July 28, 2010

The Honorable City Council
City of Los Angeles
Room 395, City Hall
Los Angeles, California 90012

Honorable Members:

Subject: Specification No. N-169 with Itron, Inc.

Pursuant to Charter Section 245, enclosed for approval by your Honorable Body is Resolution No. 19297, adopted by the Board of Water and Power Commissioners (Board) on July 22, 2010, approved as to form and legality by the City Attorney, which recommends Specification No. N-169 to Furnish and Deliver Radio Frequency Demand and Watthour Meters awarded to Itron, Inc., for an amount not to exceed $15,630,243 for a term of one year. As directed by the Board, transmitted to you are supporting documents.

If there are any questions regarding this item, please contact Ms. Winifred Yancy, Manager - Government and Neighborhood Relations, at (213) 367-0025, or Mr. Mario C. Ignacio, at (213) 367-0690.

Sincerely,

Barbara E. Moschos
Board Secretary

BEM:oja
Enclosures: LADWP Resolution
Board Letter
c/enc: Mayor Antonio Villaraigosa
Councilmember Jan C. Perry, Chair, Energy and the Environment Committee
Gerry F. Miller, Chief Legislative Analyst
Miguel A. Santana, City Administrative Officer
Rafael Prieto, Legislative Analyst
William R. Koenig, Chief Administrative Analyst
Winifred Yancy
Mario C. Ignacio
WHEREAS, through a competitive bid process the Los Angeles Department of Water and Power (LADWP) sought material for furnishing and delivering radio frequency (RF) demand and watthour meters under Specification No. N-169; and

WHEREAS, the LADWP received two bids for Specification No. N-169; and

WHEREAS, both bidders were non-responsive to the specifications and one of the bidders, HD Supply Utilities, Inc., who only bid on Groups of Items 1 – 4, and 5 – 16 and 20, was also not in technical compliance with Specification No. N-169; and

WHEREAS, Itron, Inc., is now the only bidder in technical compliance with the specification under Groups of Items 1 – 4, and 5 – 16 and 20, and the only bidder under Group of Items 17 – 19 and 21 – 23, under Specification No. N-169; and

WHEREAS, LADWP negotiated the omission taken by Itron and with further explanation now accepts Itron’s original bid and e-mail dated April 6, 2010, thus making Itron, Inc. the only responsive bidder under Groups of Items 1 – 4, and 5 – 16 and 20, and the only bidder under Group of Items 17 – 19 and 21 – 23; and

WHEREAS, LADWP’s Joint System recommends a negotiated contract be awarded for Groups of Items 1 – 4 and 5 – 16 and 20, and Group of Items 17 – 19 and 21 – 23.

NOW, THEREFORE, BE IT RESOLVED that Itron, Inc. is awarded a negotiated contract for a total amount not to exceed $15,630,243.00, for a term of one year, under Specification No. N-169, approved as to form and legality by the City Attorney and on file with the Secretary of the Board.

BE IT FURTHER RESOLVED that the Chief Accounting Employee is hereby authorized and directed to draw demands upon the Power Revenue Fund in accordance with the terms of this contract awarded pursuant to Specification No. N-169 and this resolution.

BE IT FURTHER RESOLVED that the President or Vice President, or the General Manager, or such person as the General Manager shall designate in writing, and the Secretary, Assistant Secretary, or the Acting Secretary of the Board are hereby authorized and directed to execute said contract for and on behalf of LADWP.

I HEREBY CERTIFY that the foregoing is a full, true and correct copy of the resolution adopted by the Board of Water and Power Commissioners of the City of Los Angeles at its meeting held JUL 22 2010

APPROVED AS TO FORM AND LEGALITY
CARMEN A. TRUJILLO, CITY ATTORNEY

Secretary

JUL 22 2010

BY

DEPUTY CITY ATTORNEY
PURPOSE

Transmitted for approval by your Honorable Board is a Resolution, approved as to form and legality by the City Attorney, recommending award to Itron, Inc. (Itron), the only responsive bidder under Groups of Items 1 – 4 and 5 – 16 and 20, and the only bidder under Group of Items 17 – 19 and 21 – 23, for a total amount not to exceed $15,630,243.00, for a term of one year, for furnishing and delivering radio frequency (RF) demand and watthour meters.

