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**Title:** Actions pertaining to the City of Fresno’s water meters, parts and software technology (Citywide):  
 1. \*\*\*RESOLUTION - Approve an exception to formal bidding procedures to award a Sole Source/Single Source agreement to Badger Meter Incorporated for Water Meters, parts and software technology. (Subject to Mayor’s Veto)  
 2. Award a three-year requirements contract to Badger Meter Incorporated in the amount of \$1,200,000 per year, for three years and up to two one-year extensions

**Sponsors:** Department of Public Utilities

**Indexes:**

**Code sections:**

**Attachments:** 1. Attachment 1 - Sole Source Service Resolution.pdf, 2. Attachment 2 - Sample Requirements Contract.pdf

Date	Ver.	Action By	Action	Result
3/19/2020	1	City Council	adopted	

**REPORT TO THE CITY COUNCIL**

**March 19, 2020**

**FROM:** MICHAEL CARBAJAL, Director  
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**THROUGH:** BUD TICKEL, Assistant Director- Water  
Department of Public Utilities- Water Division

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**BY:** RON SIMONS, Water System Supervisor  
Department of Public Utilities - Water Division

**SUBJECT:**

Actions pertaining to the City of Fresno’s water meters, parts and software technology (Citywide):

- \*\*\*RESOLUTION - Approve an exception to formal bidding procedures to award a Sole Source/Single Source agreement to Badger Meter Incorporated for Water Meters, parts and software technology. (Subject to Mayor’s Veto)
- Award a three-year requirements contract to Badger Meter Incorporated in the amount of \$1,200,000 per year, for three years and up to two one-year extensions

## RECOMMENDATIONS

Staff recommends that City Council adopt a Sole Source Resolution; award a three-year requirements contract to Badger Meter Incorporated (Badger Meter), in the amount of \$1,200,000 per year for three years, and up to two one-year extensions for the City of Fresno's existing and new water meter installations; and authorize the Director of Public Utilities, or designee, to sign the contract on behalf of the City of Fresno (City).

## EXECUTIVE SUMMARY

The Department of Public Utilities (DPU), Water Division, has a firmly established partnership with Badger Meter with City staff and our customers who use Badger Meter's on-line Beacon Advanced Metering Analytics System (Beacon System) to track their water use. The purpose of the Sole Source is to continue to purchase meters and software technology in order to maintain the existing 138,000 meters deployed in the system and allow for continued growth and development of the City's water service area. No other meter manufacturer has the capability to integrate with Badger's Beacon System as it is structured. Staff recommends that City Council award a three-year requirements contract to Badger Meter Incorporated in the amount of \$1,200,000 per year for three years, and up to two one-year extensions.

## 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 Badger Meter to serve as the City's Advanced Metering Infrastructure (AMI) vendor for a fixed-network, automated meter reading system for the City's water utility accounts. Subsequent to awarding the requirements contract to Badger Meter, the Fresno City Council authorized a series of contracts with construction contractors to install the new Badger's 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 AMI system purchase and installation was \$76.8 million, which included the \$22.2 million awarded to Badger Meter.

With the expenditure of \$76.8 million to install Badger Meter's AMI system, the City effectively standardized on Badger Meter'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 in excess of \$30 million.

On March 8, 2018, the Fresno City Council affirmed the City Manager's finding that Badger is uniquely qualified to perform services related to the City's AMI system, and awarded a contract to Badger Meter for the Beacon System 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.

Presently the City has approximately 138,000 water meters with each one containing an Automated Meter Endpoint that communicates with the Beacon System. The Beacon System, besides transmitting meter reads for billing provides a host of other analytics crucial for the City for maximize water resource efficiency. No other meter manufacturer has the capability to integrate with the City's established Beacon System.

City staff has negotiated reasonable and appropriate unit prices for Badger Meter water meters, parts and software technology. 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 Meter in the annual amount of \$1,200,000 per year, for three years and up to two one-year extensions. Approving the contract 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 requirements contract between the City and Badger Meter Inc. has been approved as to form by the City Attorney's Office.

## **ENVIRONMENTAL FINDINGS**

By the definition provided in the California Environmental Quality Act (CEQA) Guidelines Section 15378, the award of this contract is not a "project" as defined by CEQA.

## **LOCAL PREFERENCE**

Local preference is not applicable as the City is utilizing a sole source provider.

## **FISCAL IMPACT**

There is no impact to the General Fund. This Project is located citywide. Funds for this project is included in the Water Division's Fiscal Year 2020 budget within the Water Enterprise Fund 40101 and was included in the water rate model used to create the five-year utility rate plan that was adopted by the City Council on February 26, 2015. Future purchases will be included in future fiscal year budgets. This is a three-year contract with provision for up to two one-year extensions.

Attachments:

Attachment 1 - Sole Source Service Resolution  
Attachment 2 - Sample Requirements Contract