

# Agenda Report

January 11, 2016

**TO:** Honorable Mayor and City Council

**FROM:** Water and Power Department

**SUBJECT: AUTHORIZATION TO ENTER INTO PURCHASE ORDER CONTRACTS WITH INLAND WATER WORKS SUPPLY CO. AND HD SUPPLY WATERWORKS, LTD. TO FURNISH AND DELIVER COLD-WATER METERS IN AN AMOUNT NOT TO EXCEED \$944,277 PER YEAR AND \$218,177 PER YEAR, RESPECTIVELY (SPECIFICATION WD-15-09)**

## **RECOMMENDATION:**

It is recommended that the City Council:

1. Find that the project is exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15302 (Replacement or Reconstruction);
2. Accept the bid dated December 1, 2015, submitted by Inland Water Works Supply Co. in response to Specification WD-15-09, to furnish and deliver cold-water meters for the Water and Power Department ("PWP"), and authorize the City Manager to enter into a purchase order contract with Inland Water Works Supply Co. for an amount not to exceed \$944,277 per year for an initial period of two years with an option for two additional one-year terms of \$944,277 each at the approval of the City Manager; and
3. Accept the bid dated December 1, 2015, submitted by HD Supply Waterworks, Ltd., in response to Specification WD-15-09, to furnish and deliver cold-water meters for PWP, and authorize the City Manager to enter into a purchase order contract with HD Supply Waterworks, Ltd. for an amount not to exceed \$218,117 per year for an initial period of two years with an option for two additional one-year terms of \$218,117 each at the approval of the City Manager.

## **BACKGROUND:**

Specification WD-15-09 provides for purchase order contracts to furnish and deliver cold-water meters to PWP. Cold-water meters are devices used to measure the volume of water usage and have a life-span of 15-20 years, depending on the type of meter and date of manufacture. PWP's service territory has 37,355 service connections and each service requires a meter. Accurate billing to the customers is dependent on the replacement of aging and/or non-functional meters.

This contract allows for annual replacements of 8% of all water meters. Since the completion of the Water Master Plan in 2003, PWP has replaced between 2% to 20% of all water meters per year.

Cold-water meters are categorized by different types and sizes based on different flow measurement methods, types of end-users, and the required flow rates. Each meter is to be delivered with a remote module, the encoder receiver transmitter ("ERT") for automatic meter reading ("AMR"), or the TouchRead PitLid ("TR/PL"). Water meters equipped with AMR have the capacity to be reprogrammed to become "smart meters".

The bids were categorized into seven groups (A through G) based on the type and size of the meters and the type of module. Bidders thereby had an opportunity to bid on any or all seven groups based on their specialty. The City of Pasadena ("City") benefits from this bidding strategy by choosing the lowest bidder in each of the categories. Approximately 94% of meters in PWP's service area are Group A type meters.

The Notice Inviting Bids for Specification WD-15-09 was advertised in the Pasadena Journal and posted online through Planet Bids on November 3, 2015. In addition, specifications were sent to twenty-one vendors, none of which were local since there are no known water meter vendors in the City. Three responsive bids were received and opened on December 1, 2015.

The results of the bids were as follows:

**Bid Group A: Positive Displacement or Multijet Type Cold-Water Meters (3,100 meters)**

<u>Bidders</u>	<u>Grand Total Price</u>
1. Inland Water Works Supply Co., San Bernardino, CA	\$766,978.50
2. HD Supply Waterworks, Ltd., Santa Ana, CA	No Bid
3. Mueller Systems, LLC, San Diego, CA	\$850,536.81

**Bid Group B: Turbine Type + TR/PL Cold-Water Meters (34 meters)**

<u>Bidders</u>	<u>Grand Total Price</u>
1. Inland Water Works Supply Co., San Bernardino, CA	No Bid
2. HD Supply Waterworks, Ltd., Santa Ana, CA	\$74,141.99
3. Mueller Systems, LLC, San Diego, CA	No Bid

**Bid Group C: Compound Type + TR/PL Cold-Water Meters (38 meters)**

<u>Bidders</u>	<u>Grand Total Price</u>
1. Inland Water Works Supply Co., San Bernardino, CA	No Bid
2. HD Supply Waterworks, Ltd., Santa Ana, CA	\$108,739.97
3. Mueller Systems, LLC, San Diego, CA	No Bid

**Bid Group D: Ultrasonic Type + TR/PL Cold-Water Meters (13 meters)**

<u>Bidders</u>	<u>Grand Total Price</u>
1. Inland Water Works Supply Co., San Bernardino, CA	No Bid
2. HD Supply Waterworks, Ltd., Santa Ana, CA	\$35,235.07
3. Mueller Systems, LLC, San Diego, CA	No Bid

Authorization to Enter into Purchase Order Contracts with Inland Water Works Supply Co. and HD Supply Waterworks, Ltd.