The meters supplied under this contract will capture and transmit meter data via handheld data collectors, including demand from small commercial customer’s and consumption data from the Los Angeles Department of Water and Power’s (LADWP) owned water meters retrofitted with communication modules so meter readers can retrieve meter reads from the street curb.

BACKGROUND

The total quotation of $15,630,243.00, prior to the combined award discount, is approximately 7 percent lower than LADWP’s estimated cost of $16,742,170.00.
HD Supply Utilities, Inc. (HD) was the lowest bidder on Groups of Items 1 – 4, and 5 – 16 and 20, however, this firm took exception to firm pricing as required by the specifications; therefore, their bid was considered non-responsive. The only other bidder, Itron, was also deemed non-responsive because this firm did not complete the portion of the specifications requiring bidders to state the dollar amount of Federal Excise Tax to be deducted from their unit prices.

Due to both bidders being non-responsive, staff evaluated the technical compliance of each bidder. HD was not in compliance with the specification because their bid did not include pricing for LADWP's requirements for the nameplate, data card and triple bar codes which are material deviations for the following reasons:

Watthour meters furnished shall be provided with nameplates, with bar-coded fields, and the nameplates shall be marked with not less than three bar codes (one for LADWP's meter code number, the meter serial number, the meter communication module ID number) which assists LADWP's operating efficiency. Using barcodes will prevent manual entry errors of meters information and increase efficiency for mass meter deployments, which results in savings of approximately $120,000.00 to $320,000.00.

Each meter received by LADWP is to be delivered in its carton with its unique data meter card which contains information required by our Meter Services, Meter Setters, and Meter Records Group. These meter data cards are utilized in daily LADWP meter management operations and are necessary for tracking meter testing, processing, and installation. The meter cards are a common point to reference information such as the type of meter being furnished by the vendor, meter identification number, meter manufacturer name, communication ID number and type of communication module(s) installed in each delivered meter. In addition, the cards have a data tabulation form with blank spaces to provide room for a LADWP meter installer to write data related to meter installation and replacements dates, meter register values, and the work request number utilized in LADWP's work tracking system. These data meter cards promote efficiency, however, the saving's realized are difficult to quantify.

LADWP received and accepted Itron's clarification regarding the Federal Excise Tax and Itron's pricing does not change with the clarification. In addition, Itron is in technical compliance with the specifications.

In accordance with the foregoing facts, it appears to be in the best interest of LADWP to enter into a negotiated contract with Itron, under the original proposal and their clarification e-mail dated April 6, 2010.
COST AND DURATION

<table>
<thead>
<tr>
<th>Estimated Expenditure</th>
<th>Maximum Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>$12,504,194.00</td>
<td>$15,630,243.00</td>
</tr>
</tbody>
</table>

The above contract total includes a combined award discount deduction of $3,126,048.00 for an award of all items in a single contract.

LADWP agrees to a minimum purchase of 25 percent and a maximum purchase of 125 percent of the estimated expenditures. The maximum expenditure will not exceed $15,630,243.00.

This contract is for a term of one year.

FUNDING SOURCE

The expenditures are budgeted and funded under the Power Revenue fund.

   Functional Item No.: 28990
   Location in Budget: Joint Book, Fl Detail Tab, Page 54 of 142


FISCAL IMPACT STATEMENT

None.

TYPE OF INSURANCE COVERAGE(S)

<table>
<thead>
<tr>
<th></th>
<th>Statutory Limits</th>
<th>Property Damage</th>
</tr>
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<tbody>
<tr>
<td>Workers' Compensation</td>
<td>☒</td>
<td>☐</td>
</tr>
<tr>
<td>Automobile Liability</td>
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<td>☐</td>
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<tr>
<td>General Liability</td>
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<tr>
<td>Professional Liability</td>
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<td>Aircraft Liability</td>
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<td></td>
<td></td>
<td>Water Craft</td>
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<tr>
<td></td>
<td></td>
<td>Asbestos</td>
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</table>
PRE-AWARD CHECKLIST

- Contract Compliance
- Subcontracting Opportunities
- Service Contractor Worker Retention Ordinance
- Child Support Policy
- Living Wage Ordinance
- Labor Relations Notification
- Charter Section 1022 Findings

CONTRACT ADMINISTRATION

The Contract Administrator (CA), a Rates Manager in Budget Rates and Planning Division, will monitor all aspects of the contract to ensure the contract is within the budget limit and contractual period, which includes reviewing quality of material received and conformance to the specification. The CA will resolve any vendor performance issues. Verification of invoices and authorizations for payment will be handled by the LADWP facility that receives the delivery for invoiced items.

