



CITY OF LONG BEACH

R-29

DEPARTMENT OF FINANCIAL MANAGEMENT

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November 3, 2009

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION

Authorize the City Manager to execute any and all documents necessary to contract with Corix Utilities Inc., (Corix), to provide manual meter reading services to the City of Long Beach (CLB), from January 1, 2010 through April 30, 2015 with the option of five, one-year extensions; and increase appropriations in the Gas Fund (EF 301) in the Long Beach Gas and Oil Department (EN) by \$387,705. (Citywide)

DISCUSSION

Following an extensive selection process, the CLB Meter Reading Project Selection and Steering Committees with representatives from the Financial Management, Technology Services, Gas and Oil, and Water Departments, have selected Corix Utilities to provide Contract Meter Reading (CMR) services to the City following the expiration of the current contract with Southern California Edison (SCE).

SCE has provided manual gas and water meter reading services to the City for the past 20 years. In 2008, SCE informed the City of its intent to migrate to automated meter reading, and they are eliminating all manual meter reading services for the City and throughout their service area. As a result, SCE will not request to extend the existing agreement after April 2010, although they have agreed to a three-month extension, to July 31, 2010, if needed. As such, in October 2008, the City commenced procurement of meter reading services to conduct monthly reading and reporting on all 90,000 water meters and 146,000 gas meters in the City. Annual gas and water revenues are approximately \$232 million and are contingent upon effective, accurate and timely meter reading services.

Significant technological advances in the meter reading industry over the past two decades required hiring an expert with extensive meter reading and system implementation experience, to ensure the most qualified vendor was selected and fully operational prior to the termination of the existing agreement with SCE. City Council approved a contract with Langham Consulting Services, Inc., (Langham), to conduct a nationwide search and selection process for a meter reading service vendor. Langham will also provide project management services for the full implementation of the meter reading service transition from SCE.

Selection Process

The process to search for a vendor that meets the City's meter reading needs was extensive and methodical. The Request for Proposal (RFP) was posted on February 26, 2009, followed by a mandatory Pre-Bid Conference on March 23, 2009, designed to answer vendor questions regarding RFP requirements.

Proposals were submitted by six vendors by the April 13, 2009 deadline. A four-member Selection Committee representing the Financial Management, Technology Services, Gas and Oil, and Water Departments scored each proposal and selected the top three candidates. Identical instructions and agendas were sent to each of the three vendors for a live presentation of their proposals. For each presentation, the selection team plus eight subject matter experts (two from each department represented by the Selection Committee) attended. Reference checks for each were performed via telephone.

The Selection Committee met on May 14, 2009, at the conclusion of the presentations and came to consensus on a score for each vendor. Two vendors were selected and invited to submit cost proposals.

Prior to the submission of cost proposals, the two vendors attended fact finding sessions at CLB. Each vendor submitted a list of agenda items that they wished to cover. An agenda was developed, addressing all topics submitted by the vendors. CLB met with each vendor separately, providing the information that had been requested. Cost proposals were submitted and opened on June 25, 2009.

Site visits were arranged for one reference site per vendor. Consideration was given to the size and type of utility that has a contract with the meter reading vendor. Standard questions, agendas and scoring instructions were prepared and representatives of the Selection Committee attended four-hour meetings at each site. The site visits were scored by the Selection Committee.

A compilation of the scores from the entire selection process were tabulated. The result is the selection of Corix Utilities Inc., to perform CMR services for the City of Long Beach.

Timelines

- Technology and business process changes necessary for the new CMR are currently being designed and tested.
- Following City Council approval of the selection, Corix will acquire local facilities and begin workforce recruitment and training.
- An Acceptance Phase is scheduled for January through April 2010, in which Corix will read a pre-selected group of meters from every meter reading route in the City. During this phase, the SCE contract for meter reading remains in place and bi-monthly readings will continue. The Acceptance Phase will allow CLB to test all technology integration and assess the work of Corix.
- On May 3, 2010, full-service monthly meter reading is expected to begin. If there is a delay, SCE can continue reading meters through July 31, 2010, per the City Council-approved extension to the current contract.

