



Legislation Text

File #: 18-624, Version: 1

CITY COUNCIL AGENDA ITEM

ACTION REQUESTED:

Approve the award of Option Year One to Contract 16-260, Contract Meter Reading Services for Water, to Alexander's Inc. for an amount not to exceed \$421,200

DEPARTMENT: Finance Department

SUBMITTED BY: Rachel Mayer, Director

BOARD/COMMISSION REVIEW:

N/A

BACKGROUND:

In August 2016, City Council approved the award of RFP 18-260 to Alexander's Inc. for contract meter reading services for the Water Utilities. The award was for two years from September 1, 2016 through August 30, 2018, with three one-year options to extend.

The City has approximately 52,000 meters throughout the Water Utility system, the majority requiring physical reads. Recently, reads have become challenging for Alexander due to staffing needs and location of meters. Through Alexander, the City stabilized the reading process, but challenges are expected to increase if physical reads continue to be necessary.

At the time of the original award, staff was evaluating alternative reading technologies, specially logistics of converting to an AMR (automated meter reading) or AMI (advanced metering infrastructure) system. Over the past two years, staff slowly expanded use of the AMR Itron system to allow remote reads for some customers. The Itron system is used to read unincorporated, water-only accounts.

The City will continue to explore available technologies to ease reading needs of the Water Utility. This option year will allow time for the City to further evaluate options. Alexander is aware of the City's research and supports the effort, as the company is evaluating logistics of maintaining the contract with the City beyond this recommended option year.

DISCUSSION:

Alexander has agreed to extend this agreement through the first option year with no increase to their rates. The option was agreed under the same structure of the original award, which ensures six reads over 12 months to all customers and payments to Alexander contingent on actual reads. Estimated reads will be coordinated with Alexander during this option year, as the company expressed concerns with completing a full year of reads due to the growing population and varying locations of meters throughout the community. This prompted the City to coordinate estimated

reading cycles with Alexander to reduce reading demands.

Reads will be planned to ensure customers receive six bills based on actual reads with estimated bills coordinated in advance. The City will aim for nine actual reads per billing cycle during the option year. This agreement will save the City payments and address growing service constraints for Alexander.

The award total reflects the costs of 12 actual reads for all customers. However, payments will be dictated by actual reads. A breakdown of the potential full cost is provided below, as well as the cost of nine reads for each customer.

<u>Reading Months</u>	<u>Rate</u>	<u>12-Month Total</u>
9-months	0.675	\$315,900
12-months	0.675	\$421,200

Logistically, a full year of reads for all billing cycles is unlikely, but staff recommends an award to capture the full potential costs with an understanding estimates will occur reducing the cost. The Communications team will continue to share information about meter reading and the potential of more estimated reads.

The term of the extension is September 1, 2018 through August 31, 2018, with two, one-year options remaining.

FISCAL IMPACT:

CIP #: N/A

Meter reading is expensed to the operational services account listed below. A total of \$405,600 is budget for the contract in 2018. The requested award reflects a 12-month total contingent on actual reads. The final eight months of this award will be budgeted appropriately in 2019.

<u>Account Number</u>	<u>Fund Description</u>	<u>Total Budget Amount</u>
15171500-531308	Water and Wastewater	\$ 405,600