

# Agenda Report

March 30, 2020

**TO:** Honorable Mayor and City Council  
**FROM:** Water and Power Department  
**SUBJECT:** **AUTHORIZATION TO ENTER INTO A PURCHASE ORDER CONTRACT WITH MCAVOY & MARKHAM FOR THE PURCHASE OF ELECTRIC POWER METERS FOR A MAXIMUM CONTRACT AMOUNT NOT TO EXCEED \$480,000.**

## **RECOMMENDATION:**

We recommend that the City Council:

1. Find that the proposed action is categorically exempt from the California Environmental Quality Act ("CEQA") pursuant to State CEQA Guidelines Section 15301 (Class 1 Existing Facilities) and 15302 (Class 2 Replacement or Reconstruction), and that there are no features that distinguish this project from others in the exempt classes and, therefore, there are no unusual circumstances; and
2. Authorize the City Manager, or his designee, to enter into a contract without competitive bidding pursuant to City Charter Section 1002 (H), contracts with other governmental entities or their contractors for labor, material, supplies or services, and Pasadena Municipal Code Section 4.08.049, with McAvoy & Markham for an amount not to exceed \$240,000 for two years or until the not-to-exceed amount has been expended, whichever occurs first, with an option for two additional one-year terms of \$120,000 each, at the approval of the City Manager, for a maximum contract amount not to exceed \$480,000.

## **BACKGROUND:**

Pasadena's Water and Power Department ("PWP") Power Delivery Division provides electric service to approximately 66,000 customers, and measures consumption through individual electric meters. Within the next few years, the Power Delivery Division will install an average of 1000 meters annually, including meters needing replacement due to routine maintenance and new meter installations. The meters being installed are primarily Automated Meter Reading ("AMR") meters for small commercial and residential services. This type of meter typically allows a meter reader to drive past a property and take meter reads without entering the property.

Annually, 60% of the meters installed are for new and upgraded electric services, while 40% are replacements for aging or defective equipment. These AMR meters will be

used to address the required replacements and upgrade requests. PWP will save approximately 7% annually on purchases of our most commonly used 240 Single Phase meters by piggybacking on a contract awarded to McAvoy & Markham by the City of Riverside for its Annual Meter Contract. The City of Riverside contract was awarded through a competitive bid process, and the vendor has agreed to extend the same pricing, terms and conditions to PWP.

PWP anticipates that in the next few years the department will transition to the next generation of metering called Automated Meter Infrastructure ("AMI"), once the new Customer Information System is fully deployed. Using these "smart meters" allows data to be collected by wireless devices throughout the city, allowing for daily wireless transmittal of usage measurements. Currently PWP collects monthly AMR meter reads by driving past the property in a vehicle with a short-range wireless receiver. The newer AMI meters can also easily handle new electric rates and service options for customers. PWP cannot move to a new AMI meter system now because the current customer billing system being replaced is not AMI-ready. Additionally, AMI involves a complete, vendor-specific communications and software system that PWP will select through a formal bid process.

While PWP expects to use the full term of the proposed McAvoy and Markham contract, this contract has no minimum purchase requirements, and may be terminated at any time if PWP is ready to install the AMI meters earlier than anticipated. In addition, the proposed contract does not limit PWP from moving forward with its strategy to migrate from AMR meters to AMI meters over the next few years.

### **City of Riverside Contract with McAvoy & Markham**

On June 6, 2019, the City of Riverside undertook a competitive bidding process using Planet Bids for the purchase of electric meters and associated equipment. As a result of the bidding process, the City of Riverside awarded its Annual Meter Contract to McAvoy & Markham on July 22, 2019. McAvoy & Markham will extend the same pricing to the City of Pasadena for the supply of electric meters and related items delivered on an as-needed basis. The pricing will be firm for the duration of PWP's initial three-year contract period and the optional one-year extension period, for a total of four years.

### **Recommended Contract with McAvoy & Markham**

The recommended contract has some key advantages that are in the best interest of the City:

- Encompasses the AMR meters and related items that the City needs; no local vendors supply these items
- Allows the City to achieve lower pricing on meter purchases as compared to PWP's current procurement contract
- Reduces administrative time and expense since competitive bidding was already conducted
- McAvoy & Markham was the only bidder received through Planet Bids for the City of Riverside; this would likely be the same outcome for a PWP solicitation

**COUNCIL POLICY CONSIDERATION:**

The proposed contract is consistent with the City Council's goals to maintain fiscal responsibility and stability, and PWP's strategic initiatives to enhance customer satisfaction and confidence, improve efficiency and business continuity and maintain PWP's fiscal health and stability.

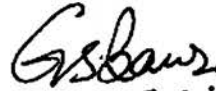
**ENVIRONMENTAL ANALYSIS:**

The proposed contract is exempt from CEQA in accordance with State CEQA Guidelines Sections 15301 and 15302. Section 15301 (Existing Facilities) exempts actions such as maintenance, repair, and operation relating to existing facilities or structures where there is negligible or no expansion of the use. Section 15302 (Replacement or Reconstruction) exempts the replacement and/or reconstruction of existing facilities or structures including utility systems and/or facilities involving negligible or no expansion of capacity.

**FISCAL IMPACT:**

The maximum cost of this action will be \$480,000, which includes the initial term and two optional extensions. Funding for this action will be addressed by the utilization of existing funds in the Power Capital Fund 411, Capital Improvement Programs 3250 (Power Quality Meter Upgrades), 3220 (Services from Underground System), and 3221 (Services from Public Right of Way). PWP anticipates spending \$30,000 of the cost during the current fiscal year. The remainder of the cost will be spent over the next four years if the optional extensions are exercised. There is no anticipated impact to other operational programs as a result of this action.

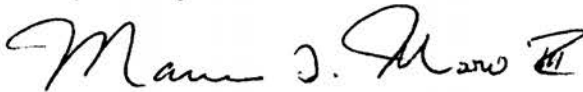
Respectfully submitted,



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