



## MEMORANDUM

Date: January 24, 2023  
To: Water Utility Board  
From: Kathy Schwenn, Finance Manager  
Subject: Sole Source Request

## BACKGROUND

Madison Water Utility (MWU) requires the goods and services of three vendors due to specialization, standardization and continuity.

MWU has used Badger Meter Inc. solely to supply our meters since the implementation of its Advanced Metering Infrastructure (AMI) system. Standardizing our meters has allowed MWU to save time and money on repairing and purchasing new meters. Since MWU purchases a large volume of meters from Badger Meter Inc., we are allowed to purchase directly from the vendor and are not subject to a distributor mark up.

MWU selected N Harris Smartworks MeterSense Meter Data Management software through the RFP process in 2011. MWU is required to pay maintenance on the meter data management system annually. The software maintenance can only be purchased from N Harris.

MWU selected Itron Inc. to provide our AMI system through the RFP process in 2011. MWU is required to pay maintenance on the AMI system software as well as purchase various hardware parts (endpoints, repeaters, collectors) for the system. The software maintenance and hardware can only be supplied from Itron Inc.

Madison General Ordinance (MGO) 4.26(4)(b) states that if goods or services exceed \$50,000 annually and were not subject to the RFP process they must meet one of the criteria in 4.26(4)(a) and must be approved by the Common Council by resolution.

These purchases meet MGO 4.26(4)(a)2 – The goods or services are only available from one person or firm.

**SUMMARY OF FISCAL IMPACT:**

The estimated cost of meter purchases from Badger Meter Inc. is \$500,000 annually and is included in our annual capital budgets and funded by Water Utility reserves.

The estimated annual costs of SmartMeters software maintenance is \$80,000. This is included in MWU's annual operating budgets.

The estimated annual costs of Itron Inc. hardware and software maintenance is \$85,000. This is included in MWU's annual operating budgets.

The estimated costs of hardware purchases from Itron Inc. is \$80,000 annually and is included in our annual capital budgets and funded by Water Utility reserves.