Total made available for 2025 Consent Decree work: \$1,846,799**

Communications 2025 Budget: \$430,611

- Currently, 47% of that total comes from the W&S Fund, reduce that figure to 32% and reprogram 15% (\$64,592) to Consent Decree work
- Implement a 5% cut to the Communications Budget and reprogram the \$21,531 to Consent Decree work
- **Total made available for 2025 Consent Decree work: \$86,123**

Sustainability 2025 Budget: \$253,863

- Currently, 75% of that total comes from the W&S Fund, reduce that figure to 60% and reprogram 15% (\$38,079) to Consent Decree work
- Implement a 5% cut to the Sustainability Budget and reprogram the \$12,693 to Consent Decree work
- **Total made available for 2025 Consent Decree work: \$50,772**

Planning and Zoning 2025 Budget: \$1,086,990

- Currently, 20% of that total comes from the W&S Fund, reduce that figure to 5% and reprogram 15% (\$163,049) to Consent Decree work
- Implement a 5% cut to the Planning and Zoning Budget and reprogram the \$54,350 to Consent Decree work
- **Total made available for 2025 Consent Decree work: \$217,399**

Engineering 2025 Budget: \$1,873,387

- Currently, 8% of the Engineering Budget comes from the W&S Fund, reduce that figure to 0% and reprogram the \$149,871 to Consent Decree work
- Implement a 5% cut to the Engineering Budget and reprogram the \$93,669 to Consent Decree work
- **Total made available for 2025 Consent Decree work: \$243,540**

City Administration is also directed to include ordinance(s)/resolution(s) accomplishing the following:

- Each of the 13 departments shall cut 25% from their Dues and Subscriptions budgets
 - **Total generated for 2025 Consent Decree work: \$29,999**
- 10% of the Mayor's Special Events budget shall be reprogrammed to Consent Decree work
 - **Total generated for 2025 Consent Decree work: \$21,000**
- In the 2024 Carry Over Requests, 25% of the funding requested for MakeMyMove is reprogrammed to Consent Decree work
 - **Total generated for 2025 Consent Decree work: \$56,796**
- Pending contract legal review, 2024 Carry Over Request General Fund spending for Transit fueling and right-of-way access projects is reprogrammed to Consent Decree work
 - **Total generated for 2025 Consent Decree work: \$2,952,830**
- Pending contract legal review, \$100,000 annually is to be reprogrammed from the Convention Center to Consent Decree work
 - **Total generated for 2025 Consent Decree work: \$100,000**

City of Fort Smith
Budget Comparison Summary - General Fund

	FY24 Actuals	FY25 Adopted	FY25 Revised	FY25 CUTS	FY25 Proposed
Revenues					
Intergovernmental	\$ 9,903,181	\$ 6,522,067	\$ 8,975,678	\$ -	\$ 8,975,678
Taxes and Assessments	42,041,477	43,750,000	43,750,000	-	43,750,000
Court Fines and Forfeitures	2,167,254	1,923,700	1,923,700	-	1,923,700
Licenses and Permits	1,425,801	1,587,560	1,587,560	-	1,587,560
Service Charges and Fees	543,935	518,020	518,020	-	518,020
Contributions	73,070	25,000	32,200	-	32,200
Miscellaneous	4,944,989	1,658,800	1,848,225	-	1,848,225
Transfers	100,000	100,000	144,000	-	144,000
Total	61,199,707	56,085,147	58,779,383	-	58,779,383
Expenditures					
Policy and Administration Services	3,316,028	3,920,027	3,955,042	384,930	4,339,973
Management Services	4,933,025	4,763,296	8,256,853	1,763,487	10,020,340
Development Services	2,056,470	2,151,545	2,478,480	250,715	2,729,195
Police Services	19,842,738	21,704,346	22,982,302	-	22,982,302
Fire Services	14,164,224	14,981,927	16,078,544	-	16,078,544
Operation Services	10,358,153	8,678,564	13,530,142	-	13,530,142
Non-Departmental	12,907,124	5,629,540	13,934,775	(100,000)	13,834,775
Total	67,577,762	61,829,245	81,216,137	2,299,133	83,515,270
Excess (Deficiency)					
Revenues Over Expenditures	(6,378,054)	(5,744,098)	(22,436,754)	(2,299,133)	(24,735,887)
Fund Balance, Beginning of Year	41,942,915	29,995,349	35,564,861	-	35,564,861
Fund Balance, End of Year	\$ 35,564,861	\$ 24,251,251	\$ 13,128,107	\$ (2,299,133)	\$ 10,828,974
Contingency Reserve Percent	52.6%	39.2%	16.2%		13.0%

