

## Considerations when Purchasing Telephone Dialing Services

The new Tier 1 PN direct delivery requirements will become effective May 10, 2010.

### Key Points:

- Water suppliers may want to determine if they meet the definition of a “local public procurement unit” (LPPU) so that they can register in the COSTARS program. The COSTARS program is a cooperative purchasing program that takes advantage of existing Commonwealth contracts.

An LPPU includes:

- Any political subdivision (local government unit), such as a municipality, school district or commission;
- Any public authority (including authorities formed under the Municipality Authorities Act of 1955 or other authorizing legislation, such as the Public Transportation Law or the Aviation Code)
- Any tax-exempt, nonprofit educational institution or organization;
- Any tax-exempt, nonprofit public health institution or organization;
- Any nonprofit fire company, rescue company, or ambulance company; and
- Any other entity that spends public funds for the procurement of supplies, services, and construction (such as council of governments or an area government, or an organization that receives public grant funds).

To find out more information about COSTARS, go to this link:

[http://www.portal.state.pa.us/portal/server.pt?open=512&objID=1272&&SortOrder=40&level=3&parentid=1271&css=L3&mode=2&in\\_hi\\_userid=2&cached=true](http://www.portal.state.pa.us/portal/server.pt?open=512&objID=1272&&SortOrder=40&level=3&parentid=1271&css=L3&mode=2&in_hi_userid=2&cached=true)

- If you are a municipal authority, contact Pennsylvania Municipal Authorities Association (PMAA) at 717-737-7655 to learn about the contract PMAA is developing for its members for automatic telephone dialing services.
- If you are creating your own set of automatic telephone dialing specifications, it's difficult to compare prices between vendors because they don't use the same fee structures.
- The costs will vary based on system size, how many calls a system anticipates making during the year, and the service plan features that a water system purchases.
- One vendor did indicate that water systems could collaborate with other systems to get a “group cost” that may be cheaper than an individual system cost.

- It appears that there are two primary service options, “Per Call” plans and “Unlimited Calling” plans.
- Based on how many households and how many calling events (Tier 1 PN and non-emergency events) a water supplier anticipates making within a year, every water supplier will need to determine when it becomes cost effective to purchase an “Unlimited calling” plan instead of a “Per Call” plan.
- Water systems may be able to negotiate prices with vendors.

The following pages contain the information DEP collected in 2008 regarding the estimated costs for automatic telephone dialing services.

## **Estimated Costs for Automatic Telephone Dialing Services**

Compliance costs to implement the direct delivery requirements for Tier 1 notices will increase for many of the community water systems. The greatest increase in cost will be incurred by systems that contract for or purchase an automatic telephone dialing system. These costs will vary based on system size, how many calls a system anticipates making during the year, and the service plan features that a water system purchases. In 2008, the Department gathered new cost data regarding purchasing or contracting for automatic telephone dialing services from five vendors.

### **Estimates for Purchasing an automatic dialing system – 1 vendor quote**

Only one vendor provided costs for purchasing an automatic telephone dialing system. The costs are shown on the table below.

<b>Initial/setup includes software, installation and training</b>	<b>Service and Maintenance Agreements</b>	<b>Cost Per Call</b>
\$9800-29,100	<b>Standard</b> (Service and Maintenance support between 8-5 Mon-Friday) = 20% of system cost	System cost + cost of telephone lines ÷ number of calls made
\$9800 – 29,100	<b>Premium</b> (Service and Maintenance support 24/7) = 25% of system cost + 2500.00	System cost + cost of telephone lines ÷ number of calls made

### **Estimates for contracted service with an automatic dialing system provider – 5 vendor quotes**

One vendor charges an annual subscription fee that includes implementation, training, service, maintenance, updates, calling time and support. The other vendors include various fee structures for initial set-up, annual maintenance (also known as subscriptions), and different service options such as “Per call” or “Unlimited calling” plans. The other feature that may increase the cost was geo-calling which allows the water system to send a notice to a sub-group of the entire water system. One vendor did indicate that water systems could collaborate with other systems to get a “group cost” that may be cheaper than an individual system cost. In order to compare the costs between vendors, the Department will provide a scenario and associated cost tables. The scenario will relate to a water system that is required to contact 10,000 households. It reflects the cost for issuing a single Tier 1 notice and the associated “Problem Corrected” notice during the first year. Table 1 lists the “Per Call” Service Plans costs for the first year. Table 2 lists the “Unlimited Calls” Service Plans costs for the first year.

