



**PURCHASING ITEM
FOR
COUNCIL AGENDA**

1. Agenda Item Number:

18

2. Council Meeting Date:
August 14, 2008

TO: MAYOR & COUNCIL

3. Date Prepared: July 23, 2008

THROUGH: CITY MANAGER

4. Requesting Department: Municipal Utilities

5. SUBJECT: Extension of agreement WD6-890-2297 for the purchase of water meters and related equipment from H D Supply Waterworks, LTD, in an amount not to exceed \$4,720,000, and assignment of the agreement from Hughes Supply, Inc., to H D Supply Waterworks, LTD.

6. RECOMMENDATION: Approve the extension of agreement WD6-890-2297 for the purchase of water meters and related equipment from H D Supply Waterworks, LTD, in an amount not to exceed \$4,720,000, and assignment of the agreement from Hughes Supply, Inc., to H D Supply Waterworks, LTD.

7. HISTORICAL BACKGROUND/DISCUSSION: The Water Distribution division installs over 1,000 water meters annually due to city growth. This extension includes 9,000 additional meters, which are required as part of a meter change-out program to replace meters that have exceeded their service life expectancy. The recommended meters are read utilizing drive-by technology.

8. EVALUATION PROCESS: In September 2006, the City entered into agreement with Hughes Supply, Inc., for the purchase of water meters and related equipment. The agreement was for a two-year term with provisions to extend four additional two-year terms. The requested extension includes a 6.7% price increase, which is equal to the two-year change in the Consumer Price Index. This extension includes 9,000 additional meters, which are required as part of a meter change-out program to replace meters that have exceeded their service life expectancy. The extension also includes a 3% discount for purchasing 9,000 meters for the replacement program. The requested amount is for the entire two-year term based on an estimated 3.5 % increase after year one. Only the first year's contractual funding is identified in the financial implications below due to the potential cost increase should the Consumer Price Index go above 3.5%. Additionally, during the term of the contract, H D Supply Waterworks, LTD, purchased Hughes Supply, Inc. Staff is recommending the contract be reassigned to H D Supply Waterworks, LTD.

9. FINANCIAL IMPLICATIONS

Costs: \$4,720,000: Year 1 = \$2,318,200 / Year 2 = \$2,401,800

Fund Source:

Requires a Water Operating Fund, Non Departmental Contingency transfer from 605.1290.0000.5911 of \$400,000 to the Water Operating Fund, Water Distribution, Replacement Meters account 605.3800.0000.5872 to partially fund this contract. The contract will then be paid from the following sources.

Acct. Name	Fund Name	Program Name	CIP Funded	Funds
101.0000.0000.1516	General Fund/Inventory	New Meters	Non-CIP	\$ 500,000
605.3800.0000.5872	Water Operating/ Water Distribution	Replacement Meters	Non-CIP	\$ 1,818,200

10. PROPOSED MOTION: Move that Council approves a contingency appropriation transfer from the Water Operating Fund, Non Departmental Contingency account in the amount of \$400,000 to the Water Operating Fund, Water Distribution, Replacement Meters account and to extend agreement WD6-890-2297 for the purchase of water meters and related equipment from H D Supply Waterworks, LTD, in an amount not to exceed \$4,720,000 over the next two years, and assign the agreement from Hughes Supply, Inc., to H D Supply Waterworks, LTD.

APPROVALS

11. Requesting Department


Robert Mulvey, Assistant Municipal Utilities Director

13. Department Head


Dave Siegel, Municipal Utilities Director

12. Procurement Officer


Mike Mandt, CPPB

14. City Manager


W. Mark Pentz

AMENDMENT NUMBER ONE,
TO AGREEMENT BETWEEN THE CITY OF CHANDLER AND HUGHES SUPPLY INC.
FOR WATER METERS
WD6-890-2297

This Amendment #1 to that certain Agreement Between the City Of Chandler (CITY) and Hughes Supply (Contractor) for Water Meters dated September 1, 2006 is entered into this 15th day of August, 2008.

