



## Legislation Text

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File #: 20-1276B, Version: 1

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### **CITY COUNCIL AGENDA ITEM**

#### **ACTION REQUESTED:**

Approve the award of Option Year One to Contract 18-285, Water Meter Replacement Program, to HBK Water Meter Service, Inc. for an amount not to exceed \$561,246 plus a 3% contingency and for a one-year term

**DEPARTMENT:** Water Utilities

**SUBMITTED BY:** Darrell Blenniss, Director

#### **BOARD/COMMISSION REVIEW:**

N/A

#### **BACKGROUND:**

In January 2019, the City Council approved Bid 18-285 to replace approximately 11,000 small-diameter (3/4-inch and 1-inch) water meters and reading devices located at residences throughout the city. Water meters deteriorate with age, losing accuracy as their moving parts wear out. Any meters over 16 years old, in addition to any meters that are not compatible with AMI technology, are targeted for replacement. The term of the award was January 1, 2019 through December 31, 2020.

#### **DISCUSSION:**

HBK Water Meter Services, Inc. performed well during the original contract term. During the current term, the vendor installed approximately 7,000 residential water meters from April 2019 to December 2020. Due to the COVID-19 pandemic the vendor was not able install as many meters as planned. Approximately 6,000 3/4-inch and 1-inch water meters are currently planned for replacement from January 1, 2021 through December 31, 2021.

Due to increases in postage, insurance, and prevailing wages, HBK requested a 2% increase. On November 17, 2020 Council directed staff to negotiate with the vendor for a zero percent increase. The vendor agreed to the City's request. As a result, there will be no price increase for the first option year. The requested award is the first of two optional renewals and for the term January 1, 2021 through December 31, 2021.

#### **FISCAL IMPACT:**

CIP: WU019, WU020

Water meter replacements are expensed to the infrastructure account listed below as part of the capital improvement program. A total of \$1,700,000 is tentatively budgeted for replacement meters under WU020 in 2021. An additional \$50,000 is also tentatively budgeted for new development meters under WU019. Both projects are pending Council approval under the 2021 Budget.

Account Number	Fund Description	Total Budget Amount
41251500-551502	Water Utilities	\$28,363,950

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