**Scenario:**

A water system is required to send one call to issue a Tier 1 notice to entire system of 10,000 households during the first year. The call contains a 30-second message. A second call is made as a “Problem Corrected” notice which is also 30 seconds in length.

<b>TABLE 1: “Per Call” Service Plan Estimates</b>					
<b>Vendor</b>	<b>1<sup>st</sup> Year Costs (Initial Set-up, installation and training)</b>	<b>Annual Costs (Subscription)</b>		<b>Cost Per Call</b>	<b>Total Costs (2 calls made to 10,000 households)</b>
A	\$0	This vendor does not offer a “Per Call” plan. Instead, the vendor offers a single annual cost that includes implementation, training, service, maintenance, updates, calling time and support. See TABLE 2.		\$0	N/A
B	\$0	\$0		\$59/250 calls \$99/500 calls \$149/1000 calls	\$2980
C	\$7800	\$6000		\$0.12/60 sec call and \$0.06/30 sec call	\$15600
D	\$2500 for less than 50,000 population  \$5,000 for more than 50,000 population	Geo Call (Silver Service)  Low Volume Silver	\$5000  \$5000 (includes 20,000 call units that don’t roll over.)	\$480 per 500 call units  Calls over 20,000 units will be charged at \$.25/call.	\$26700 (includes 40 bundles of 500 pre-paid call units)  \$7500
E	\$10% of annual cost or \$100.00 whichever is greater	\$0.40 per household		\$0.10/call	\$6400

**TABLE 2: “Unlimited Calls” Service Plan Estimates**

<b>Vendor</b>	<b>1<sup>st</sup> Year Costs (Initial Set-up, installation and training)</b>	<b>Annual Costs (Subscription)</b>		<b>Cost Per Call</b>	<b>Total Costs (10,000 households)</b>
A	\$0	Households/Businesses	Costs	\$0	\$10,000  (single cost includes implementation, training, service, maintenance, updates, calling time and support)
		0-2000	\$5000		
		2001-6000	\$7500		
		6001-10,000	\$10000		
		10001-20000	\$15000		
		20001-30000	\$20000		
		30001-40000	\$25000		
		40001-50000	\$31250		
		50001-60000	\$37500		
		60001-70000	\$43750		
		70001-80000	\$50000		
B	\$0	\$0		Per Household Cost	\$9000
				Up to 10000 = 0.90	
				10001-25000 = 0.80	
				25001-50000 = 0.70	
				50001-100000 = 0.60	
				100000+ = 0.50	
C	\$7800	\$6000			N/A This vendor offers a “Per Call” Plan. See TABLE 1
D	\$2500 for less than 50,000 households  \$5,000 for more than 50,000 households	Households	Costs	\$0	\$7000 (Plus fees for geocoding if purchasing geocall option)
		0-50000	\$4500		
		50001 – 100000	\$9500		
		100001 – 200000	\$12500		
		200001 – 300000	\$13500		
		300001 – 400000	\$16500		
		400001 – 500000	\$17000		
		500001 – 1000000	\$24500		
E	\$10% of annual cost or \$100.00 whichever is greater	\$1.45 per household		\$0	\$15950

Based on how many households and how many calling events (Tier 1 PN and non-emergency events) a water supplier anticipates making within a year, every water supplier will need to determine when it becomes cost effective to purchase an “Unlimited calling” plan instead of a “Per call” plan. Water systems may be able to negotiate prices with vendors.