

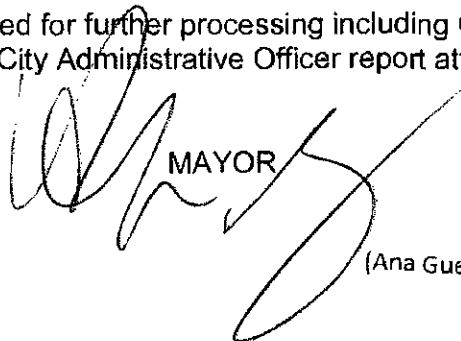
0150-10299-0000

TRANSMITTAL

TO Marcie L. Edwards, General Manager Department of Water and Power	DATE DEC 15 2014	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT Citywide	

**AGREEMENT 47279-5 BETWEEN ITRON, INC. AND
THE DEPARTMENT OF WATER AND POWER**

Approved and transmitted for further processing including Council consideration.
See the City Administrative Officer report attached.


MAYOR
(Ana Guerrero)

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 5, 2014

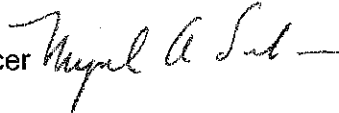
CAO File No. 0150-10299-0000

Council File No.

Council Districts: Citywide

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Transmittal from the Department of Water and Power dated November 6, 2014; referred by the Mayor for report on December 1, 2014

Subject: **AGREEMENT 47279-5 BETWEEN ITRON, INC. AND THE DEPARTMENT OF WATER AND POWER**

SUMMARY

The Department of Water and Power (DWP; Department) requests approval of the proposed resolution that authorizes Agreement 47279-5 (Agreement) with Itron, Inc. (Itron) for hardware and software license renewals, upgrades, maintenance, support services, on-site training, and professional services. This Agreement supports the continued use of six existing Itron applications essential for water and electric meter reading and data collection, remote meter reading, online customer account functionality, and various load forecast reporting tools. DWP states that this is a Sole Source Agreement due to the use of proprietary software products and that Itron is the only firm that can support this software.

Approval of the proposed Resolution and Agreement provides a contractual term of five years beginning January 1, 2015, and an expenditure authority not to exceed \$2,807,659. In accordance with Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required for long term contracts that exceed three years. The City Attorney has approved the proposed Resolution and Agreement as to form and legality.

BACKGROUND

Itron is a technology and service company, based in Liberty Lake, Washington, that provides various products and professional services for measuring, managing, and analyzing energy and water usage. The company claims approximately \$1.9 billion (2013) in annual revenues with more than 8,000 customers located in over 100 countries.

Itron has been providing various proprietary hardware, software, and professional services to DWP since 1994, in addition to providing meter hardware. Numerous Itron software applications are currently utilized by various sections of the Department with differing contractual terms and expiration dates. To facilitate contract administration activities, this proposed Agreement consolidates three existing contracts relating to six applications. The expiration dates for the three

agreements occur on December 31, 2014, February 29, 2016, and August 30, 2016. At the expiration of each contract, the contractual services will continue under the proposed Agreement. The following six Itron applications and related professional services will be consolidated under this proposed Agreement:

MV90xi and MV Web – The Rates Section utilizes the MV90xi application to collect meter data from the largest customers that cumulatively provide approximately 42 percent of the Power System revenue. Additionally, it supports other functions such as the annual demand forecast. The MV Web Advance Metering software provides an interface for these customers to view their accounts and to analyze their energy load via the internet. These applications have been utilized at DWP for approximately 20 years.

Metrix LT, Metrix ND, and Forecast Manager – The Rates Section utilizes the Metrix LT and Metrix ND applications to analyze energy consumption as well as to develop statistical models for forecasting sales and peak demands. The Forecast Manager application is utilized to automate data collection and reporting for the DWP annual demand forecast which includes power load projections, economic forecasting, construction forecasting, and weather data analysis. These applications have been utilized at DWP for approximately 12 years.

MV-Power Billing System (PBS) – The Rates Section utilizes the PBS, a financial settlement application, to produce billing and financial reports for complex rates and special contracts. PBS directly interfaces with other existing DWP meter data gathering systems. This application also supports complex rate models required by the California Public Utilities Commission (CPUC) such as net metering for solar customers, in addition to providing data needed for settlement of bill investigations, customer specific billing services, and energy efficiency audits. This application has been utilized at DWP for approximately 9 years.

