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191167

Ordinance

Authorize contract with Diameter Services, Inc. for owner representative support services for the Advanced Metering Infrastructure Project using a sole source procurement and provide for payment for \$5,464,248

Passed

The City of Portland ordains:

Section 1. The Council finds:

1. The Portland Water Bureau's Strategic Plan identified an objective to provide equitable access to water service and programs. As such, On August 1, 2020, the Portland Water Bureau initiated Contract 30007400 with Diameter Services, Inc. to research how smart meter technology could affect the bureau and the communities it serves, focusing on equity impacts of smart meter implementation. Under the contract, PWB analyzed opportunities for improvements to its meter efficiency and effectiveness. It also determined if implementing automated meter reading, advanced metering infrastructure (AMI), or a hybrid system was most practical and which of these methods of data gathering was most beneficial from all perspectives, the costs to implement and operate, and the benefits to the Portland Water Bureau, the Bureau of Environmental Services, and their customers.
2. As a result of this study, the clear recommendation was that Portland Water Bureau and Bureau of Environmental Services undertake an Advanced Metering Infrastructure Project (Project). The Project includes installing network technology, e.g., smart meters, data management systems, and communication networks that enable two-way communication between utilities and customers and provide usage information more frequently and in amounts that are commonly understood. The Project also includes implementing a robust customer portal that supports the equity and customer engagement goals of Portland Water Bureau and Bureau of Environmental Services.

Introduced by

[Commissioner Mingus Mapps](#)

Bureau

[Water](#)

Contact

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Customer Service Director

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Requested Agenda Type

Regular

Date and Time Information

Requested Council Date

February 8, 2023

3. Consultant services from an experienced advisor in the water industry and AMI systems are required to help manage and complete the Project effectively. Per Portland City Code Chapter 5.68, the Portland Water Bureau submitted a sole source request to the City's Procurement Office to enter into a contract directly with Diameter Services, Inc. The City Procurement Office approved the sole source request. A public notice (Project No.: 00001664) was then posted in City BuySpeed for seven calendar days and received no protests.
4. This legislation will provide Diameter Services, Inc. a contract with a term of five years. If appropriate, the Portland Water Bureau will obtain an extension of an additional five years as required through an amendment to the contract.
5. Per City Charter, Section 2-105. Continuation of Specific Powers, (a) 3., the City of Portland by its Council has power and authority to provide for entering into contracts by the City for a period not exceeding five years and the extension or renewal thereof, by option or otherwise, not to exceed an additional five years.
6. The Portland Water Bureau will return to City Council prior to the end of the contract to obtain authority to enter into a new contract, if necessary, to complete the final Project work under the contract with Diameter Services, Inc.
7. After final development of the scope and negotiations, the not to exceed amount of the contract with Diameter Services, Inc. is \$5,464,248. This total includes costs of \$4,507,675.43 and contingency in the amount of \$956,572.57.
8. The cost of this contract will be spread out over several fiscal years. Funding for the first-year costs is available in both the Portland Water Bureau's and Bureau of Environmental Services' FY 2022-23 Adopted Budgets. The Project, which includes the amount of this contract, has been included in each bureau's five-year CIP and will be included in FY 2023-24 through 2029-30 Budgets by both bureaus.
9. Through negotiations with Diameter Services, Inc., the contract will include the usage of \$1,254,497.40 State of Oregon COBID Disadvantaged, Minority, Women, Emerging, or Service Disabled Veteran Owned Businesses as subconsultants. This amount is approximately 23% of the dollars associated with work required under this contract.
10. Additional requests for proposals for the AMI Project will be advertised within the next 24 months, resulting in additional contracts for the Project. Subsequent Contracts will be awarded using the City's appropriate procurement method and, when required, be presented to City Council through ordinance for approval.

NOW, THEREFORE, the Council directs:

- A. This sole source contract is being awarded as an exemption to the competitive selection process identified in PCC 5.68 and the PTE Services Manual, which are hereby waived.
- B. That the Chief Procurement Officer is authorized to execute on behalf of the City a contract with Diameter Services, Inc., for Project Management and Support Services for the Project generally in accordance with the contract attached as Exhibit A.
- C. Prior to the five-year term of the contract and upon Council's acceptance of the Portland Water Bureau's report for recommending the acceptance of an additional five-year extension to the contract, the Chief Procurement Officer is authorized to execute an amendment to the contract for the Project that extends the duration of the contract.
- D. The Mayor and City Auditor are hereby authorized to draw and deliver checks chargeable to the Water and Sewer Funds when demand is presented and approved by the proper authorities.

