

Agenda Report

TO: CITY COUNCIL

DATE: September 8, 2003

FROM: CITY MANAGER

SUBJECT: AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH McAVOY & MARKHAM FOR THE PURCHASE OF ELECTRIC POWER METERS FOR THE WATER AND POWER DEPARTMENT

RECOMMENDATION:

It is recommended that the City Council authorize the City Manager to enter into a Purchase Order Contract with McAvoy & Markham for a period of four-years or an amount not to exceed \$3,000,000 for the purchase of electric power meters. The proposed contract is exempt from competitive bidding pursuant to City Charter section 1002(H), contracts with other governmental entities or their contractors for labor, material, supplies or services.

BACKGROUND:

The Water and Power Department's Power Delivery Meter Division has been installing an average of 1865 electric power meters annually, including residential and commercial meters over the last three years. This average is directly attributable to new construction projects and customer triggered service upgrades.

Also, as a part of the Power Meter Replacement Capital Improvement Program, the Meter Division will replace an average of 4000 meters per year. The meters that will be replaced are primarily residential, between 20 to 50 years old. The old meters tend to get slower as they age resulting in an understatement of electric energy consumption, and under collection of revenue. Two years ago, staff completed a sample test survey of 500 meters between 20 and 50 years old that indicated a significant loss of meter accuracy of from 2% to 33%.

The new meters are more accurate and will significantly reduce the potential for lost revenue. In addition, the new solid-state meters will be read remotely, using radio frequency technology, with the Itron G5 Handheld devices currently used by Department meter readers. Automatic meter reading will reduce the potential for manual data entry error.

On July 1, 2002, the City of Glendale undertook a competitive bidding process for the purchase of solid-state meters and associated equipment. As a result of the bid process, the City of Glendale awarded a contract to McAvoy & Markham. McAvoy & Markham has offered to extend to the City of Pasadena the same pricing for the supply of Schlumberger Sema solid-state meters and related items delivered on an as called for basis.

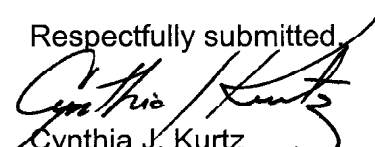
The pricing is firm for the initial contract period (i.e., first four years). After that, pricing on the Schlumberger meters and associated equipment would not increase by more than 2% per year for each year the contract was extended. The contract may be extended for a period of up to two additional one-year periods with the approval of the City Manager and without further City Council approval.

Staff's request for an initial contract term of four years is based on the desire to implement further improvements in materials management. Issuing a long-term contract will allow the Department to effectively work towards streamlining its warehouse operations by implementing a real-time inventory process that will reduce inventory, and introduce bar-coding to improve tracking of materials.


FISCAL IMPACT:

Funds for the purchase of electric power meters have been included in the Fiscal Year 2004-2008 Capital Improvement Program Budget Accounts Number 3173 Power Meter Replacement Program, Number 3001 Services from Underground System, Number 3023 Services from Public Right of Way, and Number 3142 Time of Use Metering Infrastructure.

Respectfully submitted,


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