City of Fort Smith
Budget Comparison Summary - Streets Maintenance Fund

	FY24 Actuals	FY25 Adopted	FY25 Revised	FY25 CUTS	FY25 Proposed
Revenues					
Intergovernmental	\$ 7,548,808	\$ 8,060,000	\$ 8,060,000	\$ -	\$ 8,060,000
Taxes and Assessments	2,552,202	2,600,000	2,600,000	-	2,600,000
Licenses and Permits	287,485	360,000	360,000	-	360,000
Miscellaneous	652,909	200,000	200,000	-	200,000
Transfers	-	-	-	-	-
Total	<u>11,041,404</u>	<u>11,220,000</u>	<u>11,220,000</u>	<u>-</u>	<u>11,220,000</u>
Expenditures					
Policy and Administration Services	317,463	308,701	182,353	(6,782)	175,570
Management Services	1,197,705	1,560,828	1,123,085	(52,939)	1,070,145
Development Services	73,836	93,669	95,119	(4,696)	90,423
Operation Services	<u>10,076,595</u>	<u>9,467,882</u>	<u>11,188,259</u>	<u>-</u>	<u>11,188,259</u>
Total	<u>11,665,598</u>	<u>11,431,080</u>	<u>12,588,816</u>	<u>(64,418)</u>	<u>12,524,398</u>
Excess (Deficiency)					
Revenues Over Expenditures	(624,194)	(211,080)	(1,368,816)	64,418	(1,304,398)
Fund Balance, Beginning of Year	<u>9,706,603</u>	<u>6,404,622</u>	<u>9,082,409</u>	<u>-</u>	<u>9,082,409</u>
Fund Balance, End of Year	<u>\$ 9,082,409</u>	<u>\$ 5,283,542</u>	<u>\$ 7,713,593</u>	<u>\$ 64,418</u>	<u>\$ 7,778,011</u>
Contingency Reserve Percent	77.9%	46.2%	61.3%		62.1%

City of Fort Smith
Budget Comparison Summary - Water and Sewer Operating Fund

	FY24 Actuals	FY25 Adopted	FY25 Revised	FY25 CUTS	FY25 Proposed
Revenues					
Service Charges and Fees	\$ 62,255,794	\$ 72,593,675	\$ 72,593,675	\$ -	\$ 72,593,675
Miscellaneous	2,202,964	615,000	619,629	-	619,629
Transfers	<u>13,544</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	64,472,302	73,208,675	73,213,304	-	73,213,304
Expenditures					
Policy and Administration Services	1,267,379	1,269,263	1,514,842	(537,720)	977,123
Management Services	5,157,409	7,503,823	6,728,821	(2,302,177)	4,426,644
Development Services	323,290	367,269	374,036	(321,349)	52,688
Operation Services	58,286,166	67,660,181	69,259,597	-	69,259,597
Non-Departmental	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total	65,134,244	76,900,536	77,977,297	(3,161,245)	74,816,052
Excess (Deficiency)					
Revenues Over Expenditures	(661,942)	(3,691,861)	(4,763,993)	3,161,245	(1,602,748)
Working Capital, Beginning of Year	<u>23,287,022</u>	<u>17,284,245</u>	<u>22,625,080</u>	<u>-</u>	<u>22,625,080</u>
Working Capital, End of Year	<u>\$ 22,625,080</u>	<u>\$ 13,592,384</u>	<u>\$ 17,861,088</u>	<u>\$ 3,161,245</u>	<u>\$ 21,022,333</u>
Contingency Reserve Percent	34.7%	17.7%	22.9%		28.1%

