



Folsom City Council Staff Report

MEETING DATE:	3/22/2022
AGENDA SECTION:	Consent Calendar
SUBJECT:	Resolution No. 10819 - A Resolution Authorizing the City Manager to Execute Amendment No. 1 to the Agreement (Contract No. 173-21 19-066) with Zenner USA, Inc. for Fixed Network Data Management, Maintenance, License and Purchasing Services and Appropriation of Funds
FROM:	Environmental and Water Resources Department

RECOMMENDATION / CITY COUNCIL ACTION

The Environmental and Water Resources Department recommends that the City Council pass and adopt Resolution No. 10819 - A Resolution Authorizing the City Manager to Execute Amendment No. 1 to the Agreement (Contract No. 173-21 19-066) with Zenner USA, Inc. for Fixed Network Data Management, Maintenance, License and Purchasing Services and Appropriation of Funds.

BACKGROUND / ISSUE

By State law California Water Code Section 526, the City began billing all City water customers based on consumptive rates in January 2013. To facilitate accessing water meters reads required billing, the city implemented a fixed network (remote tower meter reading) system in 2009 that includes data collection towers, meter data transmitters (endpoints) and data software. The full system of approximately 19,500 meter reading endpoints was operating by the end of 2010. The system has since expanded to include a total of approximately 22,000 endpoints on the north side of Highway 50.

Fixed network endpoints have an expected average battery lifespan of approximately 10-15 years, therefore routine replacement is required in order to maintain a fully functioning network

system. In June 2019, the City Council, under Resolution No. 10294, authorized the City Manager to execute an agreement with Zenner USA, Inc. for Fixed Network Data Management, Maintenance, License and Purchasing Services. This agreement is based on a multi-year plan which includes the hosting and management of data, maintenance of the fixed network, licensing, and for the replacement of fixed network endpoints.

The agreement was based on the replacement of approximately 3,400 failed Datamatic endpoints during the five-year term, at an average rate of 680 per fiscal year. Replacement of endpoints has been completed at a faster rate than anticipated, and all 3,400 endpoints have been replaced within the initial three years of the agreement.

To efficiently provide necessary data to support billing of consumptive rates, staff is planning on proactively replacing endpoints as they are nearing failure. Since the life span of the endpoints is 10-15 years, to effectively anticipate the replacement of endpoints, staff will use a 10-year timeframe. This equates to the replacement of 2,200 endpoints per year, starting in the current fiscal year and continuing through the next 5 fiscal years. To continue to maintain the integrity of the fixed network system, staff proposes extending the current agreement with Zenner to provide data hosting services for the next 5 years, through FY 2026-27.

This resolution will authorize the City Manager to execute Amendment No. 1 to the Agreement (Contract No.173-21 19-066) with Zenner USA, Inc. for Fixed Network Data Management, Maintenance, License and Purchasing Services and Appropriation of Funds.

POLICY / RULE

In accordance with Chapter 2.36 of the Folsom Municipal Code, supplies, equipment, services, and construction with a value of \$66,141 or greater shall be awarded by City Council.

ANALYSIS

The City's fixed network system incorporates approximately 22,000 meter reading endpoints, which have an anticipated lifespan of approximately 10-15 years. In order to be proactive, a 10-year endpoint life will be used to maintain operation of the Fixed Network System. Therefore, staff anticipates the need to replace approximately 2,200 endpoints during the remainder of the current fiscal year and approximately 2,200 endpoints annually for the next five fiscal years. In FY 2026-27, EWR staff will evaluate the battery life of the remaining endpoints to determine if another amendment is needed.

Under the current agreement, Zenner USA, Inc. will provide the services of hosting, licensing and data management through FY2023-24. Staff recommends extending the term of this Agreement with Zenner USA, Inc. for the next five years through FY 2026-27. Staff proposes an amendment to include

- the purchase of 2,200 additional endpoints during the current fiscal year,

- purchase of an estimated 2,200 endpoints per year or 11,000 over 5 years from FY 2022-23 through FY 2026-27
- provision of services (hosting and management of data, maintenance of the fixed network, and licensing) through FY 2026-27

The services for the current fiscal year have already been paid. Services for the next 2 years are covered by the current agreement. This amendment would incur additional service charges for FY 2024-25 through FY 2026-27 at approximately \$25,000 per year.

Zenner USA, Inc. currently charges \$90.47 per endpoint, and do not expect this charge to increase through FY 2023-24. After that, an annual increase of 5% is factored into anticipated costs.

