



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
July 16, 2024

TOPIC: Automated Metering Infrastructure Project

AGENDA TITLE

Appropriation Adjustment and Amendment to the Agreement with Aqua-Metric Sales Company to Add Funds to the Automated Metering Infrastructure Project (Project No. 16-6460) (Non-General Fund)

RECOMMENDED ACTION

1. Approve an appropriation adjustment to recognize \$15,000,000 of prior-year fund balance in the Public Works Water Revenue, Prior Year Carryforward and Water Utility Capital, Transfer from Fund 060 revenue accounts, and appropriate to the Water – Interfund Transfer, Transfer to Fund 066 and Water Utility Capital Projects, Water Capital Project expenditure accounts (*Requires five affirmative votes*).
2. Authorize the City Manager to execute a first amendment with Thirkettle Corporation, dba Aqua-Metric Sales Company, to increase the not-to-exceed amount by \$6,000,000, including a contingency of \$1,500,000, for a new not-to-exceed amount of \$35,683,230 (Agreement No. A-2024-XXX).
3. Approve an amendment to the Fiscal Year 2024-2025 Capital Improvement Program to include \$15,000,000 in construction funds for the Automated Metering Infrastructure Project (Project No. 16-6460).

GOVERNMENT CODE §84308 APPLIES: Yes

DISCUSSION

The Public Works Agency oversees the daily operations and maintenance of the City's water and sanitary sewer systems. The water system is comprised of approximately 480 miles of water main, 21 groundwater wells, seven pump stations, 10 reservoirs with a storage capacity of 49 million gallons, four pressure regulating stations, and seven connection points to the Metropolitan Water District. The system has an average daily demand of 30 million gallons from its roughly 45,150 metered service connections.

On November 17, 2020, Council approved an agreement for \$29,683,230 with Thirkettle Corporation, dba Aqua-Metric Sales Company, for the delivery of the Automated Metering Infrastructure (AMI) Project. The AMI Project, which is currently underway, will

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replace or retrofit all of the existing, manually-read water meters in the City with smart meters capable of communicating water consumption and other system information to both the utility and the customer. Additional components of the AMI Project are the installation of communications equipment to receive water system data, billing software system upgrades, and other software integrations to allow for full utilization of available water data.

Due to the age and condition of the City's water system infrastructure, especially appurtenances that house or control the delivery of water to meters, the AMI Project has incurred additional expenses in order to correct related deficiencies. Although staff anticipated some supplemental work would be needed and attempted to budget appropriately with both the contingency for the AMI Project's master agreement, as well as with the use of third-party contractors, the amount of work and materials needed to make prudent repairs to the infrastructure has far exceeded initial projections. The requested amendment with Aqua-Metric (Exhibit 1) will add \$6,000,000, including \$1,500,000 in contingency, to cover already-determined expenditures, as well as establish a new contingency fund for future unknown costs related to the repair of the water system infrastructure.

Finding cost-effective solutions to maintain and improve the City's water system infrastructure has been a priority for the Division. To date, the Division has been awarded \$1,500,000 in grant funds from the Federal Bureau of Reclamation, \$4,000,000 in grant funds from the California State Natural Resources Agency, and a \$10,117,365 low-interest loan from the California State Water Resources Control Board for the AMI Project. However, due to the factors mentioned above, as well as rapid inflation driving up project-related material costs, additional funds are needed in order to complete the project as-intended. On June 4, 2024, the City Council approved the sale of Water Revenue Bonds to provide the capital needed to fund several Water Resources Division projects, including the AMI Project.

To date, only \$25,894,948 has been appropriated to the project; the approval of the recommended actions will appropriate an additional \$15,000,000 to the project for a total of \$40,484,948, and amend the FY 24-25 CIP Plan (Exhibit 2). The additional funds will be used to cover the previously-mentioned increased costs incurred under the agreement with Aqua-Metric Sales Company, as well as allow for needed rehabilitation on the City's water meter vaults and appurtenances.

Project Delivery

The estimated total project delivery costs include work being performed under the agreement with Aqua-Metric Sales Company, project management and software integration support services, as well as supplemental work to replace or rehabilitate aged water meter infrastructure.

As indicated in the Cost Analysis (Exhibit 3) and as summarized in the table below, the estimated total construction delivery cost of the project is \$40,484,948.

Project Item	Total
Construction Contract Bid Amount	\$35,683,230
Project Administration, Inspection, Testing	\$2,000,000
Contract Contingencies	\$2,801,718
Total Estimated Project Delivery Cost	\$40,484,948

ENVIRONMENTAL IMPACT

There is no environmental impact associated with this action.

FISCAL IMPACT

With the approval of the requested appropriation adjustment, a portion of the accumulated Water fund balance will be appropriated for spending in the Water Utility Capital Projects, Water Capital Project expenditure account (No. 06617647-66301). The spendable portion of the Water fund balance is estimated to be \$40 million as of June 30, 2024, which includes the water bond proceeds, is sufficient to allow for the recommended appropriation of \$15,000,000.

Approval of the requested agreement amendment with Thirkettle Corporation, dba Aqua-Metric Sales Company, will add \$6,000,000, including \$1,500,000 in contingency funds, to agreement A-2020-231, for a new agreement total not to exceed \$35,683,230.

Funds are budgeted and available for expenditures for FY 2024-25 pending Carry Forward process and City Council approval. Any remaining balances not expended at the end of the current fiscal year will be presented to the City Council for approval to carry forward to FY 2025-26.

Fiscal Year	Accounting Unit- Account No. (Project No.)	Fund Description	Accounting Unit, Account Description	Amount
Original Project Budget				
2024-25	06617647-66301 (16-6460)	Acquisition & Construction	Water Utility Capital Projects, Water Capital Project	\$25,484,948
Appropriation Adjustment				
2024-25	06617647-66301 (16-6460)	Acquisition & Construction	Water Utility Capital Projects, Water Capital Project	\$15,000,000

Fiscal Year	Accounting Unit- Account No. (Project No.)	Fund Description	Accounting Unit, Account Description	Amount
Total:				\$40,484,948

EXHIBIT(S)

1. Agreement Amendment
2. CIP Worksheet
3. Cost Analysis

Submitted By: Nabil Saba, Executive Director of Public Works

Approved By: Alvaro Nuñez, Acting City Manager