



Naperville

CITY COUNCIL AGENDA ITEM

SUBJECT: Recommend the Award of Option Year One Extension to Contract 16-170, Water Meter Replacement Program

TYPE OF VOTE: Simple Majority

ACTION REQUESTED:
Approve the Award of Option Year One to Contract 16-170, Water Meter Replacement Program, to HBK Water Meter Service, Inc. for an amount not to exceed \$208,750.

BOARD/COMMISSION REVIEW:
N/A

COUNCIL ACTION PREVIOUSLY TAKEN:

| Date | Item No. | Action |
|----------|----------|----------------|
| 04/15/16 | I 11 | Original Award |

DEPARTMENT: Department of Public Utilities – Water (DPU-W)
Finance Department

SUBMITTED BY: Jim Holzapfel, DPU-W Director
Rachel Mayer, Finance Director

BACKGROUND:
On April 5, 2016, City Council awarded Bid 16-170, Water Meter Replacement Program, for a nine month period, expiring December 31, 2016, with consideration for two additional one-year options to renew.

The City of Naperville’s Department of Public Utilities – Water (DPU-W) requires replacement of approximately 2,500 small-diameter (3/4” and 1”) residential water meters and outside readers throughout the City. Naperville currently has more than 11,000 small-diameter meters that are sixteen years or older. Water meters lose accuracy with age. Testing by staff determined water meters in service for 16 years or more failed to provide accurate readings and warranted

16-170, Water Meter Replacement Program
November 1, 2016
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replacement. A planned replacement program for aging meters ensures accurate reads of customer usage and therefor the appropriate collection of utility.

DPU-W relies on outside plumbing contractors to replace the number of meters within the noted age group. City staff will continue to replace meters that fail in service, requiring immediate action, and will perform planned replacements in situations where it is impractical to use a contractor.

DISCUSSION:

HBK has provided excellent service to the City’s water customers during the intial contract period, and has agreed to extend the contract for the 2017 option year, with no increase in prices. Staff recommends the extension for the first option year, with the potential to extend the contract for one additional option year. The term of the contract will be from January 1, 2017 to December 31, 2017.

FISCAL IMPACT:

CIP #: WU20 - Water Meter Replacement

The project provides planned replacement of older water meters. An analysis found water meters in service for more than 16 years in Naperville failed to meet AWWA registration standards. This project provides a planned replacement of meters, which is necessary to accurately bill customers and insure sufficient revenues to the utility.

The Water Metering Replacement program is expensed to the Capital Improvement Program line below. This project is related to CIP WU20, for which \$785,000 is budgeted in CY2017, during which this contract would be fulfilled. The requested award of \$208,750 is within the budgeted amount for this expense.

| Account Number | Fund Description | Total Budget Amount |
|-----------------------|-------------------------|----------------------------|
| 430-3490-537.70-89 | Water & Wastewater Fund | \$8,852,500 |

RECOMMENDATION:

Approve the Award of Option Year One to Contract 16-170, Water Meter Replacement Program, to HBK Water Meter Service, Inc. for an amount not to exceed \$208,750.

ATTACHMENTS:

1. Original Award
2. CIP WU20



Naperville

CITY COUNCIL AGENDA ITEM

SUBJECT: Recommend the Award of Bid 16-170, Residential Water Meter Replacement

TYPE OF VOTE: Simple Majority

ACTION REQUESTED:

Approve the Award of Bid 16-170, 2016 Residential Water Meter Replacement, to HBK Water Meter Service, Inc. for an amount not to exceed \$208,750 for a period of eight months, plus a 5% contingency.

BOARD/COMMISSION REVIEW:

COUNCIL ACTION PREVIOUSLY TAKEN:

| Date | Item No. | Action |
|------|----------|--------|
| N/A | | |

DEPARTMENT: Department of Public Utilities – Water (DPU-W)
Finance Department

SUBMITTED BY: James Holzapfel, DPU-W Director
Rachel Mayer, Finance Director

BACKGROUND:

The City of Naperville’s Department of Public Utilities – Water (DPU-W) requires replacement of approximately 2,500 small-diameter (3/4” and 1”) water meters and touchpads located in residences throughout the City. Naperville currently has more than 11,000 small-diameter meters aged sixteen years or older. Water meters deteriorate with age, losing accuracy as their moving parts wear out. Planned replacement of these older meters ensures our customers’ bills will be accurate and fair.

DPU-W does not have the staffing levels needed to conduct a large-scale meter replacement program using in-house labor and must rely upon contractors to keep the project on schedule.

16-170, 2016 Residential Water Meter Replacement
 April 5, 2016
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City staff will continue to replace meters that fail in service, requiring immediate action, and will perform planned replacements in situations where it is impractical to use a contractor.

