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# **CITY OF OCALA**

## **CITY COUNCIL REPORT**

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**Council Meeting Date: 09/01/20**

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Subject: Exceleron Software Agreement Five Year Agreement

Submitted By: Emory Roberts

Department: Business & Financial Services

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**STAFF RECOMMENDATION** (Motion Ready): Approve Agenda Item (ID # 14982) five-year contract for MyUsage, meter data management, and prepaid electric billing software with Exceleron Software, LLC with approximate annual expenditures of \$360,720

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### **OCALA'S RELEVANT STRATEGIC GOALS:** Operational Excellence

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#### **PROOF OF PUBLICATION:** N/A

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#### **BACKGROUND:**

The Exceleron software includes the MyUsage suite of applications that allows the City to offer a prepaid utility service program for our municipal services customers. This program is an integral part of providing multiple billing methods to our customers and has been very successful for the City of Ocala. We now have over 7,000 customers who have voluntarily signed up for this customer friendly program.

Features of the Exceleron software prepaid program include:

- Prepaid municipal services (electric, water & sewer, sanitation, and fiber);
- Customer can budget for multiple payments at their convenience (daily, weekly);
- No deposit required to begin service (only service fee & down payment);
- No late or disconnect/reconnect fees; and
- Debt recovery program for existing customers that switch to prepaid.

Customer Portal/Mobile App “MyUsage” is available free of charge to all residential customers and allows customers to:

- Monitor electric and water usage hourly with a real-time account balance;
- Receive account alerts such as low balance, pending disconnect; and
- Report any service outages through the app.

In addition, Exceleron provides Meter Data Management (MDM) software free of charge to Ocala Electric Utility (OEU) that assists in managing and monitoring data provided by the AMI system of smart meters. The AMI system provides a number of important functions such as the ability to automatically and remotely measure electricity use, connect and disconnect service, detect tampering, identify and prevent unscheduled outages, and monitor voltage.

Per an OEU contracted study in 2019, the MDM software replacement cost is approximately \$87,033 annually (with year 1 costs of \$383,564). Also, OEU calculated the MDM estimated average annual cost recovery or avoidance of \$152,558 for voltage problems, overloading, service theft, overtime costs, commercial losses, and risk events.

#### **FINDINGS AND CONCLUSIONS:**

As part of the five-year package, Exceleron agreed to allow the City of Ocala to participate in the same rate structure as the much larger Orlando Utility Commission customer base. Currently, using our blended

tier rate, the City pays now \$4.08 per month per customer up to 8,499 customers. With this savings, any customers over 8,500 will be half price at \$2.00 a customer. So as the program grows, the City can see significant savings in future costs. Additionally, as part of this contract, staff negotiated with Exceleron for the development of an Ocala custom branded MyUsage app. Staff recommends approval of the agreement for five years to continue offering this popular and beneficial program to our customers.

**FISCAL IMPACT:**

The gross cost of the agreement is based on our negotiated tier structure. Currently, the City is paying an average of \$30,060 per month, which equates to \$360,720 per year.

The annual adjusted net cost after factoring in cost savings/avoidance is approximately \$35,920 or \$2,993 per month (\$0.43 per customer based on 7,000 customers) as shown in the table below:

Item	Annual \$	Monthly \$	Per Cust
<b>Exceleron Software Fees</b>	\$360,720	\$30,060	\$4.29
<b>Cost Savings/Avoidance</b>			
Meter Data Management Software	(\$ 87,033)		
OEU Cost recovery/avoidance	(\$152,588)		
Mailing Fees (electronic only)	(\$ 42,000)		
Debt Recovery Savings (13.9%)	(\$ 43,179)		
<b>Adjusted NET COST</b>	<b>\$35,920</b>	<b>\$2,993</b>	<b>\$0.43</b>

Funds are budgeted for FY20 utilizing account 457-032-230-531-53-34010 and will be budgeted likewise for future fiscal years.

**PROCUREMENT REVIEW:**

This contract has been reviewed and approved to be in compliance with the City's procurement policies.

**LEGAL REVIEW:**

The contract will be reviewed and approved by the Assistant City Attorney, Robert W. Batsel, Jr.

**ALTERNATIVE:**

Remove prepaid service which is not recommended.

**SUPPORT MATERIALS:**

MYUSAGE PREPAID SOFTWARE ACCESS AGREEMENT (PDF)

Exhibit B- Specifications and Functionality (PDF)