



City Council Report

915 I Street, 1st Floor
Sacramento, CA 95814

www.cityofsacramento.org

File #: 2016-01446

December 6, 2016

Consent Item 12

Title: Contract Supplement: Purchase of Water Meters, Registers and Parts

Recommendation: Pass a Motion authorizing the City Manager or City Manager's designee to sign Contract Supplement No. 6 to City Agreement No. 2012-0165, to ratify prior purchases that exceed the contract amount, in the amount of \$177,463, and increase the Agreement's total not-to-exceed amount to \$1,831,143.

Location: Citywide

Contact: Mike Malone, Operations Manager, (916) 808-6226; Craig Robinson, Water Superintendent, (916) 808-7334, Department of Utilities

Presenter: None

Department: Department of Utilities

Attachments:

- 1-Description/Analysis
- 2-Supplemental Agreement

Description/Analysis

Issue Detail: On February 7, 2012, City Council approved Agreement No. 2012-0165 with Badger Meter for the purchase of water meters, registers and parts. These parts are needed for the Department of Utilities' (DOU) ongoing Meter Retrofit Program, and to meet ongoing end-of-life meter replacement needs. The Badger Meter contract had an initial term of one-year with the option to extend for four additional one-year terms, for a maximum of 5 years, which will expire on February 7, 2017. The not-to-exceed amount of this contract is \$1,603,680, but City staff has inadvertently made purchases that exceed the not-to-exceed contract amount by \$177,463. This overage consists of \$167,650 that Badger Meter has been paid for and \$9,813 that has not yet been paid. This reports recommends that the City Council ratify these purchases.

In addition, staff is requesting approval to increase the maximum agreement amount by another \$50,000, which would bring the new total not-to-exceed amount to \$227,463 for purchases to be made in FY2016/17 until the agreement term expires on February 7, 2017.

Policy Considerations: DOU's need for water meters, registers and parts has exceeded what was anticipated when City Agreement No. 2012-0165 was approved. Approval of the proposed contract supplement will ratify prior purchases that inadvertently exceeded the contract maximum, and authorize a new not-to-exceed amount for the agreement that includes these ratified purchases as well as provide additional funding for purchases in FY2016/17 to meet ongoing operational needs.

Economic Impacts: None.

Environmental Considerations:

California Environmental Quality Act (CEQA): The Community Development Department, Environmental Services Manager has determined that the proposed activity is not a project pursuant to the CEQA. CEQA Guidelines Section 15378(b). The activity is a continuing administrative or maintenance activity, such as purchases for supplies, and is not subject to the provisions of CEQA. CEQA Guidelines Section 15060(c)(3).

Sustainability: Water meters, registers, and parts purchased under this contract comply with the City's Sustainability Master Plan Goal to conserve the use and protect the sources of water. The installation of water meters promotes sustainability by collecting meter reads accurately and billing our customers based on water consumption, thereby providing a financial and ecological incentive to reduce water consumption.

Commission/Committee Action: Not applicable.

Rationale for Recommendation: Staff believes it is in the City's best interests for City Council to ratify these purchases after-the-fact. The failure to obtain purchase approval was due to a staff oversight and not the fault of the contractor.

Financial Considerations: The current Agreement, Agreement No. 2012-0165, total not-to-exceed amount is \$1,603,680. Staff is requesting an increase in an amount of \$227,463, bringing the new total not-to-exceed amount to \$1,831,143. Of the change order amount, \$177,463 is for the prior purchases which exceeded the contract not-to-exceed amount and additional \$50,000 is to cover the additional estimated purchases needed through the end of the contract term. Sufficient funds are available in the DOU FY2016/17 Operating Budget (Water Fund, Fund 6005) to make the purchases.

Local Business Enterprise (LBE): The City's contract with Badger Meter was approved prior to the establishment of the City's LBE participation requirements.

Background: The Department of Utilities (DOU) obtains water meters and related equipment under the subject contract from Badger Meters. This report requests City Council ratification for expenditures that unintentionally exceeded the contract's not-to-exceed amount due to a combination of circumstances.

During the term of this contract, DOU was in the process of converting from its previous Datamatic fixed network system which used a two-wire output from the meter registers, to the Badger Automated Meter Infrastructure system, which required a three-wire output from the meter registers. The previous Datamatic system was replaced due to repeated Datamatic failures and Datamatic's bankruptcy. The subject contract was used to purchase the needed three-wire registers. This resulted in additional costs that were not initially factored into the contract's not-to-exceed amount, because the need to replace all two-wire registers with Badger three-wire registers was not anticipated when the contract was awarded.

Additionally, DOU expected to purchase meters sized 3-inches and above from a different vendor, but that vendor subsequently discontinued its large positive meter displacement line. Because Badger was the next-lowest bidder for these large meters, the Badger contract was used to acquire these large meters, which was a cost not anticipated when the contract was awarded.

During the contract period, DOU changed its Temporary Construction Water Use billing practices, moving from a flat rate to a metered rate for temporary water use. To make this change, additional meters were purchased and supplied to contractors for all 3-inch and larger

temporary water service connections. This additional cost was not anticipated when the Badger contract was awarded.

Finally, these purchases to fulfill DOU's unanticipated needs were inadvertently made in excess of the contract amount because some of the purchases were erroneously applied to another contract, which resulted in understating the total purchases on this contract. DOU is in the process of instituting improved controls and process improvements to prevent this from occurring again.

**CONTRACT SUPPLEMENT
(Supplies)**

Bid Title and Number: Cold Water Meters and Parts- Bid No. B123351012
Purchase Order #: 0000034385

Date: 11/04/16

Contract Supplement No.: 2012-0165-6

The City of Sacramento ("City") and Badger Meter ("Contractor"), as parties to that certain contract awarded for the above Bid and designated as **City Contract Number C2012-0165**, including any prior contract supplements modifying the contract (the contract and contract supplements are hereafter collectively referred to as the "Contract"), hereby supplement and modify the Contract as follows:

1. Prior purchases made under the Contract that exceeded the Contract not-to-exceed amount, in the amount of \$177,463, are ratified.
2. Additional purchases are authorized during FY 2016/17, through the contract expiration date of February 6, 2017, in the amount of \$50,000.
3. To authorize the prior purchases ratified in section 1, above, and additional purchases during FY2016/17 as described in section 2, above, the maximum not-to-exceed amount that is specified in the Contract is increased by \$227,463, and the Contract's maximum not-to-exceed amount is amended as follows:

Contract's original not-to-exceed amount:	\$957,459.00
Net change by previous contract supplements:	646,221.00
Not-to-exceed amount prior to this contract supplement:	\$1,603,680.00
Increase by this contract supplement:	\$227,463.00
New not-to-exceed amount including all contract supplements:	\$1,831,143.00

4. Contractor agrees that the compensation specified herein shall constitute full compensation for any and all direct and indirect costs that may be incurred by Contractor in connection with this Contract amendment, including costs associated with any changes or delays in work schedules or in the performance of other services or work by Contractor.
5. Contractor warrants and represents that the person or persons executing this contract supplement on behalf of Contractor has or have been duly authorized by Contractor to sign this contract supplement and bind Contractor to the terms hereof.
6. Except as specifically revised herein, all terms and conditions of the Contract shall remain in full force and effect, and Contractor shall perform all of the services, duties, obligations, and conditions required under the Contract, as supplemented and modified by this contract supplement.

Approval Recommended By:



Project Manager

Approved By:



Contractor

Approved By:

City of Sacramento

Approved As To Form By:

City Attorney

Attested To By:

City Clerk