

STAFF REPORT



CITY OF OCEANSIDE

DATE: March 19, 2014
TO: Honorable Mayor and City Councilmembers
FROM: Water Utilities Department
SUBJECT: **BUDGET CHANGES IN THE WATER SALES-CONSTRUCTION FEES ACCOUNTS TO INCREASE BOTH REVENUES AND EXPENDITURES DUE TO INCREASES IN LOCAL DEVELOPMENT**

SYNOPSIS

Staff and the Utilities Commission recommend that the City Council approve a revenue increase in the amount of \$24,500 to the Water Sales-Construction Fees Account; and approve an expenditure increase in the amount of \$137,500 from \$295,450 to \$457,450 in the Meter Services Operating Budget for the purchase of water meters and appurtenances for new development.

BACKGROUND

The Meter Services Division of the Water Utilities Department is responsible for reading and maintaining customer meters, responding to requests for customer service in the field, and providing new or replacement meters to existing customers and to new development. The annual operating budget for meter services includes funding for providing meters and appurtenances for existing customer demands as well as a small amount of funding for development related purchases. This fiscal year, Meter Services has determined that additional funding will be necessary to meet increasing demands and purchases due to development which is exceeding earlier projections.

ANALYSIS

Developers pay a buy-in fee when they request a new water or sewer service connection. The fees are deposited in the respective fund (water or sewer development fund) as revenue. The fee includes a meter box, lid, and various shut-off valves and piping.

The cost to install a new meter and appurtenances, including parts and labor, ranges from approximately \$395 for a 5/8" residential meter to over \$23,000 for a 10" commercial/industrial fire service. Due to the increase in projected development activity, the amount of funds needed to purchase new meters due to growth exceeds budgeted funds. There is no increase to developer fees at this time.

Staff is recommending that three purchase orders which allow for the purchase of water meters and appurtenances be increased by \$137,500 in order to ensure continuity of services and timely installation of water meters due to development activities.

Part of the increase in costs is due to an increase in development, and the associated costs with placing new meters, boxes, and appurtenances in new development. The additional costs are due to the fact that staff has been proactive in replacing less efficient turbo meters with compound meters, especially in multi-family developments. Turbo meters can register down to 3/4 gpm usage, whereas compound meters can register down to 1/4 gpm. The result of changing meter types can be significant in terms of water usage, and the associated billing. Staff believes that increased use of compound meters will result in increased revenues to the Department, which will more than offset the increased cost of the meters.

FISCAL IMPACT

To fund the increase in the purchase orders in question, staff recommends increasing the meter services budget by \$137,500, with \$24,400 coming from the Water Sales-Construction fees account balance, and the remainder coming from the Water fund balance. There are sufficient funds available under the Fund 711 unrestricted fund balance. Staff recommends increasing the revenue and expenditure budgets as follows:

Account	Current Budget	Recommended Increase	Revised Budget
1711.4471.0006 (Revenue)	\$ 45,000	\$ 24,500	\$ 69,500
750757711.5320 (Expenditure)	\$ 66,450	\$ 22,500	\$ 88,950
750757711.5355 (Expenditure)	\$184,000	\$115,000	\$299,000

Staff recommends increasing three existing purchase orders as follows:

Purchase Order	Vendor	Account	Current	Increase	Revised
1001767	Aqua-Metric	750757711.5355	\$ 85,000	\$115,000	\$200,000
1001765	HD Supply Waterworks	750757711.5320	\$ 10,000	\$ 2,500	\$ 12,500
1001922	Armorcast	750757711.5320	\$ 30,000	\$ 20,000	\$ 50,000

The purchase orders listed above are part of the Department's annual purchase of goods and services. Aqua-Metric and HD Supply Waterworks were selected through a competitive procurement process. Armorcast is a sole-source vendor who provides factory direct pricing and is the Department standard manufacturer for meter boxes and lids. Council approval is needed because the amount of the purchase orders, alone or in aggregate, exceeds \$50,000.

INSURANCE REQUIREMENTS

Does not apply.

COMMISSION OR COMMITTEE REPORT

The Utilities Commission approved staff's recommendation at its regularly scheduled meeting on January 21, 2014.