Transaction Management System (TMS) – The Rates Section utilizes the TMS application to monitor electric meter data and to remotely collect usage information. Data collected through TMS is used by the Department for rate analysis, rate studies, and other rate related activities. This application has been utilized at DWP for approximately 14 years.

Enterprise Edition Customer Care Suite (EECCS) – The Customer Information and Analytics Group utilizes the EECCS application to support medium to large commercial and industrial customers who subscribe to the Energy Load Monitoring (ELM) Program. This program allows customers to view and analyze their energy usage via the internet. The application and metering costs for this ELM program are recovered by a monthly fee based on the customer's metering equipment. This application has been utilized at DWP for approximately 10 years.

Field Collection (FC) 300 – The Customer Services Meter Reading Unit utilizes the FC 300 application to annually collect data from more than 17 million electric and water meter reads. For approximately 9 years, DWP utilized the Itron Premierplus 4 meter reading application that Itron discontinued supporting in 2010. As a result, DWP replaced its meter reading application to the current FC300 application in 2010.

The proposed Agreement includes expenditure authority not to exceed \$2,807,659, which is included in the DWP budget. The cost figures for each application are based on the pricing included in the existing agreements for calendar year 2014 and include a three percent annual increase over the five year term. The annual increase is consistent with the existing agreements and provides for the enhanced functionality and preventive maintenance which is anticipated over the contractual term. Professional services not to exceed \$678,335 are included with this proposed Agreement to provide DWP with ongoing training, software customization, and on-site support. A table is provided below to identify the proposed costs for the six Itron applications:

Itron Application Name	DWP Group	Current Agreements		Proposed Agreement 47279-5		
		Agmt #	Exp. Date	Term	Application \$	Prof. Services \$
MV90xi and MV Web	Rates Section	47035-2	12/31/14	1/1/15 – 12/31/19	\$416,166	\$140,000
Metrix LT, Metrix ND, and Forecast Manager	Rates Section	47035-2	12/31/14	1/1/15 – 12/31/19	\$99,344	\$70,000
Enterprise Edition Customer Care Suite	Customer Info and Analytics Group	47035-2	12/31/14	1/1/15 – 12/31/19	\$214,247	\$60,000
Field Collection (FC) 300	Customer Service Meter Reading Unit	47035-2	12/31/14	1/1/15 – 12/31/19	\$1,027,145	\$18,335
MV-Power Billing System (PBS)	Rates Section	47506	2/29/16	3/1/16 – 12/31/19	\$161,404	\$30,000
Transaction Management System (TMS)	Rates Section	N0478-4	8/30/16	8/31/16 – 12/31/19	\$211,018	\$360,000
TOTAL					\$2,129,324	\$678,335
TOTAL WITH PROFESSIONAL SERVICES					\$2,807,659	

DWP states that Itron was not involved with the ongoing implementation of the Department's Customer Information System (CIS). The Department states that only the FC300 meter reading function interacts with the new CIS and that it is operating in a satisfactory manner.

CONTRACT COMPLIANCE

The City Attorney has approved the proposed resolution and Agreement as to form and legality. The Agreement is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to the General Exemptions described in Section 15061(b)(3) of the Los Angeles City CEQA Guidelines. In accordance with Charter Section 1022, DWP has been determined that the work specified in the Agreement can be performed more economically and feasibly by Independent Contractors than by City employees. Pursuant to Charter Section 371(e)10, DWP states that competitive bidding would not be practical or advantageous because Itron is the only manufacturer of these applications and the only authorized service provider.

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed resolution which authorizes the execution of Agreement 47279-5 between Itron, Inc. and the Department of Water and Power for a term of five years and an expenditure authority not to exceed \$2,807,659; and,
2. Return the proposed resolution to the Department for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of this proposed resolution will result in a total expenditure not to exceed \$2,807,659 from the Power Revenue Fund and Water Revenue Fund over the five year duration of the Agreement. There is no impact to the City's General Fund. The proposed Agreement complies with the Department's adopted Financial Policies.

TIME LIMIT FOR COUNCIL ACTION

Pursuant to Charter Section 373, "Long Term Contracts Approved by Council," and the Los Angeles Administrative Code Section 10.5, "Limitation and Power to Make Contracts," unless the Council takes action disapproving a contract that is longer than three years within 60 days after submission to Council, the contract shall be deemed approved.