



Meeting Date: March 23, 2022

Staff Contact: Carlos Bustos, Water Conservation Program Manager

TITLE: C-22-11 – Approving Increase to Contract with Smart Use LLC for Water Resources Program Services

ACTION: Recommend Approval

SUMMARY:

The Albuquerque Bernalillo County Water Utility Authority awarded the contract pursuant to solicitation P2018000006 to Smart Use to provide services for the water resources program.

An increase to the agreement with Smart Use for these services is requested. The increase of \$600,000.00 is to allow for the continuation of services through the end of the contract term of March 22, 2024. If approved by the Board, an amended agreement will be issued by the Water Authority to enable Smart Use LLC to continue to provide these services.

Smart Use performs conservation audits to our Institutional, Commercial, and Industrial customers. In the last four years, they have performed 474 audits and leak inspections that have resulted in 520 million gallons conserved. They also work with irrigation only accounts by establishing a water budget, providing water management tools, audits, and quarterly reports. In total, they generate water budgets for 1,480 sites. These sites manage 4,000 irrigated acres that use four billion gallons per year. These large sites have reduced their water usage by 2.6% in the last four years thanks in part to the services offered by Smart Use.

FISCAL IMPACT:

The requested increase of \$600,000.00 will increase the total contract amount to \$1,800,000.00 for the term of 3/23/2018 – 3/22/2024. The Water Authority has budgeted funds to cover this agreement.

**FIRST SUPPLEMENTAL AGREEMENT
BETWEEN
ALBUQUERQUE BERNALILLO COUNTY
WATER UTILITY AUTHORITY
AND
SMART USE, LLC.**

THIS FIRST SUPPLEMENTAL AGREEMENT is made and entered into on the date of the last signature entered below by and between the Albuquerque Bernalillo County Water Utility Authority, a New Mexico political subdivision, PO Box 568, Albuquerque, New Mexico 87103-0568, (hereinafter referred to as the “Water Authority”), and Smart Use, LLC., a limited liability company whose address is 1211 Roma Ave NW, Albuquerque, NM 87102 (hereinafter referred to as the “Contractor”).

NOW THEREFORE, in consideration of the premises and mutual obligations herein, the parties hereto do mutually agree as follows:

1. The term of this Agreement is hereby extended through March 10th, 2024.
2. Exhibit B is hereby amended and replaced by the attached Exhibit B.
3. Section 3.A. Compensation and Method of Payment, is hereby amended to read as follows:
 3. Compensation and Method of Payment.
 - A. Compensation. For performing services specified in Section 1 hereof, this Agreement with Smart Use, LLC., the Water Authority agrees to pay the Contractor up to the amount of Three Hundred Thousand and 00/100 Dollars (\$300,000.00) per year for up to (6) years in accordance with Exhibit B, which amount includes any applicable gross receipts taxes and which amount shall constitute full and complete compensation for the Contractors Services under this Agreement.
 4. Except as herein expressly amended, the terms and conditions of the Original Agreement, including any prior supplements, shall remain unchanged and shall continue in full force and effect unless there is a conflict between the terms and conditions of the Original Agreement, including any prior supplements, and this First Supplemental Agreement, in which event, the terms and conditions of this First Supplemental Agreement shall control.
 5. This First Supplemental Agreement shall not become effective or binding until approved by the Water Authority’s Executive Director.

IN WITNESS WHEREOF, the Water Authority and the Contractor have executed this First Supplement on the date of the last signature entered below.

