

ERIE COUNTY WATER AUTHORITY
AUTHORIZATION FORM
For Approval/Execution of Documents
(check which apply)

Contract: _____	Project No.: <u>201500025</u>
Project Description: <u>Procurement of Water Meters</u> <u>Neptune Technology Group</u>	

Item Description:			
<input checked="" type="checkbox"/> Agreement	<input type="checkbox"/> Professional Service Contract	<input type="checkbox"/> Amendment	<input type="checkbox"/> Change Order
<input type="checkbox"/> BCD	<input type="checkbox"/> NYSDOT Agreement	<input type="checkbox"/> Contract Documents	<input type="checkbox"/> Addendum
<input type="checkbox"/> Recommendation for Award of Contract	<input type="checkbox"/> Recommendation to Reject Bids		
<input type="checkbox"/> Request for Proposals			
<input type="checkbox"/> Other _____			

Action Requested:	
<input checked="" type="checkbox"/> Board Authorization to Execute	<input type="checkbox"/> Legal Approval
<input type="checkbox"/> Board Authorization to Award	<input type="checkbox"/> Execution by the Chairman
<input type="checkbox"/> Board Authorization to Advertise for Bids	<input type="checkbox"/> Execution by the Secretary to the Authority
<input type="checkbox"/> Board Authorization to Solicit Request for Proposals	
<input type="checkbox"/> Other _____	

Approvals Needed:	
APPROVED AS TO CONTENT:	
<input checked="" type="checkbox"/> Department Head	<u>Karen A. Pendegast</u> Date: <u>6/14/19</u>
<input type="checkbox"/> Risk Manager	_____ Date: _____
<input checked="" type="checkbox"/> Director of Administration	<u>Jaromys Foster</u> Date: <u>6/17/19</u>
<input type="checkbox"/> Executive Engineer	_____ Date: _____
APPROVED AS TO FORM:	
<input checked="" type="checkbox"/> Legal	<u>Margaret C. Murphy</u> Date: <u>6/19/19</u>
APPROVED FOR BOARD RESOLUTION:	
<input checked="" type="checkbox"/> Secretary to the Authority	<u>[Signature]</u> Date: <u>6/19/19</u>

Remarks: _____

Resolution Date: _____	Item No: _____
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ERIE COUNTY WATER AUTHORITY INTEROFFICE MEMORANDUM

June 14, 2019

To: Terrence D. McCracken, Secretary to the Authority

From: Karen A. Prendergast, Chief Financial Officer *KAP*

Subject: Contract with Neptune Technology Group

Neptune Technology Group has been our long-standing meter supplier. During our last contract with them, the Authority experienced a surge in failed meters and registers purchased in 2008. As a result, in 2014 Neptune agreed to reimburse the Authority for the labor necessary to replace those meters which were replaced under product warranty. The agreement, attached, had no termination date or provision. Since the second quarter of 2014 Neptune has provided labor credits of \$416,315.

The faulty meters are now beyond the warranty period of ten (10) years. Many of the meters are still installed and continue to fail at a higher than normal rate. As a result, Neptune is proposing the attached as a replacement for the existing labor reimbursement agreement.

The agreement extends the warranty for an additional year on a 2.5 to 1 ratio. Ben Barber, the Meter Crew Chief, was heavily involved in negotiating the extension terms and feels that Neptune is making its best offer.

Please include the new agreement for consideration at the June 27, 2019 Board meeting.

AGREEMENT BETWEEN

ERIE COUNTY WATER AUTHORITY
295 Main Street, Room 350
Buffalo, NY 14203

And

NEPTUNE TECHNOLOGY GROUP INC.
1600 Alabama Highway 229
Tallahassee, AL 36078

A Procurement Agreement, dated September 19, 2015, having been duly and properly executed between ERIE COUNTY WATER AUTHORITY ("ECWA") and NEPTUNE TECHNOLOGY GROUP ("NEPTUNE") for NEPTUNE to furnish and deliver water meters to ECWA and such Procurement Agreement having been timely and properly extended, it being agreed and understood that a material aspect of the contract was that the water meters were to be properly functioning and perform their intended purpose.

Both parties agree that a quantity of water meters provided under the Procurement Agreement have malfunctioned and have required that the ECWA expend time, labor and materials to address the malfunctioning meters.