DISCUSSION:

| | | | |
|---------------------|------------|----------------|-----|
| Advertisement Date: | 02/17/2016 | Notices Sent: | 101 |
| Opening Date: | 03/03/2016 | Planholders: | 19 |
| | | Bids Received: | 2 |

BID TABULATION

The following bids were received:

| | |
|----------------------------|------------------|
| HBK Meter Service | \$208,750 |
| <i>Engineer's Estimate</i> | <i>\$260,750</i> |
| United Meters | \$286,150 |

The low bidder, HBK Water Meter Service, has been the City's contractor for Large-Diameter Water Meter Testing for several years. They have very competitive pricing and provide excellent customer service.

The term of this contract is May 1, 2016 through December 31, 2016 with two one-year options to extend the contract.

FISCAL IMPACT:

CIP #: WU20 – Water Meter Replacement

Water meter replacement is expensed to the capital projects line item Water & Wastewater fund, the project will be expenses to the account in the table below. A total of \$300,000 is budgeted for CIP # WU20 in CY2016. This award of \$208,750 for installation of meters is only one component of the overall project; there will be additional awards for the purchase of the water meters.

| Account Number | Fund Description | Total Budget Amount |
|--------------------|-------------------------|---------------------|
| 430-3490-537.70-89 | Water & Wastewater Fund | \$8,857,000 |

Per Council directive, contingency on construction projects is set at 3% on projects over \$500,000 and 5% on projects under \$500,000.

RECOMMENDATION:

Approve the Award of Bid 16-170, 2016 Residential Water Meter Replacement, to HBK Water Meter Service, Inc. for an amount not to exceed \$208,750 for a period of eight months, plus a 5% contingency.

ATTACHMENTS:

1. CIP Page

Project Number: WU20 **Project Title:** Water Metering Replacement **Category Code:** A **Sector:** Various
Department Name: Water/Wastewater **CIP Status:** Annual **Criteria:** Infrastructure Replacement/Renewal **WF Number:** TBD
Project Purpose: This project supports the delivery of municipal services that are reliable and responsive to the needs of the citizens by updating essential utility infrastructure.

Project Narrative:
 This project provides for planned replacement of older water meters. Analysis has shown that water meters in Naperville fail to meet AWWA registration standards when in service longer than 16 years. Planned replacement of water meters is necessary to accurately bill customers and insure sufficient revenues to the utility.

External Funding Sources Available
 None

Projected Timetable
 This project will utilize contractor services and in-house labor to replace approximately 17,300 water meters between CY16 and CY20.

Impact on Operating Budget
 Based on test results from older water meters recently removed from service. Each meter replacement is expected to generate approximately \$40 per year in new revenues. The average life of a water meter is 16-20 years.

Project Budget Impact Summary

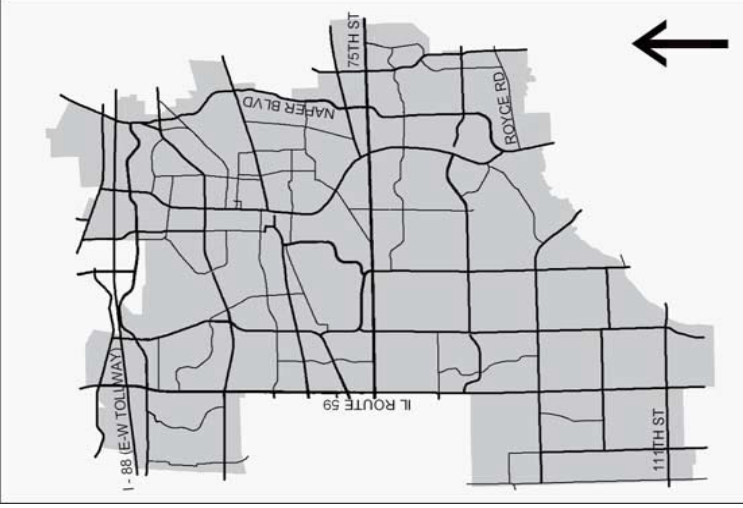
| | 2016 | 2017 | 2018 | 2019 | 2020 | Total CIP |
|---------------|----------|-----------|-----------|-----------|----------------------|-----------|
| Impact Detail | (82,252) | (137,086) | (191,921) | (246,755) | 0 | (658,014) |
| Subtotal | (82,252) | (137,086) | (191,921) | (246,755) | 0 | (658,014) |
| | | | | | Prior Year(s) Impact | 0 |
| | | | | | Total Project Impact | (658,014) |