- Time and Material
  - Yes ✗ No □
  - Markup: None.

FORMAL OBJECTIONS TO AWARD OF CONTRACT

None.

JOB OPPORTUNITIES AND TRAINING POLICY

- Applicable □ Not Applicable  ✓

INTERNAL AUDIT

- Yes ✗ No □

EXTERNAL AUDIT

- Yes ✗ No □

METHOD OF SELECTION

- Competitively Bid  ✓ Cooperative Purchase □ Sole Source □
OUTREACH EFFORT TAKEN

<table>
<thead>
<tr>
<th>Notices Issued</th>
<th>Responses Received</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Total  MBE*  WBE**</td>
</tr>
<tr>
<td>5</td>
<td>0  0</td>
</tr>
</tbody>
</table>

* Minority Business Enterprise (MBE)
** Women Business Enterprise (WBE)

In addition to the original bid list, the following Outreach Efforts were taken:

- Bid was posted on LADWP’s website.
- Specification No. 169 was electronically advertised on the City of Los Angeles’ Business Assistance Virtual Network (LABAVN) website for direct download.

Based on LABAVN statistical reporting, an electronic notification of the advertisement of Specification No. 169 was sent to approximately 1,152 of its users; 20 users viewed the bid opportunity, and of those who viewed the opportunity, five users downloaded all bid documents.

Of the five users demonstrating intent to bid by downloading all bid documents, LADWP received two bid responses.

Staff contacted the following firms and their reasons for not bidding are as follows:

General Electric bid through their distributor HD.

Elster Electricity and Landis+Gyr, Inc. have submitted bids in the past, but have not been competitive, hence they chose not to bid at this time.

Competition is limited because there are only four known manufacturers for this type of meter.
VENDOR HISTORY

Itron

<table>
<thead>
<tr>
<th>Contract No.</th>
<th>Contract Description</th>
<th>Term of Contract</th>
<th>Original Contract Amount</th>
<th>Change Order No. (CO)/Amendment No. (A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>971-9</td>
<td>RF Demand and Watthour Meters</td>
<td>1 Year</td>
<td>Original Period $10,271,814.00</td>
<td></td>
</tr>
<tr>
<td>859-7</td>
<td>RF Demand and Watthour Meters</td>
<td>1 Year</td>
<td>Original Period $7,124,980.00</td>
<td></td>
</tr>
</tbody>
</table>

VENDOR PERFORMANCE

Itron has performed well on previous contracts. There were no cost overruns and the materials were received on time and in compliance with the specifications.

CHARTER SECTION 1022 FINDINGS AND BASIS THEREOF

Not applicable.

MEMORANDUM OF UNDERSTANDING PROPOSED CONTRACT REVIEW PROCESS

Not applicable.

ENVIRONMENTAL DETERMINATION

In accordance with the California Environmental Quality Act (CEQA) it has been determined that furnishing and delivering RF demand and watthour meters is exempt pursuant to the General Exemption described in CEQA Guidelines Sections 105061(b)(3). General Exemption applies in situations where it can be seen with reasonable certainty that there is no possibility that the activity in question may have a significant effect on the environment.

CONFLICT OF INTEREST

All conflict of interest procedures were followed. No conflict of interest issues were identified.
RECOMMENDATION

It is recommended that your Honorable Board adopt the resolution and the contract be executed as authorized in the resolution.

