

Project title: Resolution waiving public bidding requirements and approving the sole-source purchase of Neptune Water Meters and repair parts from Core & Main LP

Council Bill #**Consideration:** Adopt Resolution for sole-source purchase**Project:** Sole Source Purchase of Core & Main LP Repair Parts**Agenda dates requested:**

9/18/2019

Partner/Supplier : Core & Main LP**Location:**

Briefing

Proposed action

Consent X

Action

Ordinance

Public hearing

Yes

No

Preceding action:**Fund:** Utilities Fund 401**Budget amendment:**

Yes

 X

No

PowerPoint presentation:

Yes

 X

No

Attachments:

Sole Source & Brand Name or Standardization Justification

Department(s) involved:

Purchasing & Public Works

Contact person:

Theresa Bauccio-Teschlog

Phone number:

(425) 257-8901

Email:

tbauccio@everettwa.gov

Fiscal summary statement:

Staff anticipates spending \$350K in 2019, \$340K in 2020 for replacement meters, and then \$20,000 per year thereafter for Neptune repair parts. The expenditures are budgeted in the Water/Sewer Utility fund. City forces install and repair the meters as needed.

Project summary statement:

The City has installed Neptune water meters for more than 20 years. The meters have radio-reading heads, which allow for automated meter reading and billing. Meter reads are closely coordinated and synchronized with the City's utility billing system. The utility billing system is compatible and fully integrated with Neptune meters. The industry standard is to purchase and install a single brand of water meter. The Neptune T-10 water meter has been tested to meet the standard of the American Water Works Association, which allows for an acceptable industry standard rate of standard 90%. When tested, the Neptune meters were within 97% correct. Core & Main is the sole distributor of the Neptune water meters in the Northwest trade area. This sole-source request is for Neptune meters and Neptune repair parts.

Initialed by:

Department head

Administration

Council President

Recommendation (exact action requested of Council):

Adopt a Resolution to waive public bidding requirements and approve a continuous sole source purchase of Neptune Water Meters and repair parts from Core & Main LP.



RESOLUTION NO. _____

A RESOLUTION of the City of Everett waiving public bidding requirements and approving a multiple year sole-source purchase of Neptune water meters with radio heads from Core & Main.

WHEREAS,

1. The City has chosen to standardize Neptune water meters with radio heads for its water meter system and replacement program; and
2. Core & Main is the only authorized source of Neptune meter reading equipment, software, water meters and Neptune parts in Washington State; and
1. As long as Core & Main, Inc. is the only authorized provider of Neptune meter reading equipment, software, water meters and Neptune parts, it is in the City's best interest to approve the sole source purchase for multiple years rather than on an annual basis;

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND EVERETT CITY COUNCIL THAT:

Because there is clearly and legitimately only one source capable of supplying of Neptune meter reading equipment, software, water meters and Neptune parts for the City's water system and replacement program, the City hereby waives competitive bidding requirements and authorized the purchase of replacement parts from Core & Main.

Councilmember introducing resolution

Passed and approved this ____ day of _____, 2019.

