

**Metropolitan Domestic Water Improvement District  
Board of Directors Meeting**

**May 13, 2013**

**Renewal of Meter and Meter Supplies Contract for Fiscal Year 2013-2014**

**Synopsis**

The Board of Directors is being requested to renew the District's Meter and Meter Supplies Contract with Badger Meter, Inc. for use in Fiscal Year 2013-2014 for the final year of the five-year contract and to approve the increases in unit pricing.

**Background**

The District began a meter replacement program in Metro Main and Metro Hub several years ago. The purpose was to replace water meters that were not registering water use within AWWA standards. Replacing the meters increased water revenues and lowered the District's unaccounted water loss. As budgets allowed meters were replaced based on the volume of water that had passed through the meter. The District's testing of water meters showed that the 5/8-inch meter starts to slow down around 1.4 million gallons. District meters continue to add volume and many are either nearing the 1.4 million gallon replacement or have exceeded it.

In addition to the meter replacement process, the District desired to standardize on a type and manufacturer of water meter as best it could and still comply with the public procurement requirements. The standardization provides consistency in recording consumption and minimizes the repair parts required to have on hand. Without standardization, the District would be using many different manufacturers of water meters and have to inventory additional parts for each.

In order to continue the acquisition of new meters for new development in Metro Main and continue the meter replacement program that provided for the standardization, the District requested quotes in 2009 for Meters and Meter Supplies. The submitted quotes were evaluated and Badger Meter, Inc. was awarded the contract for the 2009-2010 Fiscal Year. The contract allows for four 1-year automatic renewals. This will be the beginning of the 5<sup>th</sup> and final year of the contract and the 4<sup>th</sup> renewal.

**Issues**

The Meter and Meter Supplies contract automatically renews each year unless one of the parties provides 60 calendar day notice to terminate the contract. The District contacted Badger Meter regarding the contract due to the upcoming change in federal regulations regarding lead free brass that goes into effect January 2014. The new regulations require that meters have less than

.25% lead; whereas the meters quoted under this original contract were allowed to have up to 8% lead.

After July 1, 2013 Badger Meter will no longer ship the 8% lead meters per the regulation, which means that the meters under this contract will no longer be available. Since the original pricing is based on the 8% lead meters and not be available after July 1, 2013, the District would then have to solicit new meter bids and evaluations for the lead free meters. In order to allow more time for evaluations of meters and integrating the new meters at Metro Southwest and evaluate the future of the District's fixed network, staff contacted Badger to evaluate their willingness to continue the contract and pricing for the lead free meters.

Attached is the contract renewal letter from Badger along with the new pricing. Also attached is a comparison between the current pricing and the proposed pricing. The lead free meters are at a higher charge. The differences in price range from the high end at 25 percent to the low end of 1.98%. Badger Meter has noted in previous years that once this contract is complete all future purchases will have to go through one of their distributors. Unless Badger Meter changes its position, future meter prices will go up significantly.

Staff has been very satisfied with Badger Meter and its meters and would like to continue using them until a new evaluation of meters is completed in Fiscal Year 2013-2014 for Metro Main. It should be noted that the meters being supplied under this new proposal are the same meters with the exception of the alloy they are made of to ensure they are lead free. The measuring chambers and registers are the same. The meter model numbers are also the same. The only reason for the change in pricing beyond the Consumer Price Index as allowed by the contract is due to recent changes in Federal Regulations regarding lead.

### **Staff Recommendation**

It is recommended by staff that the Board approve the unit price increases to the Meter and Meter Supplies Contract with Badger Meter and authorize the renewal of the contract for its final year in Fiscal Year 2013-2014.

### **Suggested Motion**

I move to approve the unit price increase to the Meter and Meter Supplies contract with Badger Meter and authorize the renewal of the contract for its final year in Fiscal Year 2013-2014.

Respectfully submitted,

I concur with the above-noted recommendation.

Respectfully submitted,

Steven D. Shepard,  
Utility Superintendent

Mark R. Stratton, P.E.  
General Manager