



DATE: April 8, 2024

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Lucas Pereira, EIT – Assistant Engineer II, Public Works and Utilities (PW&U)
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SUBJECT: Resolution Awarding Contract for the Advanced Metering Infrastructure (AMI) Implementation Project (E67502242) to Professional Meters, Inc.

RECOMMENDATION

It is recommended that the City Council approve the Resolution Awarding contract for the Advanced Metering Infrastructure (AMI) Implementation Project (E67502242) to Professional Meters, Inc.

BACKGROUND

The City of Petaluma (City) operates approximately 20,500 water meters in its water distribution system. Currently, these meters are equipped with Automated Meter Reading (AMR) components, which is the communication technology used to collect water consumption data from the meters. This older technology allows water usage information to be collected by City staff via radio equipment as staff drive by each meter on a monthly cycle. The City currently uses the Beacon software platform to integrate this water consumption data with the City's EDEN financial system for billing purposes.

The AMI project consists of upgrading the City's water meter technology from AMR to AMI. The AMI technology is a newer, more advanced water meter reading technology that provides greater efficiency and benefits when compared to AMR. AMI water meters leverage the existing radio or cellular networks to transmit data thus allowing the water usage to be sent directly to the City, eliminating the need for staff to drive by each meter monthly. Another benefit for the City and water customers is a customer portal that displays water consumption at 15-minute intervals and leak detection features, which are crucial for locating and stopping leaks in the early stages. This feature has allowed the City to detect numerous leaks, allowing staff to notify account owners of water loss. In addition to the benefits mentioned, a considerable number of the existing water meter

components (registers and/or endpoints) are outdated, at the end of their useful life, and due for replacement.

Given the water conservation measures promoted by AMI with leak detection capabilities and water usage tracking features, the City applied for and was awarded an urban and Multibenefit Drought Relief Grant from the Department of Water Resources to implement the AMI project. On January 3, 2022, the City Council adopted Resolution 2022-005 N.C.S. authorizing the grant application, acceptance, and execution for the City of Petaluma AMI project. On June 14, 2022, the grant was executed between the State of California Department of Water Resources and the City, granting the City \$7,502,702 for the implementation of the project.

In March 2023, staff informed the community about the benefits of the AMI project through prepared presentations, webpage creation, and community meetings. Staff also hosted an information booth at the Cool Petaluma Exposition in May 2023 to inform and answer questions from the community about the project.

Because AMI uses wireless technology to transmit data, the City recognizes that some members of the community may have concerns or hesitation with this technology and thus plans to offer an opt-out option for customers who do not wish to have their water meter upgraded to AMI. If customers opt-out, there will be a monthly fee charged that will partially cover the costs to manually read the water meter as well as maintain and service these older meters. The adoption of the AMI opt-out policy will be included in the master fee schedule update, an item for Council review on this meeting agenda.

City staff developed an Opt-Out policy that provides information on the process and conditions to opt-out, including a monthly fee of \$20 intended to partially cover the costs incurred by the City to maintain and service those opt-out meters. Residents will be able to opt out by filling out an application that will detail the terms and conditions associated with opting out. One of the conditions, for instance, is that opt-out customers will not be eligible for water bill adjustment rebates due to leaks, as the AMI meter would have been able to detect and alert the customer about the leak early on.

The fee proposed in the Opt-out policy was based on estimated vehicle, fuel, and staff costs incurred from the individualized service to manually read meters. The fee is partially subsidized, largely by Water Enterprise Funds, intended to only partially recover the costs mentioned above.

Another factor considered when developing the Opt-Out policy and fee was accounting for the burden of inefficiency and the impacts that manual meter reads will place on the utility department. Current operations are split between responding to customer service calls/leak inquiries and AMR (manual) meter readings. With the transition to city-wide AMI, public works utilities staff and residents alike will have access to an abundance of data, including leak information. Experience from other municipalities who have implemented AMI in their communities indicates that we can expect there will be an increase in customer service calls and corresponding demand on operations staff to be responsive to this anticipated higher frequency of leak inquiries. Servicing and maintaining individual opt-out meters while simultaneously managing increased leak response

measures for the AMI meters will be disruptive and will have an impact the operations of the department.

