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Title: Actions pertaining to the City's Advanced Metering Infrastructure (AMI) System:
1. Affirm the City Manager's finding that Badger Meter, Inc., is uniquely qualified to perform services related to the City's AMI system, in accordance with Administrative Order (AO) 6-19.
2. Approve a Software Purchase and Services Agreement with Badger Meter, Inc., for a not-to-exceed annual amount of \$350,000 per year, for a term of five years.

Sponsors: Department of Public Utilities

Indexes:

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Attachments: 1. Attachment 1 - Memorandum Badger Meter Inc Uniquely Qualified - March 8 2018 - FINAL.pdf, 2. Attachment 2 - Original Council Report Awarding Badger Meter Contract.pdf, 3. Attachment 3 - Original Badger Meter Contract.pdf, 4. Attachment 4 - 2018 Agreements.pdf

Date	Ver.	Action By	Action	Result
3/8/2018	1	City Council	approved	

REPORT TO THE CITY COUNCIL

March 8, 2018

FROM: THOMAS C. ESQUEDA, Director
Department of Public Utilities

SUBJECT

Actions pertaining to the City's Advanced Metering Infrastructure (AMI) System:

1. Affirm the City Manager's finding that Badger Meter, Inc., is uniquely qualified to perform services related to the City's AMI system, in accordance with Administrative Order (AO) 6-19.
2. Approve a Software Purchase and Services Agreement with Badger Meter, Inc., for a not-to-exceed annual amount of \$350,000 per year, for a term of five years.

RECOMMENDATION

Staff recommends that the City Council affirm the City Manager's finding that Badger Meter, Inc. (Badger), is uniquely qualified to perform services related to the City's AMI system, and award a contract to Badger to provide a new water meter reading and data management software platform, and provide data hosting and technical support services for the new AMI system platform. A memorandum describing the circumstances that render Badger Meter, Inc. as uniquely qualified, as set forth in the Administrative Order (AO) 6-19, is attached to this staff report.

EXECUTIVE SUMMARY

On January 14, 2010, Badger was selected by the City through a competitive selection process to serve as the City's AMI vendor for a new water meter reading system and data management system. The AMI data management system provided in 2010 by Badger Meter Inc. is known as Read Center, and at the time of purchase, the data management system and technology were approximately eight years old. The Read Center technology is now 16 years old, and the time has come for the City to migrate to a new data management system and platform that provides for improved data analysis of hourly water consumption data, direct customer access to hourly water meter data, and is compatible with the existing 130,000 Badger Meter Inc. AMI meters that have been deployed in the City's water service area.

Badgers next generation data management system is cloud-based, and is designated the Beacon Advanced Metering Analytics System (Beacon System). Badger has been deploying the Beacon System for approximately four years. The software purchase and services agreement is a unit-price based contract, and the annual compensation is calculated by multiplying the unit prices for software and service by the number of water utility accounts in the City's water service area. For 130,000 accounts, the annual compensation is \$235,136, and as the City's water utility accounts increase annually, the annual compensation will also increase in direct proportion to the increase in utility accounts.

The City staff has negotiated reasonable and appropriate unit prices for Badger's next generation water meter reading and data management software platform, and the related services for data hosting and technical support. The unit prices are consistent with market rates charged by other vendors for similar products and services, and City staff recommends the Fresno City Council approve the agreement with Badger for a not-to-exceed annual amount of \$350,000 per year, for a term of five years. Approving the contract for this not-to-exceed annual amount will allow for continued growth and development of the City's water service area and accommodate increases in the number of water utility accounts. The estimated total annual compensation represents approximately one percent of the replacement cost for a new AMI meter reading and data management system.

BACKGROUND

During the 2003-2004 legislative session, the State Legislature passed Assembly Bill 514, as amended by Assembly Bill 2572 (adding section 526 to the California Water Code), requiring all urban suppliers that receive water from the federal Central Valley Project (CVP) to install water meters on or before January 1, 2013, and to begin billing for water consumption on a unit-rate basis by March 1, 2013.