January 11, 2016

Page 3 of 5

Bid Group E: Turbine Type + Itron ERT Cold-Water Meters (33 meters)

<u>Bidders</u>	<u>Grand Total Price</u>
1. Inland Water Works Supply Co., San Bernardino, CA	\$53,399.70
2. HD Supply Waterworks, Ltd., Santa Ana, CA	No Bid
3. Mueller Systems, LLC, San Diego, CA	No Bid

Bid Group F: Compound Type + Itron ERT Cold-Water Meters (38 meters)

<u>Bidders</u>	<u>Grand Total Price</u>
1. Inland Water Works Supply Co., San Bernardino, CA	\$123,898.28
2. HD Supply Waterworks, Ltd., Santa Ana, CA	No Bid
3. Mueller Systems, LLC, San Diego, CA	No Bid

Bid Group G: Ultrasonic Type + Itron ERT Cold-Water Meters (13 meters)

<u>Bidders</u>	<u>Grand Total Price</u>
1. Inland Water Works Supply Co., San Bernardino, CA	No Bid
2. HD Supply Waterworks, Ltd., Santa Ana, CA	No Bid
3. Mueller Systems, LLC, San Diego, CA	No Bid

Total	\$1,162,394
Engineer's Estimate	\$1,180,440

Inland Water Works Supply Co. is the lowest responsive and responsible bidder in Groups A, E, and F and HD Supply Waterworks, Ltd. is the lowest responsive and responsible bidder in Groups B, C, and D. Both bidders comply in all respects with the requirements of the Specification.

Staff recommends that the City Council award two purchase order contracts: one to Inland Water Works Supply Co. for an amount not to exceed \$944,277 per year for two years with two optional one-year extensions of \$944,277 each; and one to HD Supply Waterworks, Ltd. for an amount not to exceed \$218,117 per year for two years with two optional one-year extensions of \$218,117 each. The proposed purchase order contracts comply with Competitive Bidding and Purchasing Ordinance P.M.C. 4.08 and the rules and regulations promulgated thereunder.

There were no bidders for Bid Group G. PWP may pursue a separate purchase order contract in accordance with P.M.C. 4.08 for this type of cold-water meter and make changes to the specifications if necessary.

The Fire Department had two purchase order contracts in fiscal year 2015 with Inland Water Works Supply Co. in the amounts of \$18,308.02 and \$24,813.92. PWP had an annual purchase order contract with HD Supply Waterworks from 2011 to 2013 to provide miscellaneous water utility materials per Specification WD-10-03 for \$1,500,000 per year. In fiscal year 2015 PWP had another purchase order contract with HD Supply Waterworks for \$20,200.

**COUNCIL POLICY CONSIDERATION**

The proposed purchase order contracts support PWP's Master Plan adopted by the City Council in 2002 to allow for the replacement of water meters and establishment of reliable infrastructure for the City's water system.

**ENVIRONMENTAL ANALYSIS:**

The project is categorically exempt from CEQA review pursuant to State CEQA Guidelines Section 15302 (Replacement or Reconstruction). The exemption covers the repair, maintenance, or minor alteration of existing public or private facilities, including existing highways and streets, sidewalks, gutters, bicycle and pedestrian trails, and similar facilities, involving negligible or no expansion of use.

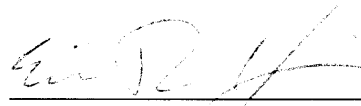
**FISCAL IMPACT:**

The total cost of this action will be \$3,777,108 for Inland Water Works Supply Co. and \$872,468 for HD Supply Waterworks, Ltd. if the two additional one-year terms are exercised. Funding for this action will be addressed by the utilization of existing budgeted appropriations in CIP #1002 – Meters and Services. It is anticipated that \$1,162,394 of the cost will be spent in the initial year of the purchase order contracts which falls in fiscal years 2016 and 2017.

The following table presents the contract summary:

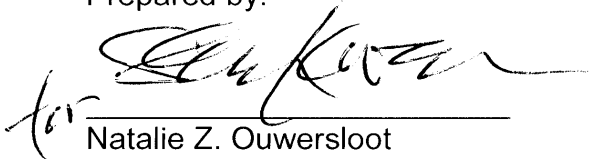
	Inland Water Works Supply Company Co.	HD Supply Waterworks, Ltd.	Total
Initial two-year contract amount	\$1,888,554	\$436,234	\$2,324,788
Optional two one year extensions	\$1,888,554	\$436,224	\$2,324,788
Total amount of contract	\$3,777,108	\$872,468	\$4,649,576

Respectfully submitted,




Eric R. Klinkner  
Interim General Manager  
Water and Power Department

Prepared by:



Natalie Z. Ouwersloot  
Principal Engineer

Approved by:



MICHAEL J. BECK  
City Manager