



**CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING**

#16-0238

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Lee Feldman, ICMA-CM, City Manager

DATE: April 5, 2016

TITLE: Motion to Ratify Expenditures of \$107,528 and Approve Purchase of
Additional Positive Displacement Cold Water Meters - Sunstate Meter &
Supply, Inc. - \$125,000

Recommendation

It is recommended that the City Commission ratify a previous expenditure of \$107,528 for positive displacement cold water meters and approve the purchase of additional meters through contract 432-11222 with Sunstate Meter & Supply, Inc. (Sunstate) for a total increase of \$125,000.

Background

The Procurement Services Division of the Finance Department initiated a contract audit in October 2015 to review all current City term contracts for compliance with approved expenditure limits. As a result of this audit, the referenced cold water meter contract was found in non-compliance as detailed herein.

The City of Fort Lauderdale has 62,629 metered water service accounts. Positive cold water meters are used to measure water consumption for billing purposes with an accuracy of +/- 1.5%. The American Water Works Association (AWWA) recommends replacing 10% of the total number of water meters each year to ensure accuracy, maximize revenue, and minimize maintenance.

On August 20, 2013, the City Commission approved a one-year contract for positive displacement cold water meters in sizes from 5/8" to 2" with Sunstate in the amount of \$351,455 (CAM 13-0917). The contract has three one-year renewal options contingent upon mutual agreement and funding availability.

The City approved the first one-year contract extension from August 20, 2014 to August 19, 2015 with a contract value of \$351,455. However; the expenditure cap was not sufficient to meet the cost of meters installed during that period. Meter installation is driven by four factors:

- 1) meter replacements to measure water consumption billing;
- 2) recommendation to replace 10% of meter for accuracy by AWWA;
- 3) meter replacements generated by inaccurate readings as determined by Public Works Meter Reading Section; and
- 4) new services or new accounts.

During the contract period ending August 19, 2015, Public Works staff ordered 4,770 water meters. Review of the order invoices, installation records, and transfer requisitions and inventory on hand at both the pipeyard depot and meter shop have accounted for all meters.

Staff order all water meters from the contracted vendor, Sunstate Meter and Supply, Inc. The orders are placed several times a year on individual purchase orders to replenish inventory that is used by the meter shop for both new services and replacements of old or inaccurate meters. Unfortunately, a mechanism was not in place to track total purchases against the approved contract cap. As a result, the approved contract value was overspent by \$107,527.80.

Public Works staff has since met with Procurement staff to establish new procedures to provide oversight and track expenditures for these meters. Staff now uses a master blanket purchase order for purchases under this contract. Master blanket purchase orders will also be used for future meter purchases to ensure purchases remain within contract values. Master Blanket purchase orders have been implemented by the Procurement Division which systemically track expenditures against approved contract values. This procedure began in July of 2015 and ensures stronger, automated controls for keeping contract expenditures within approved limits. Additionally, through increased training and communication with all departments on these new procedures, staff at all levels are more cognizant of appropriate protocols in issuing purchase orders in line with approved contract values.

On February 13, 2015, the City approved the second one-year contract renewal with a contract expenditure cap of \$351,455. We anticipate exceeding the current FY 2016 expenditures caps due to aging meter replacements, inaccurate meters, as well as new service meter installations. Meters for new services comprise of 10-12% while replacement meters over 10 years old are 78-80%. For these reasons, it is recommended that the Commission authorize an increase in the contract value for an additional \$125,000 to bring the current contract cap to \$476,455.

METER PURCHASES			
Meter Size	CONTRACT (8/20/13 to 8/19/14)	FIRST RENEWAL (8/20/14 to 8/19/15)	SECOND RENEWAL (8/20/15 to Date)
5/8-inch	1720	2640	720
¾-inch	240	160	160
1-inch	750	1440	560
1-½-inch	239	320	192
2-inch	217	210	64
Total Meters:	3166	4770	1696
Total Cost of Meters Purchased:	\$325,789.70	\$458,982.80	\$183,016.80
CAM Approved Amount:	\$351,455.00	\$351,455.00	\$351,455.00
Additional Funds Requested:	N/A	\$107,527.80	\$125,000.00
Revised Contract Values If Approved by Commission:	N/A	\$458,982.80	\$476,455.00

Resource Impact

There will be a fiscal impact to the City in the amount of \$107,528 for the contract increase to correct overspending in FY 2015 and \$125,000 to meet meter replacement demands and additions in FY 2016.

Funds available as of February 29, 2016					
ACCOUNT NUMBER	INDEX NAME (Program)	CHARACTER CODE/ SUB-OBJECT NAME	AMENDED BUDGET (Character)	AVAILABLE BALANCE (Character)	AMOUNT
450-PBS704135-5401	Pipeyard Inventory	Non-Operating Expenses/ Purchases	\$1,800,000	\$1,019,211	\$125,000
				TOTAL →	\$125,000

Strategic Connections

This item is a *Press Play Fort Lauderdale Strategic Plan 2018* initiative, included within the Infrastructure Cylinder of Excellence, specifically advancing:

- Goal 2: Be a sustainable and resilient community.
- Objective 1: Proactively maintain our water, wastewater, road, and bridge infrastructure.

This item advances the *Fast Forward Fort Lauderdale Vision Plan 2035*: We are Connected.

Attachments

Exhibit 1 – Contract Summary #432-11222, Cold Water Meters with SunState

Exhibit 2 – First Renewal of Agreement

Exhibit 3 – Second Renewal of Agreement

Exhibit 4 – Master Blanket Purchase Order

Prepared by: Althea Pemsel, Sr. Procurement Specialist
Linda Blanco, Finance

Department Director: Paul Berg, Public Works
Kirk Buffington, Finance