



## LEGISLATIVE MEMORANDUM

**TO:** Honorable Mayor and Members of the City Council

**FROM:** Scott Morgan, Interim City Manager

**THRU:** Gabriel Bowden, Utilities Director; George Barber, Chief Procurement Officer

**DATE:** December 19, 2024

**RE:** Contract: Neptune water meters, hardware, software, parts and services - Utilities Department (Ferguson Waterworks – \$1,500,000 (annual estimate, 'as needed' basis) (sole source)).

### SUMMARY:

In March 2003 the City purchased the Neptune hardware and software for the radio reading of water meters. Subsequently, the City has continued to use the Neptune system and kept the system current through upgrades to the system hardware and software. The Neptune software and hardware are a proprietary system designed to communicate with the Neptune radio read meters. Neptune water meters are the only radio read meters that are compatible with this proprietary system. Additionally, this system has been integrated to work, via data upload, with our utility billing system.

The benefits of standardization by designating Ferguson Waterworks as a single source are consistency of installation, fewer spare parts, fewer meter reading errors and reduced loss of revenue by monitoring and predicting meter failures utilizing proprietary software and hardware specifically for the automated meter reading (AMR) style meters. AMR meters benefit the city staff and residents by providing more accurate billing with real-time data, reduced labor costs by reducing manual meter readings and improved customer service providing staff a resource to respond to outages and service issues quickly.

The main items purchased are the Neptune 5/8" x 3/4" T10 BB Bronze Bottom R900i Meter Complete and Neptune R900 Pit Gallon Registers. An average of 2800 meters and 2000 registers are purchased annually, in addition to smaller quantities of other items on the pricing list. As an added benefit, Neptune offers a generous prorated warranty program for qualified registers. Under this program non-working registers are returned to the manufacturer to be inspected. Over 80% of the registers returned qualify for warranty and are replaced under the prorated warranty program. An average of 1800 registers are purchased annually via the warranty program.

In FY21 the Utilities Department upgraded the mobile data collectors and software to the Neptune 360 Mobile Application. This upgrade requires an annual subscription of \$.84 per meter/per year. For FY25 the estimated subscription cost will be \$32,000.

The current agreement with Ferguson Waterworks, was approved by Council December 7, 2023; this agreement expires December 31, 2024. Ferguson Waterworks has submitted a new pricing agreement for the term beginning January 1, through December 31, 2025. There will be a 3% price increase for the meters (Neptune 5/8" x 3/4" T10 BB Bronze Bottom R900i Meter Complete), a 3.5% price increase on the registers, and a 3% increase for the annual subscription. There will be an average of 1.5% price increase for the other items on the price agreement.

Ferguson Waterworks is the sole source provider of Neptune water meters and parts for the State of Florida.

The Procurement Ordinance defines a sole source as "an item that is the only one that will produce the desired results, or fulfill the specific need, and the item is available from only one source of supply. Therefore, there is an inability to obtain competition. Due diligence must be performed to verify an item is truly a sole source, and the original justification documentation shall be properly maintained." Ordinance 38.13(F)(2) requires Council approval of a sole source purchase over \$100,000. Pursuant to the City Code of Ordinances Section 38.13(F)(2), a sole source posting for the parts, repairs and services was posted on Bonfire on November 7, 2024, and ended on December 3, 2024, under sole source #09-SS-25. No responses were received regarding the sole source posting. The Sole Source has an expiration date of three (3) years.

#### **REQUESTING DEPARTMENTS:**

Utilities

Procurement

#### **FISCAL IMPACT:**

Meters are purchased as an asset (inventory) for future use and are not expensed until they are issued. No specific amount is budgeted for meters. The estimated annual expenditure is \$1,500,000. The meters will be expensed, at time of issue, to Utilities operating, and Utilities renewal and replacement accounts 421-8020-533-6322 and 424-8022-533-6322. The estimated annual expenditure is \$1,500,000. Purchase orders are issued on an "as needed" basis. Funding is available for the annual subscription in Utilities operating account 421-8016-536-3411.

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**STAFF RECOMMENDATION:**

Motion to approve the Standardized Sole Source purchase for Neptune Water Meters, Hardware, Software, Parts and Services with Ferguson Waterworks.

**ATTACHMENTS:**

1. Ferguson Neptune Sole Source