

Agenda Report

January 23, 2023

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 METERS FOR A MAXIMUM CONTRACT AMOUNT NOT TO EXCEED \$2,184,000, IF OPTIONS ARE EXERCISED, FOR THE WATER AND POWER DEPARTMENT

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) pursuant to Section 21065 of CEQA and Sections 15060(c)(2), 15060(c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required; and
2. Accept the bid dated October 11, 2022, submitted by McAvoy & Markham Engineering & Sales Co. ("McAvoy & Markham") in response to the Specifications for "Electric Meters for Public Utilities" for the Water and Power Department ("PWP"); authorize the City Manager to enter into a Purchase Order ("PO") Contract with McAvoy & Markham for four years or an amount not to exceed \$1,456,000, whichever occurs first, with the option for two additional one-year extensions or an amount not to exceed \$364,000 each, whichever occurs first, at the discretion of the City Manager or his designee, for a maximum contract length of six years or a total amount not to exceed \$2,184,000.

BACKGROUND:

PWP's Power Delivery Division provides electric service to approximately 68,000 customers, and measures consumption through individual electric meters. Within the next few years, the Power Delivery Division will install an average of 1,250 meters annually, including meters needing replacement due to routine maintenance and new meter installations. Annually, 55% of the meters installed are for new and upgraded electric services, while 45% are replacements for aging or defective equipment. The meters being installed are 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.

PWP anticipates that as early as Fall 2024, the Department will transition to the next generation of metering called Automated Meter Infrastructure (“AMI”). A separate effort from this proposed PO Contract is dedicated to the deployment of this new AMI system. AMI meters allow for data to be collected wirelessly and can also better handle new electric rate structures and service options for customers.

PWP expects to use the full term of the proposed McAvoy & Markham contract and may elect to terminate it at any time. 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. Absent full deployment of a new AMI system, continued use of AMR meters is necessary now to provide electric service to new PWP customers as well as replace in-service AMR meters that require maintenance.

On September 15, 2022, a Notice Inviting Bids for the Specifications was published in the Pasadena Press and Pasadena Journal. The invitation was also published on PlanetBids, which generated notices to all vendors previously registered with the City for this particular commodity class. A total of 26 vendors downloaded the Specification, of which two were local. A total of two bids were received by the bid due date of October 14, 2022, none from local firms. The responsive bid results are shown below in Table I.

Table I: Competitive Bid Results

Firm Name	Office Location	Bid Price per Year
McAvoy & Markham Engineering & Sales Co.	Irvine, California	\$363,689.15
Anixter Inc.	Corona, California	\$432,955.50

McAvoy & Markham was the lowest responsive and responsible bidder. PWP staff recommends that the City Council authorize the City Manager or his designee to enter into a PO Contract with McAvoy & Markham for an amount not to exceed \$1,456,000 or a period of four years, whichever occurs first, with the option for two additional one-year extensions or after expending \$364,000 for the first extension and \$364,000 for the second extension, or whichever occurs first, for a maximum contract amount not to exceed \$2,184,000.

The recommended total not to exceed amount is based on PWP’s expected workload. The estimated expenditure was developed based on the unit pricing submitted by McAvoy & Markham in their bid. The actual payments will be based on the number of meters procured by PWP and satisfactory performance by the vendor. The contract does not guarantee any minimum level of material procurement over the term of the proposed contract. Since 2018, the City of Pasadena has awarded a contract and five purchase orders to McAvoy & Markham for a total not to exceed amount of approximately \$520,000.

The proposed contract complies with the Competitive Bidding and Purchasing Ordinance pursuant to Pasadena Municipal Code Chapter 4.08 and the rules and regulations promulgated thereunder.

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 action proposed herein is not a project subject to the California Environmental Quality Act (CEQA) in accordance with Section 21065 of CEQA and State CEQA Guidelines Sections 15060(c)(2), 15060(c)(3), and 15378. The authorization of the proposed contract, which provides for the purchasing of equipment, is a continuing administrative and maintenance activity (i.e., purchasing of supplies) that would not cause either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment. Therefore, the proposed action is not a "project" subject to CEQA, as defined in Section 21065 of CEQA and Section 15378 of the State CEQA Guidelines. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

The total cost of this action will be \$2,184,000 over six years, which includes the base contract amount of \$1,456,000 with two additional one-year extensions or an amount not to exceed \$364,000 each. Funding for this action will be addressed by the utilization of existing and future appropriations in the Power Capital Fund 411, Capital Improvement Programs 03250 - Power Quality Meter Upgrades, 03220 - Installation of High Voltage Electrical Services, and 03221 - Installation of Low Voltage Electrical Services. PWP anticipates spending \$182,000 of the cost during the current fiscal year. The remainder of the cost will be spent over the next five years if the optional extensions are exercised. There is no anticipated impact to other operational programs as a result of this action. The PO Contract summary is shown below in Table II.

Table II: Contract Summary

Contract Expenditures	Amount
Base Contract	\$1,456,000
1 st Extension	\$364,000
2 nd Extension	\$364,000
Total PO Contract Including All Extensions	\$2,184,000

Respectfully submitted,



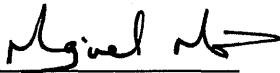
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