Council President



PURCHASING
SOLE SOURCE JUSTIFICATION
Purchases Above \$5,000

<p>A sole source is defined as: A purchase that is clearly and legitimately limited to a single source or supply.</p> <p>A. If there is a way to draft the specifications so that more than one respondent will reply, it is not a sole source. B. The use of sole source purchases shall be limited only to specific instances which are totally justified to satisfy compatibility or technical performance needs.</p> <p>All sole source purchases shall follow the City of Everett Purchasing Guidelines Section 9.2.</p>	
<p>I REQUEST THAT THE REFERENCED PURCHASE BE DECLARED A SOLE SOURCE PURCHASE.</p>	
<p>Proposed supplier name and address: Core & Main 41060134th St SE Marysville WA 98271</p>	<p>Estimated cost of goods or services: Water meter replacement - \$340,000.00 for 2019, \$350,000 for 2020 then \$20,000 per year thereafter and Neptune repair parts.</p>
<p>Purchase Requisition #:</p>	<p>Cayenta Supplier # 03186 Or attach Supplier's W-9 Form</p>
<p>This is a sole source purchase because (Check all that apply):</p> <p><input type="checkbox"/> Licensed or patented – supplier has a license or patent that makes them the sole provider. <input type="checkbox"/> One-of-a-kind – there is no competitive alternatives available on the market. <input checked="" type="checkbox"/> Sole Distributor – Supplier is the sole distributor for the region or municipality <input checked="" type="checkbox"/> Compatibility – must match existing brand or equipment for compatibility. <input checked="" type="checkbox"/> Replacement part – for a specific brand or existing equipment. <input type="checkbox"/> Warranty – sole provider of factory authorized warranty service. <input type="checkbox"/> Unique design – must meet physical design or quality standards. <input type="checkbox"/> Public Utility Services – Necessary adjustment of utility facilities <input type="checkbox"/> Other - _____</p> <ul style="list-style-type: none"> • If the justification for sole source is "Standardization" then additional supporting documentation must be provided. See Brand Name or Standardization Justification Form. • Procurements of items which the City has established a standard of designating a brand name or manufacturer or by pre-approving via testing shall be competitively bid if there is more than one supplier for the item. 	
<p>Describe the proposed goods or services.</p>	<p>Neptune water meters with radio heads.</p>
<p>What are the specific <u>necessary</u> features that this supplier provides that are not available from other suppliers?</p>	<p>Core and Main is the only manufacturer's authorized regional distributor for water meters that meet the specific established meter standard of the City's water system.</p>
<p>Discuss how similar goods or services are <u>unable</u> to meet the required objective.</p>	<p>Other meters are not compatible with the city's meter reading system or integrated into with the water billing system. Other options or meter manufacturers would require substantial modifications and new equipment, software and labor to allow billing.</p>
<p>Describe your efforts to identify other potential sources.</p>	<p>Core and Main is the sole Neptune supplier and authorized distributor for Washington and Oregon states.</p>

List any other facts supporting the use of a non-competitive process.	The city has previously established Neptune meters as a standard and has over 20,000 meters installed. For over 20 years, the city has only used Neptune meters. The cost to add another meter manufacturer would be substantial and highly inefficient. Dual meter reading and duplication of utility billing software would be required. The estimated cost to the city would be well over \$400,000.
Is this a one-time procurement? <input checked="" type="checkbox"/> No* <input type="checkbox"/> Yes	*If an on-going sole source procurement is <u>required</u> , include or attach an estimate that shows total annualized expenditure for each year.

PRICE REASONABLENESS (Check all that apply and attach back-up documentation)


- I determined that the price is fair and reasonable because:
- I compared the proposed price to prices I previously paid for the same or similar goods and/or services. See PO # _____ . Specify price: _____
 - I compared the proposed price to current published catalog, price lists, or market prices as documented in the attachments and the proposed price is similar or less. **Attach relevant documentation.**
 - I compared the proposed price to rough yardsticks, such as dollars per pound, per horsepower, or other units of measure and did not discover significant inconsistencies that warrant additional pricing inquiry.
 - Based on my knowledge of the market, my experience of prior similar proposals, or knowledge imparted by technical experts.
 - The price is set by law or regulations.
 - Market research reveals that same or similar goods or services are available for a similar price.
 - Other: _____
 - Back-up documentation is attached.

Explanation of above-checked justification:

STATEMENT OF NEED AND CERTIFICATION:


My department's recommendation for sole source is based upon an objective review of the product/service required and appears to be in the best interest of the City of Everett. I know of no conflict of interest on my part or personal involvement in any way with this request. No gratuities, favors or compromising action have taken place. Neither has my personal familiarity with particular brands, types of equipment, materials or firms been a deciding influence on my request to sole source this purchase when there are other known suppliers to exist.

I hereby certify that this justification for sole source procurement is accurate and complete to the best of my knowledge and belief.

	Date: 9/4/19
Signature (Requestor)	Date
Printed Name: Jim Spooner	Title: MFO Supervisor

DEPARTMENT DIRECTOR

Based upon the above, I authorize the sole source acquisition of the goods or services specified.

	Date: 9-4-19
Signature	Date
Printed Name: Ryan Sabb	

INFORMATION TECHNOLOGY – For any technology purchases including software

Based upon the above, I authorize the sole source acquisition of the goods or services specified.

Signature: N/A	Date
PURCHASING MANAGER	

Based upon the above, I authorize the sole source acquisition of the goods or services specified.

Signature

Date

Note: If additional space is required, use additional sheets of paper and submit with this completed form.



August 7, 2019

Theresa Bauccio- Teschlog, CPPB
City of Everett
3200 Cedar Street
Everett, WA 98201

Ref.: Core & Main – Marysville Branch - Sole Authorized Distributor – State of Washington

Neptune Technology Group Inc. is pleased to affirm that Core & Main, Marysville Branch, is the sole authorized distributor in the State of Washington for Neptune RF meter reading equipment and software, Neptune water meters and Neptune parts.

