DATE: June 18, 2024

TO: Mayor and City Council

FROM: Director of Public Works

SUBJECT: Adopt a Resolution Authorizing the City Manager to Execute an Agreement with WaterSmart Software Inc. ("VertexOne") in an Amount Not-to-Exceed $426,000 to Continue Providing Water Customer Portal Software Services

RECOMMENDATION

That Council adopts the attached resolution (Attachment II) to renew the agreement with VertexOne for water customer portal software services for an initial term of three years in an amount not-to-exceed (NTE) $249,000, with the option for the City at its sole discretion to extend and increase the contract for two (2) additional years for a total amount NTE $426,000.

SUMMARY

On July 12, 2021, the City entered into a three-year agreement with WaterSmart Software Inc. (now VertexOne) for water customer portal software services. VertexOne is the sole source provider of WaterSmart/VXsmart water customer portal software services. Staff seek to renew this contract for an initial term of three years in an amount NTE $249,000, after which the City at its sole discretion can extend and increase the contract for two additional years NTE for a total amount $426,000 over five years.

BACKGROUND

In 2020, the City conducted a pilot program to develop an online portal for customers to view water consumption data, receive leak notifications, and make online bill payments. Based on customer feedback, the City selected VertexOne to implement and maintain the customer self-service platform, AMI data analytics and reporting, and online payment integration. The portal was launched City-wide in June 2022 and has generally been received positively by Hayward water customers.

DISCUSSION

Using advanced metering infrastructure (AMI) technology, the water customer portal has become an essential tool for providing better customer service, water consumption data,

and more convenient bill payment methods. As of May 2024, 55% of all eligible customers have registered for the portal (20,151 customers).

Approximately 1,600 unique users log into the portal every week. Customers engage with the portal in the following ways:

1. <u>Understanding consumption</u>: The most common type of customer inquiry comes from customers who have received unexpectedly high bills. With the introduction of AMI technology and the portal, customers can view hourly water consumption on demand and investigate potential reasons for leaks or high consumption. Two other popular features are the usage comparison tool, which allows customers to compare current usage to historical usage, and customizable notifications. Over 57,000 high water use notifications, 43,550 unplanned use notifications, and 27,600 bill forecast notifications have been sent to those who have opted to receive them.
2. <u>Leak notifications</u>: Customers are automatically enrolled to receive notifications when continuous consumption, spikes in consumption, or unusually high consumption are detected. Customers have realized an estimated 261.7 million gallons in water savings from receiving notices of potential leaks by email, phone, text, and physical mail.
3. <u>Online bill payment</u>: The portal also introduced expanded options for online bill payment, including credit card, debit card, electronic funds transfer (EFT), online bank payments, PayPal, and Venmo. The payment system processes an average of $3.9 million in monthly online transactions. Most online payments are completed using credit/debit card (54%) or EFT (34%). About 30% of customers have opted to receive paperless bills.

ECONOMIC IMPACT

With the WaterSmart/VXsmart customer portal, users can now proactively conserve water, investigate leaks and high consumption, and minimize other unintended water consumption using customizable notifications. Additionally, the City eliminated online transaction fees, making bill payments cheaper and more accessible to all customers. About one-third of all customers are enrolled in automatic bill payment, which helps customers pay their bills on time and enhances the City's revenue collection. As registration rates increase, the City will have greater reach to promote water conservation and increase water use efficiency over time.

FISCAL IMPACT

Annual software maintenance fees for the WaterSmart/VXsmart customer portal have been included in the FY 2025 Operating Budget (Water Operating Fund 605). Based on quotes provided by VertexOne, the City estimates that the initial three-year period will cost approximately $249,000. Should the City elect to extend the contract for two optional years, the estimated cost for the five-year period is approximately $426,000. These

amounts include estimates for leak alert services, which are charged on a per-transaction basis.

The table below reflects the total not-to-exceed amount to renew the portal for the potential period of five years.

Service	Year 1	Year 2	Year 3	Year 4 (Optional in FY28)	Year 5 (Optional in FY29)
	(Initial Term from FY25 - FY27)				
VXsmart Platform Hosting Services and Analytics	$69,000	$71,000	$72,000	$74,000	$77,000
Software Integrations	$8,000	$8,000	$9,000	$9,000	$9,000
Leak Alert Services (Estimates Based on Historical Use of Services)	$4,000	$4,000	$4,000	$4,000	$4,000
Annual totals	**$81,000**	**$83,000**	**$85,000**	**$87,000**	**$90,000**

Total not-to-exceed for initial three-year term **$249,000**
Total not-to-exceed amount for initial term and two optional years **$426,000**

STRATEGIC ROADMAP

This agenda item supports the Strategic Priority of *Confront Climate Crisis & Champion Environmental Justice*. Specifically, this item relates to the project:
Mitigate climate crisis impacts through resilient design and community engagement
Project C14: Continue to pursue water conservation measures like increasing recycled water supplies

SUSTAINABILITY FEATURES

The online water customer portal uses AMI technology to promote water use efficiency and water conservation. Near real-time water consumption data also aids in the City's efforts to measure the overall effectiveness of targeted conservation initiatives, meet water conservation goals, and inform customers about water usage patterns.

PUBLIC CONTACT

No public contact was made for this agenda item.

NEXT STEPS

If approved, staff will complete negotiations with VertexOne and renew the contract for WaterSmart customer portal software services.

Prepared by: Sharon Hu, Management Analyst

Recommended by: Alex Ameri, Director of Public Works

Approved by:

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Dustin Claussen, Interim City Manager