



CITY COMMISSION STAFF REPORT

DEPARTMENT: Utilities

DATE: April 9, 2024

SUBJECT: Motion to approve the purchase of Watts Dual Check Valves from Ferguson Waterworks, in the amount of \$246,345.00, using the NIGP SEFL Cooperative Contract No. ITB #2018-19/12, Water Meter Fittings and Water Line Accessories. - **Utilities**

CITY MANAGER RECOMMENDATION:

The City Manager recommends approving the purchase of Watts Dual Check Valves from Ferguson Waterworks for \$246,345.00 using the NIGP SEFL Cooperative Contract No. ITB #2018-19/12, Water Meter Fittings and Water Line Accessories.

BACKGROUND OF ITEM:

The City has been grappling with persistent challenges in the Advanced Water Meter Infrastructure. Currently, we have a total of 11,869 water meters installed, with approximately 6,690 being advanced meters and the remainder being manual water meters. Regrettably, the advanced meters have introduced a spectrum of issues: meter failures, malfunctioning radio transmitters, network connectivity challenges, software glitches, data inaccuracies, unresolved warranty issues, a substantial number of zero readings, and expired software licenses and service maintenance agreements. Notably, the City is currently incurring an annual expenditure exceeding \$63,000 for software and maintenance.

These challenges collectively led to a significant decrease in our utility's annual revenue, estimated at \$1,632,587.95. This situation hampers our operational capabilities, diverting valuable resources from crucial infrastructure maintenance and affecting project timelines.

Our efforts to tackle these persistent issues have necessitated allocating extra resources, which has hampered our operational efficiency. Furthermore, the current system's incapacity to furnish accurate and consistent data has resulted in delayed contractor response times, aggravating the problem. According to the manufacturer, replacing malfunctioning meters could extend anywhere from 6 to 8 weeks, introducing additional complexity to the situation.

ANALYSIS:

After a thorough analysis, it becomes evident that the expenses linked to maintaining the existing advanced meter system, revenue loss, and staff compensation exceed the potential migration

costs from advanced to manual meters. In light of this, we recommend implementing a phased approach to replace the malfunctioning meters with more reliable alternatives.

Commencing the replacement program with the advanced meters that caused the most significant problems will let us gradually shift to a more stable and efficient system. While adding more manual meters will require hiring additional resources for meter reading, this strategic move promises better financial outcomes than the ongoing maintenance costs associated with the problematic advanced meters.

In conclusion, the challenges from the advanced water meters necessitate a strategic and progressive approach to replace them. By systematically addressing the malfunctioning meters and transitioning towards manual meters in a controlled manner, we can mitigate revenue losses, streamline our operations, and ensure accurate utility billing.

COST ANALYSIS:

The Watts Dual Check Valves are \$44.79 each.

STRATEGIC PLAN:

This project supports the City’s Strategic Goal of maintaining and improving the City’s infrastructure and appearance to support and ensure a sustainable and beautiful environment.

PROCUREMENT:

Sec 2-258 – Exclusion and exceptions to bid and proposal requirements.

(f) Purchases of goods or services from contracts awarded by other governmental or not-for-profit entities by formal competitive selection process. The purchase of goods or services under a contract awarded by the United States Government or another governmental, public, or not-for-profit entity by a formal competitive process is authorized, provided the purchasing agent makes a determination that time, expense, and marketplace factors make it financially advantageous for the City to do so.

FISCAL IMPACT:

Sufficient funds are available in the Water & Sewer Fund

<u>General Ledger Acct. Number</u>	<u>Budgeted Amount</u>	<u>Requested Amount</u>	<u>Remaining Amount</u>
453-911-563422-533-24018	\$1,100,000.00	\$246,345.00	\$853,655.00

ATTACHMENTS:

1. Ferguson Waterworks Proposal
2. Vendor Compliance
3. Watts Dual Check Valve Warranty
4. NIGP SEFL Cooperative Contract No. ITB# 2018-19/12