



# City Council Report

**Date:** May 21, 2012  
**To:** City Council  
**Through:** Alex Deshuk, Manager of Technology and Innovation  
**From:** Edward Quedens, MPA, CPM, CPPO, Business Services Director  
John Albin, CPPO, CPPB, Acting Purchasing Administrator  
**Subject:** Term Contract for Leak Detection Products for the Water Resources Department (**Sole Source Agreement #2012154**)  
"Citywide" Contract

## Purpose and Recommendation

Council is requested to approve the Term Contract for Leak Detection Products as recommended. Sole source pricing was obtained and evaluated by the Water Resources Department and the Purchasing Division.

The Purchasing Division recommends awarding the contract to the manufacturer and sole source distributor, Fluid Conservation Systems, Inc. at \$314,032.94, for the three-year initial term, including applicable use tax, based on estimated requirements.

## Background/Discussion

This sole source agreement will provide Permalog® Plus leak detection logger products that will allow City Water Utility crews to detect leaks on buried pipelines in the water distribution system. The Water Resources Department plans to purchase 200 loggers per year for up to five years.

Council approved the purchase of the Permalog® Leak Detection System from the manufacturer and sole distributor (Fluid Conservation Systems, Inc.) in August of 2007. In December 2009, bids were solicited and Council approved the purchase of 200 Permalog® loggers in January 2010, and 100 Permalog® loggers in November 2010, from the same contract and sole source distributor. Staff had specified Permalog® products to match the technology already being used by the crews and avoid having two separate systems for leak detection.

Since that time, staff has developed a leak detection program around the Permalog® Leak Detection System. Permalog® Plus leak detection logger products have proven to be reliable technology and durable in the Arizona heat.

Leak detection and repair is one component of a successful water conservation program, and part of the water distribution division's preventative maintenance program. An aggressive leak detection and repair program allows staff to search for and reduce the number of previously undetected leaks. When leaks are identified and repaired when they first develop it can greatly reduce unaccounted for water loss.

The leak detection system is also able to identify leaks on the customers side of the water meter, thus some residents have received a direct benefit from the City's leak detection program (a benefit that was not realized until the program was implemented).

**Alternatives**

Council may choose not to award this contract.

**Fiscal Impact**

Water Resources annually budgets for leak detection products. The amount of \$79,619.54 is available in Water Resources Department FY 11/12 budget. Funding for future additional purchases will be available and expended: \$117,206.70 in FY 12/13; and \$117,206.70 in FY 13/14.

**Coordinated With**

Water Resources Department – Water Utility

