

**COUNCIL ACTION FORM**

**SUBJECT: CONTRACT RENEWAL FOR WATER METERS AND RELATED ACCESSORIES**

**BACKGROUND:**

On February 10, 2015, the City entered into a sales agreement with Itron, Inc. for the procurement of an Automatic Meter Reading System which included hardware, software, meters, installation, and maintenance services. That agreement also included up to four 12-month renewals, with the timing of each renewal to run with the City's fiscal years. Itron has provided firm unit pricing for FY17/18 with a 1% increase from the FY16/17 renewal that was approved May 5, 2016.

The operating budget is built around a baseline quantity of 1,000 meters per year for routine meter replacements and an additional 400 meters per year for new construction. Additional funds are included in the CIP so that the meter change out can be completed in a seven-year period. The adopted FY 17/18 budget for this project is as follows.

FY 17/18 Operating Budget	\$242,200
<u>FY 17/18 CIP Budget</u>	<u>\$191,000</u>
Total Available Budget	\$433,200

Along with the renewal of the sales agreement for another year, one minor revision to the terms of the agreement is being requested. The original sales agreement called for an expiration date of December 31 each year. Since the agreement is actually intended to run from July 1 to June 30, a new description of the end date of the renewal will be incorporated.

**ALTERNATIVES:**

1. Award the third of four annual contract renewals with Itron, Inc., of Liberty Lake, Washington, to furnish radio units, meters, and related parts and services for the period of July 1, 2017 through June 30, 2018 per the unit cost quotation dated March 09, 2017 in an aggregate amount not to exceed \$433,200.
2. Do not renew the contract with Itron at this time.

**MANAGER'S RECOMMENDED ACTION:**

The City has entered into a project to install an Automatic Meter Reading system using meter reading equipment and meters provided by Itron, Inc. Staff has reviewed the pricing from Itron, Inc., for FY 17/18 and has concluded that the pricing still provides the best value for our customers. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as described above.