DISCUSSION

In addition to the AMI scope of work, a related but separate bid item was added that will provide the information needed for the City to confirm and comply with new Environmental Protection Agency (EPA) regulations. Compliance with the Environmental Protection Agency (EPA) Lead and Copper Rule Revisions requires public agencies to ensure that there are no lead pipes present in the water distribution system. Confirmation that no lead pipes are present in the water distribution system is due to the EPA by October 16, 2024.

The construction plans and specifications for the AMI and the EPA related scope of work were prepared by engineering staff, and a notice inviting bids was advertised on Friday, February 16, 2024. On March 7, 2024, the following bids were received:

<u>Name of Bidder</u>	<u>Base Bid</u>
Anvil Builders, Inc	\$2,962,500.00
Professional Meters, Inc*	\$3,000,377.24
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Engineers Estimate	\$3,500,000.00
*Lowest Responsive Bidder	

The apparent low bidder was Anvil Builders, Inc. Upon review of Anvil Builder's bid package and statement of qualifications, staff has determined that Anvil Builders does not meet the minimum requirements set forth by the Statement of Qualifications bid form. As Anvil Builder has failed to comply with the requirement to provide a minimum of three projects with similar scope and value completed in the last five years. City staff has prepared and submitted a letter to Anvil Builders informing them that their bid was found unresponsive for not meeting the minimum qualification requirements. (See Attachment 2).

On March 14, 2024, the second low bidder, Professional Meters, Inc. (PMI), submitted a bid protest protesting Anvil Builders' bid and statement of qualifications, claiming Anvil Builder's qualifications do not meet the requirements outlined in the project's statement of qualifications, bid form. PMI's protest letter claims that Anvil Builders does not list five years of experience performing similar work, nor does it list three projects with similar scope and value. PMI's protest letter is requesting that Anvil Builder's bid be disqualified for not meeting the requirements outlined in the project's statement of qualifications bid form. On March 21, 2024, Anvil Builders submitted a response letter to PMI's bid protest listing the reasons why Anvil Builders believes it meets the requirements from the contract's statement of qualifications bid form. (See Attachment 2).

Upon review of the bid package and statement of qualifications submitted by Anvil Builders, Inc., as well as the protest letter submitted by PMI and the protest letter response submitted by Anvil Builders, City staff is recommending that Anvil Builder's bid be found unresponsive. "A basic rule of competitive bidding is that bids must conform to specifications, and that if a bid does not

so conform, it may not be accepted.” (47 Ops.Cal.Atty.Gen. 129, 130 (1966) quoted with approval in *National Identification Systems, Inc. v. State Bd. of Control*, (1992) 11 Cal.App.4th 1446, 1453). Accordingly, if a bid is not responsive to the bidding instructions, a public entity may reject the bid outright. As Anvil’s bid did not conform to the specifications in the City’s bid packet, the City has the ability to reject Anvil’s bid and award to the next lowest responsible bidder. (See Attachment 2 for greater detail).

The lowest responsive and responsible bidder was found to be PMI. PMI was founded in 1999, is based in Morris, Illinois, and specializes in projects related to automated meter reading systems, such as the installation of AMI water meters nationwide. PMI has worked with most of the industry’s product manufacturers and has installed over 500,000 Badger meters and endpoints. Since 2015, PMI has installed over 175,000 automated meters throughout California, including 80,000 Badger AMI water meters for Alameda County Water District, 18,500 Badger AMI water meters for the City of Oxnard, 3,000 Badger AMI water meters for the City of Sebastopol, 17,500 Badger water meters for the City of Yuba City, and many others. PMI possesses a valid Class A California Contractor’s License (#1019233), which allows them to perform the work. The low bidder for this contract was determined by Base Bid only, although the bid schedule included one Bid Alternate for verification of the water service pipe material in developments between 1950 and 1985 as part of the Lead and Copper Rule scope of work. Upon review of the bid alternate costs, it is recommended to award Bid Alternate 1 in the amount of \$334,980.00 for a total contract amount of \$3,335,357.24. It is recommended that the Council adopt the resolution awarding the contract to Professional Meters, Inc. in the amount of \$3,335,357.24.

The project is scheduled to begin in Spring 2024 and is estimated to be completed by Spring 2025. City staff will provide construction management and inspection services throughout the project.