ALBUQUERQUE BERNALILLO COUNTY SMARTUSE, LLC.:
WATER UTILITY AUTHORITY

Approved By:

Mark S. Sanchez, Executive Director

Date: _____

By: _____

Title: _____

Date: _____

Reviewed by:

Charles W. Kolberg, General Counsel

Date: _____

EXHIBIT B

Smart Use LLC Cost Proposal Form - Appendix A Solicitation Number P201800006 Submitted 1-24-18									
Task	Description	Frequency	Est. Count/ yr	Cost	Cost Unit	Annual Cost	NMGRT	Total Cost	
Task 4	Provide all of the following services:	Monthly	12	\$6,250	per month	\$75,000	\$5,625	\$80,625	
	Intake of ABCWUA data								
	Monthly Water Usage	Monthly	N/A		included				
	Daily Continuous Usage	Daily	N/A		included				
	Additional Data Elements								
	Site Grouping	Daily	N/A		included				
	Effective rainfall by zip code	Monthly	N/A		included				
	Evapotranspiration rates by zip code	Monthly	N/A		included				
	Distributed Usage calc for all meters	Monthly	N/A		included				
	Outdoor usage calc for all domestic meters	Monthly	N/A		included				
	Cost Engine	Monthly	N/A		included				
	Irrigation Precision for all irrigation sites	Monthly	N/A		included				
	Reports and Tools								
	Monthly Water Management Tool -existing customers	Monthly	N/A		included				
Initial Development of WMT for new customers (excluding CABQ facilities - see Task C below)	as needed	N/A		included					
Customized ROI tool for potential conversion sites	as needed	N/A		included					
Need vs Use reports for any landscape site	as needed	N/A		included					
Water History reports for any site	as needed	N/A		included					
Customizing the above tools from customer feedback	Monthly	N/A		included					
Task 5	Residential Landscape-only Audit/Consultation	Ongoing	50	\$ 180	per Audit	\$ 9,000	\$ 675	\$9,675	
	MF/ICI Sites UNDER 50,000 sq. feet of landscaping	Ongoing	100	\$ 525	per Audit	\$ 52,500	\$ 3,938	\$56,438	
	MF/ICI Sites OVER 50,000 sq. feet of landscaping	Ongoing	50	\$ 800	per Audit	\$ 40,000	\$ 3,000	\$43,000	
Task 6	Project Planning for 2 Water Efficient Incentive Programs (renamed Customized Performance Rebate aka CPR in 2020)								
	Data Analysis and reporting/tracking	Quarterly	16	\$ 95	Per Hr	\$ 1,520	\$ 114	\$1,634	
	Professional Project Manager	Quarterly	60	\$ 95	Per Hr	\$ 5,700	\$ 428	\$6,128	

Smart Use LLC Cost Proposal Form - Appendix A Solicitation Number P2018000006 Submitted 1-24-18

Task	Description	Freq- uency	Est. Count/ yr	Cost	Cost Unit	Annual Cost	NMGRT	Total Cost
Task 7	Maintain Irrigation Budgets			\$45,000	Per Year	\$45,000	\$3,375	\$48,375
	Maintenance and reporting				included			
	Compile Annual Surcharges for all sites	Annually			included			
	Follow Up with customers	Ongoing			included			
	Measure new sites and determine proper annual budget	Ongoing			included			
	Send irrigation budget reports to customers	Annually			included			
	Send annual summary report to ABCWUA	Annually			included			
	Meet groups representing multiple sites - review Budget	Ongoing			included			
	Annual account reconciliation with ABCWUA	Annually			included			
	Provide separate MOU report to Conservation Dept.	Annually			included			
Review/update up to 250 sites/yr (as prioritized by ABCWUA)	Ongoing			included				
Task 8	Leak Notifications with self-help suggestions	Ongoing	1500	\$ 2.50	Per Letter	\$ 3,750	\$ 281	\$4,031
	Leak Audits for customers	ongoing	300	\$ 130	Per Audit	\$ 39,000	\$ 2,925	\$41,925
Task 9	Curriculum Development for each type of class	one time	2	\$ 2,000	Per Manual	\$ 4,000	\$ 300	\$4,300
	Provide Efficient Landscape Irrigation Workshops	seasonal	4	\$ 450	Per Day	\$ 1,800	\$ 135	\$1,935
	Provide Water Smart Academy Training	seasonal	4	\$ 450	Per Day	\$ 1,800	\$ 135	\$1,935
	Classroom rental, AV/presentation equipment, and printing	seasonal	8	Provided by ABCWUA OR reimbursement of actual costs				
Task 10	Develop or use ABCWUA data collection forms	one-time	1	no charge				
	Landscape Audit/Irrigation Efficiency Consultation report	one-time	1	no charge				
	Water Efficiency Incentive Program - Proposal Template	one-time	1	no charge				
	Leak Audit Report	one-time	1	no charge				
	Customer Recommendation Checklist	one-time	1	no charge				
Task 12	Monthly Progress and Activity Reports	Monthly	12	Included in Task 4				
	Annual Progress/Activity reports	Annually	1	Included in Task 4				
	Other Ad-Hoc Reports as requested by the ABCWUA	as needed	n/a	Included in Task 4				
						Annual Cost	NMGRT	Total Cost
TOTAL For listed tasks and services:						\$ 279,070	\$ 20,930	\$300,000