Service to the Community

- **Community Outreach:** Prior to deployment, a campaign to notify residents and businesses of the new Contract Meter Reading vendor will be developed. In mid-December, preceding the onset of the Acceptance Phase of the implementation, and again in mid-April prior to full deployment, press releases will be disseminated to Long Beach news organizations and social media outlets. Information will be included in the LBWD 90H20 publications, included in the utility bills to every customer in the community.
- **Read Frequency:** Corix will immediately begin monthly meter reading in May 2010, a service that will end challenges generated from the current bimonthly estimated billing. Monthly meter reading provides our customers the ability to identify and mitigate possible leaks and hazards in a timely manner and will give them more up-to-date data about their individual conservation efforts.
- **Professionalism:** Corix meter reading employees will wear easily identifiable uniforms and name badges. They will drive in standard trucks with the Corix logo along with signage indicating they are the meter reading contractor for the City.
- **Local Recruitment:** Corix has agreed to make every effort to recruit Long Beach residents to fill the open positions for meter readers and supervisory staff. In addition, Corix is making an effort to rent commercial real estate within the City.

Automated Meter Reading

Both the Gas and Oil and Water Departments will be taking a close look at Automated Meter Reading (AMR). AMR is the technology of automatically collecting consumption data from water or gas meters and transferring that data to a central database for billing, analysis and identification of problems. The benefits include:

- Easy tracking of water and gas usage for improved conservation;
- Increased accuracy of consumption measurement; and
- Savings resulting from reduction or elimination of CMR services.

Preliminary cost estimates for AMR implementation in the City are:

- \$51.1 million with a three-year installation schedule including equipment for Gas and Water meters combined;
- Added to that is an annual estimated cost in excess of \$350,000 for operational expenses; and
- Other costs to be considered are the debt service funds needed to implement AMR over a three-year period.

This matter was reviewed by Deputy City Attorney Amy Burton on October 5, 2009 and Budget and Performance Management Bureau Manager David Wodynski on October 12, 2009.

TIMING CONSIDERATIONS

City Council action is requested on November 3, 2009, to ensure that Corix has time to: 1) procure the facilities and equipment to conduct meter reading activities in the City; 2) recruit and train a workforce; and 3) obtain and test required hardware and software prior to the onset of the four-month Acceptance Phase. The Acceptance Phase must be successfully completed before Corix assumes full-scale monthly meter reading activities.

In the event that Corix does not successfully complete the Acceptance Phase by the expiration of the SCE contract on April 30, 2010, the City may opt to activate the City Council-approved SCE contract extension through July 31, 2010.

FISCAL IMPACT

The total cost of meter reading in FY 10 is \$1.98 million, of which \$1.26 million was budgeted for the bi-monthly meter reading contract with SCE. The additional costs from the conversion to monthly meter reading with Corix in FY 10 is \$717,973. Of this amount, the Water Fund (EF 310) and Sewer Fund (EF 311) impact is approximately \$330,268 for which appropriation exists in the Water Department's FY 10 Adopted Budget. The impact on the Gas Fund (EF 301) in the Department of Long Beach Gas and Oil (EN) is approximately \$387,705 for which an appropriation increase is required and requested as part of the Recommendation.

Costs in an amount not to exceed \$2.9 million annually will be included in the FY 11 through FY 15 budgets in the Water Fund (EF 310) and Sewer Fund (EF 311) in the Water Department (WA) and the Gas Fund (EF 301) in the Long Beach Gas and Oil Department (EN).

SUGGESTED ACTION:

Approve the recommendation.

Respectfully submitted,



LORIANN FARRELL
DIRECTOR OF FINANCIAL MANAGEMENT/CFO

APPROVED:



PATRICK H. WEST
CITY MANAGER