Funding Source Summary

| | 2016 | 2017 | 2018 | 2019 | 2020 | Total Source |
|----------------|---------|---------|---------|---------|----------------------------|--------------|
| Funding Source | 300,000 | 750,000 | 750,000 | 750,000 | 750,000 | 3,299,999 |
| Water Utility | 300,000 | 750,000 | 750,000 | 750,000 | 750,000 | 3,299,999 |
| Subtotal | 300,000 | 750,000 | 750,000 | 750,000 | 750,000 | 3,299,999 |
| | | | | | Prior Year(s) Expenditures | 3,300,374 |
| | | | | | Total All Sources | 6,600,373 |

Project Cost Summary

| Expense Category | Prior Year(s) Expenditures | 2015 Budget | 2015 Year-to-Date | 2016 | 2017 | 2018 | 2019 | 2020 | Total CIP |
|------------------|----------------------------|-------------|-------------------|---------|----------------------------|---------|---------|---------|-----------|
| Benefits | 145,862 | 0 | 9,183 | 0 | 0 | 0 | 0 | 0 | 0 |
| Construction | 1,333,363 | 750,000 | 78,302 | 300,000 | 750,000 | 750,000 | 750,000 | 750,000 | 3,299,999 |
| Salaries | 431,801 | 0 | 22,378 | 0 | 0 | 0 | 0 | 0 | 0 |
| Services | 82,499 | 0 | 1,363 | 0 | 0 | 0 | 0 | 0 | 0 |
| Supplies | 1,066,106 | 0 | 129,516 | 0 | 0 | 0 | 0 | 0 | 0 |
| Subtotal | 3,059,632 | 750,000 | 240,741 | 300,000 | 750,000 | 750,000 | 750,000 | 750,000 | 3,299,999 |
| | | | | | Prior Year(s) Expenditures | | | | 3,300,374 |
| | | | | | Total Project Cost | | | | 6,600,373 |



Project Number: WU20
Project Title: Water Metering Replacement
Department Name: Water/ Wastewater

Asset Type: Water Utility
CIP Status: Recurring
Project Category: Capital Maintenance

Budget Year: 2017
Category Code: A
Sector: Various

Project Purpose:

This project supports the delivery of municipal services that are reliable and responsive to the needs of the citizens by updating essential utility infrastructure.

Project Narrative:

This project provides for planned replacement of older water meters. Analysis has shown that water meters in Naperville fail to meet AWWA registration standards when in service longer than 16 years. Planned replacement of water meters is necessary to accurately bill customers and insure sufficient revenues to the utility. In addition, this project will replace several hundred ERT units that are at the end of their useful life. These units are used to read water meters in parts of the unincorporated service areas.

Annual Funding Sources Available:

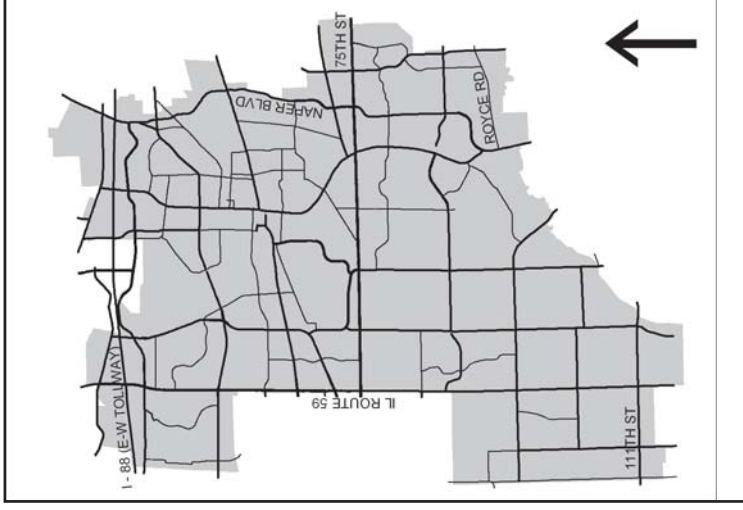
None

Projected Timetable:

This project will utilize contractor services and in-house labor to replace approximately 17,300 (?) water meters between CY17 and CY21. In addition,

Impact on Operating Budget:

Based on test results from older water meters recently removed from service. Each meter replacement is expected to generate approximately \$40 per year in new revenues. The average life of a water meter is 16-20 years.



Funding Source Summary

| Funding Source | 2017 | 2018 | 2019 | 2020 | 2021 | Total Source |
|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Water Utility | 785,000 | 785,000 | 784,999 | 750,000 | 750,000 | 3,855,000 |
| Totals | 785,000 | 785,000 | 784,999 | 750,000 | 750,000 | 3,855,000 |

Project Cost Summary

| Expense Category | 2016 Budget | 2017 | 2018 | 2019 | 2020 | 2021 | Total CIP |
|------------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|
| Construction | 300,000 | 785,000 | 785,000 | 784,999 | 750,000 | 750,000 | 3,855,000 |
| Totals | 300,000 | 785,000 | 785,000 | 784,999 | 750,000 | 750,000 | 3,855,000 |