

COUNCIL ACTION FORM

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

BACKGROUND:

On February 10, 2015, Itron, Inc. was awarded a contract for the procurement of an Automatic Meter Reading (AMR) System which included hardware, software, meters, and maintenance services. That contract also included up to four 12-month renewals. The final renewal period expires on June 30, 2020.

Maintaining standardized equipment is an important consideration. Not only does it simplify and streamline repair parts inventories, it also greatly simplifies the meter reading process (by only requiring a single handheld meter reading device) and the billing process (by only needing to integrate a single data collection system into the City's billing software). **Even though the original contract has expired, staff contacted Itron to see if they would be willing to extend the agreement for another year on reasonable terms. Itron provided firm unit pricing for FY 2020/21. The actual amount of the cost increases varies slightly between meter types and sizes, but ranges between a 1 to 1.5% increase from the FY 2019/20 contract renewal that was approved June 25, 2019. So long as Itron continues to provide pricing with only nominal price increases from year to year, staff would propose to continue in this fashion with a single source procurement through the completion of the Automatic Meter Reading project (approximately another three-and-one-half years).**

Based on anticipated quantities to be purchased during the upcoming fiscal year, the contract will be in an amount not to exceed \$503,800. Funding sources for FY 2020/21 contract include \$292,800 (1,600 meters @ \$183 average cost per meter) from the operating budget and an additional \$211,000 from the Capital Improvement Plan funds designated for the AMR project. The adopted FY 2020/21 budget for this project is as follows.

FY 2020/21 Operating Budget	\$292,800
<u>FY 2020/21 CIP Budget</u>	<u>\$211,000</u>
Total Available Budget	\$503,800

ALTERNATIVES:

1. Waive the competitive bidding requirements and award a contract to Itron, Inc. of Liberty Lake, WA, to furnish radio units, meters and related parts and services for the period of July 1, 2020, through June 30, 2021, at the stated renewal unit costs dated May 1, 2020, in an amount not to exceed \$503,800.

If this alternative is approved, it would indicate that the City Council supports this “single source” procurement that is consistent with the City’s Purchasing Policies.

2. Do not award a contract with Itron at this time, and attempt to procure meters from another source. This would negatively impact the water meter replacement program and installation of meters for new construction.

CITY MANAGER’S RECOMMENDED ACTION:

The City has entered into a project to install an AMR system for the City using meter reading equipment and meters provided by Itron, Inc. Staff has reviewed the pricing from Itron, Inc. for FY 2020/21 and has concluded that the pricing still provides the best value for our customers. Waiving the competitive bidding requirements is allowable under the City’s Purchasing Policies and Procedures. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as described above.