



City Council Report

Date: October 18, 2021
To: City Council
Through: Michael Kennington, Deputy City Manager/Chief Financial Officer
From: Edward Quedens, Business Services Director
Kristy Garcia, Acting Procurement Administrator
Subject: Approval of Procurement of, and authority to negotiate and to enter into a contract for, an Advanced Metering Infrastructure/Smart Metering (AMI) Solution for the Energy Resources and Water Resources Departments
(Phase 1 funded by Water Bond Authorization, Electric Bond Authorization, and Natural Gas Bond Authorization, and Phase 2 funded by Utility Obligation Bonds) (Citywide)

Recommendation

Council is requested to approve the procurement of an AMI Solution and to authorize the City Manager or designee to negotiate and enter into a contract with one of the qualified and responsive vendors.

Background / Discussion

This purchase provides a turn-key solution for an Advanced Metering Infrastructure (AMI) solution that supports the goals and objectives of the Energy Resources and Water Resources Departments.

The AMI project includes two Phases as follows:

Phase 1: Initial deployment

- Approximately 2,200 meters (combination of water, electric, and gas, various customer types and customer applications)
- Smart City technology sensors
- Software integrations developed and fully tested (Customer Information/Billing System, SilverBlaze Customer Web Interface, Outage Management System)
- Installation of initial Base Stations.

Phase 2: Full deployment

- Install remaining meters and sensors throughout City of Mesa's service territories.
- All remaining electric meters will be replaced within the first year of Phase 2.
- Installation of remaining Base Stations

The key project goals and objectives for the initial phase of the AMI project include:

- Timely access to usage data for all stakeholders
- Improve or enhance Utility to customer communication

- Increase customer engagement
- Improve operational effectiveness and productivity
- Increased knowledge and response to service outages and anomalies

The City received three proposal responses of which all vendors met the minimum qualifications. A committee representing the Energy Resources, Water Resources, Innovation and Technology, Business Services Departments, and Purchasing evaluated responses in accordance with the City's established policies and procedures. Best and Final Offers (BAFO) requesting the vendor's lowest pricing were requested and received by the evaluation committee. The committee scored the responses against the scoring criteria included in the solicitation. Based upon the evaluation results and BAFO results, the committee recommends negotiations and entry of a contract with Sensus USA, Inc. If negotiations are unsuccessful, the City may commence discussions with the next most responsive vendor.

The initial term of the contract will be for five (5) years and will consist of both Phase 1, Phase 2, four (4) years of software maintenance costs, and authority for the City purchase of meters and sensors for new customers. Staff is requesting approval and authority to procure the AMI Solution at a total amount of not to exceed \$76,400,000.00 for the initial term.

Two (2), five-year renewals may be administratively approved and would include software as a service (SaaS) costs and authority for City purchase of meters, sensors for new customers, related equipment, services support, and applicable sales tax, etc.

Contract renewal estimated costs:

- Renewal Term 2 (five years) \$8,500,000.00
- Renewal Term 3 (five years) \$10,800,000.00

Purchase Information

Action: Award

Procurement Type: Request for Proposals

Contract Number: 2020190 (2020236)

Local Consideration: Policy did not apply to this procurement method

Protests Received: None

Initial Contract Term: Five Years

Possible Renewals: Up to a maximum of two, five-year renewals subject to Administrative review and approval

Funding Sources: Phase 1 - Water Bond Authorization, Electric Bond Authorization, and Natural Gas Bond Authorization; and Phase 2 - Utility Obligation Bonds

Proposal Responses

Aclara Technologies LLC – St Louis, MO (AMI)

Itron, Inc. – Liberty Lake, WA (AMI and OMS)

Sensus USA, Inc., a Xylem brand - Morrisville, NC (AMI and OMS)

No Bid responses received from:

Anixter – Phoenix, AZ

Badger Meter – Milwaukee, WI

Electrical Marketing Solutions – Salt Lake City, UT

Ferguson Waterworks – Phoenix, AZ

Landis+Gyr

OSI – Medina, Minnesota

Schneider Electric

Cellco Partnership dba, Verizon Wireless – Annapolis Junction, MD

Estimated Contract Amount and Requested Authority

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| One-time Project Expenses | |
| • Professional Services | \$1,671,546.00 |
| ○ Software Implementation/Integration | |
| ○ Project Management | |
| • Base Station/Communication Network | \$1,041,621.00 |
| • Meters and Endpoints | |
| ○ Meter/Endpoint Installation | \$49,096,815.65 |
| ○ Meter site work/repairs (existing meter locations) | \$2,075,827.00 |
| ○ Capacity for addition new meter growth (Years One – Five) | \$2,469,317.96 |
| • Programming Equipment/Mobile Collector | 104,253.00 |
| • Water Meter Lids | \$3,887,743.75 |
| • Water Meter Boxes | \$468,200.87 |
| On-going Annual Expenses | |
| • Two Hosted Software Packages (Years Two – Five) | \$2,860,246.00 |
| • Base Station Cellular | \$80,000.00 |
| Estimated Contract Amount (Term 1) | \$63,755,571.23 |
| Estimated Sales Tax (Term 1) | \$4,605,379.77 |
| One-Time Optional Expenses | \$1,539,049.00 |
| Contingency | \$6,500,000.00 |
| Total Requested Contract Authority (including contingencies and optional items) | <u>\$76,400,000.00</u> |

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| Estimated Non-Contract Related Costs <u>(outside of the Sensus Contract)</u> | |
| • Ultrasonic water meters (1.5" and 2", covered by City contract) | \$6,025,000.00 |
| • Site prep and permitting fees for base stations locations | \$330,000.00 |
| • Hosted data warehouse | \$22,000.00 per year |
| • Customer portal smart metering usage module | \$35,900.00 Annual Fee \$2,500, plus 5% increase annually |
| • City side integration professional services | \$103,000.00 |