Documents and Exhibits

 [Exhibit A](#) 1.01 MB

An ordinance when passed by the Council shall be signed by the Auditor. It shall be carefully filed and preserved in the custody of the Auditor (City Charter Chapter 2 Article 1 Section 2-122)

Passed by Council
February 8, 2023

Auditor of the City of Portland
Simone Rede

Impact Statement

Purpose of Proposed Legislation and Background Information

This legislation authorizes a contract with Diameter Services, Inc. for Owner's Representative Support Services required to complete design, procurement, implementation, and management of the Advanced Metering Infrastructure Project.

Background

In 2019, the Portland Water Bureau completed a five-year Strategic Plan that recommended researching how smart meter technology could affect the Portland Water Bureau, Bureau of Environmental Services, and the communities we serve, focusing on equity impacts of smart meter

implementation. To begin addressing this recommendation, on August 1, 2020, the Water Bureau initiated Contract 30007400 with Diameter Services, Inc. Under this contract, the Portland Water Bureau analyzed opportunities for improvements to its meter efficiency and effectiveness. It also examined if using automated meter reading, advanced metering infrastructure (AMI), or a hybrid system was most practical, which of these methods of data gathering was most beneficial from all perspectives, the costs to implement and operate, and the benefits to the Portland Water Bureau and its customers.

The study recommended the Portland Water Bureau pursue an AMI Project (Project). AMI is the best solution, fully satisfying twenty of twenty-three important or critical business drivers and partially satisfying the other three drivers. After completion, AMI will improve the accuracy and availability of data needed to operate the water and sewer utilities; increase customer engagement with a customer portal that supports affordability, language and disability access, communication, and outreach to customers; improve system resilience by replacing aging meters; bring the City of Portland current with other major utilities on the West Coast technologically; and allow the Water Bureau to move forward with monthly billing.

The Project will be divided into two general phases: (1) design and procurement, and (2) implementation and management.

Phase 1 work will focus on development of multiple Requests for Proposals (RFPs). The RFPs will focus on procuring AMI technology, water meters and meter supplies, a new customer portal, and installation services. Diameter Services, Inc. will aid in developing evaluation criteria, drafting specifications, reviewing technical proposals, coordinating, and participating in vendor interviews, assisting pilot tests, recommended scoring for all proposers/vendors based on technical expertise, aiding vendor negotiations, and developing communication strategies in the first phase.

Phase 2 work will include task management; liaising between the Portland Water Bureau, the Bureau of Environmental Services, and contractors/vendors; managing contractors/vendors; installation services; change management; overseeing quality assurance; and transitioning operations to the two City bureaus.

We expect that we'll need multiple contracts to complete the Project. This legislation will authorize a contract for Owner's Representation by Diameter Services, Inc. for the Project and is necessary for effective project management and guidance. Diameter Services, Inc.'s expertise is critical for the different phases of the Project. As described previously, requests for proposals shall be advertised within the next 24 months, resulting in those additional contracts for the Project. Contracts will be awarded using the City's appropriate procurement method and, when required, be presented to City Council through ordinance for approval.

Financial and Budgetary Impacts

The estimated cost to hire an owner's representative has been determined by the Portland Water Bureau based on past constructed similar projects as well as thorough input provided by Diameter Services, Inc. As identified in the approved sole source procurement request, the estimated cost to hire an owner's representative for the Project is \$5,464,248. Included in that figure is a contingency of approximately \$956,572.

The estimated cost to complete the AMI Project on an accelerated project schedule of 90 months is \$90,000,000 with an included contingency amount.

Installing the Project will not change the long-term financial obligations of the City. The Bureau of Environmental Services will share ownership and financial responsibility for the Project.

