



To: Public Works and Transportation Committee

Date: March 1, 2010

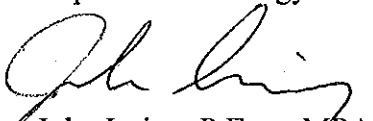
From: John Irving, P.Eng., MPA
Director, Engineering

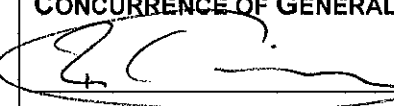
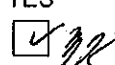

File: 10-6650-02/2010-Vol 01

Re: Single-Family and Duplex Voluntary Water Metering Program – 3793P

Staff Recommendation

That the Single-Family and Duplex Voluntary Water Metering Program be contracted to Neptune Technology Group (Canada) Ltd. for a three-year term ending December 31, 2012.


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ROUTED TO:	CONCURRENCE		CONCURRENCE OF GENERAL MANAGER
Budgets	Y <input checked="" type="checkbox"/>	N <input type="checkbox"/>	
Purchasing	Y <input checked="" type="checkbox"/>	N <input type="checkbox"/>	
Water Services	Y <input checked="" type="checkbox"/>	N <input type="checkbox"/>	
REVIEWED BY TAG	YES <input checked="" type="checkbox"/>	NO <input type="checkbox"/>	REVIEWED BY CAO
			

Staff Report

Origin

At the October 26, 2009 Regular Council Meeting, City Council adopted the following motion:

“That:

(2) the existing voluntary metering program be continued for single-family homes and that the funding available to multi-family properties for voluntary metering be formally increased in the Waterworks and Water Rates Bylaw to the greater of \$60,000 per strata or \$500 per unit, and that \$2 million funding is made available for multi-family metering annually;”

The purpose of this report is to recommend award of 3793P for the Single-Family and Duplex Voluntary Water Metering Program.

Background

The City is entering its 7th year of the Single-Family and Duplex Voluntary Water Metering Program. Since its inception on February 23, 2004, a total of 14,502 homes received meters as of December 31, 2009, which represents approximately 50% of all single-family and duplex homes in Richmond. Since 2004, approximately 86% of volunteers have saved money over the flat rate.

Analysis

As the current contract with Neptune Technology Group is nearing completion, the City issued a Request for Proposal (RFP) 3793P to continue providing services for the voluntary metering program for single-family and duplex homes.

The Single-Family and Duplex Voluntary Water Metering Program RFP 3793P includes promotion of the program, and supply, installation, reading and maintenance of all single-family and duplex water meters until December 31, 2012. Proposals were received from Neptune Technology Group (Canada) Ltd. and Corix Utilities.

Staff have reviewed and evaluated the proposals received from this RFP, and determined the proposal from Neptune Technology Group (Canada) Ltd. to be of greatest value and benefit to the City.

The categories used to evaluate each proposal included methodology, capability, historical performance and cost. Neptune’s proposal was ranked highest in three of the four categories. Both Neptune and Corix appear capable of installing water meters and have significant experience in British Columbia. Neptune distinguished themselves through the ease of integration of their technology, their favourable pricing schedule and long term experience with volunteer water metering programs.

Pricing Schedule

The pricing schedule is broken down into four categories: program promotion, meter installation, meter maintenance, and meter reading. Based on expected annual quantities for each line item, the total program costs for each proponent would be as follows:

	Corix	Neptune
Program promotion	\$370,000	\$156,000
Meter installation, maintenance and reading	\$1,503,902	\$1,431,350
Total	\$1,873,902	\$1,587,350

The cost of program promotion for Corix is significantly more than that of Neptune. While the core elements of program promotion are included in both proposals, Corix’s proposal also contained additional items. The staff assessment was that these would have marginal effect on program participation. During the first two phases of the program, Neptune analyzed the effectiveness of promotion and communication efforts and determined the best value and return on investment for various marketing techniques. The core elements include mail-out material, program website, door-to-door canvassing, print advertising, public events and open houses.

The cost of meter reading for Neptune is higher than that of Corix; however, the technology employed by Corix is different than the City’s existing meters. While Neptune is proposing the same meter and meter reading technology that is currently in use, Corix is proposing a new meter and meter reading technology which would require that the City maintain two systems over the long term. The operation of two separate systems would require increased resources to maintain the current level of the level of customer service.

The current program has evolved successfully and incrementally with the contractor, Neptune Technology Group, adjusting to variations in administration and adapting to unanticipated operational challenges. Neptune Technology Group has worked closely with the City to streamline the process and improve customer service substantially since the genesis of the program. The synergy developed has provided the City and its customer base an efficient and effective program to achieve the City’s goals. Furthermore, over the past six years, Neptune Technology Group has been able to streamline their administrative and installation processes, thereby gaining efficiencies, which has also enabled them to continue offering low rates.

Multi-Family Water Meter Program

Implementation of the Multi-Family Water Meter Program is in progress, and funding for this program is dedicated and will not be impacted by the award of 3793P for the Single-Family and Duplex Water Metering Program. No multi-family water meter installations have been completed under the program yet; however, the City has currently received over 30 formal requests for multi-family metering and staff are advancing these through the implementation process.

Financial Impact

The financial impact of this program is based primarily on voluntary public participation, which has a degree of uncertainty. A target of 4,500 new voluntary water meter installations has been set over the next three years. Based on this level of participation, it is estimated that the program will cost around \$1,600,000 annually.

The Volunteer Water Metering Program will be funded through its designated capital account.

Conclusion

Staff recommend that the Single-Family and Duplex Voluntary Water Metering Program be contracted to Neptune Technology Group (Canada) Ltd. for a three-year term ending December 31, 2012.



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(1281)

JH:jh