

## COUNCIL ACTION FORM

### **SUBJECT: PURCHASE OF WATER METERS & RELATED PARTS AND SERVICES**

#### **BACKGROUND:**

During the 1970's the City standardized on the use of Badger Meter, Inc. water meters for water metering applications. Standardization of meters allowed the City to stock sufficient parts and accessories for new construction as well as repairs. In 2002, it became more cost-effective to purchase new meters for the smaller meter sizes rather than to rebuild and reuse the meters. Large meters are still being rebuilt at a cost savings to the City. However, some repair parts are no longer available for the large meters.

Initially the City purchased water meters directly from the Badger factory. In early 2003, Badger Meter Inc. informed the City that it would no longer sell directly to the City. A Request for Proposals was issued on August 14, 2003. One proposal was received, from Dakota Supply Group of Burnsville, Minnesota, offering the Badger Meter, Inc. products. The initial contract period was through June 30, 2005 with four renewal periods ending June 30, 2009.

On April 1, 2009, a Request for Proposals was submitted to four meter companies. Three proposals were received, one of which was non-responsive and was therefore not considered. Badger Meter, Inc., through Dakota Supply Group, submitted a proposal of \$186,514 with a 10 percent discount from the manufacturer's published list price for meter parts and accessories. Elster AMCO Water, Inc. submitted a proposal of \$116,969 with a 20 percent discount from the manufacturer's list price for meter parts and accessories. Elster AMCO Water, Inc. is offering advanced metering technology for the larger meter sizes that will require less maintenance cost in the future. Because of the lower unit cost for the larger meters, the utility will be able to accelerate the replacement schedule for large meters.

The Elster AMCO meters will provide flexibility in the future if the utility pursues automated meter reading options. The approved 2009-10 operating budget includes \$173,000 for the purchase of meters and meter parts.

#### **ALTERNATIVES:**

1. Award a contract to Elster AMCO Water, Inc. of Ocala, Florida to furnish water meters and related parts and services for the Water and Pollution Control Department from July 1, 2009 through June 30, 2010 with four, 12-month optional renewal periods.

2. Award a contract to Dakota Supply Group of Burnsville, Minnesota to furnish water meters and related parts and services for the Water and Pollution Control Department from July 1, 2009 through June 30, 2010 with four, 12-month optional renewal periods.
3. Reject all bids and direct staff to solicit additional proposals.

**MANAGER'S RECOMMENDED ACTION:**

After reviewing the technical specifications and checking references for Elster AMCO Water, Inc., staff members have determined that the proposed equipment and services meet the requirement of the Request for Proposals and that the Elster AMCO Water, Inc. proposal is the lowest responsive, responsible proposal in the best interests of the water utility.

The cost comparisons were conducted based on first year pricing. Badger Meter proposed an annual price adjustment of 7%, which staff believes to be higher than is appropriate. Elster AMCO did not propose fixed price escalation terms, and instead offered to negotiate prices in advance of each renewal period. This is consistent with the way pricing under the expiring meter contract has been handled. Since the renewal periods are optional, the City retains the right to solicit new bids for future years if it is determined to be in the best interests of the City.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, approving the contract with Elster AMCO Water, Inc. to furnish water meters and related parts and services for the Water and Pollution Control Department from July 1, 2009 through June 30, 2010 with four, 12-month optional renewal periods.