The costs for the following services are being provided in case they are requested by the ABCWUA during the course of the contract									
Task	Description	Freq- uency	Est. Count/ yr	Cost	Cost Unit	Annual Cost	NMGRT	Total Cost	
Other Expenses	<u>Professional Services Fees for additional ad-hoc tasks:</u>								
	Task A	Administrative	As Needed	unknown	\$ 60	Per Hr			
		Field work/on-site visits/Inspection by certified auditor	As Needed	unknown	\$ 75	Per Hr			
		Data Analysis and reporting/tracking	As Needed	unknown	\$ 95	Per Hr			
		Professional Project Manager	As Needed	unknown	\$ 95	Per Hr			
	Task B	Send high-consumption letters to customers	As Needed	unknown	\$ 2.50	Per Letter			
		Send Quarterly Reports to Irrigation-Only Customers	Quarterly	1,200	\$ 25	Per Report			
	Task C	Develop Water Management Tool for City of Albuquerque Facilities (in addition to City Parks and Medians already using WMT)	one-time	1	\$ 95	Per Hr			
	Task D	Gather Multi-Family data via subscription to Co-Star	Monthly	12	\$ 1,495	Per Month			
	Task E	Postage at actual cost	As Needed	unknown	actual				
Mileage at federal rate		As Needed	unknown	0.55	Per Mile				

Explanation of Tasks 4 and 8 Pricing: Billing for the data analytics and reporting tools by the hour or by the report is problematic for the utility for two reasons. First, the ABCWUA does not know how much these items will cost before-hand so it's difficult to plan and estimate what the program can accomplish each year. Second, it provides a disincentive to ask for these items since each request eats into the overall budget. The result is that the utility is incentivized to not take full advantage of the capabilities and resources of the contractor. By including all of these services into a flat monthly charge, the Water Authority Conservation Program Manager knows exactly what the cost is and can feel free to request the data analytic work needed, which should be far more cost effective for the Water Utility. In addition, it matches the true cost to Smart Use, because in order to provide these reports and services upon request, the entire system must be constantly updated, maintained, and improved, regardless of the number of reports or tools requested. Please Note: This price includes all Task 4 and Task 12 items provided to the Water Authority Conservation Program Manager and staff.

Explanation of Task 5 Pricing: While the sample cost worksheet separated sites out by each customer type, we feel that most multi-family and Institutional/Commercial/Industrial (ICI) sites are very similar, differing only by the amount of landscaping. The larger sites will require additional time, testing, review, and more detailed consultation with the customer and therefore have a different cost. Likewise, single-family residential consultations do not have the same degree of difficulty and are also priced separately.

Explanation of Task 7 Pricing: The number of new sites, customer follow-ups, re-mapping requests and reconciliation issues varies greatly from year to year. The result is that billing these tasks per hour or site creates a lot of cost uncertainty. Moving to a per year charge (billed monthly) provides a stable cost structure that is all-inclusive of everything listed in Task 7, regardless of how many new sites come online, how many customer follow-ups are needed, or how difficult the annual reconciliation process is. It also reflects the fact that in order to produce Irrigations Budgets annually the entire system must be continuously updated and maintained year-round. Note: This charge is only slightly higher than the five-year average billing for Irrigation Budgets, but 20% lower than the amount billed in 2017.