

August 21, 2018

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Authorize the City Manager, or designee, to execute amendments to Contract No. 33657 with Sensus USA, Inc., of Raleigh, NC, and Contract Nos. 33557, 33558, and 33559 with Harris Utilities, of Ottawa, Ontario, Canada, to increase the combined contract amount by a one-time amount of \$9,636,816, to support the Long Beach Water Department (Water) in implementing and joining the Energy Resources Department (ER) as co-owner of the Advanced Metering Infrastructure system, and allow for an additional \$561,000 annually, with a 3 percent annual escalator, for the ongoing support, maintenance, and operation costs of the program for both ER and Water;

Authorize the City Manager, or designee, to execute amendments to Contract No. 34740 with Utility Solutions Partners, LLC, of Rancho Cordova, CA, to increase the contract by a one-time amount of \$300,000; and,

Increase appropriations in the General Services Fund (IS 385) in the Technology and Innovation Department (TI) by \$300,000, for integration services for the Water transition, and the purchase and installation of hardware and software to support the project, offset by revenue from the Water Department (WA). (Citywide)

DISCUSSION

In June 2014, the City Council awarded contracts to Sensus USA, Inc. (Sensus), and Harris Utilities (Harris) in support of an Advanced Metering Infrastructure (AMI) system for the Energy Resources Department's (ER) 154,000 gas meters. The gas-only AMI implementation was completed in August 2017, with ongoing maintenance and operations costs paid by ER. Long Beach Water Department (Water) received approval from the Board of Water Commissioners of the City of Long Beach on July 26, 2018, for an AMI Program for its 90,000 water meters system utilizing the existing Sensus and Harris AMI network components. ER and Water propose to maximize efficiency through co-ownership of a shared AMI infrastructure utilizing the existing Sensus and Harris contracts currently operated solely by ER.

To support this co-ownership structure, ER requests to amend its existing Sensus and Harris contracts to provide for co-ownership and operation with Water. Sensus will

HONORABLE MAYOR AND CITY COUNCIL

August 21, 2018

Page 2

provide SmartPoint Modules, Server Hardware, Software Licenses, FCC Licenses, and other equipment as needed. Harris will provide Software Licensing, Implementation Services and Software Support, and Maintenance Agreements to support Water's AMI implementation.

It is necessary to increase the project costs to support Water's implementation of smart metering. ER is requesting a one-time additional contract authority of \$9,636,816. Of this amount, Water will fund \$9,181,500 for implementation and ER will fund the remaining \$455,316 budgeted for FY 18 maintenance. Beginning in FY 19, the ongoing support, maintenance and operation costs of the program for both ER and Water will be \$561,000 annually, with an annual 3 percent escalator. Under this co-ownership arrangement, all Water-specific cost increases related to the Sensus and Harris contracts will be offset by Water, and all shared network costs will be allocated to ER and Water on a pro-rata basis. This co-ownership will result in a net decrease in Gas Fund expenditures related to the project.

To assist with Water's AMI transition, the Technology and Innovation Department (TI) is requesting an additional one-time contract authority with Utility Solutions Partners, LLC (USP), and an appropriation increase of \$300,000 in the General Services Fund, which will be offset by revenue from Water. These funds will be for integration services to ensure interfaces are working properly, to provide general project support, and to purchase and install as-needed software and hardware.

This matter was reviewed by Deputy City Attorney Richard F. Anthony on August 6, 2018 and by Budget Management Officer Rhutu Amin Gharib on August 3, 2018.

TIMING CONSIDERATIONS

City Council action is requested on August 21, 2018, as the Board of Water Commissioners of the City of Long Beach approved Water's Advanced Metering Infrastructure Program on July 26, 2018.

FISCAL IMPACT

The recommended action will increase the combined Sensus and Harris contract costs by a one-time amount of \$9,636,816, and allow for an additional \$561,000, starting in FY 19 annually, with a 3 percent annual escalator, for ongoing support and maintenance costs. The \$9,636,816 one-time costs of both the Harris and Sensus contracts will be funded by the Long Beach Water Department (WA). The Energy Resources Department (ER) and Water will share, on a pro-rata basis, the ongoing support and maintenance costs. FY 18 one-time costs totaling \$455,316 is currently budgeted in the Gas Fund (EF 301) in the Energy Resources Department (ER). The FY 19 maintenance costs are also part of the FY 19 Proposed Budget. Structural funding will be requested through the budget process for FY 20 and beyond.

HONORABLE MAYOR AND CITY COUNCIL

August 21, 2018

Page 3

An appropriations increase of \$300,000 is also requested in the General Services Fund (IS 385) in the Technology and Innovation Department (TI) for the one-time Utility Solutions Partners LLC contract increase, which will be offset by revenue from Water through the MOU. There is no local job impact associated with this recommendation.

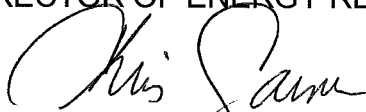
SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



ROBERT M. DOWELL
DIRECTOR OF ENERGY RESOURCES



CHRISTOPHER J. GARNER
GENERAL MANAGER OF LONG BEACH WATER



LEA ERIKSEN
DIRECTOR OF TECHNOLOGY & INNOVATION

APPROVED:



PATRICK H. WEST
CITY MANAGER