

**Department of the Interior
Bureau of Reclamation**

**Buy America Project Waiver: City of Rialto Advanced Metering
Infrastructure Implementation Project (AMI Capable Water Meters)**

1. Summary

Agency: Department of the Interior, Bureau of Reclamation

Proposed Waiver: The Department of the Interior (DOI), Bureau of Reclamation (BOR) is proposing a project waiver of the requirements of section 70914 of the Build America, Buy America Act included in the Infrastructure Investment and Jobs Act (Pub. L. No. 117-58) for Advanced Metering Infrastructure (AMI) capable water meters, AMI transmitters, and gateway collectors used in an infrastructure improvement project funded through Award No. R22AP00556. This waiver is in effect through the end of the award's period of performance on December 31, 2025.

This waiver action permits the use of non-domestic AMI capable water meters using radio frequencies and ancillary equipment (AMI transmitters, Gateway Collectors) through award No. R22AP00556.

Waiver type: Nonavailability of a domestic product

Waiver level: Project level waiver

Waiver justification summary: AMI capable water meters utilizing radio frequencies (RF), and associated AMI transmitters, and gateway collectors, are not manufactured within the United States. Use of any other manufactured AMI capable water meter risks incompatibility with the current infrastructure installed in previous phases of the project. To date, the City of Rialto found no other US manufactured RF AMI capable water meters that can be installed with the current infrastructure while retaining functionality with the agency's existing system. Integrating a different meter type into the current system will result in incompatibility concerns, negating the capital investment and eight years of effort spent updating the current system using the Badger, Sensus, Master Meter, and Diehl water meters. Using any other type of meter will risk system-wide failure, lapse in services, and loss of water used efficiently when drinking water cannot afford to be wasted. To date, Rialto found no other domestic RF AMI water meters of satisfactory quality and compatibility to successfully integrate into this project within the existing system to improve service reliability and water conservation efforts in the Rialto Water Service Area.

Length of Waiver: From the effective date of the final waiver, until the end of award's period of performance on December 31, 2025.

Summary of Items Covered in the Waiver: 12,291 AMI capable water meters utilizing radio frequencies (RF), 12,291 AMI transmitters, and two gateway collectors

Summary of Award: Under the [Water and Energy Efficiency Grant program](#), projects are funded to conserve and use water more efficiently. This award proposes to upgrade dated water meter infrastructure with AMI, to increase efficient water usage in the City of Rialto water service area, in San Bernardino County California by providing water users with daily

usage information. These components will increase water conservation through accurate and real-time meter readings, detection of leaks in the system and immediate corrective responses, facilitation of the billing process, reduction in the amount of manual labor to read water meters, and customer education on water use. The City of Rialto has been evaluating and planning for the transition throughout their service area to AMI compatible water meters and has been installing AMI-compatible meters when new meters are added or need to be replaced since 2014.

This award will fund the phased replacement of 12,291 meters with AMI capable meters. The project will conserve an estimated 1,545 acre-feet per year (AFY) in water savings and 5.5 million kilowatt-hours (kWh) per year in energy savings and 2.9 million pounds (lbs) per year in associated carbon emission savings.

2. Background

The Buy America Preference set forth in section 70914 of the Build America, Buy America Act included in the Infrastructure Investment and Jobs Act (Pub. L. No. 117-58), requires all iron, steel, manufactured products, and construction materials used for infrastructure projects under Federal financial assistance awards be produced in the United States.

Under section 70914(b), the Department of the Interior may waive the application of the Buy America Preference, in any case in which it finds that: applying the domestic content procurement preference would be inconsistent with the public interest; types of iron, steel, manufactured products, or construction materials are not produced in the U.S. in sufficient and reasonably available quantities or of a satisfactory quality; or the inclusion of iron, steel, manufactured products, or construction materials produced in the U.S. will increase the cost of the overall project by more than 25 percent. All waivers must have a written explanation for the proposed determination; provide a period of not less than 15 calendar days for public comment on the proposed waiver; and submit the proposed waiver to the Office of Management and Budget Made in America Office for review to determine if the waiver is consistent with policy.

