City of FRESNO **REPORT TO THE CITYCOUNCIL**

| | |
|---|---|
| AGENDA ITEM NO. | 1 H |
| COUNCIL MEETING | 10/7/08 |
| APPROVED BY | |
| DEPARTMENT DIRECTOR | |
| CITY MANAGER | |

October 7, 2008

**FROM:** RENE A. RAMIREZ Director
Department of Public Utilities - Administration

**BY:** GARTH GADDY, Assistant Director
Department of Public Utilities – Water Division

**SUBJECT:** AWARD A REQUIREMENTS CONTRACT IN THE AMOUNT OF $348,128.68 TO NEPTUNE TECHNOLOGY GROUP INC. OF TALLASSEE, AL FOR ¾" - 2" WATER METERS, BID FILE 8970

## KEY RESULT AREA

Financial Management

## RECOMMENDATION

Staff recommends that the City Council award a one-year requirements contract with provisions for two one-year extensions to Neptune Technology Group, Inc. of Tallassee, Alabama in the amount of $348,128.68 for ¾" – 2" water meters.

## EXECUTIVE SUMMARY

The Department of Public Utilities, Water Division, provides water meters for installation in businesses, apartment complexes, and for replacement of damaged and obsolete water meters.

Staff recommends award of a one-year requirements contract with provisions for two one-year extensions, to Neptune Technology Group, Inc. of Tallassee, Alabama in the amount of $348,128.68 for ¾" – 2" water meters. Funds for this procurement were approved in the Water Division FY 09 budget.

## KEY OBJECTIVE BALANCE

Replacing old meters, with new meters will improve our Financial Management, as new meters are more accurate and will increase revenues. Resource Management improves, because the expenditure of water being metered and measured is more precise with a new meter. Employees Satisfaction is achieved, because installing new meters gives them a sense of participation in providing greater revenues to the Water Division.

## BACKGROUND

The Public Utilities Department, Water Division, provides water meters for installation in businesses, apartment complexes, and for replacement of damaged and obsolete water meters. The Water Division is seeking a requirements contract for the provision of ¾" to 2" water meters in order to maintain a sufficient inventory of meters for replacement of damaged water meters and to provide water meters as required for new

developments in the City. The execution of a requirements contract with one supplier establishes a firm price, secured through competitive bidding, for a specified time and allows the City to make purchases as needed.

Specifications were prepared for the project. A Notice Inviting Bids was posted on the City's website and published in the Business Journal on February 13, 2008. The specifications were distributed to 24 prospective bidders. Four sealed bid proposals were received and opened in a public bid opening on March 13, 2008. Bid proposal prices ranged from $348,128.68 to $610,934.43

Neptune Technology Group, Inc. of Tallassee, Alabama submitted the lowest bid price of $348,128.68 and is considered the lowest responsive and responsible bidder. The current bid pricing is 37% above the pricing on the previous contract which was also held by Neptune Technology Inc. The increase in current bid pricing is a result of a 200% cost increase over the last three years for brass, which is used to manufacture the water meters.

The Council may award a one-year requirements contract with provisions for two one-year extensions in the amount of $348,128.68 to Neptune Technology, Inc.

The Council may reject all bids. If all bids are rejected, the project will be rebid resulting in a delay of approximately sixty (60) days.

**FISCAL IMPACT**

See attached Fiscal Impact Statement.

Attachments:

- Evaluation of Bid Proposals
- Fiscal Impact Statement

EVALUATION OF BID PROPOSALS

FOR: REQUIREMENTS CONTRACT FOR ¾" – 2" WATER METERS

Bid File No. 8970
Bid Opening: March 13, 2008

| | BIDDER'S | TOTAL NET BID AMOUNT |
|---|---|---|
| 1. | Neptune Technology Group, Inc.<br>1600 Alabama Highway 229<br>Tallassee AL 36078 | $348,128.68 |
| 2. | Elster AMCO Water, Inc.<br>1100 SW 38th Ave<br>Ocala FL 34474 | $354,780.15 |
| 3. | Performance Meter, Inc.<br>200 E John St<br>Banning CA 92220 | $401,256.70 |
| 4. | Hersey Meters Company, LLC<br>10210 Statesville Blvd<br>Cleveland NC 27013 | $447,124.48 |
| 5. | Badger Meter, Inc.<br>4545 W Brown Deer Road<br>Milwaukee WI 53223 | $503,352.46 |
| 6. | Golden State Flow Measurement, Inc.<br>2736 Golden Foothill Parkway #100<br>El Dorado Hills CA 95762 | $610,934.43 |

Each bidder has agreed to allow the City ninety (90) days from date bids are opened to accept or reject their bid proposal. Purchasing requests that you complete the following sections and return this bid evaluation to the Purchasing Division at the latest by Wednesday, April 9, 2008, 5:00 P.M.

The current contract pricing is 37 % **above**/below the previous contract pricing. If the overage is greater than 10% or only one bid was received, give explanation:

The cost brass used in to manufacture water meters has increased 200% in three years.

BACKGROUND OF PROJECT (To be completed by Evaluating Department/Division. Explain need for project/equipment):

Water meters are needed for replacement of old worn out meters, and for all new construction of commercial accounts. All commercial, multi residential, industrial and irrigation services are and have always been billed on a metered rate.

EVALUATION OF BID PROPOSALS
FOR: REQUIREMENTS CONTRACT FOR ¾" – 2" WATER METERS

Bid File No. 8970
Bid Opening: March 13, 2008

DEPARTMENT CONCLUSIONS AND RECOMMENDATION:

[x] Award a contract in the amount of $ 348,128.68
to Neptune Technology Group Inc.
as the lowest responsive and responsible bidder.

Remarks:

[ ] Reject all bids. Reason:

Department Head Approval

Title ASSISTANT DIRECTOR

Date 3/31/08

[X] Approve Dept. Recommendation

[ ] Disapprove

[ ] See Attachment

[ ] Approve GSD/Purchasing Recommendation

[ ] Disapprove

GENERAL SERVICES DEPARTMENT

Janet Smith 4/1/08
Purchasing Manager Date

K Nerland 4/1/08
Director Date

CITY MANAGER

4/9/08
City Manager or Designee Date

# FISCAL IMPACT STATEMENT

PROGRAM: Water Inventory (WC00027)

| RECOMMENDATION | TOTAL OR CURRENT | ANNUALIZED COST |
|---|---|---|
| Direct Cost | $150,000 | $150,000 |
| Indirect Cost | 0 | 0 |
| TOTAL COST | $150,000 | $150,000 |
| Additional Revenue or Savings Generated | * | * |
| Net City Cost | $150,000 | $150,000 |
| Amount Budgeted (If none budgeted, identify source) | $200,000 | $200,000 |

Note: Replacement of old worn out meters will generate additional revenue.

Meters over fifteen years old have more gearing and moving parts inside. These gears become worn which cause the meter to slow down and become less accurate. The new style meter has just one moving part and is very accurate and is able to capture the tiniest amount of flow. An accurate estimate is not available due to the variability of the meter usages.