



NEWPORT BEACH

City Council Staff Report

May 26, 2026
Agenda Item No. 5

TO: HONORABLE MAYOR AND MEMBERS OF THE CITY COUNCIL

FROM: Mark Vukojevic, Utilities Director - 949-644-3011,
mvukojevic@newportbeachca.gov

PREPARED BY: Steffen Catron, Water Utilities Manager - 949-644-3011,
scatron@newportbeachca.gov

TITLE: Increase Purchase Order Amount with Mueller Systems for As-Needed Water Meters

ABSTRACT:

The Utilities Department oversees the City of Newport Beach's (City) water meter infrastructure, including procurement, installation, and ongoing maintenance. For the City Council's consideration is an amendment to an existing purchase order with Mueller Systems to support routine water meter replacements and development-related upgrades. The amendment would increase the Fiscal Year 2025-26 authorization from \$120,000 to \$250,000. Also for the City Council's consideration is a new purchase order with Mueller Systems in the amount of \$250,000 for Fiscal Year 2026-27, effective July 1, 2026.

RECOMMENDATIONS:

- a) Determine this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the CEQA Guidelines because this action will not result in a physical change to the environment, directly or indirectly;
- b) Approve a change order to the purchase order with Mueller Systems to increase the total amount from \$120,000 to \$250,000 for FY 2025-26; and
- c) Approve issuing a purchase order with Mueller Systems for \$250,000 for FY 2026-27 on or after July 1, 2026.

DISCUSSION:

Between 2020 and 2024, the City completed a comprehensive system upgrade, replacing or retrofitting all 26,000 water meters with modern digital technology known as Automated Metering Infrastructure (AMI). The transition to an automated reading process was facilitated through an agreement partnership with Mueller Systems, which provided the meters, collectors, repeaters, and integrated communication hardware. Smaller meters, typically for residential use, were fully replaced with new digital units. Larger meters, typically for commercial use, were retrofitted to support electronic readers. Staff is embarking on a seven-year program to replace the large water meters.

The Utilities Department continues to manage routine meter replacements and the installation of these new meters for new developments. While the Utilities Department performs the labor and procurement, developers are responsible for the actual costs associated with new meter upgrades.

The recent transition to modernized digital water meters has significantly strengthened the City's management capabilities and provided valuable new tools for the community. Both City staff and water customers now have direct access to precise usage information, increasing transparency. The system automatically identifies potential leaks within a property's plumbing, enabling residents and businesses to perform timely repairs and prevent high bills or property damage. The Utilities Department's customer service staff can now access real-time meter readings remotely. This eliminates the need for manual checks, leading to faster response times and improved service quality.

Since selecting Mueller Systems in 2020, the City has leveraged the provider's extensive experience and proven Sentryx™ technology to maintain a high-performing water meter network. As the sole manufacturer of the integrated hardware and software, Mueller provides a dedicated Network Operations Center and support team to ensure system performance for the City's meter needs. Previous long-term agreements allow the City to bypass distributors and secure direct wholesale pricing, resulting in significant cost savings. As sole source justification has been approved by the Administrative Services Department, Utilities Department staff is now requesting an increase to the purchase order contracts for both the current and upcoming fiscal years.

FISCAL IMPACT:

The adopted budget includes sufficient funding for this year's \$250,000 water meter purchases. It will be expensed to the Water Enterprise Fund, meter accounts 7019052-851055 and 851064, and equipment account 7019052-911024. \$250,000 plus an additional \$60,000 in funding is proposed to be approved with the adoption of the FY 2026-27 budget for water meter replacements. Actual needs and expenses are expected to increase with planned residential development projects and those costs are reimbursed by developers. Staff is also planning to bring for City Council consideration a transition to a master purchasing agreement to replace next years' purchase order.

ENVIRONMENTAL REVIEW:

Staff recommends the City Council find this action is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly.

NOTICING:

The agenda item has been noticed according to the Brown Act (72 hours in advance of the meeting at which the City Council considers the item).

ATTACHMENT:

Attachment A – Mueller Meter Price Quotes