



REPORT TO MAYOR AND CITY COUNCIL

AGENDA ITEM

TO: THE HONORABLE MAYOR
AND CITY COUNCIL

DATE: July 21, 2009

SUBJECT: Water Meter Implementation Project Phase 2, Project No 5710006-003 CIP "09-22"; Approve Plans and Specifications and Authorize bid advertisement; and authorize the addition of a Engineering Tech II position

Report in Brief

On June 5, 2009, City staff was notified by the Department of Health Services that the City's application for the American Reinvestment and Recovery Act (ARRA) grant funding request has been approved. Following the approval, staff needed to submit plans and specification by June 12, 2009. City staff worked closely with the staff of West Yost Engineering Inc. to meet this deadline.

The Water Meter Implementation Project, Phase 2 involves the installation of transmitters and meters on approximately 10,128 existing houses that were built before January 1, 1992.

The scope of work in the bid document includes the installation of the meters and transmitters to collect time and amount of water use data and make it available to the billing system in the City's Finance Department. It also includes the inspection, cleaning, and replacement of meter boxes and appropriate components and the modification of meter box covers for the installation of Automatic Meter Reading (AMR) system unit.

As a portion of the installation and inspection process, the City needs to maintain continuity and coordination with the current Phase I Meter project No. 08-08 and the requirements of the new Phase II Meter project. Staff recommends that an Engineering Tech II position be created to fulfill this role. The position would be funded out of the Water Enterprise Fund and will help the City to demonstrate compliance with the requirement of the ARRA grant by staying on schedule for meter implementation.

Staff recommends City Council approve plans and specifications and authorize the bid advertisement for the Water Meter Implementation Project Phase 2, Project No 5710006-003 "CIP 09-22"; and authorize the addition of an Engineering Tech II position to support the project as described herein.

Background

AB 2572 requires the City to install water meters on all municipal and industrial water service connections that are located in its service area by January 1, 2025. Water connections that are already metered and those connected after 1991 are to be billed volumetrically by January 1, 2010. All other customers are to be billed on a consumptive basis by January 1, 2025. Moreover, the bill also authorizes urban water suppliers to recover the cost of providing services related to the purchase, installation, and operation of a water meter from rates, fees, or charges.

The Phase 1 portion of the project is 50% complete; the Phase 2 portion is expected to begin in September 2009.

Discussion

In May 2009, City staff submitted an application to the California Department of Health Services for ARRA grant funding for the Water Meter Implementation Project Phase 2. Pursuant to this, City staff was notified by the State Department of Public Health on June 5, 2009 that the grant funding in the amount of \$14,839,000 has been approved for the City. This consists of \$7,419,500 in grant and \$7,419,500 in loan payable over 20 years at 2.5% per annum.

Presently, the City utilizes a touch-read Sensus technology device (Touch Read) to read our Sensus commercial meters. Most existing residential connections installed before 1992 do not have meters.

By direction of the Council, City staff divided the City-wide metering project into two phases: as indicated below;

Phase 1: This phase consists of houses that are already metered, houses built after December 31st 1991, all commercial accounts, and all City owned facilities. The tasks in this part of the project include the inspection of all existing commercial and residential water meters. It also includes the installation of automatic meter reading system devices that will be able to collect meter usage data City-wide. In addition, transmitters will be placed on all of the existing meters. The transmitters will collect data from the meters and transfer it to the communication network which will then supply that information to the billing system in Finance.

Phase 2: This phase includes the installation of new meters as well as transmitters on all other properties in the City not included in Phase 1 above.

A total of approximately 10,128 meters would be installed in the Phase 2 portion of the project and the project is expected to be completed in September 2011.

Since the project only involves the installations of meters and transmitters, the project has been considered categorically exempted from the California Environmental Quality Act.

City staff has selected HDR engineers to conduct a rate study to determine a new rate for both the commercial and residential customers as a result of the implementation of the water meter project.

This study is almost complete. After review and approval of the City Council, these new rates will become effective on January 1, 2010.

Currently, the Phase I Meter project is funding two Building Inspector positions through July 20th, 2009. Unfortunately, the positions have been eliminated in the approved FY 10 budget. The work being done by one of the positions has proven to be invaluable to the City in coordination, data collection, and quality assurance. It is proposed that the effort be continued through the addition of a more appropriately titled Engineering Tech II classification. This position will be funded through the Water Enterprise Fund and maintain the coordination of the Phase I Meter project, assist the transition into the Phase II Meter project activities, and then continue to provide construction inspection activities throughout the years of the Phase II activities. While the position will be funded out of the Water Enterprise Fund, the position itself will reside in the Community Development Department and be supervised by the Engineering Division.

Fiscal Impact

This project is fully funded by the America Reinvestment and Recovery Act grant funding which includes \$7,419,500 as a grant and \$7,419,500 as a loan at 2.5% per annum payable over 20 years. The loan amount would be repaid from the proceeds of the Water Enterprise Fund. The total estimated cost of implementing the Phase 2 portion of the project is approximately \$14,839,000 as indicated in the table below:

| Contract | Services | Estimated Amount |
|-----------------|--|-------------------------|
| 1 | Preparation of Phase 2 bid documents, cost estimate and services during construction. | \$139,000 |
| 2 | Phase 2 water meter installation | \$14,011,700 |
| 3 | On-site inspection of Water Meters Retrofits for 10,021 sites including materials and labor. | \$688,300 |
| | Total Project Cost | \$14,839,000 |

The loan in the amount of \$7,419,500 would be repaid from the proceeds of the Water Enterprise Fund over a period of 20 years. Once bids are received, if the projected costs exceed the \$14,839,000 staff will present options for utilizing the ARRA funding and for completing the Citywide metering.

The Engineering Tech II position will be entirely funded through the Water Enterprise Fund and will have no impact on the General Fund.

Public Contact

An issue of the “Woodland Water News” prepared by the Utilities Engineering Division 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 volumetric-

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.

In addition, City staff organized a public workshop with interested citizens on May 5, 2008. At this workshop, a prepared list of commonly ask questions and answers were distributed to educate the public on the upcoming project. Moreover, questions were received and addressed by City staff.

This ARRA funding opportunity accelerates the implementation of metering the entire city at a faster pace than has been previously explained to the City's customers. Staff will be providing update information to the community at events like the upcoming Yolo County Fair and through other community activities.

Recommendation for Action

Staff recommends City Council approve plans and specifications and authorize the bid advertisement for the Water Meter Implementation Project Phase 2, Project No 5710006-003 "CIP 09-22"; and authorize the addition of an Engineering Tech II position to support the project as described herein.

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