



RIVERSIDE PUBLIC UTILITIES

Board Memorandum

BOARD OF PUBLIC UTILITIES

DATE: DECEMBER 9, 2024

SUBJECT: APPROVE WORK ORDER 2508277 IN THE AMOUNT OF \$25,250,000 AND APPROVE THE PURCHASE OF 80,000 ADDITIONAL ELECTRIC METERS WITH MCAVOY AND MARKHAM, FOR FISCAL YEARS 2024-2025 THROUGH 2028-2029, IN THE NOT TO EXCEED AMOUNT OF \$15,350,000

ISSUES:

Consider approval of Work Order No. 2508277 in the amount of \$25,250,000 and approve the purchase of 80,000 additional electric meters with McAvoy and Markham, for fiscal years 2024-2025 through 2028-2029, in the not to exceed amount of \$15,350,000.

RECOMMENDATIONS:

That the Board of Public Utilities:

1. Approve Work Order No. 2508277 in the amount of \$25,250,000;
2. Approve the purchase of 80,000 additional electric meters with McAvoy and Markham, for fiscal years 2024-2025 through 2028-2029, in the not to exceed amount of \$15,350,000; and
3. Authorize the City Manager, or his designee, to execute any documents necessary to effectuate the contract described herein, as well as the ability to make minor and non-substantive changes in alignment with all purchasing policies.

BACKGROUND:

On January 28, 2019, the Board of Public Utilities approved the Electric Advanced Metering Infrastructure (AMI) project, which included purchase and installation of 25,000 Itron electric meters with a factory-integrated Tantalus AMI module (AMI meters), as well as the software, communication devices, and associated equipment necessary to support the AMI infrastructure. The initial project was successfully completed in 2021. Since then, RPU has continued to install the new standard electric AMI meters, utilizing on-going annual operating budgets. To date, a total of 38,445 electric AMI meters have been installed, including 14,293 commercial and industrial and 24,152 residential. The total project cost was \$14,315,345, including \$2,456,645 for labor to install the meters.

DISCUSSION:

AMI is an integrated system of advanced electric meters, communications networks, and data management systems that enables automation and two-way communication between the utility and the meter provided to the customer. The system provides several important functions that were not previously possible or had to be performed manually, such as automatically and remotely measuring electricity use, connecting and disconnecting service, detecting tampering, identifying and isolating outages, and monitoring voltage. AMI provides RPU near real-time and actionable information about system performance, power quality, and outages. The information increases reliability and efficiencies and lowers overall operating costs.

RPU seeks approval to proceed with utilizing funds from the previously approved 5-year capital budget to purchase the remaining 80,000 electric meters needed to reach full implementation. The approval request is to issue annual purchase orders to McAvoy & Markham, in the not to exceed amount of \$15,350,000, to purchase 80,000 electric AMI meters with factory-integrated Tantalus modules. Itron and Tantalus have guaranteed pricing for the 5-year period, with 5% increases each year over the next five years. In addition, each meter requires a lock-ring device, which costs approximately \$20 each (plus tax and estimated 5% increase per year), and are stock items purchased through the Purchasing Department's Central Store. The total cost of each meter delivered in 2025 is \$205.36, inclusive of the lock-ring and current sales tax (subject to change). The work order total also includes \$8M for meter installation labor, which will be performed by existing internal Electric Meter Shop staff.

Purchasing Resolution No. 24101, Section 404 Utilities Exception, "the Water, Electric or Sewer Utilities have a need for compatibility within their respective systems for uniform operation, maintenance and replacement, and this need can be met by procuring certain supplies, equipment, and materials supplies through Informal Procurement or Negotiated Procurement, which includes meters and metering devices".

The Purchasing Manager concurs that the recommendation is in compliance with Purchasing Resolution No. 24101, Section 404.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority #2 – Community Well-Being**, and **Strategic Priority #4 – Environmental Stewardship**, and **Strategic Priority # 6 – Infrastructure, Mobility & Connectivity**, and the following goals:

Goal 2.6: Strengthen community preparedness for emergencies to ensure effective response and recovery;

Goal 4.6: Implement the requisite measures to achieve citywide carbon neutrality no later than 2040;

Goal 6.2: Maintain, protect and improve assets and infrastructure within the City's built environment to ensure and enhance reliability, resiliency, sustainability and facilitate connectivity; and

Goal 6.4: Incorporate Smart City strategies into the planning and development of local infrastructure projects.

This item aligns with each of the five Cross-Cutting Threads as follows:

1. **Community Trust** – Once fully implemented, AMI will give Riverside Public Utilities (RPU) customers expanded control, increased flexibility, more transparency, and additional choices regarding how they manage energy usage and energy efficiency and how they interact with RPU.
2. **Equity** – RPU is committed to ensuring that all RPU ratepayers share in the realized utility cost savings and distribution grid improvements obtained from the deployment of this new AMI network.
3. **Fiscal Responsibility** – The business case for AMI includes anticipated benefits in the form of operational savings, revenue enhancement, efficiency improvements, and recovery of losses, which results in a 7-year payback period.
4. **Innovation** – AMI is the current industry standard for meter reading. It is an integrated system of advanced electric meters, communications networks, and data management systems that enables automation and two-way communication between the utility and the meter provided to the customer.
5. **Sustainability & Resiliency** – AMI directly reduces carbon emissions associated with service vehicles, enables RPU to better support the integration of customer sited and local utility sited advanced technologies such as solar PV systems, energy storage, and electric vehicle charging, and helps customers better understand and use their electricity data and information to meet sustainability goals and manage bills.

FISCAL IMPACT:

The total fiscal impact is \$25,250,000. Fiscal Year 24/25 funds are available in Account 6130200-470823 – System Automation – Advanced Metering Infrastructure. Sufficient funds will be available in Fiscal Year 25/26 with a budget transfer. Future year funding will be included in the bi-annual budget process.

	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29	TOTAL
Electric Meters	\$3,778,278	\$3,798,331	\$3,843,801	\$3,861,888	\$1,962,068	\$17,244,366
Internal Labor	\$1,839,800	\$1,839,800	\$1,773,200	\$1,711,700	\$835,500	\$8,000,000
Meter Count	18,398	18,398	17,732	17,117	8,355	80,000
Total Capital Cost:						\$25,244,366

Prepared by: Daniel Honeyfield, Assistant General Manager/Energy Delivery
 Approved by: David A. Garcia, Utilities General Manager
 Certified as to availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
 Approved by: Rafael Guzman, Assistant City Manager
 Approved as to form: Jack Liu, Interim City Attorney

Attachments:

1. McAvoy and Markham Quote
2. Presentation