

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

June 13, 2011

Annual Renewal Agreement for Potable Water Meters

Synopsis

The Board of Directors is requested to re-authorize approval of the annual contract with Badger Meter Inc., for meter purchases for the District. Meter sizes range from 5/8 X 3/4" up to 2".

Background

A five year Contract with annual renewals was approved by the Board of Directors in June 2009. Fiscal Year 2011-2012 is the third year of a five year contract to allow the District to continue unified meter replacement and additions, including automatic meter reading (AMR). Over the years the District has embarked on an aggressive meter replacement program including all meter sizes to increase accuracy in these meters subsequently reducing water losses (2010 water losses in Metro-Main were less than 6%) and to enhance revenue recovery and equity. The past three years have not included an aggressive replacement program, primarily due to the economy and staff resources dedicated to other programs, such as Diablo Village #1 and #2. Meters in this prevue are up to 2" in size. Larger size meters, up to 8", are quoted as needed.

Issues

The quality of the meters provided by Badger Meter, Inc have shown to be very reliable, since their utilization in 2000. Badger Meter's history with the District has been exemplary. Over the years, Automatic Meter Reading (AMR) has been included with new meter installs and as upgrades in strategic meter reading areas. Approximately one-third of all meters in Metro-Main are AMR. The meter replacement program and the emphasis on recovering potentially lost revenues has shown to be a success story for the District in that water losses have continued well below the requirement of 10% since the program was implemented in early 2000. Subsequent revenue recoveries and related equity to District customers have shown to be more than cost effective. As mentioned, the meter replacement program has been dormant since 2008 due to resource challenges. It is anticipated to re-orient the emphasis on meter replacement in FY 2011-2012.

Badger Meter has requested a marginal increase for the upcoming year (please see attached). The increase is allowed on an annual adjustment basis, per agreement. The vendor has requested an increase (3%) for FY 2010-2011.

The 2011-2012 proposed budget has two line items: \$67,000 for the meter replacement program and \$7,000 for new meter installs. This brings the sum of meter replacements / new meter installs for Fiscal Year 2011-2012 to \$74,000. These monies are primarily targeted for Metro Main service area.

For Metro Southwest, the WIFA funds used to acquire Metro Southwest included monies for a full fledged meter replacement program for the upcoming fiscal year. The replacement program will be enhanced by utilizing a hybrid system termed AMR/AMI – Automated Meter Reading / Automated Meter Infrastructure. The benefits of this system will allow current automatic meter reading equipment to be utilized without investing in new equipment; inclusively, the meters will be primarily read from a fixed network that will interface with a separate server system.

Additionally, the Board of Directors recently authorized \$134,100 (pending 2011-2012 budget approval) for Metro-Hub for the first year of a two year AMR replacement program. If feasible, the AMI component can serve as an additional enhancement to the Metro-Hub system, depending on cost.

Recommendation

It is recommended that the Board of Directors re-authorize the contract agreement with Badger Meter Inc., for 5/8 inch, 3/4 inch, 1 inch, 1½ inch and 2 inch meters and meter parts for the second year of a five year contract, which is to be renewed annually as approved by the Board of Directors. Included in the 2011-2012 budget is \$74,000 for this purpose.

Suggested Motion

I move to approve the third year of a five year contract agreement with Badger Meter, Inc. for the purchase of meters up to 2” in size for an amount not to exceed \$74,000. This agreement will be reviewed and renewed annually by the Board of Directors.

Respectfully submitted,

Christopher W. Hill
Deputy Manager

I concur with this report.

Respectfully submitted,

Mark R. Stratton, P.E.
General Manager