
**CITY OF TEMPE
REQUEST FOR COUNCIL ACTION****Council Meeting Date: 06/23/2016
Agenda Item: 6A4**

ACTION: Award four-year contracts with five, two-year renewal options to National Meter and Automation, Inc. and Itron, Inc. for the purchase, implementation, maintenance and support of an advance water metering infrastructure system.

FISCAL IMPACT: Total cost of this contract will not exceed \$4,155,955.53 during the initial four-year contract period. Sufficient funds are available in the Water/Wastewater Capital Improvement Project Fund cost center 3205869 (Automated Water Metering) for the anticipated expenditures.

RECOMMENDATION: Award the contracts.

BACKGROUND INFORMATION: (RFP 16-034) The City issued a Request for Proposal (RFP) to establish a contract for the purchase, installation and support of a Advance Water Metering Infrastructure (AMI) System.

Project Purpose and Need

The purpose of this project is to provide an automated meter reading solution for Tempe that will cost effectively maximize the read success rate and billing accuracy, optimize water-use efficiency, improve communication and responsiveness to the rate payers/customers, and improve employee safety. Specifically, some of the benefits to be derived with implementation include:

- Conservation
 - User dashboards (portals) help customers monitor and reduce consumption
 - Early leak detection
 - Reduced truck rolls
 - Reduced carbon footprint
 - Collection of water metrics that will enhance city's ability to achieve conservation goals
- Customer Service
 - Consistent billing cycles
 - Improved billing accuracy
 - Faster response times
 - Early leak detection
 - Enhanced transparency
- Financial
 - Reduced equipment operating and maintenance costs (estimated at \$30,000 annually)
 - Reduced water losses (estimated at \$100,000 annually)
 - Reduced labor costs (estimated at \$300,000 annually)
- System Operations
 - Reduced operational costs from elimination of manual meter reads
 - Increased efficiency/control of water system management

Evaluation Process

To assist with the evaluation of offers, a committee was formed consisting of representatives from Information Technology, Customer Services, Water Utilities and Procurement. In addition, the City's consultant, SL Serco, provided invaluable assistance to the evaluation committee.

The City received five (5) proposals from the following firms:

- Aclara Technologies L.L.C. (Proposed an Aclara solution)
- Dana Kepner Company, Inc. (Proposed a Sensus solution)
- HD Supply, Waterworks, LTD (Proposed a Neptune solution)
- Mueller Systems, L.L.C. (Proposed a Mueller solution)
- National Meter and Automation, Inc. (Proposed an Itron solution)

The five (5) offers were reviewed and scored by the evaluation committee in accordance with the criteria and weights published in the Request for Proposal that included:

| Evaluation Criteria | Weight |
|---|---------------|
| Cost | 23.37% |
| Firm's Experience and Qualifications | 3.28% |
| Firm's Employee Qualifications | 3.28% |
| Proposed Solution | 9.34% |
| Project Implementation Management, Methodology and Quality Control | 7.00% |
| Firmware and Software Implementation, Maintenance, Support, Warranty and Upgrades | 7.00% |
| Training and Documentation | 3.28% |
| Questionnaire B | 18.68% |
| Financial and Legal | 3.28% |
| References | 7.00% |
| Interview/Demo | 9.34% |
| Acceptance and Compliance of RFP Terms and Conditions | 3.28% |
| Overall response of RFP | 1.87% |
| | 100% |

Initial Evaluation

As part of the initial evaluation the committee reviewed and scored each offer. The following abstract represents all firms' initial scores listed in rank order.

Initial Evaluation Abstract

| Offering Firm | Implementation Cost (No Sales Tax) | 10 Years Support Cost (No Sales Tax) | Total Cost (With Sales Tax) | Initial Score |
|-------------------------------------|---------------------------------------|---|--------------------------------|---------------|
| National Meter and Automation, Inc. | \$3,960,947.00 | \$1,840,062.87 | \$6,126,778.55 | 2184.85 |
| Dana Kepner Company, Inc. | \$4,719,306.00 | \$1,222,860.45 | \$6,320,951.45 | 2002.11 |
| Aclara Technologies L.L.C. | \$4,206,653.20 | \$1,578,778.12 | \$6,192,105.41 | 1728.29 |
| Mueller Systems, L.L.C. | \$4,953,287.80 | \$1,152,473.92 | \$6,462,382.02 | 1511.04 |
| HD Supply, Waterworks, LTD | \$6,449,650.00 | \$570,000.00 | \$7,536,290.00 | 1347.99 |

The evaluation committee determined that Aclara Technologies L.L.C., HD Supply Waterworks,LTD/Neptune Technology Group, Inc., and Mueller Systems, L.L.C. were not susceptible for award and were removed from further consideration. This determination was based on the firms' low position within the overall scoring.

Best and Final Evaluation

National Meter and Automation, Inc. and Dana Kepner Company, Inc. were determined susceptible for award and were invited to demonstrate their proposed AMI solutions to the evaluation committee and department personnel. In addition to the on-site demonstrations, the evaluation committee performed detailed reference checks.

After several meetings and a thorough evaluation of the information gained during the demonstrations and reference checks, the evaluation committee requested that National Meter and Automation, Inc. and Dana Kepner Company, Inc. submit best and final offers.

Best and Final Evaluation Abstract

| Offering Firm | Implementation Cost (No Sales Tax) | 10 Years Support Cost (No Sales Tax) | Total Cost (With Sales Tax) | Best and Final Score |
|-------------------------------------|---------------------------------------|---|--------------------------------|-------------------------|
| National Meter and Automation, Inc. | \$3,717,145.37 | \$1,588,006.76 | \$5,598,889.66 | 2366.56 |
| Dana Kepner Company, Inc. | \$4,764,336.00 | \$1,118,221.18 | \$6,262,465.18 | 2221.65 |

After reviewing and scoring the best and final responses, the committee determined that National Meter and Automation, Inc. submitted the most advantageous offer. This company along with its solution manufacturer, Itron, Inc., has submitted the highest valued solution that complies with RFP specifications and requirements and represents the lowest total cost. As a result, the committee is recommending that City Council award contracts to National Meter and Automation, Inc. and Itron, Inc.

National Meter and Automation, Inc. will be the prime contractor responsible for the implementation and oversight of all aspects of the project. A separate agreement will be entered with Itron, Inc. for software licensing, cloud hosting services, customer portals and annual maintenance and support for the AMI solution.

Next Steps

If approved as recommended, staff will immediately initiate the implementation phase of this project. It is expected that full and complete implementation will be achieved within 3 years based on the gradual roll-out of services throughout the City. The City’s consultant will continue to plan and oversee all aspects of the implementation phase to ensure the solution is implemented as required and stays on schedule. A key part of this initial phase will be to communicate with residents so they are aware of the upcoming changes and how these changes will impact their interaction with the City and their water usage.

ATTACHMENTS: National Meter and Automation, Inc. and Itron, Inc. agreements

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