3. Description of Award

Title of Project: Advanced Metering Infrastructure Implementation Project

Infrastructure Project Description and Location of Project: Under the Water and Energy Efficiency Grant program, projects are funded to conserve and use water more efficiently. The City of Rialto, located in San Bernardino County, California, will complete the AMI Implementation Project as part of its long-term goal of water supply reliability and efficient water management. The AMI Project includes the upgrade or replacement of a total of 12,291 existing touch meters with an AMI fixed network system that will automatically collect and store consumption data, aiding in water conservation and water use efficiency, improved water management, and energy savings. The Project will implement the City's entire distribution system with AMI to provide water usage information, including high water usage and leak detection alerts that can be provided to customers. The AMI Project will

accurately monitor water use for customers via the City's website portal, reduce water loss through enhanced leak detection capabilities, reduce water demand by enhanced conservation and leak notification, reduce energy use / operating costs, provide near real-time accurate water use information, and reduce carbon emissions using remote/automated meter reads. The Project is expected to result in annual water savings of 1,545 acre-feet per year, which will allow this same amount of water to remain in the Bay-Delta to support the State Water Project and Reclamation's Central Valley Project.

Recipient/Requester Name and Unique Entity Identifier (UEI): City of Rialto, UEI JSSRWCN1S4C7

Federal Awarding Agency Organizational Information: U.S. Bureau of Reclamation, CGAC Code 014

Federal Award Identification Number (FAIN): R22AP00556

Financial Assistance Listing: 15.507, WaterSMART (Sustain and Manager America's Resources for Tomorrow)

Federal Financial Assistance Program Funding Amount: \$2,000,000

Total Estimated Cost of Infrastructure Expenditures (Federal and Non-Federal Funds): \$6,596,348

4. Description of Covered Items

Manufactured products: List of iron or steel item(s), manufactured products, and construction material(s) proposed to be excepted from Buy America requirements:

- Water Meters, and ancillary equipment (AMI transmitters, Gateway Collectors)

As identified in the market research below, RF AMI compatible water meters for this project are exclusively supplied by Badger, Sensus, Master Meter and Diehl. These water meters rely on radio frequencies for systemic notifications. These companies do not manufacture water meters that meet the 55% cost threshold as defined in OMB Memorandum M-22-11 *Initial Implementation Guidance on Application of Buy America Preference in Federal Financial Assistance Programs for Infrastructure* (OMB M-22-11) for consideration as a domestically manufactured product, though the companies assemble products within the United States. Suppliers for AMI water meter components are global and the meter industry as a whole is dealing with this challenge.

5. Waiver Justification

Anticipated impact if no waiver is issued:

If a waiver is not granted, then the project as defined will not be possible to complete. This would prevent the City of Rialto, an area with significant disadvantaged and underrepresented communities, from utilizing \$2,000,000 in federal funding awarded for this project. Integrating a different AMI water meter into the current system will result in

incompatibility issues, negating the capital investment and 8 years of effort and approximately \$1,000,000 spent to date updating the current system using the existing Badger, Sensus, Master Meter and Diehl AMI water meters. Using any other type of AMI water meter will risk negative impacts to customers, including system-wide failure, lapse in services, and loss in water used efficiently when drinking water cannot afford to be wasted. The gateway collectors (or the equivalent, for each manufacturer) is included in the market analysis below and are unique to each AMI manufacturer. Additionally, if the project is delayed or not implemented, the City of Rialto will lose the ability to determine leaks and track and incentivize water savings with the Customer Portal, and will not achieve the 1,545 AFY of water savings, 5.5 million kWh per year in energy savings, and 2.9 million lbs per year in associated carbon emission savings estimated for this project. This results in a missed opportunity to use water more efficiently in areas that cannot afford to waste drinking water. Utilizing the existing AMI water meter technologies will provide continuity of operations by installing new meters (or replacing meters) that are compatible with existing infrastructure. Thus, no other water meters provide the compatibility quality necessary to implement this project successfully.

