



Legislation Details (With Text)

File #: ID 23-1626 **Version:** 1 **Name:**

Type: Action Item **Status:** Passed

File created: 10/31/2023 **In control:** City Council

On agenda: 11/16/2023 **Final action:** 11/16/2023

Title: Approve a First Amendment to a product requirements contract with Badger Meter, Incorporated, to increase monetary consideration, for the purchase of water meters, parts, and software technology, in the amount of \$1,800,000 for a total contract amount of \$7,800,000 (Bid File No. 9546) (Citywide)

Sponsors: Department of Public Utilities

Indexes:

Code sections:

Attachments: 1. Attachment 1 - First Amendment to Agreement.pdf, 2. Attachment 2 - Badger Signed Requirements Contract 050120.pdf, 3. Attachment 3 - Sole Source Memo.pdf

Date	Ver.	Action By	Action	Result
11/16/2023	1	City Council	ADOPTED	Pass

REPORT TO THE CITY COUNCIL

FROM: BROCK D. BUCHE, PE, PLS, Director
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Department of Public Utilities - Water Division

SUBJECT

Approve a First Amendment to a product requirements contract with Badger Meter, Incorporated, to increase monetary consideration, for the purchase of water meters, parts, and software technology, in the amount of \$1,800,000 for a total contract amount of \$7,800,000 (Bid File No. 9546) (Citywide)

RECOMMENDATION

Staff recommends that Council approve a First Amendment to a product requirements contract with Badger Meter, Incorporated, for the purchase of water meters, parts, and software technology, to increase monetary consideration by the amount of \$1,800,000, for a total contract amount of \$7,800,000; and authorize the Director of Public Utilities, or designee, to sign the amendment on behalf of the City of Fresno (City).

EXECUTIVE SUMMARY

In 2020, a sole source product requirements contract was awarded to Badger Meter, Incorporated (Badger), to provide water meters, parts, and software technology to support the Advanced Metering Infrastructure (AMI). The original product requirements contract with Badger for \$1,200,000 per year for three years and up to two one-year extensions, for a total contract amount of \$6,000,000 has been exhausted due to increases in water meter installations, manufacturing costs, long lead times, and end of life for the originally installed equipment. Due to these factors, the Department of Public Utilities - Water Division seeks approval of a First Amendment to the product requirements contract to increase the contract amount from \$6,000,000 to \$7,800,000, to carry-out the remaining one and one-half years of the agreement.

BACKGROUND

The initial installation of the City's AMI system was completed on December 31, 2013, as originally planned. Since that time, water meters and their built-in communication systems have performed as predicted. The Water Division routinely installs water meters and related parts for new water services as well as replacing parts for existing services that have either malfunctioned or need updated technology. Due to Badger serving as the fixed-network, automated meter reading system vendor for the City's AMI, it is necessary to maintain an ongoing inventory of Badger water meters and parts. In 2020, City Council approved an exception to formal bidding procedures and awarded a sole source agreement to Badger, Incorporated, in the amount of \$1,200,000 per year, for three years and up to two one-year extensions, for water meters, parts, and software.

Currently, the Automated Meter Endpoints that communicate with the data collection system have reached the end of their service life and their technology is outdated. During the last couple of years, the AMI system has experienced an acceleration of endpoint failures, manufacturing delays, long lead times, and an increase in product costs. Expenditure has exceeded the agreement amount and it is necessary to increase the Badger agreement amount to continue acquiring the necessary parts. The First Amendment to increase the product requirements contract by \$1,800,000, will allow for the continued purchase of meters, parts, and software through the remaining one and one-half years of the agreement.

The City Attorney's Office has approved the First Amendment to the Agreement as to form.

ENVIRONMENTAL FINDINGS

By the definition provided in the California Environmental Quality Act (CEQA) Guidelines Section 15378, the amendment of a product requirements contract does not qualify as a "Project" for the purpose of CEQA.

LOCAL PREFERENCE

Local preference does not apply to this action because this is an amendment to an existing product requirements contract.

FISCAL IMPACT

There is no impact to the General Fund. The project has citywide benefit. Funding for this project is included in the Fiscal Year 2024 operating budget within the Water Enterprise Fund (4000-4001).

Attachments:

Attachment 1 - First Amendment to Agreement

Attachment 2 - Badger Signed Requirements Contract

Attachment 3 - Sole Source Memo