On January 14, 2010, which concluded a 12-month competitive procurement process, the Fresno City Council awarded a requirements contract in the amount of \$22,247,679.89 to the Badger to serve as the City's AMI vendor for a fixed-network, automated meter reading system for the City's water utility accounts. Subsequent to awarding the requirements contract to the Badger, the Fresno City Council authorized a series of contracts with construction contractors to install the new Badger AMI meters throughout the City for approximately 110,000 residential accounts.

The installation of the City's AMI system was completed December 31, 2013, as originally planned,

and the total cost to complete the AMR system purchase and installation was \$76.8 million, which included the \$22.2 million awarded to Badger. The funds to complete the purchase and installation of the new Badger AMI system was provided from multiple sources: \$50.4 million was funded with a Division of Drinking Water State Resolving Fund Loan, \$21.4 was funded with Water System Revenue Bonds, and the balance (\$5 million) was funded with Integrated Regional Water Management (IRWM) funds and Water Enterprise funds.

The City is continuing to make annual debt service payments on the \$71.8 million that was obtained from state low-interest loans and revenues bonds to finance the purchase and installation of the Badger AMI system.

The data management system provided in 2010 by Badger for the AMI system is known as Read Center, and at the time of purchase, the data management system and technology were approximately eight years old. The Read Center technology is now 16 years old, and the time has come for the City to migrate to a new data management system and platform that provides for improved data analysis of hourly water consumption data, direct customer access to hourly water meter data, and is compatible with the 130,000 Badger AMR meters that have been deployed in the City's water service area.

Badger's next generation data management system is cloud based, and is designated the Beacon Advanced Metering Analytics System (Beacon System). Badger has been deploying the Beacon System for approximately four years. The specific products and services to be provided by Badger can generally be described as follows:

- 1 New Data Management Software for Hourly Meter Data. This is the Beacon Software Package.
- 2 New Customer Access Portal for Hourly Meter Data. This is the Eye-On-Water Software Package integrated with the Beacon Software Package.
- 3 Data Transmission Services for Hourly Meter Data. Hourly water meter data is transmitted via licensed FCC radio signal from the City's AMI water meters to gateways, and via cellular backhaul from the gateways to the cloud-based Beacon Software Package.
- 4 Data Hosting Services. The hourly water meter data that is transmitted from the gateways will be directed to cloud-based servers that have the Beacon Software and Eye-On-Water software installed.
- 5 Data Integration Services. The Hourly Water Meter Data from Beacon Software will be integrated with the City's Sungard/HTE utility billing software to generate monthly utility bills and allow customer service representatives to respond to calls from customers regarding water usage and water billing.

With the expenditure of \$76.8 million to install Badger's AMI system, the City effectively standardized on Badger's AMI products and services for the foreseeable future. While it is possible to migrate to an alternate AMI vendor for data collection and data management services, such a decision would also require the City to change meters, transmitters, and gateways, and the estimated cost for equipment and materials only would be approximately \$30 million.

The City staff has negotiated reasonable and appropriate unit prices for Badger's next generation water meter reading and data management software platform, and the related services for data hosting and technical support. The unit prices are consistent with market rates charged by other vendors for similar products and services.

City staff recommends the Fresno City Council approve the agreement with Badger for a not-to-exceed annual amount of \$350,000 per year, for a term of five years. Approving the contract for this not-to-exceed annual amount will allow for continued growth and development of the City's water service area and accommodate increases in the number of water utility accounts. The contract between the City and Badger Meter Inc. has been approved as to form by the City Attorney's Office.

ENVIRONMENTAL FINDINGS

The approval of the Agreement is not a project for purposes of CEQA.

LOCAL PREFERENCE

Local preference was not applied as this is an award to a uniquely qualified consultant.

FISCAL IMPACT

This agreement will not have any impact to the General Fund. Funds are available with the Water Division's Water Enterprise Fund.

Attachments:

Memorandum - Finding that Badger Meter Inc. is uniquely qualified (Attachment 1)
Original 2010 Council Report to Award Contract Award to Badger Meter Company (Attachment 2)
Original 2010 Contract with Badger Meter Inc. to Install AMI (Attachment 3)
2018 Agreements with Badger (2) (Attachment 4)