Funding for the first-year costs of Project, with budgeted contingency, is available in both the Portland Water Bureau and Bureau of Environmental Services FY 2022–23 Adopted Budgets. The Project has been included in the five-year CIP for both Portland Water Bureau and Bureau of Environmental Services and will be included in the FY 2023–24 through FY 2029–30 Budgets by both bureaus.

The cost of the entire Project, including the contract with Diameter Services, Inc., will be equally shared by Portland Water Bureau and the Bureau of Environmental Services. A Memo of Understanding between the Portland Water Bureau and the Bureau of Environmental Services will be developed that outlines financing commitments, ownership and shared project responsibilities and oversight.

A vacant position in the Portland Water Bureau was reclassified to act the Project Manager to work in conjunction with Diameter Services, Inc. As the Project progresses, we expect to reclassify other positions, with the possibility of adding positions to support the Project.

Community Impacts and Community Involvement

The Project will serve residents of the City of Portland and the shared customers of the Portland Water Bureau and the Bureau of Environmental Services. The Project is important to the City as it provides revenue protection, operational efficiencies, improved system distribution management, customer service enhancements, conservation/societal benefits, and smart utility/smart city applications.

Affordability for customers is a top priority. The Project is a precursor to the Portland Water Bureau's ability to issue bills more frequently, which are more manageable for customers. The experience of receiving a bill for three months of services creates the logical perception that the costs for water, sewer, and stormwater are higher than other monthly services, which is especially impactful for customers who experience financial hardships and

need financial assistance. Currently, 92% of meters are read quarterly; however, the Project itself has many benefits beyond allowing monthly billing.

Passing of this proposed legislation will foster increased customer engagement through a customer portal, accurate and accessible data, and bureau efficiencies. The Project offers both Portland Water Bureau and the Bureau of Environmental Services an opportunity to improve customer engagement and accessibility, increase revenue through more accurate meters, develop efficiencies in the overall meter to cash process, and achieve operational improvements with things like leak detection and pressure loss capabilities.

Regarding construction impacts, the Project will be physically located within the City limits of Portland. Impacts to local residents and car, bike, and pedestrian traffic will be minimized to the extent possible. Specific limits will be included in upcoming contract documents on the amount of street or right-of-way area impacted at any given time and will help decrease direct, daily neighborhood disruption and provide shorter detours for all traffic types around active construction areas.

Notifications to engagement with the public, which may include mailers, signs, flyers, surveys, social media posts, and presentations at neighborhood meetings will begin in FY 2023–24 and will continue throughout the duration of the Project. We expect to finish the Project in FY 2029–30.

There are no known groups anticipated to testify for or against this contract.

100% Renewable Goal

This legislation will not decrease the City's total energy use or decrease the City's renewable energy use, but the overall Project and future legislation may positively impact the City's energy goals.

Water meters are the cash register for water and sewer utilities and are at the center of the relationship between the city's water and sewer utilities and customers. Generally, water meters slow down and report water use less accurately as they age, resulting in less accurate meter readings and reduced revenue. The Project will support the City's sustainability/climate change goals as follows:

- Allowing Portland Water Bureau to immediately catch meters that stop working and repair or replace them.
- Increasing efficiencies by eliminating manual meter reading, requiring fewer field visits to verify reads, and enabling better revenue forecasting for financial planning.
- Reducing employee exposure to extreme weather, wildfire smoke, and other occupational hazards inherent with manual meter reading, resulting in savings for the Portland Water Bureau.

- Reducing carbon emissions with fewer truck rollouts for manual metering.

Budget Office Financial Impact Analysis

This ordinance authorizes the Portland Water Bureau (PWB) and Bureau of Environmental Services (BES) to pay Diameter Services \$5,464,248 over five years to begin design, procurement, implementation, and management of the Advanced Metering Infrastructure Project. Contingency of \$956,572 is built into the project cost. Budget is available in both the PWB and BES budgets.

Agenda Items

104 Regular Agenda in [February 1-2, 2023 Council Agenda](#)

Passed to second reading

Passed to second reading February 8, 2023 at 9:30 a.m.

123 Regular Agenda in [February 8, 2023 Council Agenda](#)

Passed

Commissioner Carmen Rubio Yea

Commissioner Dan Ryan Yea

Commissioner Rene Gonzalez Yea

Commissioner Mingus Mapps Yea

Mayor Ted Wheeler Yea