City of Fort Smith
Budget Comparison Summary - Solid Waste Operating Fund

	FY24 Actuals	FY25 Adopted	FY25 Revised	FY25 CUTS	FY25 Proposed
Revenues					
Service Charges and Fees	\$ 21,014,571	\$ 20,972,102	\$ 20,972,102	\$ -	\$ 20,972,102
Miscellaneous	<u>1,524,397</u>	<u>1,588,200</u>	<u>1,588,200</u>	<u>-</u>	<u>1,588,200</u>
Total	22,538,968	22,560,302	22,560,302	-	22,560,302
Expenditures					
Policy and Administration Services	647,994	647,917	409,266	(15,260)	394,006
Management Services	2,004,562	2,755,733	2,350,505	(77,897)	2,272,608
Operation Services	13,215,910	16,239,312	16,809,179	-	16,809,179
Non-Departmental	<u>6,301,087</u>	<u>6,301,087</u>	<u>6,301,087</u>	<u>-</u>	<u>6,301,087</u>
Total	22,169,553	25,944,049	25,870,037	(93,157)	25,776,880
Excess (Deficiency)					
Revenues Over Expenditures	369,415	(3,383,747)	(3,309,735)	93,157	(3,216,578)
Working Capital, Beginning of Year	<u>11,571,286</u>	<u>9,068,258</u>	<u>11,940,701</u>	<u>-</u>	<u>11,940,701</u>
Working Capital, End of Year	<u>\$ 11,940,701</u>	<u>\$ 5,684,511</u>	<u>\$ 8,630,966</u>	<u>\$ 93,157</u>	<u>\$ 8,724,123</u>
Contingency Reserve Percent	53.9%	21.9%	33.4%		33.8%



MEMORANDUM

TO: Jeff Dingman, Acting City Administrator
CC: Maggie Rice, Deputy City Administrator
FROM: Lance A. McAvoy, Director of Water Utilities
DATE: April 2, 2025
SUBJECT: Personnel and Equipment for Water Line Maintenance to Address Water Leaks

SUMMARY

Water leaks are being repaired as quickly as possible by Water Utilities staff, but the number of personnel and reliable equipment have been the weak point in the number of leaks that may be repaired in a given time frame.

The Deputy Director of Line Maintenance, Water Program Manager, and Water Line Maintenance Supervisors have evaluated current staff needs and believe at this time, no additional staff is needed. The use of temporary employees has allowed work to proceed and several open positions in Water Line Maintenance have been filled by past temporary employees. The main challenge to productivity is the reliability of equipment.

Since 2020, budget requests have been made each year to replace dump trucks, service trucks, and backhoes. This includes all divisions in Water Utilities however, most of these requests have been in the water line maintenance area. Every year staff have been asked to prioritize their top ten (10) needs. Since 2020's budget, additional needs submitted to the Board of Directors may have listed the budget request but have included funding requests for the Board of Directors to consider.

Each team of four (4) employees normally require the following equipment to make repairs to a water leak or to install a new water service.

- 1- 1 Ton Service Truck with Turtle Bed
- 1- 5 Ton Dump Truck
- 1- Backhoe (equivalent to a Model 310)
- 1- Trailer to haul the Backhoe

Crews also share a John Deere 410G Extend-a-hoe which was purchased in 2002.

Often one or more of these pieces of equipment will break and takes time to repair. When equipment is being repaired, the crew's productivity and capacity to repair leaks diminishes. The current equipment has either reached or will quickly reach the end of its useful life span. The repair of equipment budget has increased for Water Line Maintenance every year for the past four (4) years due to aging equipment repeatedly failing. The Water Utilities department

has not established an equipment replacement program like Streets and Solid Waste have done, largely because of the infusion of cash needed to get it started.

At the April 8, 2025, Board of Director's Study Session, The Deputy Director of Systems (Kenny Hall), Deputy Director of Utilities Engineering (Jimmie Johnson) and I will be discussing equipment needs, costs, and other potential paths forward.

Please contact me should you or any Board Member have any questions.



MEMORANDUM

TO: Jeff Dingman, Acting City Administrator
CC: Maggie Rice, Deputy City Administrator
FROM: Lance A. McAvoy, Director of Water Utilities
DATE: April 2, 2025
SUBJECT: Review Issues Regarding Automated Meter Reading (AMR) System for Utility Billing

SUMMARY

As presented in the March 11, 2025, memorandum to Administration, and forwarded to the Board of Directors on March 12, 2025 (attached); the City's Automated Meter Reading (AMR) system is currently facing significant operational challenges due to damage and failure of electronic meter encoders. This has resulted in increased inaccuracies in billing and a rise in customer service issues, placing a growing strain on metering and billing operations. Metering staff have had to increase the number of meter re-reads and manually read meters as the encoders fail. Billing staff can only process the meter read data received from the meter reads, leading to incorrect bills for customers, disputes, adjustments, and a loss of trust in the billing system.

