

ITEM #:	<u>20</u>
DATE:	<u>06-11-24</u>
DEPT:	<u>W&PC</u>

COUNCIL ACTION FORM

SUBJECT: WATER METERS AND RELATED ACCESSORIES SUPPLY CONTRACT

BACKGROUND:

On February 10, 2015, a contract was awarded to Itron, Inc. (Liberty Lake, WA) for the procurement of an Automatic Meter Reading (AMR) System which included both the Encoder/Receiver/Transmitters (or ERTs – the radio transmission component) and the actual water meter bodies, which are procured by Itron through Itron's separate agreement with Badger Meter. That contract included up to four annual renewals, all of which were exercised by the City.

The original contract expired on June 30, 2020. At that time, Council waived the competitive bidding requirements and awarded a one-year contract extension to Itron for FY 2020/21, based on negotiated pricing that included between a 1.0% to 1.5% increase (varying by meter size and type) from the prior year. Following the one-year contract extension, Council approved an additional three-year contract extension based on negotiated pricing that included a net increase of 3-4% in FY 2021/22 and a 1.5-2% net increase in FY 2022/23 and FY 2023/24. That contract is set to expire on June 30, 2024.

Since 2015, the City has standardized on radio ERTs manufactured by Itron, Inc. and water meters manufactured by Badger Meter of Milwaukee, WI. **Itron has notified the City that they will no longer be procuring AMR meters from Badger Meter for sale to the City. They have also notified staff that Van Wert Company of Grundy Center, IA is now the only authorized distributor for all Itron water, electric, and gas products for Iowa customers, including radio ERTs.**

As of July 1, 2024, the City will no longer be able to purchase water meters, meter reading devices, or related parts and services from Itron, Inc. In order to continue purchasing inventory of these products, staff recommends entering into contracts with Van Wert Company and Badger Meter for a period of one year as staff determines the impact of the AMI meter replacement program on future AMR meter and radio ERT purchases.

Staff has obtained the following pricing commitments for the period of July 1, 2024 through June 30, 2025:

- Van Wert Company has agreed to pricing for radio ERTs and related accessories as a single source distributor of Itron products. Radio ERT costs represent a 3% increase over the City's previous contract with Itron, Inc.
- Badger Meter has agreed to pricing for AMR water meters and related parts and services as a sole source manufacturer and distributor. AMR meter and accessory costs represent a 5.5% increase over the previous contract with Itron, Inc.

Based on anticipated quantities to be purchased during the upcoming fiscal year, the estimated totals for FY 2024/25 are as follows.

	Estimated Expense	Authorized Funding
Meters (Badger Meter)	\$313,574.67	
ERTs (Van Wert)	92,937.50	
Operating Budget		
Routine Meter Changes		\$326,400.00
New Construction		40,800.00
CIP - AMI Project		99,000.00
Totals	\$406,512.17	\$466,200.00

ALTERNATIVES:

1. Approve the following:
 - a. Waive the competitive bidding requirements for procuring AMR water meters and radio ERTs.
 - b. Approve the negotiated single source (i.e. - the "only practical source") contract with Van Wert Company of Grundy Center, IA to purchase radio Encoder/Receiver/Transmitters (ERTs) for the period of July 1, 2024 through June 30, 2025 in an amount not to exceed \$92,937.50.
 - c. Approve the negotiated sole source (i.e. - the "only available source") contract with Badger Meter of Milwaukee, WI to purchase Automatic Meter Reading (AMR) water meters and related parts and services for the period of July 1, 2024 through June 30, 2025 in an amount not to exceed \$313,574.00.
2. Do not approve the contracts with Van Wert Company and Badger Meter and direct staff to solicit pricing from additional meter manufacturers.

CITY MANAGER'S RECOMMENDED ACTION:

The City has undertaken a multi-year project to install a standardized AMR system utilizing water meter reading equipment and meters provided by Itron. Itron is no longer willing to make direct factory sales to the City and has only one authorized dealer, Van Wert Company, that serves Ames. The same brand of water meters that were previously purchased through Itron can be procured directly from the manufacturer, Badger Meter.

Staff has negotiated agreeable terms with both firms in compliance with the City's adopted Purchasing Policies and Procedures. Choosing not to purchase this equipment would negatively impact the water meter replacement program, the installation of meters for new construction, and the meter reading functions of the utility due to equipment incompatibilities and the inefficiencies associated with maintaining a spare parts inventory for multiple manufacturers. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.