



CITY OF NORMAN, OK STAFF REPORT

MEETING DATE: 04/09/2024

REQUESTER: Nathan Madenwald, P.E., Utilities Engineer

PRESENTER: Nathan Madenwald, P.E., Utilities Engineer

ITEM TITLE: CONSIDERATION OF APPROVAL, ACCEPTANCE, REJECTION, AMENDMENT, AND/OR POSTPONEMENT OF CONTRACT K-2324-173: BY AND BETWEEN THE NORMAN UTILITIES AUTHORITY AND UTILITY TECHNOLOGY SERVICES, IN THE AMOUNT OF \$669,478.85 FOR THE ANNUAL SAAS FEES AGREEMENT FOR THE ADVANCED WATER METER INFRASTRUCTURE PROJECT.

BACKGROUND:

The City of Norman water system includes approximately 41,000 water meters that measure water usage for water and sewer billing purposes. The majority of the meters (approximately 39,000) are manually read by meter readers (physically remove the meter lid and read the current usage on the register) and 2,000 meters are read using automated meter reading (AMR; remote sensor used to collect data while driving by in a truck). As the number of meters increase, staffing levels would have to proportionally increase to ensure that meters are read timely and accurately. Insufficient staffing levels can result in missed reads or inaccurate reads that impact customer service and billing revenues. Additionally, the majority of the water meters in Norman have aged past their expected useful life and warrant replacement.

The current state of the water industry is such that Advanced Metering Infrastructure (AMI) has become more commonplace and is being implemented by more utilities. With AMI, meters would be read remotely using cellular infrastructure on water towers (or additional towers if necessary) multiple times per day. With this new system, the following benefits will be realized:

1. Meter reads would occur regularly ensuring more accurate billing;
2. Improved customer service since usage data will be more available to the customer and leak or usage alerts could be configured to notify the customer more timely;
3. Aged meters will be replaced with new, more accurate meters; and
4. Staff would no longer be required to read each meter manually and could be used for other work efforts.

On June 8, 2021, the Norman Utilities Authority (NUA) approved Contract K-2021-75. This contract included work to complete the Assessment Phase of the project and confirm that the NUA had a positive business case to implement Advanced Water Meter Infrastructure. This information was presented to the NUA/City Council on September 28, 2021. Amendment 1 to

the contract was approved on October 26, 2021, to provide consulting services through the procurement phase of the project. Amendment 2 to the contract was approved on December 13, 2022, to provide consulting services through the implementation phase of the project

Request for Proposal RFP-2223-13 was issued on August 26 and September 1, 2022 to prospective vendors. Five proposals were received in accordance with RFP-2223-13 and were reviewed by a City evaluation team. Three proposers were short-listed for the project and were interviewed on November 15-17, 2022. Thirkettle Corporation, dba Utiliuse, (“Utiliuse”) was unanimously selected as the best vendor.

A grant from the United States Bureau of Reclamation (USBOR) was received by the NUA on February 14, 2023, in the amount of \$2,000,000. With this funding, additional purchasing limitations were required and these were referenced within RFP-2223-13. Specifically, Build America Buy America (BABA) was required which created challenges for the industry since no vendors can meet the requirements (including the five proposers on this project). As such, contracting was delayed until a waiver was issued allowing the use of materials not meeting BABA requirements. This waiver was issued on February 15, 2024, and was applicable to all water metering projects with USBOR funding.

Additionally, a loan from the Oklahoma Water Resources Board under the Clean Water State Revolving Fund (“SRF”) was approved on November 4, 2022. The total funding authorized was \$15,000,000 for use on the Advanced Water Metering Project. Proceeds of the SRF Loan will be drawn down on a reimbursement basis as project expenditures are made.

DISCUSSION:

This project, in total, includes five agenda items for consideration in order to ensure completion. The items are listed below with their contract numbers and descriptions of their purpose:

1. Contract K-2324-35 – Thirkettle Corporation dba Utiliuse – Master Services Agreement (“Utiliuse MSA”)

This agreement will provide for the completion of the project including the acquisition of all materials and their installation plus integration work to allow for a successful completion of the project. Utiliuse will be responsible for coordination of all subcontractors and vendors, and all such subcontractors and vendors will be paid for their “Year 1” services and products through Thirkettle.

