



# REPORT TO COUNCIL

## City of Sacramento

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915 I Street, Sacramento, CA 95814-2604  
www.CityofSacramento.org

Consent  
January 6, 2009

Honorable Mayor and  
Members of the City Council

**Title:** Award Contract for Cold Water Meters

**Location/Council District:** Citywide

**Recommendation:** Adopt a **Resolution:** 1) awarding a one year contract (initial term starts on Council's approval date) with two one-year renewal options for the purchase of cold water meters and accessories to Johnson Enterprises in a total amount not to exceed \$3,403,635 for the potential three year term; and 2) authorizing the City Manager or the City Manager's designee to execute the renewals provided that sufficient funds are available in the budget adopted for the applicable fiscal year.

**Contacts:** Michael Malone, Field Services Manager, 808-6226; Chris Slay, Procurement Specialist, 808-6344; Thanh Vo, CIS System Support Manager, 808-7988

**Presenters:** None

**Department:** Utilities

**Division:** Field Services

**Organization No:** 14001411

### Description/Analysis

#### Issue/Objective:

California State Assembly Bill 2572 (AB 2572) requires the installation of water meters on all water service connections not later than 2025. To comply with AB 2572, the Department of Utilities (DOU) has begun a Meter Retrofit Program, which includes back yard main relocation, replacement of undersized and deteriorated steel water mains, and residential water meter installation. The DOU needs to purchase cold-water meters and accessories for the Meter Retrofit Program, in addition to furnishing new meters for new houses and end-of-life meter replacement.

**Policy Considerations:** This recommendation in this report is in accordance with the provisions of City Code Section 3.56, providing for the award of supply contracts



to the lowest responsible bidder.

**Environmental Considerations:**

**California Environmental Quality Act (CEQA):** The current proposal involves the annual purchase of cold-water meters and accessories. The proposal is not a "project" subject to CEQA review, in accordance with Sections 15378(b) (2) of the CEQA Guidelines (continuing purchases of supplies). Therefore, as determined by the City's Environmental Services Planning Manager, no environmental review is necessary.

**Sustainability Considerations:** The installation of water meters promotes sustainability by allowing the City to bill based on water usage, thereby providing incentives for City customers to use water more efficiently.

**Committee/Commission Action:** Not applicable

**Rationale for Recommendation:** On May 23, 2008, the DOU Field Services and Engineering Divisions, in conjunction with the Department of General Services (DGS) - Procurement Services Division, issued Invitation for Bid number B081181063 for the purchase of cold-water meters and accessories.

This bid was a competitive bid process, consistent with the City's rules for purchasing. Four bids were received and Johnson Enterprises was the lowest responsive and responsible bidder. The bid results are provided in Attachment 1.

In an effort to provide Sacramento water customers accurate readings, minimize operating costs, and make meter-reading collection and information transfer easier, DOU and Information Technology staff have begun the Water Meter Reading Automation Project (WMRA) and completed a Proof of Concept on two proposed solutions. During the WMRA's Proof of Concept period, DOU staff also installed four (4) new meters from the lowest bidder and tested the meter performance and it's compatibility with the proposed solutions. The four meters performed well and were compatible with the WMRA's proposed solutions. More information on the WMRA project is provided in the Background section of this report (Attachment 2). City staff also conducted a survey with the meter manufacturer's customers and the survey results were satisfactory.

**Financial Considerations:** This report recommends awarding a one year contract with two one-year renewal options with Johnson Enterprises for the purchase of water meters and accessories in a total amount not to exceed \$3,403,635, for the three year period. The estimated annual purchases under this contract are as follows:

Year 1:	\$700,000.00
Year 2:	\$1,300,000.00
Year 3:	\$1,403,635.00

Pricing for the first year will be as offered in Bid B08118063; however, if the contract is renewed for years 2 and 3, pricing will not increase more than 5% in any subsequent year. The purchases of the cold water meters will be charged to the Field Services Division

General Inventory Acquisition account. Subsequently, the items will be debited to its operating and Capital Improvement Project budgets as the meters are issued. The Department of Utilities annual budget (fund 6005) has sufficient funds for these purchases during the current fiscal year.

**Emerging Small Business Development (ESBD):**

Johnson Enterprises is certified as an emerging/small business firm.

