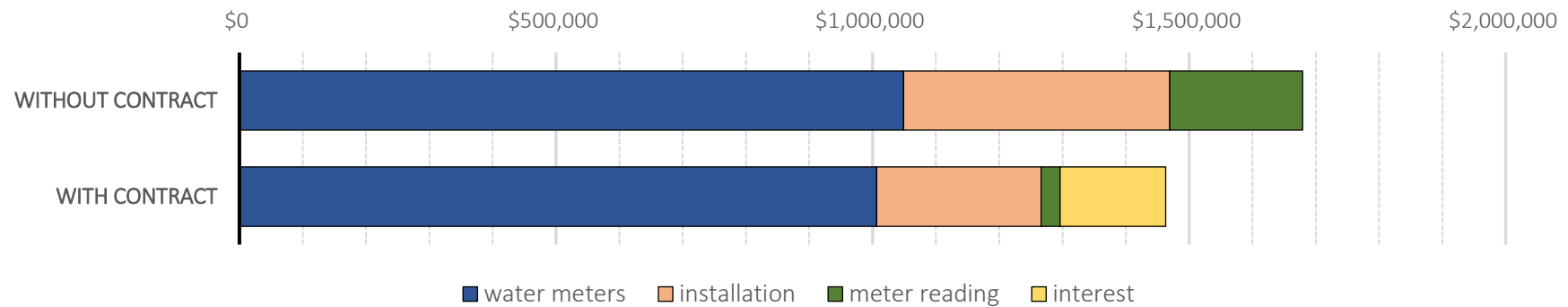


Oak Lodge Water Services District WATER METER REPLACEMENT PROGRAM

cost comparison of program with and without contracting for rapid purchase and installation of meters

updated by Haakon Ogbeide on Nov 8th, 2018

This calculation compares the financial costs of replacing approximately 6,100 analog-read water meters with radiofrequency-read meters. It is created as a rough estimate to guide discussion on how to proceed with the program. The option without contracting purchases meters at current prices, uses district staff for installation, and is assumed to take six years longer than the alternative. In the alternative with contracting, some savings are realized through bulk purchase of meters, but mostly through cost savings of having professional meter installers do the work instead of District Staff and through closing a meter reading contract sooner. The capital cost in this scenario is covered by a loan assumed to be repaid with fixed annuity payments similar to a home mortgage.



| ITEM | WITHOUT CONTRACT | | | WITH CONTRACT | | |
|--|------------------|-------------|--------------------|---------------|-------------|--------------------|
| | Unit Price | Qty | Cost | Unit Price | Qty | Cost |
| water meters - 5/8" x 3/4" Hersey® 420 Composite PD with Mi.Node® M Meter Interface Unit | \$172.00 | 6,100 units | \$1,049,200 | \$165.00 | 6,100 units | \$1,006,500 |
| installation | \$60,000 * | 7.0 yrs | \$420,000 | \$42.54 | 6,100 units | \$259,494 |
| service for manual-read meters | \$30,000 | 7.0 yrs | \$210,000 | \$30,000 | 1.0 yr | \$30,000 |
| interest paid on a 84-month (7-year) fixed annuity loan at 3.5% APR | \$0 | 0 | \$0 | \$17,418 | 84 months | \$167,115 ** |
| TOTAL cost | | | \$1,679,200 | | | \$1,463,109 |

* installation without contracts assumes meter installation will take half the time of one full time equivalent employee for 7 years

** NOTE: value shown for cost is the interest portion of all annuity payments only. The principal is not included, since principal is the subtotal of the other line items.