Core & Main is authorized by Neptune to submit an offer for Neptune water meters and related products.

Thank you for your interest in Neptune products. If you have any questions, please contact your local Core & Main representative, Shelby Carlson, at 425-393-4936, your local Neptune representative, Tim Loosier, at 509-202-5686, or Neptune's Proposal department at 470-283-4399

Sincerely,

A handwritten signature in black ink that reads "Lawrence M. Russo".

Lawrence M. Russo
VP, Finance

LMR/jr



PURCHASING

BRAND NAME OR STANDARDIZATION JUSTIFICATION Purchases Above \$5,000

A brand name description is defined as:
A title, term, symbol, design or any combination used to describe a product by a unique identifier and its producer.

Standardization is defined as -
The adoption of a single product or group of products to be used by different entities or all parts of one organization. (Nash, Schooner, & O'Brien, 1998)

The agency understands that:

- Use of brand name descriptions and standardization is the least preferred type of specification as it limits competition and potentially equivalent products are not considered for award.
- Procurements of items for which the City has established a standard of designating a brand name manufacturer or by pre-approving via testing shall be competitively bid if there is more than one supplier for the item.

THE REQUESTER PROVIDES THE FOLLOWING JUSTIFICATION FOR REQUIRING

Brand Name justification

Standardization justification

What product are you standardizing:

This brand name or standardization is necessary because (Check all that apply):

Interchangeability

Expertise

Compatibility

Maintenance

Regulation/Law

Uniformity

Prior Functionality Testing

Other - _____

Other - _____


Describe the reasons above.	The city has installed Neptune water meters for more than 20 years. The meters have radio reading heads which allow for automated meter reading and billing. We have found Neptune meters are low maintenance and have interchangeable parts, which keeps replacement part inventory lower.
Describe the process that the department used to verify or test that this was the only suitable solution. Attached additional sheets if necessary.	Meter reads from Neptune meters are closely coordinated and synchronized with our billing system at utility billing. Neptune meters have low maintenance and include a life time warranty. For the past 10+ years, the city has employed an automated meter reading and utility billing system which is compatible and integrated with Neptune meters.
How was performance effectiveness demonstrated? Include existing conditions, prior history, and equipment longevity or durability.	The Neptune T-10 water meter has been tested to meet the standards of the American Water Works Association after 20 years of use, as tested on Everett's test bench. 20+ year old Neptune nutating disk meters were tested for accuracy and were within 97% correct. Acceptable industry standard is 90%.

If the standardization or brand name is not approved, what is the consequence to the agency? For example, additional costs or expenses that could be incurred.	No other options at this time. Automated reading is integrated with the Utility Billing and meter reading system. The cost to add another product to coordinate a new meter could be well over \$400,000 not including labor and coordination of two- meter reading and billing systems.
What are the associated risks of non-standardization?	Operating two systems would be inefficient and would result in increased costs in labor, materials, and billing software. The higher costs would be passed onto the customers through higher utility rates. The customers would pay more for a less efficient system.
List any additional facts supporting the standardization or brand name justification.	Neptune meters have proven to be highly reliable and our meter reading billing system is set up to read and bill from these meters. Adding another meter and register to our billing system would be inefficient. Consistent meters within a jurisdiction is the industry standard for customer service and efficiency.

STATEMENT OF NEED AND CERTIFICATION:

My department's recommendation for brand name or standardization is based upon an objective review of the product/service required and appears to be in the best interest of the City of Everett. I know of no conflict of interest on my part or personal involvement in any way with this request. No gratuities, favors or compromising action have taken place. Neither has my personal familiarity with particular brands, types of equipment, materials or firms been a deciding influence in this request.

I hereby certify that this justification is accurate and complete to the best of my knowledge and belief.

 _____ Date 9/4/19

Printed Name: Jim Sporn Title: City Supervisor
DEPARTMENT DIRECTOR

Based upon the above, I authorize the brand name or standardization of the goods or services specified.

 _____ Date 9-4-19

Printed Name: Ryan Sagg
PURCHASING MANAGER

Based upon the above, I authorize the brand name or standardization of the goods or services specified.

 Signature _____ Date _____

Note: If additional space is required, use additional sheets of paper and submit with this completed form.