



Agenda Report

MEETING DATE: Tuesday, April 26, 2022

TO: City Council

FROM: PUBLIC WORKS & UTILITIES DIRECTOR DI RENZO
MAX BRANDENBURG, CUSTOMER SERVICE MANAGER

SUBJECT: SOLE SOURCE BLANKET PURCHASE ORDER WITH AQUA-METRIC SALES COMPANY FOR WATER METER READING EQUIPMENT IN AN AMOUNT NOT TO EXCEED \$650,000

STATEMENT OF ISSUES:

About 30% of the City's water meters need to be updated to modern standards. The proposed purchase order will achieve this goal over the next three years.

RECOMMENDED ACTION:

Water Division staff recommends adopting a resolution approving a sole source purchase with Aqua-Metric Sales Company, an affiliate of Thirkettle Corporation, for the purchase of water meter reading equipment and services, in an amount not to exceed \$650,000 for three years; and authorizing the City Manager Pro Tempore to execute a Services and Purchasing Agreement. (Funded from the Water Enterprise Fund)

DISCUSSION:

The Water Division is responsible for reading and maintaining the City's water meters and meter reading equipment. The Public Works Department uses Sensus USA, Inc. as the vendor for the City's Advanced Metering Infrastructure (AMI) water meter reading system (i.e. water meter reading equipment and meter reading software).

Sensus USA Inc.'s previous Northern California approved vendor, and the City's prior supplier of meter reading equipment was Golden State Flow Measurement (GSFM). Since the City's purchase from GSFM, Sensus USA Inc. has awarded Aqua-Metric Sales Company the exclusive franchise area rights to Northern California to provide Sensus' water meter reading equipment and services. The ability for the City to use Aqua-Metric Sales Company as a vendor will allow for: expediting the supply chain for critical meter reading equipment; providing local outside face-to-face IT support on Sensus' associated software, essential for meter reading and customer support; and more flexibility and control in working with a local vendor.

With the City's roughly 15,100 active water meters, there are currently 10,500 meters installed with Sensus Flexnet AMI. To complete the project, the City needs to install an additional 4,600-meter reading equipment units, projected to be completed by the year 2025.

With the ongoing volatility of the global supply chain, City staff recommends the one-time purchase of materials to lock in pricing. After “3rd-year” pricing, estimated inflation costs could rise substantially to an estimated 25% because of the microchips used to make the reading equipment units.

Quotes came in as follows:

| Supplier | Material (meter reading equipment) | Annual 1st year (YR 2021) Cost per Unit | Annual 2nd year (YR 2022) Cost per Unit | Annual 3rd year (YR 2023) Cost per Unit |
|-----------------------------|---|--|--|--|
| Sensus (Direct Manufacture) | 520M Single | \$120.00 | \$123.50 | \$127.00 |
| Aqua-Metric (Vendor) | 520M Single | \$116.00 | \$119.50 | \$123.00 |
| N/A (no third option) | 520M Single | \$---- | \$---- | \$---- |

This purchase of equipment is exempt from the City’s formal written competitive bidding requirements for purchases exceeding \$100,000 under Article 4 of Chapter 5 of Title 3 of the Municipal Code. The specific exemption is subdivision (c) of Section 3-5.110, “equipment, supplies or nonprofessional services are unique, available only from one (1) source, or sought to match existing equipment or supplies already in use (also known as a sole source purchase)” and also under subdivision d) “Equipment, supplies or nonprofessional services have been uniformly adopted or otherwise standardized in the City. In this case, evidence for the standardization shall be documented and maintained as a public record and approved by the Purchasing Officer before the purchase and then at least once every five (5) years.”

In this case, the Sensus Flexnet AMI are only available from one source-an authorized Sensus USA Inc. vendor and the only authorized vendor in Northern California is Aqua-Metric. It is important that the remaining 4,600 water meters that need to be installed use equipment and parts consistent with all of the other water meters so that the City can develop standards for maintenance and repairs.

STRATEGIC PLAN:

The project is consistent with the following Strategic Plan goal:

03 – Infrastructure & Environment

FINANCIAL IMPACT:

This project is included in the current adopted Water Enterprise budget 0720-913-7813-14984.

The budget currently has an available balance of \$100,000. A budget transfer from the following accounts is hereby requested into project 0720-913-7813-14984 in order to fund this purchase.

\$70,000 from account 0720-597-7559 to account #0720-913-7813-14984

\$120,000 from account 0720-913-7813-14630 to account #0720-913-7813-14984

\$360,000 from account 0720-913-7855-14346 to account #0720-913-7813-14984

ALTERNATIVE ACTION:

City Council could choose to not award the contract.

ATTACHMENTS AND/OR REFERENCES (If any):

- 1) Sensus Direct Quote
- 2) Aqua-Metric Quote
- 3) Sensus Statement: Awarded Franchise