



Detroit Water and Sewerage Department

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Legislation Text

File #: 20-0110, **Version:** 1

The Board of Water Commissioners for the City of Detroit Water and Sewerage Department authorizes the Director to **approve Contract 6002757 (CS-1925) with Itron, Inc. for the Water SaveSource Warranty Replacement Program - Openway Riva AMI Implementation, for a total contract not-to-exceed amount of \$13,500,000.00 and a term of twenty (20) years.** This also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

Agenda of April 15, 2020

Item No. 20-0110

Contract No. 6002757 (CS-1925)

Contractor: Itron, Inc.

111 N. Molter Road

Liberty Lake, Washington 99019

Total Contract Amount: \$13,500,000.00

Term: Date of Execution + 20 years

TO: The Honorable
Board of Water Commissioners
City of Detroit

FROM: Gary Brown, Director
Water and Sewerage Department

**RE: Proposed DWSD Contract 6002757 (CS-1925)
Water SaveSource Warranty Replacement Program - Openway Riva AMI Implementation**

MOTION

Upon recommendation of Timothy Cavitt, Chief Operating Officer, the Board of Water Commissioners for the City of Detroit Water and Sewerage Department authorizes the Director to approve **Contract 6002757 (CS-1925) with Itron, Inc. for the Water SaveSource Warranty Replacement Program - Openway Riva AMI Implementation, for a total contract not-to-exceed amount of \$13,500,000.00 and a term of twenty (20) years.** This also authorizes the Director to take such other action as may be necessary to accomplish the intent of this vote.

BACKGROUND AND JUSTIFICATION

In 2006, the City and Detroit Meter Partners entered into a Water Meter Replacement and Automatic Meter Reading (AMR) Equipment Installation agreement to design and build a fully operable fixed network automated meter reading system to improve reading accuracy and billing efficiency. Between 2007 and 2010, the vender installed approximately 190,000 new or retrofitted meters equipped with a radio frequency reading device called a meter interface unit (MIU). The MIU transmits the read from the water meter's register to collector units installed throughout DWSD's service area, which are further relayed to a cloud server. The system allows DWSD to collect hourly reads through six daily transmissions.

Itron was Detroit Meter Partner's subcontractor, as manufacturer of the MIUs and collector unit system (the Water SaveSource System). In 2011, the City entered into a separate maintenance contract directly with Itron, for technical support and software and equipment maintenance; and incorporated warranties under the Detroit Meter Partners contract, as follows:

- a MIU product life of 20 years (from 2006);
- a Collector unit product life of 15 years (from 2006);
- 99% reading rate for active accounts;
- 200,000 active accounts with AMR technology
- 60-minute meter interval readings.

In March 2017, Itron notified DWSD that the Water SaveSource system technology had come to the end of its life cycle and software support of the system would end in 2020, not in 2026 pursuant to the warranty. Itron stated it would no longer manufacture system component parts, and there was no substitute product compatible with the existing collection network and software system.

DWSD evaluated the timeline to replace the system, as well as ways to sustain the existing network. DWSD initiated programs to conserve the current stock of products and make better use of MIUs that were returned from the field in effort to make the most out of the dollars DWSD had already invested. DWSD weighed its legal and operational options, as discussed in an attorney-client privileged communication to the Board, and opted to negotiate a new contract with Itron and take advantage of the current relationship and the latest reading technology improvements.

Key highlights of the contract are as follows:

- A. The new system, called the Openway Riva System, has capabilities that are not possible with the current Water SaveSource system such as:
 1. Cloud-based Software as a Service (SaaS). The software upgrades automatically, so we will never fall behind in versions.
 2. Network maintenance. Itron can manage the network more cost effectively than DWSD/GLWA. We estimate a cost savings to DWSD of approximately \$700,000 over a 10-year period.
 3. Modules have the ability to add remote shut off and service line leak technology at a later date. They also self-program to the meter they are connected, which avoids potential data entry and billing errors.
 4. Smart Cities and Internet of Things (IoT) platform that can provide more capabilities for managing DWSD functions as well as external entity functions. The possibilities are unlimited. The full capability of IoT has not been unlocked just yet, but possible examples would include:
 - a. DWSD having the ability to link underground assets to the Riva system to provide real time updates on activities happening in the system, such as low/high pressure in the system, potential breaks/leaks, sewer collection system issues, etc.
 - b. DWSD could also form partnerships with other entities to leverage Riva capabilities, such as street light management, traffic solutions, security solutions, and potential internet/broadband capabilities.
- B. Itron will install 200,000 exterior replacement modules over an 18-month period and give priority hiring to Detroiters. DWSD entered into a Memorandum of Understanding with the Detroit Employment Solutions Corporation, who will pre-certify Detroiters for employment with Itron.

PROCUREMENT METHOD

This contract is a sole source contract for the reasons stated in the confidential attorney-client communication provided to the Board.

SUMMARY

- A. Contract Number: 6002757 (CS-1925)
- B. Contract Term: Date of execution + 20 years
- C. Total Contract Amount: \$13,500,000.00
- D. Projected Fiscal Year (FY) Contract Expenditures:
- | | |
|----------|----------------|
| FY20-21: | \$4,500,000.00 |
| FY21-22: | \$4,500,000.00 |
| FY22-23: | \$4,500,000.00 |
- E. Funding Source: I & E Funds
- F. GL String: 5721-20244-487711-617900-900317-30129-0000-000000

This proposed contract was presented to the Board of Water Commissioners Finance Committee on April 1, 2020. Per the DWSD Procurement, Post-FRC Mayoral review will also be obtained.