



1.12

DEPARTMENT OF
FINANCE

PROCUREMENT SERVICES DIVISION

CITY OF SACRAMENTO
CALIFORNIA

May 12, 1998
PS:Admin:98024:RBH:SA:bd

5730 - 24TH STREET
BUILDING FOUR
SACRAMENTO, CA
95822-3699.

PH 916-433-6240
FAX 916-399-0263

City Council
Sacramento, California

Honorable Members in Session:

**SUBJECT: SUSPENSION OF FORMAL COMPETITIVE BIDDING FOR THE PURCHASE OF
COLD WATER METERS WITH RADIO FREQUENCY READING CAPABILITY**

LOCATION AND COUNCIL DISTRICT: City-wide; All districts

RECOMMENDATION:

Staff recommends that City Council adopt the attached Resolution which authorizes the suspension of formal competitive bidding for the purchase of cold water meters with radio frequency reading capability from Badger Meter Inc. for use in all new meter installations and to retrofit existing Badger meters with radio frequency technology. The Resolution also authorizes standardization on the use of Badger meters with radio frequency read registers for future purchases and contracts, and authorizes the City Manager to issue the necessary purchase order to Badger Meter Inc., 4545 W. Brown Deer Road, Milwaukee, WI 53223, in an amount not to exceed \$350,000.00 for the current requirements this fiscal year.

CONTACT PERSONS: Gary Hand, Meter Shop Supervisor, 433-6229
Barry Holland, Water Distribution Superintendent, 433-6229
Steve Alstrom, Senior Buyer, 433-6343

FOR COUNCIL MEETING OF: May 12, 1998

SUMMARY:

This report recommends that the City Council authorize the suspension of formal competitive bidding for the purchase of cold water meters with radio frequency read capability, manufactured by Badger Meter Inc., for use in the installation of new construction meters and retrofit units. It also recommends that the Council authorize standardization on the use of these units for future purchases.



BACKGROUND:

Since the implementation of Senate Bill 229 on January 1, 1992, requiring water meters on all new construction, there have been over 3,000 new water meters installed in the City of Sacramento. A radio frequency reading system will allow the Department of Utilities to read more water meters quicker and more efficiently without increasing staff. A radio frequency reading system will also preclude physical contact with the water meters and thus help to avoid potential accidents.

During late 1996 and early 1997, presentations and studies by competing major water meter manufacturers were made to the Department of Utilities. Based on information provided by Sensus Technologies, Inc., Schlumberger Industries Inc. and Badger Meter, Inc., Utilities' staff has determined that Badger is the only company able to provide a complete system. Badger Meter, Inc. can provide the hardware, software, training, technical support and expertise necessary to set up and run a radio frequency meter reading system in the City of Sacramento within the time frame established by the Department of Utilities. There are many radio frequency reading systems available, and most of these are well suited to gas and electric which are above ground and clean. Water meters are in pits below ground, in conditions that are normally wet and muddy. Most of the radio frequency systems do not work in the pit environment. Badger's radio frequency system does work in this environment.

Badger Meter, Inc. has previously been awarded meter contracts with the City of Sacramento through the competitive bidding process. There are many Badger water meters in the City of Sacramento water system from previous contracts. Potential retrofits to a radio frequency reading system of existing water meters would be less expensive and quicker because the retrofit would require only the changing of the register and the installation of a transponder. Remaining with Badger water meters will also standardize parts that are required for the maintenance of the metered system, and will make it possible to utilize the hardware and software currently in use in the City of Sacramento.

Currently, there is a need to purchase \$350,000.00 worth of water meters. Because this is a continuing requirement, this report recommends that Council authorize additional purchases for up to three years in amounts as budgeted and approved by Council in the Utilities Department's budget line for water meter purchases, or until such time as new technology develops that will allow for future competitive bidding.

FINANCIAL CONSIDERATIONS:

The current purchases, not to exceed \$350,000.00, will be initially charged to the Utilities Department's Water Distribution Division general inventory account 413-900-9200-4400, whereby the items are debited to the Division's operating budget for plumbing supplies as the items are actually disbursed. The Utilities Department annually budgets sufficient funds for these water meter purchases.

Water meters are installed for new construction, retrofits and replacements. On new construction, the cost of the meters is passed on to the contractor or property owner. Approximately 70% of the cost of the water meter contract will be recovered through fee charges during the construction phase of new developments.

ENVIRONMENTAL CONSIDERATIONS:

The Office of Environmental Affairs has reviewed the project and has determined that the purchase of meters will not have an effect on the environment and that the installation of meters is exempt from the requirements of the California Environmental Quality Act [CEQA] Sections 15301 and 15303.

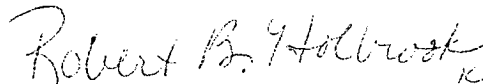
POLICY CONSIDERATIONS:

This recommendation is in accordance with the provisions of the City Code Section 57.04.401(c), which authorizes suspension of formal bidding upon a two-thirds vote of the City Council.

MBE/WBE EFFORTS:

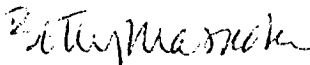
Badger Meter Inc. is not a minority/women business enterprise. The need for standardization on radio frequency read water meters precludes the use of other manufactures until technology improves from other sources.

Respectfully submitted,



Robert B. Holbrook
Procurement Services Manager

RECOMMENDATION APPROVED:



fx WILLIAM H. EDGAR
City Manager

1 Attachment

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

**A RESOLUTION SUSPENDING FORMAL COMPETITIVE BIDDING
FOR THE PURCHASE OF BADGER COLD WATER METERS WITH
RADIO FREQUENCY READING CAPABILITY**

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO THAT:

1. In the best interest of the City of Sacramento, formal competitive bidding is hereby suspended for the purchase of Badger cold water meters with radio frequency reading capability; and
2. The Department of Utilities is authorized to standardize on the use of Badger meters with radio frequency reading capability for future purchases and contracts for up to three (3) years in amounts as budgeted and approved by Council in the Utilities Department's budget line for water meter purchases, or until such time as technology develops that will allow for future competitive bidding; and
3. The City Manager is hereby authorized to issue the necessary purchase order to Badger Meter, Inc. in an amount not to exceed \$350,000.00 for the current requirements this fiscal year.

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

DATE ADOPTED: _____