PUBLIC OUTREACH

On May 15, 2023, the Council adopted Resolution 2023-067 N.C.S making the required findings and authorizing the City to specify by manufacturer Water Meter Materials, authorizing a purchase from Badger Meter for the Advanced Metering Infrastructure (AMI) Water Meter Upgrade, and authorizing the City Manager to execute all documents necessary to complete the purchase.

In addition, on May 1, 2023, City staff presented the project to the Council and answered questions related to the project. On March 21, 2023, staff held a virtual public meeting to discuss and inform the community about the project, and on March 22, 2023, staff presented the project to the Technology Advisory Committee.

A webpage was also created and posted on the City’s website with project information.
<https://cityofpetaluma.org/ami/>.

COUNCIL GOAL ALIGNMENT

This proposed action supports the FY 21/23 City Council Goals and Priorities and the following Workplan items:

- #42 “Find ways for City Operations to reduce greenhouse gas emissions, conserve water, decrease waste, and minimize the use of fossil fuels and investigate and pursue options for carbon sequestration.”
- #70 “Continue focus on water conservation and urban recycled water expansion.”
- #81 “Promote emergency preparedness and resiliency strategies to our residents and businesses.”

CLIMATE ACTION/SUSTAINABILITY EFFORTS

The consensus among experts is that the climate crisis will bring about more extreme weather in the coming years. For the North Bay and Sonoma County, it is projected that intense rainfall events during wet months from atmospheric rivers will increase, as well as longer periods of drought conditions in summer months. Moreover, these events will be more variable from year to year.

Continued water conservation efforts and urban water supply planning efforts will reduce the City’s reliance on limited surface water supplies during water shortages by providing increased water use efficiency with the implementation of AMI. Upgrading to AMI technology will also eliminate the need for City staff to drive City vehicles to collect water meter reads, which reduces fossil fuel consumption and greenhouse gas emissions.

ENVIRONMENTAL REVIEW

The AMI project was determined to be categorically exempt pursuant to CEQA Guidelines Sections 15301, Existing Facilities, 15302, Replacement or Reconstruction. The project consists of a minor alteration to existing facilities in the City of Petaluma. All improvements will replace existing water meter components. Moreover, the AMI project will reduce time, labor, cost, energy, and GHG emissions compared to the existing AMR system which requires Water Service Representatives to drive by to read each meter. There is negligible or no expansion of use beyond what currently exists; the AMI replacement will result in a benefit to the environment and there are no cumulative impacts, unusual circumstances, or other factors that would make the exemption inapplicable. Therefore, the project is exempt under Section 15301 (c), repair and maintenance, Section 15302 (c) replacement or reconstruction of an existing public facility.

FINANCIAL IMPACTS

A combination of the Urban and Multi-benefit Drought Relief Grant and the water and wastewater enterprise funds will fund the Advanced Metering Infrastructure (AMI) Implementation Project. The total construction contract of \$7M shown in the table below includes \$3.7M for the purchase order issued to Badger Meters for the procurement of materials for the project and \$3.3M for the award of the construction contract to Professional Meters, Inc.

Phase	E67502242 Total Project Estimate	Revised Project Budget
Design/ Planning/ Environmental/ Land	\$ 105,000	\$ 50,000
Administration / Legal	\$ 40,000	\$ 50,000
Construction Contracts	\$ 11,500,000	\$ 7,058,710
Construction Management	\$ 575,000	\$ 600,000
Contingency	\$ 1,150,000	\$ 1,750,000
CIP Overheads	\$ 255,000	\$ 241,290
TOTAL:	\$ 13,625,000	\$ 9,750,000
Funding Sources		
Water Capital	\$ 3,061,149	\$ 1,123,649
Waste Water Capital	\$ 3,061,149	\$ 1,123,649
DWR Grant- UMDR	\$ 7,502,702	\$ 7,502,702
TOTAL:	\$ 13,625,000	\$ 9,750,000

ALTERNATIVES

If the contract is not awarded to Professional Meters, Inc., the project will need to be re-bid, resulting in a delay of approximately 4 months. Delaying the start of the project would not only delay the upgrade to the AMI water meter reading technology, but it would also risk the City missing the deadline for compliance with the EPA Lead and Copper Rule Revisions (LCRR).

ATTACHMENTS

1. Resolution
2. Bid Protest Documents