



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Approve the Issuance of a Blanket Purchase Order to Extend an Existing Contract for Water Meters (F17-117) in an amount not to exceed \$200,000

REPORT IN BRIEF

Approval is requested for the issuance of a blanket purchase order for a one-year extension of the contract with the current water meter vendor, National Meter & Automation (Badger Meter).

EXISTING POLICY

Pursuant to Section 2.08.150(c) of the Sunnyvale Municipal Code, contract modifications which result in an increase in the original contract amount must be authorized by the awarding authority, unless there is a provision in the contract otherwise allowing modification of the amount.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(a) as it has no potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.

BACKGROUND AND DISCUSSION

Water meters are continually in demand by the Environmental Services Department for replacement of existing meters and for installation of meters in new developments. Water meters are received and inventoried at Central Stores and issued to Water Division employees on an as-needed basis. Most meters deployed throughout the City are equipped with an Electronic Radio Transmitter (ERT), a radio-based endpoint manufactured by Itron that transmits meter data to a utility vehicle or handheld computer.

The City has contracted with Badger Meter since 2010 as the result of a competitive bid process (RTC No. 10-284). The Badger Meter contract was extended in 2013 in order to conduct a residential pilot program using automated meter reading and monitoring through cellular technology to create efficiencies and reduce water consumption (RTC No. 13-250).

An Invitation for Bids (IFB No. F16-26) for water meters utilizing the ERT radio-reading technology was issued in 2015. Four bids were received and, after extensive evaluation, staff recommended rejecting all bids. Council approved the rejection of the bids on April 5, 2016 (RTC No. 15-1092) and extended the current contract with National Meter & Automation (Badger Meter) through March 31, 2017.

The technology around "smart" meters continues to evolve and, with a contract extension for Badger

in place to ensure on-going delivery of meters during the year, staff holistically reviewed the meter reading function. Staff evaluated all available technologies on the market to determine the scope and cost of a city-wide “smart” meter implementation, which would allow the City to take advantage of the latest advances in electronic meter reading. Staff found that a city-wide implementation would cost between \$15 and \$20 million over a ten-year period, depending on the technology selected. Although there are some customer service benefits to the newer technology, such as a web interface for customers to view their own water use, Meter Shop and Meter Reader staffing would remain unchanged.

Given the current costs of smart-meter technology, staff recommends fully transitioning to meters with radio-transmitting technology. With the efficiencies gained, meter reading staff will conduct maintenance on the endpoints or meter pits, repairing or replacing equipment and clearing vegetation or other obstructions as needed. In recent years, staff was diverted from these activities to focus on backflow prevention activities.

Based on the significant cost associated with this project, staff is re-evaluating its approach to smart meter replacements. Staff is recommending that issuance of a competitive Request for Proposals for water meters be delayed until the current meter replacement program is put in place.

The current contract with Badger Meter expired on March 31, 2017. Since the most recent bid process was unavailing, the current vendor has agreed to extend their contract through March 31, 2018 with a 1.9% price increase to ensure the City continues to have a supply of meters available to meet operational needs, which would be advantageous for the City. This one-year extension requires Council approval.

FISCAL IMPACT

Meter requirements and total costs vary from year to year depending upon a variety of factors. Purchases over the last year totaled approximately \$200,000. This level of expenditure is anticipated to continue. Budgeted funds are available in Environmental Services Department Operating Program 360, Water Resources, and in Project 827180, Automation of Water Meter Reading. Meters can be purchased by authorized departments including the Finance Department Utility Billing Division and Central Stores, and the Department of Environmental Services Water Division up to the total contract amount. New developments purchase new meters and pay for corresponding infrastructure needed (i.e. vaults and covers). These revenues are accounted for in the Water Supply and Distribution Fund offsetting the expense incurred by new development. Regular meter replacements are funded through Water Service Fees.

Funding Source

The Water Resources operating program and Automation of Water Meter Reading project are funded by the Water Supply and Distribution Fund.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's website.

RECOMMENDATION

Approve the issuance of a blanket purchase order in an amount not to exceed \$200,000 and to extend the existing contract with Badger Meter to March 31, 2018, in substantially the same form as Attachment 1 to this report for water meters.

Prepared by: Gregory S. Card, Purchasing Officer

Reviewed by: Timothy J. Kirby, Director of Finance

Reviewed by: Kent Steffens, Assistant City Manager and Interim Director of Environmental Services

Reviewed by: Walter C. Rossmann, Assistant City Manager

Approved by: Deanna J. Santana, City Manager

ATTACHMENT

1. Draft Blanket Purchase Order