

Agenda Report

May 19, 2025

TO: Honorable Mayor and City Council

FROM: Water and Power Department

SUBJECT: AUTHORIZE THE CITY MANAGER TO ENTER INTO A CONTRACT WITH E SOURCE COMPANIES, LLC. FOR ADVANCED METER INFRASTRUCTURE PROJECT MANAGEMENT SERVICES FOR UP TO FIVE YEARS FOR A TOTAL NOT-TO-EXCEED AMOUNT OF \$2,400,464

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the action proposed herein is not a "project" subject to the California Environmental Quality Act (CEQA) pursuant to California Public Resources Code Section 21065 and within the meaning of State CEQA Guidelines Section 15378(b); and
2. Authorize the City Manager to enter into a contract, as the result of the competitive selection process, as specified by Section 4.08.047 of the Pasadena Municipal Code, with E Source Companies, LLC ("E Source") for Advanced Meter Infrastructure ("AMI") Project Management Services for three years with the option for two additional one-year extensions subject to the approval of the City Manager for a total amount not-to-exceed \$2,400,464, which includes the base contract amount of \$2,087,360 and a contingency of \$313,104 to provide for any necessary change orders. Competitive price bidding is not required pursuant to City Charter Section 1002 (F), contracts for professional or unique services.

EXECUTIVE SUMMARY:

The City owns and operates a municipal electric public utility ("Electric System") and a municipal water public utility ("Water System"). The City's utilities serve approximately 68,000 electric accounts and about 39,000 water accounts. Pasadena Water and Power ("PWP"), a department of the City, is responsible for the Electric and Water Systems and provides water and electric services to customers within the City limits. PWP also provides water service to some customers outside the City limits.

PWP is responsible for billing services for electricity, water, sewer, refuse utilities, and several key utility-related taxes. The majority of electric and water services provided by PWP are metered (except for a small number of pole-mounted telecommunication devices, unmetered electric services for Southern California Gas, and some unmetered water fire services), and the monthly or bi-monthly usage serves as the basis for the amount of the bill. Currently, most billing reads are collected using a drive-by radio system.

In April 2022, PWP launched a new Customer Information System (“CIS”), a customer portal, and an electronic bill print solution. With the CIS system in place, the City plans to implement an AMI system. Reads from the AMI system will be collected by a fixed radio or cellular network. This will allow for real-time read collection and two-way communication to the meter. Data collected by the AMI system will improve the tracking of water and power conservation efforts.

BACKGROUND:

In March 2024, PWP launched an AMI needs assessment to evaluate the current state of business processes, billing, and meter technology, identifying opportunities for improvement. The goal of this needs assessment was to ensure proper planning to support the success of the implementation phase. As part of this effort, a comprehensive business case was developed, including a detailed list of use cases that align with organizational goals and strategies. Additionally, operational cost savings were identified to help offset the financial impact of implementing the new AMI system. A future state analysis was conducted to ensure a smooth transition, considering operational impacts, deployment strategy, and system integration points. The project was further strengthened with a well-defined and comprehensive budget, along with a structured and achievable project timeline. The AMI needs assessment was completed in November 2024.

AMI is necessary to achieve the goals set by Resolution 9977, declaring a climate emergency and setting a goal to source 100% of Pasadena’s electricity from carbon-free sources by the end of 2030. AMI will promote decarbonization by enabling real-time energy monitoring and allowing for demand response programs. These programs optimize grid efficiency and integrate more renewable energy sources. AMI also empowers customers with detailed usage insights, encouraging energy conservation and reducing reliance on fossil fuels. Some other benefits of AMI include:

- Transition to monthly billing for all PWP customers
- Interval reads will allow the system-wide implementation of time-of-use (“TOU”) rates that can send price signals that encourage reduced usage during peak times for electric customers
- Provide detailed and timely information about energy and water consumption to customers, including via the online portal and mobile application notifications
- Allow PWP to monitor the service at a property
- Provide the ability to disconnect and restore service remotely

- Improve the meter-to-cash process, resulting in reduced operating costs, decreased truck rolls, eliminating estimated bills, and offering enhanced analytical capabilities
- Enable faster detection of outages, reduce outage extents, and improve outage restoration times
- Enable the capability to reduce water leaks, improve leak detection and repair, highlight large water users in conservation efforts, and minimize increased bills due to water leaks

Request for Proposal and Evaluation Process

A Request for Proposal (“RFP”) to select Consulting and Program Management services for the AMI implementation project was issued in September 2024. Six proposals were received in response to the RFP. No submissions were received from local Pasadena vendors. AMI consulting is a niche industry; no known local firms provide this service. A multi-department selection team of 11 City staff members completed the evaluation.

