

# Agenda Report

August 12, 2013

**TO:** Honorable Mayor and City Council

**FROM:** Water and Power Department

**SUBJECT:** AUTHORIZATION TO EXTEND THE 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:

1. Find that the contract is exempt from environmental review pursuant to the guidelines of the California Environmental Quality Act ("CEQA") Section 15302 (c) Replacement or Reconstruction; and
2. Authorize the City Manager to extend the purchase order contract with McAvoy & Markham for the purchase of electric power meters for up to two additional years or until the balance authorized under the current contract is exhausted, whichever comes first.

## **BACKGROUND:**

On August 10, 2009, the City Council approved a purchase order contract for a period of two years for an amount not to exceed \$2,000,000, for the purchase of Itron electric power meters. Two one-year extensions, each not to exceed \$500,000, were also approved. Both options have been exercised, and the contract is set to expire October 10, 2013. To date, \$1,960,007 has been expended, and there is a current balance available of \$1,039,993.

The Water and Power Department ("PWP") has completed the replacement of all the mechanical meters for residential customers with approximately 55,000 Automatic Meter Reading ("AMR") meters manufactured by Itron and supplied by McAvoy and Markham. PWP continues to replace meters in businesses and on an as-needed basis to minimize business disruptions and to meet the needs of the utility in forecasting future growth and power usage. Having a contract in place allows for the purchase of meters when needed for replacements or new projects. The continued use of meters manufactured by Itron is desirable as they are compatible with our current Customer Information System.

McAvoy and Markham is the distributor of Itron meters for the Western United States. Staff recommends extending the current contract with McAvoy & Markham for a maximum of two years or until funds currently remaining in the contract are spent, whichever comes first.

**COUNCIL POLICY CONSIDERATION:**

The proposed contract extension is consistent with the Public Facilities Element of the General Plan and supports the Council's goal to provide a high level of public service which adds to the quality of life in the City and increase its attractiveness through more efficient management of resources.

**ENVIRONMENTAL ANALYSIS:**

The proposed contract is exempt from CEQA pursuant to the State CEQA Guidelines Section §15302 (c), which exempts replacement or reconstruction of existing utility systems and/or facilities involving negligible or no expansion of capacity. The contract is for the purchase of meters that measure electrical usage but do not increase capacity.

**FISCAL IMPACT:**

The maximum cost of this action is \$1,059,993 over two years including administration costs. The cost of this action will be addressed by utilizing existing and future appropriations in the Power Capital Fund 411. Purchases under this contract will not be authorized unless sufficient funding is available each fiscal year.

The following table presents a summary of estimated expenditures in fiscal years 2014 and 2015.

<b>Budget No.</b>	<b>FY2014</b>	<b>FY2015</b>
3001 – Services from the Underground System	\$150,000	\$150,000
3023 – Services from the Public Right-of-Way	\$150,000	\$150,000
3142 – Time of Use Metering Infrastructure	\$50,000	\$50,000
3173 – Power Meter Installation and Replacement Program	\$150,000	\$150,000
Total Projected Expenditures	\$500,000	\$500,000

This contract extension will have minimal impact on other operational or capital projects other than minor costs for contract administration. The following table represents a contract summary.

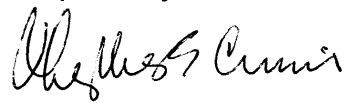
Extend Purchase Order Contract with McAvoy & Markham

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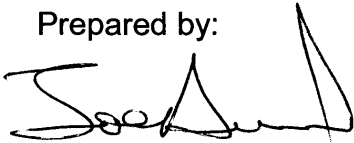
	Through FY 2013	FY 2014	FY 2015
Previously Approved Contract including 2 optional years	\$3,000,000		
Total Expended through June 30, 2013	\$1,960,007		
<b>Balance Remaining in Contract</b>	<b>\$1,039,993</b>		
Estimated Expenditure		\$500,000	\$500,000
Contract Administration		\$10,000	\$10,000
Total Cost Through FY 2013			
Anticipated Fiscal Impact		\$510,000	\$510,000
<b>Total Maximum Fiscal Impact (FY 2014 – FY 2015)</b>			<b>\$1,020,000</b>

Respectfully submitted,



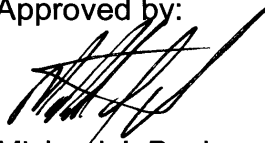
Phyllis E. Currie  
General Manager  
Water and Power Department

Prepared by:



Joe AWAD  
Assistant General Manager  
Water & Power Department

Approved by:



Michael J. Beck  
City Manager

**Disclosure Pursuant to the  
City of Pasadena Taxpayer Protection Amendment  
Pasadena City Charter, Article XVII**

Contractor/Organization hereby discloses its trustees, directors, partners, officers, and those with more than 10% equity, participation, or revenue interest in Contractor/Organization, as follows:

*(If printing, please print legibly. Use additional sheets as necessary.)*

<b>1. Contractor/Organization Name:</b> <b>McAvoy &amp; Markham Engineering and Sales Company</b>
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<b>2. Type of Entity:</b> <input checked="" type="checkbox"/> non-government <input type="checkbox"/> nonprofit 501(c)(3), (4), or (6)
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<b>3. Name(s) of trustees, directors, partners, officers of Contractor/Organization:</b>
John McAvoy
Richard Salemme

<b>4. Names of those with more than a 10% equity, participation or revenue interest in Contractor/Organization:</b>
John McAvoy
Richard Salemme

Prepared by: Chris Lindsay-Smith

Title: Sales Engineer

Phone: 949-727-3966

Date: August 2, 2013