

Honorable Mayor and Members
of the City Council
City Hall
Torrance, California

Members of the Council:

SUBJECT: General Services/Public Works – Authorize a sole-source purchasing agreement to furnish Neptune Brand Water Meters

EXPENDITURE: Not to exceed \$520,000.00

RECOMMENDATION

The General Services Director and the Public Works Director recommend that the City Council:

1. Authorize a purchasing agreement with Measurement Control Systems, Inc. of Santa Ana, California in an amount not to exceed \$520,000.00. This purchasing agreement will enable the City to purchase Neptune brand water meters on an “as needed” basis during the period of July 1, 2007 through June 30, 2008.
2. Approve a supplemental appropriation of \$92,000 from the Water Enterprise Fund to fund the 2007-08 contractual meters purchase.

Funding

Funding is available in the Conversion of Large Meters to Automated Meter Reading System (AMR) and Large Meter Retrofit Program Project (\$320,000) in FEAP No. 548, the Water Enterprise Fund Operating Budget (\$108,000) and in the Water Enterprise Fund (\$92,000).

BACKGROUND/ANALYSIS

During the last two years Torrance Municipal Water has been in the process of converting its water meter reading system from a manual system to a fully automated radio-based AMR (Automated Meter Reading) system. AMR dramatically speeds up the meter reading process and improves data accuracy. In 2006 the City Council authorized conversion to this new AMR system. Accordingly, all new meters installed must include AMR capability.

Benefits of the Neptune AMR system are as follows:

- Standardization - Currently all of the active AMR meters are Neptune units. This allows staff to stock components for only one brand, rather than having to warehouse parts from multiple vendors.

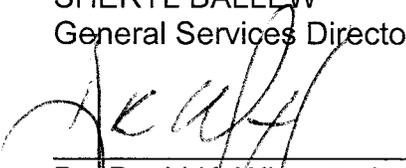
- Reliability - The Neptune AMR system has proven very reliable. To date, the Neptune AMR units have performed extremely well.
- Compatibility - Currently, the City's meter specifications call for Neptune meters. Using the Neptune AMR meter reading equipment ensures compatibility with the meter itself and guarantees vendor accountability and responsiveness in the event that a failure occurs in either the water meter or the AMR system. All current equipment is Neptune and any change in AMR equipment could result in compatibility issues between the metering device and the AMR system. In addition, a computer interface between Neptune's AMR system and the City's utility billing system has already been developed.
- Cost effectiveness - Neptune's pricing is highly competitive with comparable AMR systems.

Inasmuch as Measurement Control Systems Inc. is the sole authorized Southern California distributor of Neptune meters, competitive purchasing is unavailable. The purchase therefore falls within the Sole-Source Purchase Exception of TMC § 22.3.17 (b), states:

"For purposes of this Section, "sole-source purchases" means those purchases where it would be undesirable or impossible for the City to advertise for bids for particular work or for patented items, or experimental or unique services or products, or where competitive purchases would be unavailable or would not prove advantageous for the City.

No sole-source purchases may be made where to do so would show favoritism, improvidence, extravagance, fraud or corruption, or result in the waste of public funds, but may be used only to obtain the best economic result for the public."

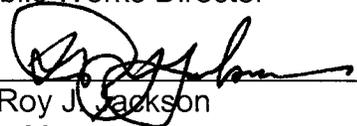
Respectfully submitted,
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General Services Director


By David K. Winnett, Jr.
Fleet Services Manager

CONCUR:


Sheryl Ballew
General Services Director


Robert J. Beste
Public Works Director


LeRoy J. Jackson
City Manager