Description of efforts made (e.g., market research, industry outreach), by the Federal awarding agency and award recipient in an attempt to avoid the need for a waiver:

The City of Rialto, through their consultant, Veolia NA, conducted market research to identify any AMI water meters that would meet the 55% cost threshold to be considered a domestically manufactured product under M-22-11. Veolia NA reached out to the vendors that have historically responded to bid requests for the City, along with any vendors marketing AMI water meters online. However, based on initial market research, the most expensive components of AMI water meters (end points, resins, printed circuit boards, meter electronics and batteries), are manufactured and assembled outside of the U.S. The industry as a whole is just beginning to understand the Build America, Buy America requirements. Currently, there are no plans to move manufacturing to the U.S., and no decisions have been made within the industry to respond to the Buy America requirements. Below is a table summarizing by manufacturer contacted, the percentage of product sourced in the U.S. and assembled in the U.S., for AMI water meters and ancillary equipment (AMI transmitters, Gateway Collectors):

Manufacturer	% Sourced in US	% Assembled in US
Badger Meter	21%	8%
Sensus	12%	3%
Neptune Technology	100%	100%
Master Meter	15%	12%
Mueller Systems	15%	15%
Diehl	3%	3%
Kamstrup	7%	7%

Only one of the major manufacturers has production facilities in the U.S. for all the components required for a functional AMI System. All of the other manufacturers source components in the U.S. and abroad, with final product assembly occurring in Mexico.

Reclamation reviewed Veolia NA's market research, and their findings aligned with previous research conducted by Reclamation in partnership with the Environmental Protection Agency (EPA). EPA's market research team contacted thirteen suppliers of AMI smart water meters. Nine of the thirteen companies responded to outreach requests. Of the nine suppliers, one company (Neptune) offers an AMI water meter that is manufactured within the U.S., however this product relies on cellular communication rather than radio frequencies.

Rialto reviewed the results of this market research and determined that the AMI water meter manufactured within the U.S. by Neptune does not meet their product specifications, as it relies on cellular rather than RF communication methods. Rialto is unable to use cellular communication methods due to compatibility issues with existing meters and lack of cellular coverage in service areas. Transitioning from RF to cellular communication would also negate the already existing AMI water meter system. Using any other type of water meter will risk system failure, lapse in services, and loss of water used efficiently, especially in service areas where cellular service is not adequate.

Efforts made to identify domestic products:

Veolia NA made a good faith effort to identify an alternative domestic compliant product that meet project specifications. Based on all currently available information, there is only one AMI system that can be utilized in the current project. However, this domestic alternative system relies on cellular communication rather than radio frequencies and is thus not an option for the current project.

The City of Rialto and Reclamation made a good faith effort to identify an alternative domestic product that meets project specifications. However, based on all currently available information, there are no AMI capable water meters utilizing radio frequency communication that can be utilized in the current project.

The City, or their designee, will continue to make a good faith effort to solicit bids for domestic products supported by terms included in requests for proposals, contracts, and nonproprietary communications for purposes of long-term BABA compliance.

Expectations at the conclusion of the waiver:

The Bureau of Reclamation expects to work with recipients implementing AMI water meter upgrades, such as the City of Rialto and Veolia NA, throughout the course of the projects to re-assess opportunities to incorporate compliant meters that will be compatible with existing infrastructure. At the conclusion of the waiver, Reclamation will work with recipients to evaluate possible domestic sources of supply for upcoming or new projects to achieve compliance going forward.

On behalf of the City of Rialto, Veolia NA expects to perform regular market research and coordinate with Reclamation to identify any opportunities for domestic sourcing of AMI water meters that will also be compatible with existing infrastructure. Industry has yet to

indicate any clear intention to move manufacturing of the compatible meters to the U.S., though it is possible that companies could adjust sourcing of at least 55% of the cost of its components to domestic sources.

6. Assessment of Cost Advantage of a Foreign-Sourced Product

Under OMB M–22–11, agencies are expected to assess “whether a significant portion of any cost advantage of a foreign-sourced product is the result of the use of dumped steel, iron, or manufactured products or the use of injuriously subsidized steel, iron, or manufactured products” as appropriate before granting a public interest waiver. DOI’s analysis has concluded that this assessment is not applicable to this waiver as this waiver is not based on the cost of foreign-sourced products.

7. Summary of Public Comments

The proposed waiver was posted on [DOI’s public facing webpage](#) and a notice of the waiver was also posted to the [Made in America website](#) on December 29, 2022 to satisfy the requirement to publish any proposed Buy America Project Waiver and provide the public with fifteen (15) days to submit comments. The Department of the Interior sought public and industry comment from all interested parties and encouraged current manufacturers of the product in question to submit comments regarding anticipated timeframes for shifting manufacturing to a domestic market. The comment period for this proposed waiver closed on January 13, 2023. No comments were received in response to the public posting of the waiver.