



**City of Rochester Hills  
AGENDA SUMMARY  
FINANCIAL ITEMS**

**1000 Rochester Hills Dr.  
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[www.rochesterhills.org](http://www.rochesterhills.org)**

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**Legislative File No: 2005-0235**

**TO:** Mayor and City Council Members  
**FROM:** Roger Rouse, Director of Public Service, 841.2497  
**DATE:** April 20, 2005  
**SUBJECT:** Radio Read System Vendor Selection Recommendation  
City File No. E05-002

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**REQUEST:**

City Council is requested under Rochester Hills Purchasing Ordinance Section 2-281 - Waiver Provision to waive Section 2-273(b) Long-term Contracts and authorize a five (5) year blanket purchase order for products associated with implementation of an AMR Radio Read System to Etna Supply Company of Grand Rapids, Michigan, in the total amount not to exceed \$2,773,420.00.

**REASON FOR PURCHASE:**

During the 2003 budget sessions, City Council asked the Department of Public Service to look at ways to reduce costs within the water and sewer fund. One alternative was to implement a radio read system as a method of obtaining water meter reads. Radio read systems use radio frequency for gathering radio-transmitted readings from water meters inside homes and buildings. By implementing a radio read system, labor costs will be reduced and approximately \$8,500,000 will be saved over the next 20 years.

On May 1, 2003, the radio read system was discussed at the Financial Services Committee. The Finance Director, Bob Spaman, indicated that the new unit costs would be incorporated into the rates. On May 15, 2003 at the Financial Services Committee, Sensus Technologies, Inc. demonstrated how the radio read system would help eliminate a variety of problems such as meter reader lockouts, estimated billings, and accessing meters in hard-to-reach and hazardous locations.

On June 25, 2003, a workshop was held with City Council to introduce the automated method for reading meters. Sensus Technologies, Inc. presented their products and a brief history of their firm. A cost analysis was prepared which considered the organization structure as it relates to implementing the program, phasing in the installations, and labor and vehicle rates.

After discussions with our Purchasing Division, it was determined that in order to be in compliance with the City's purchasing ordinance we needed to go out with a Request For Proposals (RFP). On October 22, 2004, seven (7) RFP's were received for the AMR Radio Read System. During the RFP review period, City Council requested a workshop to discuss the status of implementing the radio read system. It was discussed at the January 26, 2005 City Council Work Session.

The RFP's were reviewed and scored by a committee comprised of eleven (11) people. The committee members were selected to ensure all aspects associated with the project were evaluated. The committee was also charged with considering use of an outside vendor to read our water meters as opposed to implementing a radio read system. After careful review and much discussion, the committee recommends that the City move forward with implementing an AMR radio read system.

The committee then short-listed the vendors to three (3), Etna, SLC and AMCO. One and one half hour interviews were held with each vendor so they could demonstrate the various aspects of their systems. The interviews were rated individually and the scores were tallied. It was determined by the committee to recommend Etna Supply Company as the vendor who will supply products to the City for implementation of an AMR radio read system.

**PROCESS:**

**Vendor Name and Address:**

Etna Supply Company  
 529 32<sup>nd</sup> Street, S. E.  
 Grand Rapids, MI 49548

**Reason for Selection:**

Etna has a history of superior service, their product provides redundancy, has a low battery warning system, each unit can read up to 16 meters, lower installation costs, 20 year warranty on units and battery (10 year full, 10 year pro-rated), licensed FCC frequency, has the ability to read all existing meter equipment, no shipping costs, loaner equipment availability, preferred transmission type and power level, provides reading segmentation and has migrate able system architecture.

**Method of Purchase:**

Quality Based Selection

**BUDGET:**

The project was approved in the 2004 and 2005 CIP (WS-30) and incorporated into the 2004 and 2005 annual operating budgets.

<b>Fund Name</b>	<b>Department Account No</b>	<b>Account No. Description</b>	<b>Budget Amount</b>	<b>Cost</b>	<b>Remaining Budget</b>
Water	530.977000	Equipment - Capitalized	\$346,680	\$346,680	\$0
Sewer	510.977000	Equipment - Capitalized	\$346,680	\$346,680	\$0

**RECOMMENDATION:**

City Council is requested under Rochester Hills Purchasing Ordinance Section 2-281 - Waiver Provision to waive Section 2-273(b) Long-term Contracts and authorize a five (5) year blanket purchase order for products associated with implementation of an AMR Radio Read System to Etna Supply Company of Grand Rapids, Michigan, in the total amount not to exceed \$2,773,420.00.

- Attachments: Bid Tabs**  
**Recommendation on Selection for AMR Vendor**  
**Return on Investment Invensys System**  
**Meter Reading Costs**

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**RESOLUTION**

**NEXT AGENDA ITEM**

**RETURN TO AGENDA**

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<b>APPROVALS:</b>	<b>SIGNATURE</b>	<b>DATE</b>
<b>Department Review</b>		
<b>Department Director</b>		
<b>Budget Content: Finance Director</b>		
<b>Purchasing Process: Supervisor of Procurement</b>		
<b>Mayor</b>		
<b>City Council Liaison</b>		