



MEMORANDUM

To: Mayor and City Council

From: Kim Tiehen, Assistant Director of Finance
Jennifer Miller, Director of Finance

Date: April 23, 2019

Reference: Consider approval of two amendments to the Performance Contracting Agreement with Siemens Industry, Inc., to 1) correct the meter sizes listed in the original scope of work in the amount of \$140,643.69 and 2) increase the scope of work related to the number of meters necessary to cover all city water meter accounts in the amount of \$61,899.57; and authorizing the City Manager to sign any necessary documents.

2030: Sustainable City Government, Goal 3
Excellent and Well-maintained City Infrastructure and Facilities

Introduction:

This agenda item is presented to consider approval of two amendments to the Performance Contracting Agreement with Siemens Industry, Inc. (Siemens) totaling \$202,543.26 for an increase in the scope of work related to the number of meters necessary to cover all city water accounts and to correct the meter sizes listed in the original scope of work.

Analysis:

During the investigation and analysis phase of the advanced water meter project, staff research revealed that a contingency fund should be set aside because the likelihood of discrepancies in the meter inventory database is probable. In addition, new accounts could be added to the system that would require an increase in the scope of work.

While negotiating the contract price with Siemens, staff proposed a decrease in the amount requested by Siemens to perform the project and agreed to establish a contingency fund should there be discrepancies in the meter sizes provided in the scope of work. The rationale was that the City may save money by assuming this risk if the cost to cover the changes in the scope of work was less than the original contract price proposed by Siemens.

The first change order presented for your consideration is for additional meters not included in the original scope of work provided by the City to Siemens. The amount of that change order is \$61,899.57 and is for the purchase and installation of 95 meters of various sizes. The change in the number of meters is the result of new accounts being added since and accounts that were in transition when the database was downloaded in January 2018.

The second change order is necessary because discrepancies were found between what the City's database presented as meter sizes and what was found in the field. Meters designated in the database as $\frac{3}{4}$ " were found to be 1 inch, 1 $\frac{1}{2}$ ", and 2' meters in the field. In addition, five additional 6" fire meters were found in the field that

were labeled in the database as smaller meter sizes. This amendment also includes the replacement of 63 additional meters. The impact of the size discrepancies and additional meters is an increase of \$140,643.69.

The amount of the contingency fund staff determined to be appropriate for this project based on discussions with other cities was \$224,345. If the two change orders are approved, the remaining contingency fund will be \$21,801.74. However, it is important to note that the original proposed contract price from Siemens was approximately \$6.8 million or \$410 thousand more than the agreed upon contract price. The impact of these change orders is the project cost is \$207,456.74 less than originally requested by Siemens.

Legal Review:

Agenda item was reviewed by legal as part of the agenda packet.

Fiscal Impact:

The impact of this item is \$202,543.26 with funding from amount reserved for the Advanced Water Meter Project contingency funds.

Recommendation:

City staff recommends approval of the change orders.