City staff completed the evaluation in accordance with the criteria set forth in the solicitation. The list of proposers and scores is provided in Attachment A. Based on the evaluation, E Source received the highest score which measured vendor experience and expertise, proposed methodology/scope of work, similar project experience, and proposed resources. Staff recommends that the City Council authorize the City Manager to enter into a contract with E Source.

E Source Companies, LLC

E Source works with utilities to manage the customer and infrastructure sides of their business reliability efficiently, safely, and sustainably. Their team offers significant innovation, expertise, and experience to their customers while maximizing the effectiveness of their utility technology investments. Focusing almost exclusively on AMI consulting and related technologies, they have delivered 200+ successful AMI projects, including 30 water and electric utility clients in California alone. The initial contract is expected to span approximately three and a half years to align with the anticipated project completion timeline, with optional extension years included to accommodate potential delays related to product availability and procurement, specialized training, or system optimization needs. The City of Pasadena has not previously awarded E Source a contract.

The approval of this contract will provide project management and expert consulting services during the project's planning, procurement, integration, and meter deployment phases. The total anticipated AMI Project Budget is \$60,786,503. Funding for the project will be addressed by the utilization of existing and future appropriations in the Power Capital Fund (411) Advanced Meter Infrastructure project (03142) and Water Capital Fund (412) Advanced Meter Infrastructure project (01078). Working closely with the City, the consultant will lead the development of a project plan, procure an AMI system, conduct staff training and system testing, and oversee the installation of

meters, network equipment, and software. This structured approach sets a strong foundation for the City to successfully achieve its strategic objectives and maximize the benefits of the proposed AMI solution. The base contract and contingency are shown in Table I.

Table I: Program Management Cost

AMI Project	Total
AMI - Project Management Services	\$2,087,360
Contingency (15%)	\$313,104
Total	\$2,400,464

COUNCIL POLICY CONSIDERATION:

The AMI project supports Resolution 9977, declaring a climate emergency and setting a goal to source 100% of Pasadena’s electricity from carbon-free sources, improve, maintain, and enhance public facilities and infrastructure, and increase conservation and sustainability.

ENVIRONMENTAL ANALYSIS:

CEQA excludes, from environmental review, actions that are not “projects” as defined by CEQA Guidelines Section 21065 and within the meaning of Section 15378(b). Sections 21065 and 15378(b) define a project as an action which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. Section 15378 excludes from the definition of “project” continuing administrative or maintenance activities, such as purchases for supplies and services. The actions proposed herein, authorizing the City Manager to enter into a contract with E Source for AMI Project Management Services, is an administrative activity for the purchasing of services, and therefore is not a “project” as defined by CEQA. Since the action is not a project subject to CEQA, no environmental document is required.

FISCAL IMPACT:

The total cost of this contract, including optional years and contingency, is \$2,400,464. Funding for this action will be addressed by the utilization of existing and future appropriations in the Power Capital Fund (411), Advanced Meter Infrastructure CIP (03142), and Water Capital Fund (412), Advanced Meter Infrastructure CIP (01078). There is no impact to the General Fund. The following table represents the base contract costs estimated over five years.

Table II: Summary of Fiscal Impact

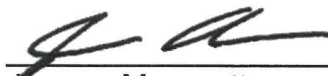
Fiscal Year	Power (CIP 03142)	Water (CIP 01078)	Total
FY 2025	\$18,935	\$10,196	\$29,131
FY 2026	\$609,551	\$328,220	\$937,771
FY 2027	\$464,565	\$250,151	\$714,716.0
FY 2028	\$225,128	\$121,223	\$346,351.0
FY 2029	\$38,604	\$20,787	\$59,391
Total	\$1,356,783	\$730,577	\$2,087,360

Respectfully submitted,



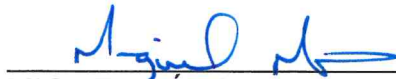
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