DMT: vb
Attachments
e-c/att: Austin Beutner
Raman Raj
Richard M. Brown
Aram Benyamin
James B. McDaniel
Cecilia K.T. Weldon
Lorraine A. Paskett
Mario C. Ignacio

Anselmo G. Collins
Maria Sison-Roces
Gregory J. Black
George Chen
Dalia Trad
## Comparison of Bids Based on Department's Estimated Requirements

<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Quan</th>
<th>Unit Price</th>
<th>Ext. Unit Price</th>
<th>Ext. Unit Price</th>
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<tbody>
<tr>
<td>1</td>
<td>watthour meter</td>
<td>36,600 ea</td>
<td>45.00</td>
<td>1,782,000.00</td>
<td>35.50</td>
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<tr>
<td>2</td>
<td>240 volt, class 320</td>
<td>2,400 ea</td>
<td>81.25</td>
<td>195,000.00</td>
<td>71.00</td>
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<tr>
<td>3</td>
<td>120 volt, class 200</td>
<td>8,400 ea</td>
<td>83.13</td>
<td>698,292.00</td>
<td>63.20</td>
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<td>4</td>
<td>120 volt, class 100</td>
<td>3,800 ea</td>
<td>52.50</td>
<td>198,000.00</td>
<td>54.55</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>2,864,292.00</td>
<td>2,303,460.00</td>
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</tr>
<tr>
<td>5</td>
<td>watthour meters</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>240 volt, class 20, stators 1</td>
<td>600 ea</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>240 volt, class 200, stators 1</td>
<td>48,000 ea</td>
<td>152.50</td>
<td>7,320,000.00</td>
<td>109.95</td>
</tr>
<tr>
<td>8</td>
<td>240 volt, class 100, stators 1</td>
<td>1,104 ea</td>
<td>206.25</td>
<td>227,700.00</td>
<td>139.90</td>
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<tr>
<td>9</td>
<td>240 volt, class 20, stators 2</td>
<td>480 ea</td>
<td>206.25</td>
<td>99,000.00</td>
<td>227.35</td>
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<tr>
<td>10</td>
<td>277 volt, class 20, stators 3</td>
<td>480 ea</td>
<td>206.25</td>
<td>99,000.00</td>
<td>227.35</td>
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<tr>
<td>11</td>
<td>277 volt, class 20, stators 3</td>
<td>576 ea</td>
<td>187.50</td>
<td>108,000.00</td>
<td>173.70</td>
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<tr>
<td>12</td>
<td>120 volt, class 200, stators 3</td>
<td>960 ea</td>
<td>187.50</td>
<td>180,000.00</td>
<td>173.70</td>
</tr>
<tr>
<td>13</td>
<td>240 volt, class 20, stators 3</td>
<td>960 ea</td>
<td>187.50</td>
<td>180,000.00</td>
<td>173.70</td>
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<tr>
<td>14</td>
<td>120 volt, class 200, wire 3-neutral</td>
<td>960 ea</td>
<td>197.50</td>
<td>135,000.00</td>
<td>173.70</td>
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<td>2160 ea</td>
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<td>16</td>
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<td>240 ea</td>
<td>187.50</td>
<td>45,000.00</td>
<td>173.70</td>
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<tr>
<td>17</td>
<td>programmers with meters</td>
<td>24 ea</td>
<td>2,250.00</td>
<td>54,000.00</td>
<td>165.00</td>
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<td><strong>TOTAL</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>pre-programmed meter for pit install</td>
<td>40,000 ea</td>
<td>67.50</td>
<td>2,700,000.00</td>
<td>no bid</td>
</tr>
<tr>
<td>19</td>
<td>pre-programmed meter for indoor install</td>
<td>4,000 ea</td>
<td>67.50</td>
<td>270,000.00</td>
<td>no bid</td>
</tr>
<tr>
<td>20</td>
<td>pre-programmed meter connected remotely</td>
<td>4,000 ea</td>
<td>67.50</td>
<td>270,000.00</td>
<td>no bid</td>
</tr>
<tr>
<td>21</td>
<td>cable, in-line, 9'</td>
<td>40,000 ea</td>
<td>8.13</td>
<td>325,200.00</td>
<td>no bid</td>
</tr>
<tr>
<td>22</td>
<td>cable, in-line, 25'</td>
<td>9,000 ea</td>
<td>12.50</td>
<td>100,000.00</td>
<td>no bid</td>
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<tr>
<td>23</td>
<td>communication module</td>
<td>10 ea</td>
<td>5,005.00</td>
<td>50,050.00</td>
<td>no bid</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
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