Both parties agree that NEPTUNE shall extend the standard meter warranty and replace the specific malfunctioning product during this extended time period as follows:

NEPTUNE meter serial numbers beginning 85... and 86... shall have warranty extended through 12/31/20; and

NEPTUNE meter serial numbers beginning 87... and 88... shall have warranty extended through 12/31/21.

The above meter bodies will be replaced with new product during extended warranty period as follows:

Quantity (2.5) 5/8 x 3/4" T-10 meter bodies with magnet failure will be replaced with (1) complete 5/8x3/4" T-10 ProCoderi inside set meter gallons.

ECWA will provide NEPTUNE with a list of all meter bodies to be returned with these serial numbers on a quarterly basis. NEPTUNE will inspect the meter body returns and confirm magnet issue/extended warranty eligibility by serial number.

AGREEMENT BETWEEN
ERIE COUNTY WATER AUTHORITY
295 Main Street, Room 350
Buffalo, New York 14203
and
NEPTUNE TECHNOLOGY GROUP INC.
1600 Alabama Highway 229
Tallahassee, AL 36078

A contract dated Oct 1 2010 having been duly and properly executed between ERIE COUNTY WATER AUTHORITY ("ECWA") and NEPTUNE TECHNOLOGY GROUP ("NEPTUNE") for NEPTUNE to provide and maintain water meters to ECWA and such contract having been timely and properly renewed or extended, it being agreed and understood that a material aspect of the contract was that the water meters were to be properly functioning and perform their intended purpose.

Both parties agree that a number of water meters provided under that contract have malfunctioned and have required that the ECWA expend time, labor, and materials to address the malfunctioning meters all at ECWA expense.

Both parties agree that NEPTUNE shall reimburse ECWA for the total expense involved in addressing the stopped meters and in changing out bad registers, also known as readers, in otherwise functioning meters.

The costs associated with those efforts are \$23,400 for replacing stopped meters and \$37,440 for repairing meters with bad readers for a total cost of \$60,840. The calculations are set forth in the attached Schedules A and B.

Both parties agree that the ECWA shall continue to monitor the performance of meters supplied by NEPTUNE under the terms of the contract and address malfunctioning meters as needed and in a manner consistent with the attached schedules, or as appropriate in the sole discretion of ECWA should other defects be identified in the meters.


The ECWA shall provide an invoice setting forth the costs associated with addressing the malfunctioning meters on a quarterly basis. ECWA shall submit an invoice to NEPTUNE in a methodology consistent with Schedules A and B, and NEPTUNE agrees to remit payment promptly to ECWA, but not later than 30 days from the date of the invoice.

DATED: _____, 2014

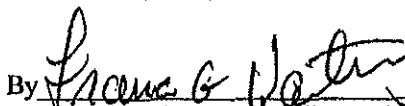
NEPTUNE TECHNOLOGY GROUP

ERIE COUNTY WATER AUTHORITY

By


Larry Russo, VP Finance
LAWRENCE M.

By


Francis G. Warthling, Chairman

ECWA COST ESTIMATE

Schedule A

(Neptune Meter Malfunctions)

#1 STOPPED METERS (requiring complete meter change out)

tabulation of costs (October 1, 2013 thru March 31, 2014)

time
in minutes

25

average estimated time to change out a stopped
meter

12

estimated travel time

5

shop labor for packaging
malfunctioning meters

10

supervision

5

customer
service

57

1 labor hour per STOPPED METERS
= \$45/hour

520

stopped
meters
labor rate to change out a
meter

x \$45

\$23,400

estimated cost to change out STOPPED
METERS since Oct 2013

Schedule B

#2 BAD READERS (requiring register change out)

tabulation of costs (April 1, 2013 thru March 31, 2014)

time
in minutes

20

average estimated time to change out a
register

12

estimated travel time

5

shop labor for packaging
malfunctioning meters

10

supervision

5

customer
service

52

0.87 labor hour per REGISTER CHANGE = \$39/reg
change (\$45/hr x 87%)

960

stopped
meters

x \$39

labor cost to change out a
register

\$37,440

estimated cost to change out BAD
REGISTERS

\$60,840

**TOTAL COST INCURRED BY ECWA FOR
MALFUNCTIONING METERS**