Houston Transforming Procurement to Transform IT

By Jeff Bean

Since 1975, the Texas Public Utility Commission has worked to regulate the state’s telecommunication and electric utilities, while implementing respective legislation. Today, the Texas Public Utility Commission is advancing the water metering system in its cities through implementation of smart water meters. Smart meters – or Advanced Metering Infrastructure (AMI) – remain a relatively new innovation.

These systems enable measurement of detailed, time-based information and enhance the ability to collect and share data. This improves accuracy, reduces waste, and lowers costs.

Houston was the first city in the state to install the smart meters. “This important public works project began with hopes of deploying the latest technology to cut costs and improve service for those who live and work in the city,” stated Houston Mayor Annise Parker. “Not only were we able to do that, but I hope our process can serve as an example for other cities that will undertake major city-wide capital projects in the future.”

Wanted: New Ideas

Replacing millions of meters represents one of the state’s largest city-focused capital improvement projects.

Other cities that have worked on similar projects have faced deployment challenges, security issues, and technology hurdles. One of the most significant challenges other cities faced was the lack of system standardization and a disparate procurement process. This challenge is not new to government. A recent MeriTalk report finds that the government spends “...73 percent of their time waiting for technology and service deployments, or performing routine tasks such as provisioning equipment and services to end users.” Typically, commodities for metering systems are purchased under individual contracts with individual vendors. However, when different system components needed maintenance, utilities found that the single vendor could not accommodate. Thus, significant dollars were wasted.

Fortunately, Houston has learned from the experiences of those before it.

Cooperative Purchasing, Public Oversight, New Efficiency

Houston began by standardizing the specification of each commodity, while also keeping the need to modify the procurement process at top of mind. To address these issues, Houston partnered with UNICOM Government because of their success working with other city and state governments on modernization projects.

UNICOM Government provided Houston with access to a broad spectrum of vendors, removing all issues related to vendor lock-in. They also utilized Amazon Web Services (AWS) to host all of the customer-facing applications in the cloud.

To streamline the procurement process of such a large-scale project, Houston leveraged the UNICOM Government contract through the U.S. Communities Government Purchasing Alliance. This purchasing cooperative provides competitively solicited contracts that are utilized by more than 55,000 state and local government agencies. U.S. Communities delivers critical contract and supplier oversight, holding suppliers to their commitment to provide their best overall value. This enables agencies to buy with confidence knowing they would not get better pricing through their own RFP process.

Saving Time, Cutting Costs, Improving Water Conservation

Today, more than 5.5 million smart meters have been installed across Texas, and Houston took the lead in the implementation of this important initiative. Statewide, these meters provide data that make it easier to detect leaks, improve efficiency, save time, cut costs, and improve water conservation.

Houston has seen a significant decrease (50 percent) in lost revenue to service non-contracted service and has reduced work orders by 40 percent. There has also been an increase in billable charges and accuracy in accounting.

These networks standardize and improve the data collection/analysis process. The result? Less time predicting and more time addressing problem areas. The networks also help to achieve revenue and cost targets, and more importantly, improve water conservation.

Moving from a traditional procurement process to a cooperative approach was a big change. However, by utilizing the UNICOM Government contract through U.S. Communities, Houston decreased the average infrastructure deployment from a five-to-six-year process to an average of six months.

As of today, installation of this innovative new infrastructure is 40 percent complete and moving forward every day.

For more information on U.S. Communities and Cooperative Purchasing, contact Kathryn Kretschmer-Weyland at kweyland@usmayors.org or Jeff Bean at jbean@usmayors.org.