At the April 8, 2025, Board of Directors Study Session a discussion will be held to review the current status of the AMR issues and the recommendation of staff for a Request for Qualifications (RFQ) to evaluate the feasibility of funding and implementing an Advanced Metering Infrastructure (AMI) system. This would include utilizing meters compatible with the environment in which the meter is installed (as in, not plastic) and the ability for customers to see their water usage on a daily basis through a customizable customer portal.

Please contact me if you or any Board Member has any questions or needs additional information.

ATTACHMENTS

1. [20250311 Meter Encoder Update 20250311.pdf](#)



MEMORANDUM

TO: Jeff Dingman, Acting City Administrator

FROM: Joshua Robertson, Director of Citizen & City Services
Lance A. McAvoy, Director of Water Utilities

DATE: March 11, 2025

SUBJECT: Meter Encoder and Billing Issues

CC: Maggie Rice, Deputy City Administrator

The City's Automated Meter Reading (AMR) system is currently facing significant operational challenges due to damage and failure of electronic meter encoders. This has resulted in increased inaccuracies in billing and a rise in customer service issues, placing a growing strain on metering and billing operations. Metering staff have had to increase the number of meter re-reads and manually read meters as the encoders fail. Billing staff can only process the meter read data received from the meter reads, leading to incorrect bills for customers, disputes, adjustments, and a loss of trust in the billing system.

One primary concern is the encoder malfunction rate, which contributes to an increasing number of re-reads. In 2023 the encoder failures were increasing at a rate that required the hiring of five (5) additional meter readers to ensure timely completion of re-reads. In June 2024, failed encoders were removed from the AMR system and placed on the manual read list. The process of transitioning AMR meters from the drive-by reading system to manual reads continues. Safeguards were implemented in October 2024 to prevent meter readers from simply estimating meter reads during the reread process. These steps were taken to address billing inaccuracies caused by encoder failures and reading errors that can manifest in various ways. Customers with faulty meter encoders often receive a series of zero-usage bills, only to later receive a large "catch-up" bill when a correct reading is finally obtained. Irrigation meters have been found to register zero usage for as long as two (2) to three (3) years due to inconsistent account usage not flagging the need for a re-read.

Financially and operationally, these failures are having a significant impact. In 2024 alone, the City had to adjust over \$600,000 on issued bills due to incorrect billing caused by meter read discrepancies. The verification and correction process for meter reading and bill changes is labor-intensive, requiring staff to manually review questionable meter reads before finalizing billing. As the City's meter infrastructure continues to age, these

failures are becoming more frequent, creating an unsustainable situation that requires immediate attention.

Citizen Services is experiencing increasing difficulty addressing customer concerns related to billing discrepancies, with many customers believing they are being deliberately overcharged, eroding trust in the City's billing system. Explaining fluctuating bills where a series of zero-usage bills is suddenly followed by a large "catch-up" bill can be challenging. If staffing levels prevent proper reading and re-reading of meters, a standardized estimation process needs to be developed to prevent further complications with customer interactions. This proactive approach would help manage complaints, process adjustments, and reassure customers that their bills are being handled fairly. The increasing workload associated with these issues is putting additional stress on Citizen Services' personnel, making it harder to maintain positive interactions with the public.

Addressing the encoder failure rate must be a top priority, including evaluating options for meter and encoder replacements and establishing a formalized methodology for estimated billing when necessary. In the interim, billing and meter reading departments are collaborating to transition back to manual meter reading. As the number of meters in the system increases, additional staff will need to be added to ensure the timely reading of all meters.

Promptly addressing the deficiencies in the AMR system is crucial to ensure confidence in billing accuracy, optimize revenue recovery, and reinforce public trust in the City's operations. Failure to act will result in continued financial losses, reduced operational capacity, and strained relationships with customers who deserve fair and transparent billing practices.

Staff recommends that the City proceed to issue a Request For Proposals (RFP) to evaluate the feasibility of funding and implementing an Advanced Metering Infrastructure (AMI) system. This would include utilizing meters that are compatible with the environment in which the meter is installed (as in, not plastic) and the ability for customers to see their water usage on a daily basis through a customizable customer portal.

Please contact us if you have any questions or need additional information.