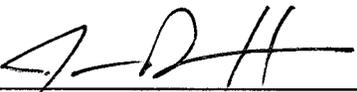
CITY ATTORNEY'S ANALYSIS

Purchases must comply with bid requirements set forth in Chapter 28A of the City Code.

RECOMMENDATIONS

Staff and the Utilities Commission recommend that the City Council approve a revenue increase in the amount of \$24,500 to the Water Sales-Construction Fees Account; and approve an expenditure increase in the amount of \$137,500 to the Meter Services Operating Budget for the purchase of water meters and appurtenances for new development.

PREPARED BY:



Jason Dafforn
Water Utilities Division Manager



Steven R. Jepsen
City Manager

REVIEWED BY:

Michelle Skaggs Lawrence, Deputy City Manager



Cari Dale, Water Utilities Director



James R. Riley, Financial Services Director



ATTACHMENTS:

1. Aqua-Metric Purchase Order
2. HD Supply Waterworks Purchase Order
3. Armorcast Purchase Order



City of Oceanside

300 N. Coast Hwy. Oceanside, CA 92054

*** Original ***

Shipped From Aqua-Metric Sales Co. 4050 Flat Rock Dr. Riverside CA 92505		Ship To City of Oceanside Water Yard 4925 Oceanside Blvd. Oceanside CA 92056		P.O. No. 1001767
Ordered 6/19/2013	Requested 6/19/2013	Comments City Council Approved 6/5/13, Item #8. Annual Purchase Order FY 13/14. PO requested by John McKelvey.		Date 6/19/13
				Branch/ Plant 750757711
				Page 1

Line	Rev	Description/Supplier Item	Ordered	Uom	Unit Price	Pu /Um	Extended Price	Account Number
1.000	0	Water Meters & Supplies		LS	0.00		85,000.00	750757711.5355
Total Order							85,000.00	

<i>John M. McKelvey</i> PURCHASING OFFICER		<u>6/20/13</u> DATE
Total Order		85,000.00



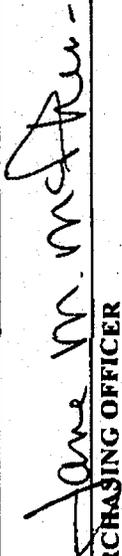
City of Oceanside

300 N. Coast Hwy. Oceanside, CA 92054

* Original *

Shipped From		Ship To		P.O. No.	
HD Supply Waterworks		City of Oceanside Water Yard		1001765	
File #56214		4925 Oceanside Blvd.		Date	
Los Angeles CA 90074-6214		Oceanside CA 92056		6/19/13	
Ordered		Requested		Branch/ Plant	
6/19/2013		6/19/2013		750757711	
Comments		Annual Purchase Order FY 13/14. PO requested by John McKeivey.		Page	
				1	

Line	Rev	Description/Supplier Item	Ordered	Uom	Unit Price	Pu /Urn	Extended Price	Account Number
1.000	0	Misc Water Supplies		LS	0.00		10,800.00	750757711.5320
Total Order							10,800.00	

 PURCHASING OFFICER		6/20/13 DATE		Total Order 10,800.00	
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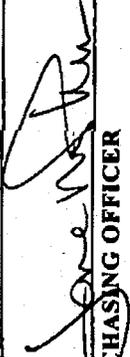
City of Oceanside

300 N. Coast Hwy. Oceanside, CA 92054

*** Original ***

Shipped From Armorcast Products Co. 13230 Saticoy St. North Hollywood CA 91605		Ship To City of Oceanside Water Utilities 300 N. Coast Hwy. Oceanside CA 92054		P.O. No. 1001922
Ordered 9/19/2013		Requested 9/19/2013		Date 9/19/13
Comments PO requested by Tony Gonzales.				Branch/ Plant 750757711
				Page 1

Line	Rev	Description/Supplier Item	Ordered	Uom	Unit Price	Pu /U/m	Extended Price	Account Number
1.000	0	3/4", 1", 1 1/2" & 2" Meter boxes, lids & covers		LS	0.00		30,000.00	750757711.5320
Total Order							30,000.00	

 PURCHASING OFFICER		9-19-13 DATE
		Total Order 30,000.00

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