FY	# endpoints	Cost per endpoint	Tax	Est. Freight	Total for endpoints	Hosting and Service Charges	Total for FY
2021-22	2200	\$90.47	\$7.01	\$880.00	\$215,339	already paid	\$215,339
2022-23	2200	\$90.47	\$7.01	\$880.00	\$215,339	covered by previous agreement	\$215,339
2023-24	2200	\$90.47	\$7.01	\$880.00	\$215,339	covered by previous agreement	\$215,339
2024-25	2200	\$94.99	\$7.36	\$880.00	\$226,054	\$25,000	\$251,054
2025-26	2200	\$99.74	\$7.73	\$880.00	\$237,314	\$25,000	\$262,314
2026-27	2200	\$104.73	\$8.12	\$880.00	\$249,142	\$25,000	\$274,142
						5 year total	\$1,433,600

Staff recommends that the City Council authorize the City Manager to execute Amendment No. 1 to the Agreement (Contract No.173-21 19-066) with Zenner USA, Inc. for Fixed Network Data Management, Maintenance, License and Purchasing Services to increase the contract amount by \$1,433,600 for a new not-to-exceed contract total of \$1,883,600.

FINANCIAL IMPACT

Capital Replacement Funds have been saved over the previous three years to prepare for costs associated with water meter equipment maintenance. Staff requests to appropriate \$216,000 in the Capital Replacement Fund (Fund 602) as a transfer to the Water Operating Fund (Fund 520) and an appropriation in the Water Operating Fund in the amount of \$216,000 for the amended agreement in FY 2021-22. Funds will be made available in each of the next five fiscal years (FY 2022-23 through FY 2026-27) during the annual budget process.

ENVIRONMENTAL REVIEW

This work consists of basic data collection and component installation that does not result in a serious or major disturbance to an environmental resource and is categorically exempt from environmental review under the California Environmental Quality Act as noted in Title 14 - California Code of Regulations, Chapter 3 - Guidelines for Implementation of the California Environmental Quality Act, Article 19 - Categorical Exemptions, Section 15306 – Information Collection.

ATTACHMENT

Resolution No. 10819 - A Resolution Authorizing the City Manager to Execute Amendment No. 1 to the Agreement (Contract No. 173-21 19-066) with Zenner USA, Inc. for Fixed Network Data Management, Maintenance, License and Purchasing Services and Appropriation of Funds

Submitted,

Marcus Yasutake, Director
ENVIRONMENTAL AND WATER RESOURCES DEPARTMENT

RESOLUTION NO. 10819

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AMENDMENT NO. 1 TO THE AGREEMENT (CONTRACT NO. 173-21 19-066) WITH ZENNER USA, INC. FOR FIXED NETWORK DATA MANAGEMENT, MAINTENANCE, LICENSE AND PURCHASING SERVICES AND APPROPRIATION OF FUNDS

WHEREAS, to facilitate billing based on consumptive rates, as required by State law, Water Code 526, the City implemented a fixed network meter reading system which was operational by the end of 2010; and

WHEREAS, through current services provided by Zenner USA, Inc. the fixed network system is performing successfully; and

WHEREAS, the fixed network system currently comprises approximately 22,000 endpoints which have an expected battery lifespan of 10 years and therefore need periodic replacement in order to maintain the integrity of the fixed network system; and

WHEREAS, replacement of all endpoints covered by the current agreement has been completed, the services of hosting and management of data, maintenance of the fixed network, and licensing, are covered through FY2023-24; and

WHEREAS, staff anticipates an ongoing need to annually replace approximately 2,200 endpoints and contract for hosting and data management services through FY 2026-27; and

WHEREAS, this amendment will increase the agreement with Zenner by \$1,433,600 for a total not to exceed of \$1,883,600 and extend the agreement through FY 2026-27; and

WHEREAS, sufficient funds are available in the Capital Replacement Fund (Fund 602) for FY2021-22, and will be transferred to the Water Operating Fund (Fund 520) in FY2021-22; and

WHEREAS, an appropriation will be required in the amount of \$216,000 in the Capital Replacement Fund and the Water Operating Fund; and

WHEREAS, the agreement will be in a form acceptable to the City Attorney:

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Folsom authorizes the City Manager to execute Amendment No. 1 to the Agreement (Contract No. 173-21 19-066) with Zenner USA, Inc. for Fixed Network Data Management, Maintenance, License and Purchasing Services; and

BE IT FURTHER RESOLVED that the Finance Director is authorized to appropriate \$216,000 from the Capital Replacement Fund (Fund 602) as a transfer to the Water Operating Fund (Fund 520) in FY 2021-22.

PASSED AND ADOPTED this 22nd day of March, 2022, by the following roll-call vote:

AYES: Councilmember(s):
NOES: Councilmember(s):
ABSENT: Councilmember(s):
ABSTAIN: Councilmember(s):

Kerri M. Howell, MAYOR

ATTEST:

Christa Freemantle, CITY CLERK