



Agenda Report

File #: 18-2109

AGENDA REPORT REQUEST FOR CITY COUNCIL AND CORONA UTILITY AUTHORITY ACTION

DATE: 9/19/2018

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

FROM: Department of Water and Power
Maintenance Services

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 \$750,000 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.
2. City Council authorize the Purchasing Agent to issue a Purchase Order to Ferguson Waterworks in the amount of \$750,000 per year for Fiscal Years 2018-19 through 2023-24.
3. Corona Utility Authority review, ratify, and to the extent necessary, direct that the City Council take the above actions.

ANALYSIS:

The City of Corona has 43,847 residential and commercial meters. The age profile of the City's meters shows that 39% are older than 10 years, and 12% 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 from 10-20 years, depending on size, use, water quality, and other factors.

The Department of Water & Power (DWP) has established a capital improvement project to replace 10% of its meters annually in order 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 units for uniformity and compatibility, thus reducing reading errors and maintenance costs.

DWP is requesting Ferguson Waterworks (Ferguson) as the preferred vendor for purchases of Neptune Technology Group (Neptune) manufactured meter products and related technical support services. 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 such, DWP is recommending this purchase be completed under 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.

The DWP has installed approximately 20,325 Direct Read and 3,020 Advanced Metering Infrastructure (AMI) or "smart" meters manufactured by Neptune. In addition, the DWP has invested in meter reading collectors and software developed by Neptune for the "smart meters" which provides accurate reading information in fifteen-minute intervals, providing up-to-date water usage information to customers and the DWP. The table below represents the amount spent annually since 2012 on Neptune meters.

Fiscal Year	Actuals - Meter Purchases
FY2012-2013	624,664.00
FY2013-2014	783,089.49
FY2014-2015	959,360.88
FY2015-2016	472,888.88
FY2016-2017	671,472.93
FY2017-2018	528,031.38
Average	673,251.26

The DWP is requesting authorization to issue a Purchase Order of \$750,000 to accommodate meter purchases for new development projects scheduled to complete in the next few years in addition to the purchases made for the annual meter replacement program.

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 Meter Replacements (CIP# 71870570) and Development Meters (CIP# 72310570).

Project Name	Fund	Project	Total
Meter Replacements	570	71870	\$ 653,471
Development Meters	570	72310	\$ 367,802

ENVIRONMENTAL ANALYSIS:

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

PREPARED BY: JACQUELINE ZUKERAN, BUSINESS SUPERVISOR

REVIEWED BY: TOM MOODY, GENERAL MANAGER

REVIEWED BY: CITA LONGSWORTH, PURCHASING MANAGER

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

REVIEWED BY: MICHELE NISSEN, ASSISTANT CITY MANAGER

SUBMITTED BY: DARRELL TALBERT, CITY MANAGER & EXECUTIVE DIRECTOR

Attachments:

- Corona Municipal Code Reference Document
- Sole Source Letter from Neptune

Corona Municipal Code Reference Document

3.08.140 Exceptions to competitive bidding - non-public projects.

In addition to the situations described in §§ [3.08.060](#) through [3.08.080](#), competitive bidding, either formal or informal, is not required for non-public projects in the situations provided for in this section. The purchasing agent shall establish rules and regulations within the Purchasing Policies and Procedures Manual which are necessary to implement the provisions of this section. Under the conditions outlined herein and in the Purchasing Policies and Procedures Manual, any alternative procedure, including no bidding, may be used with the City Manager's approval.

(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.

8/1/2018

Corona Water & Power
Attn: Robert Schunk; Customer Service Manager
755 Public Safety Way
Corona, CA 92880

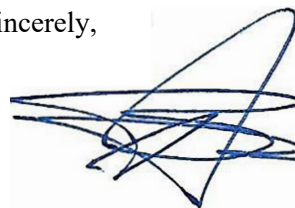
Robert,

Neptune always strives to be the most valued partner in assisting its water utility partners serve their customers more efficiently through use of Neptune automated AMR/AMI solutions. In doing so, Neptune markets its products and services through distributors in hardened markets. In California, Ferguson Waterworks is the sole distributor of Neptune water meters, reading systems, parts, networks and other value-added services. Ferguson goes beyond normal distribution by being certified as Level 1 by Neptune, which means they invest further dollars in product training, support and project management of today's advanced metering systems.

- All project and pricing opportunities are evaluated by local distribution teams and Neptune Territory Managers.
- Purchasing Neptune product from distributors outside of the State of California boundary is prohibited.
- Product purchased via outside distributors will be void of its warranty and returned to the distribution branch that acted illegally.

If there are additional questions please contact me @ 415-710-2046.

Sincerely,



Andy Bohn; Territory Manager
Neptune Technology Group Inc.