



**REPORT TO MAYOR AND CITY COUNCIL**

AGENDA ITEM

TO: THE HONORABLE MAYOR  
AND CITY COUNCIL

DATE: December 16, 2008

SUBJECT: Water Meter Implementation, Project No. 07-51 (08-08) Phase 1;  
Award Equipment Purchase Contact

**Report in Brief**

In association with the Water Meter Implementation Project, the City's consultant West Yost recommended the direct purchase of the materials needed for this project to reduce the total cost. West Yost has presented a list of the required equipment to be provided by the City for the successful implementation of the meter retrofit project. This contract includes the purchasing of these materials which will be installed under a separate contract that is now out for bid.

Staff recommends that the City Council award the equipment purchase contract to Golden State Flow Measurement Inc. in the amount of \$1,330,862.92 for the Water Meter Implementation Phase 1, Project No 07-51 (08-08) and authorize a contract contingency in the amount of \$150,000 for change orders.

**Background**

Assembly Bill 2572 requires the City to install water meters on all water service connections that are located in its service area by January 1, 2025. It also requires water connections that are already metered and those installed after 1991 to be billed on a consumptive basis by January 1, 2010. All other customers are required to be billed on a consumptive basis by January 1, 2025.

The City currently utilizes a touch-read Sensus technology device (Touch Read) to read our Sensus commercial meters. Over time, some of the City's meter reading products have proven to be more desirable than others. The most desirable products with the highest quality and reliability have, in practice, become standards. Standardizing certain equipment and materials simplifies operator control and parts inventory, increases repair efficiency and dependability and reduces costs.

While Public Contract Code does not require formal findings to contract for the purchase of proprietary equipment or products, the City's Procurement Regulations do require that the Director of the using Department certify, to the best of his or her knowledge, the equipment or products are

proprietary in nature and can be obtained only from source. In this case that source has been determined to be Sensus Technology equipment, parts and related materials.

On November 18, the City Council/Woodland Finance Authority approved a financing instrument known as private placement that generated \$9,000,000 in proceeds to fund approximately half of the water infrastructure projects listed in the approved Capital Improvement Program. Part of these proceeds will be used to fund the equipment purchase as described herein.

**Discussion**

West Yost advised City staff in a technical memorandum to bid the purchase of the equipment separately from the contract for water meter installation because the acquisition was estimated to save approximately \$200,000 in total project costs.

In conformance with the City’s Procurement Regulations, the Public Works Director determined the following findings in support of the recommendation to pre-designate the specific brand or trade name of the select items included on the invitation to bid (IFB):

- Experience has shown those items listed in the IFB provide superior quality and increased reliability by withstanding normal wear and tear and occasional adverse conditions.
- Uniformity of supplies and equipment provides for ease of installation, operation and maintenance by reducing work effort and cost.
- Standardizing supplies and equipment, particularly those publicly visible, provide aesthetic appeal and positive city image.
- Standardizing equipment simplifies and reduces parts inventories. Reducing inventory parts reduces cost and saves time in maintaining the inventory.
- Standardized equipment promotes continuity of service by providing operators familiarity with use and operation of the item.

With the approval of the City’s Purchasing Officer, it has been determined that purchasing these proprietary equipment and products is in the best interest of the City.

Pursuant to this, City staff advertised invitation for bidding (IFB No 08-09-114) for the purchase of equipment for the Water Meter Implementation Project. The project equipment components include water meters, water meter strainers, meter chambers, plastic meter screens, meter registers, plate rubbers, chamber gasket, touch couplers and portable large meter tester. On October 30, 2008, three bids were received and opened; the bids which are good for 60 days include the following vendors and prices:

<b>Vendor</b>	<b>Bid Prices (\$)</b>
Golden State Flow Measurements	1,330,862.92
United Pipe Supply	1,618,558.51
Western Nevada Supply Company	1,808,980.38

The City Council's approval of the equipment purchase contract in this manner will save approximately \$200,000 in total project costs as described herein and allow meter installation to proceed in a timely manner. As the Council is aware, this is important because timely installation will enable customers to receive sample consumption based billings prior to Phase I water meter implementation on January 1, 2010.

**Fiscal Impact**

This project is fully funded by the Water Enterprise Fund bond proceeds. The current program for Meter Implementation included in the City Council's approved Capital Improvement Program identifies \$6.1 million in total costs for meter implementation allocated over the next three years as summarized below:

Budget Item	FY 08/09	FY 09/10	FY 10/11	Total
Meter Implementation as included in the current CIP budget	\$2,300,000	\$1,300,000	\$2,500,000	\$6,100,000

On January 6, 2009 the City Council will consider revised costs for the Meter Implementation project that saves \$1 million although the funding allocation is slightly changed over the next three years. The proposed allocation is summarized below:

Budget Item	FY 08/09	FY 09/10	FY 10/11	Total
Meter Implementation as included in the proposed mid-year CIP budget scheduled for Council consideration on January 6, 2008	\$4,400,000	\$700,000	\$0	\$5,100,000

The current estimated total project cost for Phase 1 meter implementation is \$5,100,000; this includes the equipment purchase and meter installation work which is currently out for bid.

As previously stated, the project budget described herein is funded by long-term financing with the debt service paid by the Water Enterprise Fund. The \$9 million payment has already been received by the City's Department of Finance.

**Public Contact**

An issue of the "Woodland Water News" prepared by the Utility Engineering Branch was distributed to City water customers in their April and May utility bills. This issue described the State law requirements, the City's plan to retrofit and install Phase 1 water meters, and that consumption based billing would begin on water connections with meters by January 1, 2010. It also discusses the benefit of implementing consumptive base meter billing system and the phasing of the water meter project.

Customers who are part of Phase 1 meter implementation have received individual letters. These customers will also be notified prior to work being done on their water service.

In addition, the City Council Agenda was posted.

**Alternative Courses of Action**

1. Award the equipment purchase contract to Golden Flow Measurement Inc. in the amount of \$1,330,862.92 for the Water Meter Implementation Phase 1, Project No 07-51 (08-08) and authorize a contract contingency in the amount of \$150,000 for change orders.
2. Do not award the contract and give direction to staff for changes to be made in the invitation to bidding for purchase of equipments for the Water Meter Implementation Project, Phase 1, Project No 07-51 (08-08)

**Recommendation for Action**

Staff recommends that the City Council approve Alternative No. 1.

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