



Agenda Report

File #: 19-0311

**AGENDA REPORT
REQUEST FOR CITY COUNCIL AND
CORONA UTILITY AUTHORITY ACTION**

DATE: 4/3/2019

TO: Honorable Mayor and City Council Members
Honorable President and Board Members

FROM: Department of Water and Power

SUBJECT:

City Council and Corona Utility Authority consideration of an Exception to Bidding to Ferguson Waterworks for the purchase of Neptune Technology Group products.

RECOMMENDED ACTION:

That the:

1. City Council authorize the purchase of Neptune Technology Group products from Ferguson Waterworks in the amount of \$1,000,000 as an Exception to Bidding pursuant to Corona Municipal Code (CMC) Section 3.08.140 (E) and based on the findings noted in this report and authorize the City Manager, or their designee, to approve change orders up to 25%.
2. City Council authorize the Purchasing Agent to issue a Purchase Order to Ferguson Waterworks in the amount of \$1,000,000 per year for Fiscal Years 2018-19 through 2023-24.
3. Corona Utility Authority (CUA) review, ratify and to the extent necessary direct that the City Council take the above actions.

ANALYSIS:

The City of Corona has over 40,000 residential and commercial meters. The age profile of the City's meters show that 33% are older than 10 years and of these 6% are older than 20 years. Meter accuracy, particularly with mechanical meters, degrades over time and meters may "slow down" resulting in lost revenue to the Utility. The American Water Works Association (AWWA) recommends replacement of mechanical meters every 10-20 years, depending on size, use, water quality, and other factors. The Department of Water and Power (DWP) has established a capital improvement project to replace 10% of its meters annually to maintain a schedule of aging meter replacement at

10 years as recommended by industry standards. Furthermore, the City issues meters to be used for new development residential and commercial units.

On September 19, 2018, the Corona City Council and Corona Utility Authority authorized an Exception to Bidding to Ferguson Waterworks in the amount of \$750,000 for Neptune Technology Group Products for meter purchases for the meter replacement program and for new meters for new development. The Corona City Council and Corona Utility Authority approved DWP's request for Ferguson Waterworks to be the preferred vendor for purchases of Neptune Technology Group manufactured meter products and related technical support services as Ferguson is the only authorized distributor of Neptune products in California. Purchasing Neptune meters from distributors outside of California is prohibited by the manufacturer and voids any product warranties.

As of March 14, 2019, the purchase order for meters has \$202,088.51 remaining. DWP's procedure is to place an order for new development meters when the developer pulls the permits and makes the payment for the meters. The lead time for new meters is 3-4 months as they are manufactured specifically for Corona. This lines up with the lead time for development wherein they are ready for water meters approximately 4-5 months after receiving the permits. DWP recently received notice that the Vista Monterey development has requested the meters for Phases 1-5 of the development which amounts to approximately \$202,000. The current purchase order does not have sufficient balance available to accommodate this request and continue to support the purchase of meters for the meter replacement program. In order to ensure these meters arrive on time (due to the long lead time), DWP needs to place the meter order within the next few weeks. As such DWP is requesting an Exception to Bidding to increase the existing purchase order from \$750,000 to \$1,000,000 and requests City Council authorize the City Manager to approve change orders up to 25% if needed per CMC Section 3.08.140 (E) which states:

(E) ***Purpose of bidding is otherwise accomplished.*** When the purchasing agent and the authorized contracting party, with the approval of the City Manager, determine that it is in the best interest of the city and its administrative operations to dispense with public bidding for non-public projects under this chapter.

The requested manufacturer, Neptune, was selected in 2012 by the City of Corona for their proven meter technology, accuracy and reliability. Neptune's meters are lead-free and comply with State of California regulations to reduce lead in water meters. Neptune manufactures meters that utilize positive displacement to record water consumption. This means that Neptune meters can be mounted vertically, which is necessary in some installation settings, including most high-density units.

COMMITTEE ACTION:

Not applicable.

STRATEGIC PLAN:

Not applicable.

FISCAL IMPACT:

Funding for the recommended action is included in the Department of Water and Power Capital Improvement Projects for Development Meters (CIP# 72310570). Future funding requests will be incorporated during the budget process.

ENVIRONMENTAL ANALYSIS:

No environmental review is required because the proposed action is not a project governed by the California Environmental Quality Act.

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REVIEWED BY: TOM MOODY, GENERAL MANAGER

REVIEWED BY: CITA LONGSWORTH, PURCHASING MANAGER

REVIEWED BY: KERRY D. EDEN, ASSISTANT CITY MANAGER/ADMINISTRATIVE SERVICES DIRECTOR

SUBMITTED BY: MICHELE NISSEN, ACTING CITY MANAGER & EXECUTIVE DIRECTOR