



City of Sunnyvale

Agenda Item-No Attachments (PDF)

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REPORT TO COUNCIL

SUBJECT

Authorize the Issuance of a Purchase Order for Water Meters (F18-183)

REPORT IN BRIEF

Approval is requested to authorize the issuance of a purchase order for water meters to National Meter & Automation, Inc. (Badger Meter) of Centennial, Colorado in the amount of \$280,000. Approval is also requested to authorize the City Manager to extend the purchase order for five additional one-year periods, subject to available funding and acceptable pricing and services.

EXISTING POLICY

Pursuant to Section 2.08.040 of the Sunnyvale Municipal Code, City Council approval is required for contracts for the procurement of goods and services exceeding \$100,000 in any one transaction.

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

The Environmental Services Department regularly replaces existing meters and installs meters in new developments. Water meters are received, inventoried, and stocked 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, Inc that transmits data from meters to a handheld receiver or a receiver in a utility vehicle.

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 intended to create meter reading efficiencies and give customers real time access to their water use data (RTC No. 13-250).

In 2015, an Invitation for Bids (IFB No. F16-26) was issued for water meters utilizing the ERT radio-reading technology. After extensive evaluation, staff recommended, and Council approved, rejecting all bids on April 5, 2016 (RTC No. 15-1092) and extending the current contract with Badger Meter through March 31, 2017. Council approved an additional extension of the contract through March 31, 2018 (RTC No. 17-0521). During this contract period, 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. After determining

that a city-wide implementation would cost between \$15 and \$20 million over a ten-year period, and that customer demand was not sufficient to make an investment that large, staff recommended that the City continue to increase automation of meter reading utilizing meters with radio-transmitting technology.

In February 2018, an Invitation for Bids (IFB No. F18-183) for the purchase of water meters was issued through the City's Onvia DemandStar public procurement network. Sealed bids were received and opened publicly on February 21, 2018. Three (3) responsive bids were received, with one of the vendors (Badger Meter) offering to provide the meter and ERT bundled together, as shown in Attachment 1 Bid Summary.

Meters preconnected to the endpoint are preferred because it saves staff time in the field, and ensures that the communication between the endpoint and the meter has been tested prior to shipment of the meter.

The IFB was structured to allow the award of a contract to a single bidder for the entire procurement or to multiple bidders by line item, in groups, or in phases. Therefore, it is recommended that Council authorize the issuance of one (1) purchase order to National Meter & Automation, Inc. (Badger Meter) for bundled meters and endpoints, while a second purchase order will be issued to Zenner Performance Meters, Inc (Zenner USA) for fire hydrant meters by the Purchasing Officer under the City Manager's award authority. Fire hydrant meters are meters used during construction to capture permitted water use from fire hydrants for construction activities like dust suppression.

FISCAL IMPACT

Meter requirements and total costs vary from year to year depending upon a variety of factors. In an average year, meter purchases total approximately \$250,000. This level of expenditure is anticipated to continue, and potentially grow as meter reading automation is accelerated. 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

- 1) Authorize the issuance of a blanket purchase order to National Meter & Automation, Inc.

(Badger Meter) for bundled meters and endpoints in the amount of \$280,000, in substantially the same form as Attachment 2 to the report; and

- 2) Authorize the City Manager to extend the contract for five additional one-year periods, subject to available funding and acceptable pricing and services.

Prepared by: Gregory S. Card, Purchasing Officer

Reviewed by: Timothy J. Kirby, Director of Finance

Reviewed by: Melody Tovar, Interim Director of Environmental Services

Reviewed by: Teri Silva, Assistant City Manager

Approved by: Kent Steffens, City Manager

ATTACHMENTS

1. Bid Summary
2. Draft Blanket Purchase Order