2. Contract K-2324-36 – Sensus – Software as a Service and Spectrum Lease Agreement

This agreement will provide for Sensus to submit for a licensed spectrum/frequency through the Federal Communications Commission for Norman and provide software as a service for the network communication (Regional Network Interface) to obtain meter reads and transmit them to the Meter Data Management System (Smartworks). Payment for services under Contract K-2324-36 will be through Contract K-2324-173 with Utility Technology Services (“UTS”), who is the authorized distributor providing hosting, backhaul and base station services for a term of 10 years total, nine of which (Years 2 through 10) are included in K-2324-173. Payment of UTS’s Year 1 services, like other

vendors, is covered under Contract K-2324-35 (Utiliuse MSA). Later yearly payments are outlined in the table below.

3. Contract K-2324-37 – N. Harris Computer Corporation / Advanced Utility Systems – Master Software License, Services and Support and Maintenance Agreement

Under this agreement, Advanced, who is the current vendor for the City's billing system, will provide an enhanced customer engagement portal. This will be essential for leveraging additional water meter data for the customer to make more informed decisions regarding water usage. Initial (Year 1) payment is covered under Contract K-2324-35 (Utiliuse MSA) with later yearly payments outlined in the table below.

4. Contract K-2324-38 – N. Harris Computer Corporation (Harris) acting through Smartworks - Software Services Agreement

Under this agreement, Harris will provide Smartworks, the Meter Data Management System, to act as the data repository of detailed meter data and to provide monthly billing increment information to the billing system. Initial (Year 1) payment is covered under Contract K-2324-35 (Utiliuse MSA) with later yearly payments outlined in the table below.

5. Contract K-2324-173 – Utility Technology Services – Annual SaaS Fees

Under this agreement, UTS, as the Oklahoma authorized distributor for Sensus and in accordance with the applicable terms of Contract K-2324-36 (Sensus Agreement), will collect the required fees for the Regional Network Interface (RNI), Sensus annual backhaul fee, and base station protection agreement. Initial (Year 1) payment is covered under Contract K-2324-35 (Utiliuse MSA) with later yearly payments outlined in the table below.

This set of contracts sets a framework agreement for the AMI for several years going forward, allowing for predictable and stable planning for implementation and operation of this important infrastructure. At this time, however, NUA only requests to fund Year 1, the costs under the Utiliuse MSA, Contract K-2324-35 in the amount of \$16,827,912.23. Future funding will be sought for ongoing services under the other agreements, which costs are already identified and considered for approval as a part of the total suite of agreements. For Contract K-2324-35, funding is sought as follows:

1. Advanced Water Metering, Construction account 2 – (31993361-46101 – Project WA0351) – Available balance of \$2,000,000 (USBOR Grant). Full \$2,000,000 to be included within the funding; and
2. Advance Water Metering Bond, Construction account - (31999361-46101 – Project WB0351) – Available balance of \$14,999,980. Remainder of contract to utilize this funding - \$14,827,912.23.

The following table is the full budget commitment, considered for approval on this agenda, for the respective agreements:

Year	Contract K-2324-35 Thirkettle/Utiliuse	Contract K-2324-36 Sensus***	Contract K-2324-37 Harris Advanced	Contract K-2324-38 Harris Smartworks	Contract K-2324-173 UTS****
1*	\$16,827,912.23	-	-	-	-
2**	-	-	\$77,235	\$90,514	\$65,896.67
3**	-	-	\$81,096	\$90,514	\$67,873.31
4**	-	-	\$85,150	\$90,514	\$69,914.44
5**	-	-	\$89,410	\$90,514	\$72,014.45
Total	\$16,827,912.23	-	\$332,891	\$362,056	\$275,698.87

*Capital funds to be utilized as described further above in this memo.
 **Operating funds from (31955251-44226) to be utilized for Years 2-5.
 ***Payments required for Contract K-2324-36 will be paid under Contract K-2324-173 to UTS.
 ****Contract K-2324-173 includes amounts for Years 6-10 as well for a total contract amount of \$669,478.85.

This project will be executed as follows:

1. Coordination and integration of software and systems – 6-9 months;
2. Initial deployment area – 9-12 months; and
3. Full deployment – 12-24 months

RECOMMENDATION:

Staff recommends the NUA approve Contract K-2324-173 with Utility Technology Services in the amount of \$669,478.85 for the Annual SaaS Fees agreement for the Advanced Water Metering Infrastructure project (Project WA0351/WB0351).