WHEREAS, The Agreement was awarded with a two-year term with provisions to extend four additional two year terms;

WHEREAS, Hughes Supply, Inc. was purchased by HD Supply Waterworks, LTD;

NOW THEREFORE, the parties agree as follows:

1. Section 5, Contract amounts hereby amended to the total amount paid to the contractor shall not exceed four million seven hundred and twenty thousand dollars (\$4,720,000) during the two year term.
2. Section 6, Term is hereby amended to extend the Agreement two years through August 31, 2010.
3. Section 14.3 Assignment, the contract is hereby assigned to H D Supply waterworks LTD.
4. Exhibit B is replaced with the attached Revised Exhibit B. The revised exhibit B reflects an increase equal to the change in the Consumer Price Index (CPI) during the term of the contract. Additionally, Revised Exhibit B reflects a 3% discount for all meters purchased for the meter replacement program provided a minimum of 9,000 meters are replaced per year. Parties agree to review the CPI after one-year. If the change to the CPI for the one-year period exceeds 3.5%, the parties agree to adjust the unit prices in Revised Exhibit B to reflect the change to the CPI.
5. All terms and conditions in the original Agreement not specifically amended herein shall be incorporated by reference in its entirety and shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names this 15th day of August, 2008.

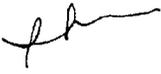
CITY OF CHANDLER:

By: _____
City Manager/designee

HD SUPPLY WATERWORKS, LTD.
CONSULTANT:

By: [Signature]
Title: VP & CFO

APPROVED AS TO FORM:

City Attorney 

ATTEST:

City Clerk

ATTEST: (If corporation)

N/A
Secretary

WITNESS: (If individual or Partnership)



[SEAL]

Revised Exhibit B
 WD6-890-2297
 Water Meters

Hardware Pricing

Description	Unit Price 9/1/06- 8/31/08	Unit Price 9/1/08- 8/31/10
CE 5320X Handheld	\$ 2,915.00	\$ 3,118.18
CE 5320X Ethernet Cradle and Power Supply	\$ 533.50	\$ 570.68
HR2380 Radio Frequency Interface Unit	\$ 1,155.00	\$ 1,235.50
MRX920 Mobile Data Collector	\$ 33,000.00	\$ 35,300.10

Annual System Maintenance

Description	Unit Price 9/1/06- 8/31/08	Unit Price 9/1/08- 8/31/10
CE 5320X Handheld Maintenance	\$ 565.25	\$ 565.25
CE 5320X Ethernet Cradle and Power Supply	\$ -	\$ -
HR2380 Radio Frequency Interface Unit Maintenance	\$ 278.80	\$ 278.80
Equinox Meter Reading Software Maintenance	\$ 1,020.00	\$ 1,020.00
MRX920 Mobile Data Collector Maintenance	\$ 3,700.00	\$ 3,700.00

Meter Pricing

Description	Unit Price 9/1/06- 8/31/08	Unit Price 9/1/08- 8/31/10	Replacement Program cost
5/8" R900i T-10 Meter	\$ 142.11	\$ 152.02	\$ 147.45
5/8" R900i Register	\$ 121.05	\$ 129.49	
5/8" Meter body only	\$ 26.32	\$ 28.15	
3/4" R900i T-10 Meter	\$ 157.90	\$ 168.91	\$ 163.84
3/4" R900i Register	\$ 121.05	\$ 129.49	
3/4" Meter body only	\$ 42.11	\$ 45.05	
1" R900i T-10 Meter	\$ 184.21	\$ 197.05	\$ 191.14
1" R900i Register	\$ 121.05	\$ 129.49	
1" Meter body only	\$ 73.66	\$ 78.79	
1 1/2" R900i T-10 Meter	\$ 273.69	\$ 292.77	
1 1/2" R900i Register	\$ 121.05	\$ 129.49	
1 1/2" Meter body only	\$ 173.69	\$ 185.80	
2" PR R900i T-10 Meter	\$ 368.42	\$ 394.10	
2" R900i Register	\$ 121.05	\$ 129.49	
2" Meter body only	\$ 263.16	\$ 281.50	
1" R900i T-10 Meter Reclaimed Purple Register	\$ 184.21	\$ 197.05	
2" R900i T-10 Meter Reclaimed Purple Register	\$ 368.42	\$ 394.10	

Accessories

Description	Unit Price 9/1/06- 8/31/08	Unit Price 9/1/08- 8/31/10	Replacement Program Cost
6ft Antenna Assembly (thru the lid)	\$ 18.75	\$ 20.06	\$ 19.46
25ft Antenna Assembly (thru the lid)	\$ 31.25	\$ 33.43	\$ 32.43

Tax 8.3%