Respectfully submitted by: *For March for Mike Malone*  
*12/23/08* Michael Malone  
Field Services Manager

Approved by: *Reina J. Schwartz*  
Reina J. Schwartz  
Director, Department of General Services

Approved by: *Marty Hanneman*  
Marty Hanneman  
ACM/Director of Utilities

Recommendation Approved:

*ben* *Marty Hanneman*  
Ray Kerridge  
City Manager

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**ATTACHMENT 1****BID RESULTS - BID NUMBER B081181063**

Bidders	Rupert Construction	Ferguson Waterworks	Johnson Enterprises*	Badger Meters
Schedule I Positive Displacement Cold Water Meters	\$3,032,203.55	\$2,127,279.93	\$1,823,331.94	\$1,872,990.00
Schedule II Turbine Cold Water Meters	\$ 907,071.75	\$1,242,704.08	\$ 857,595.67	\$1,013,788.00
Schedule III Compound Meters	\$1,057,446.58	\$ 715,109.10	\$ 477,897.81	\$ 627,519.00
Sub-Total	\$4,996,721.88	\$4,085,093.11	\$3,158,825.42	\$3,514,297.00
5% E/SBE Preference	<\$ 249,836.09>	None	<\$157,941.27>	None
1% City Limit Preference	None	<\$ 40,850.93>	None	None
Early Payment Discount	None	4% <sup>21</sup> Days <\$163,403.72>	None	None
Sales Tax @ 7.75%	\$ 387,245.95	\$ 316,594.72	\$ 244,808.97	\$ 272,358.02
Total Bid Evaluation	\$5,134,131.74	\$4,197,433.17	<b>\$3,245,693.12</b>	\$3,786,655.02
Award Total	\$5,383,967.83	\$4,401,687.83	\$3,403,634.39	\$3,786,655.02

**\*Award of Contract to:**

Johnson Enterprises  
PO Box 2044  
Orangevale, CA 95662

**Total Contract Amount:** \$3,403,635

**Using Department:** Utilities, Field Services

No. of E/SBE Bids Solicited

3

No. of E/SBE Responses

1

Award to E/SBE Vendor?

Yes

## ATTACHMENT 2

### BACKGROUND

As part of the ongoing effort to meet the meter retrofit mandate of AB-2572, and to provide Sacramento water customers accurate meter readings, minimize operating costs, and avoid obstacles and unsafe conditions such as locked gates and aggressive pets threatening meter readers, the Department of Utilities has been exploring Automated Meter Reading Infrastructures. A Water Meter Reading Automation (WMRA) Project would enable the DOU to collect meter readings electronically, as well as additional data such as water leak, tamper, or reverse flow, which could then be transmitted to its back office for electronic storage. Automated meter reading devices can also capture interval data and log meter events that can be used for water usage profiling, demand forecasting, demand response, rate of flow recording, flow monitoring, time of use billing, and water conservation enforcement. In addition, the automatic meter reading software would integrate with the City's Customer Information System for customer billing.

To initiate a WMRA project, DOU and Information Technology staff conducted research on various smart water meter technologies, completed a Cost and Benefit Analysis, coordinated with DGS Procurement Services Division and issued a Request for Proposals (RFP) from experienced, qualified vendors and implementation services companies that specialize in supplying and implementing fully automated water meter reading systems to local governments, municipalities, and/or private entities with similar project scope and size to the City. The City's meter specifications were included in the RFP for proposers to consider.

On March 26, 2008, staff received five (5) proposals for the Sacramento Water Meter Reading Automation (WMRA) project. An evaluation team of eight staff members from DOU Field Services Division, Customer Services, Engineering, Water Conservation and Meter Readers Groups completed two (2) evaluation processes and selected two proposers for Proof of Concepts that started on August 25<sup>th</sup> 2008 and completed on December 5<sup>th</sup> 2008. During the WMRA's Proof of Concepts period, staff also installed four (4) meters from the lowest bidder and tested the meters' performance and compatibility with the proposed solutions. The four meters performed well and were compatible with the WMRA's proposed solutions.

**ATTACHMENT 3**

**RESOLUTION NO. 2009-XXXX**

Adopted by the Sacramento City Council

**January 6, 2009**

**AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH JOHNSON ENTERPRISES FOR THE PURCHASE OF COLD WATER METERS AND ACCESSORIES**

**BACKGROUND:**

- A. The Department of Utilities has a requirement for the purchase of cold water meters to replace outdated meters, install meters for new developments, and to comply with the meter retrofit program mandated by State law.
- B. In May 2008, the Department of Utilities and the City's Procurement Services Division issued Invitation for Bid number B081181063 for the purchase of cold water meters and accessories. Four bids were received and Johnson Enterprises was the lowest responsive and responsible bidder.

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:**

- Section 1. Johnson Enterprises is awarded a one year contract (initial term starts on Council's approval date) with two one-year renewal options for the purchase of cold water meters and accessories for a total amount not to exceed \$3,403,635 for the three year period.
- Section 2. The City Manager or the City Manager's designee is authorized to execute the renewals specified above provided that sufficient funds are allocated for this purpose in the budget adopted for the applicable fiscal year.

