



Report to: GENERAL COMMITTEE

Date Report Authored: May 30, 2014

SUBJECT: 022-R-14 Supply, Installation and Maintenance of Water Meters

PREPARED BY: David Huynh, Infrastructure Project Engineer, ext. 2400
Ernie Ting, Manager Infrastructure, ext. 3650
Patti Malone, Senior Buyer, ext. 2239

RECOMMENDATION:

- 1) THAT the report "022-R-14 Supply, Installation and Maintenance of Water Meters" be received;
- 2) AND THAT the contract for the supply, installation and maintenance of water meters be awarded to the highest ranked/ second lowest priced Bidder, Neptune Technology Group (Canada) Limited for a 5 year term from February 1, 2015 to January 31, 2020 with a renewal option for an additional 2 years at the same terms, condition and pricing, for an estimated annual contract amount of \$1,038,716 inclusive of HST and a total award of \$5,193,580 inclusive of HST over 5 years;
- 3) AND THAT the Pricing for the first three years be fixed, and the next two years be adjusted based on the Consumer Price Index (Ontario-All Items);
- 4) AND That Staff be authorized to amend the award amounts in years 2015-2022 to reflect changes to the Capital and Operating Budget accounts as approved by Council during the annual budget process;
- 5) AND THAT the Director of Environmental Services and Senior Manager of Purchasing be authorized to extend the contract for a further two (2) years (February 1, 2020 to January 31, 2022) with unit price escalation based on CPI (Consumers Price Index) for Ontario-All Items;

AND THAT staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to obtain approval to award the contract for the supply, installation and maintenance of water meters.

BACKGROUND:

Prior to 1993, the City had contracted out meter installation and maintenance services.

From 1993 to 2001, Neptune Technology Group (Canada) Limited (“Neptune”) was selected by the City, through a formal tender process, to supply water meters and to provide services in new residential house installation.

In 2001, the contract was consolidated into an integrated contract of water meter supply and services of meter installation, meter maintenance and meter testing, including customer contact management.

The integrated supply and services contract provided many technical and operational benefits to the City, including

- improved customer service efficiencies;
- eliminated management of inventory and stocking of meters and fittings;
- combined various meter management tasks into an one-stop shop of meter contract, minimized staff workload in management of the various meter activities.

Since 2001, Neptune has been awarded two successive terms of integrated services contract up to 2009, and extended twice to January 2015. The contract had guaranteed fixed prices for the first two years of the term, then an annual escalation of 2.0% for the following years. The contract with Neptune is due to expire on January 31, 2015.

In January 2013, staff had reported to Council and recommended the new water meter integrated services RFP be tendered and contract be awarded by May 2014. This contract is to be awarded early to allow for a 6-month transition period to a potentially new water meter contractor.

The water meter integrated supply and services contract consists of the following:

- residential and ICI (Industrial, Commercial and Institutional) meters supply including storage and delivery;
- new residential house and in-fill house meter installation;
- annual residential and ICI meter replacement (change-outs) program;
- residential and ICI meter maintenances (year round);
- annual meter testing program, customer services, contract administration; and,
- consideration and preparation for future application of AMR/AMI (Automated Meter Reading/ Automated Metering Infrastructure) in Markham.

OPTION/ DISCUSSION:

Bid Information:

Advertised, place and date	ETN
Bids closed on	May 8, 2014
Number of Bidders picking up RFP document	6
Number of Bidders responding to bid	2*

*Staff followed up the vendors who picked up the bid documents but did not submit a bid. One bidder did not believe they could be cost competitive, one bidder could not meet our

specifications, one bidder could not provide surety requirements for this contract size and one bidder did not respond to our inquiry.

Proposal Evaluation:

The Request for Proposal (RFP) was released with a two-stage evaluation approach where Bidders were required to submit both a technical proposal and a price proposal. The technical proposal (Stage 1) was evaluated out of 70 points and the price proposal (Stage 2) was evaluated out of 30 points.

The Evaluation Team ("Team") for this RFP was comprised of staff from the Waterworks, with Purchasing staff acting as the facilitator.

Stage 1 – Technical Proposal

The Stage 1 Technical Proposals were evaluated against the pre-established evaluation criteria as outlined in the RFP: 20 points for qualification and experiences of the Bidder; 20 points for understanding of the project; and, 30 points for infrastructure. Bidders who scored a minimum of 75%, or 52.5 points out of 70, continued on to Stage 2 – Price Proposal.

The results of the Stage 1 evaluation are outlined below:

Bidders	Score (out of 70)	Rank Results
Neptune Technology Group (Canada) Limited	62.33	1
Wamco Municipal Products	49.00	2

* Notwithstanding the 75% threshold, the bid document indicated if fewer than two Bidders score 52.5 out of 70 (75%), then the City, in its sole discretion, shall have the option to advance up to three of the highest ranked Bidders that score 49 out of 70 (70%) to Stage 2 of the evaluation process. Since only one (1) bidder scored above 52.5, staff utilized the discretion of the bid document and advanced Wamco Municipal Products.

Neptune had provided track records of several meter integrated service contracts successfully completed in the past. They have a good understanding of the project related requirements, provided satisfactory methodology, work plan and coordination in all contract activities. They committed to provide qualified project resources, good customer services including a call centre that meets the City's requirements. Their infrastructure dedicated to the project satisfactorily met the requirements in meter material, type, sizes, accuracy, warranty, IT database supports, AMR/AMI technology and products for future application.

Wamco provided limited information on the integrated services contracts that were successfully completed in the past, and did not provide any reference letters. They provided fractional information on the qualifications and experiences of the project team, insufficient description on the proposed methodology and approaches to meet the project objectives, including customer services and contact management to meet the City's requirements.

Stage 2 – Price Proposal

Based on the Stage 1 evaluation, two Bidders received a score of a minimum of 70% (49.0 out of 70) and therefore, proceeded to Stage 2 - Price Proposal. Pricing proposed by the two qualified Bidders was evaluated out of 30 points with the following results.

Bidders	Score (out of 30)	Rank Results
Wamco Municipal Products	30.00	1
Neptune Technology Group (Canada) Limited	24.70	2

Prices ranged from \$1,214,316.00 to \$1,414,559.00. After bid closing and as allowed under the bid document, Purchasing negotiated a (\$52,000) savings over the five year term of this contract.

Stage 1 & 2 – Combined Overall Scoring

The scores from the Stage 1 and 2 evaluations were combined to formulate final overall scoring, as summarized below:

Bidders	Score (out of 100)	Rank Results
Neptune Technology Group (Canada) Limited	87.03	1
Wamco Municipal Products	79.00	2

Staff is recommending the highest ranked Bidder, Neptune Technology Group (Canada) Limited, be awarded this contract, as their proposal satisfactorily demonstrated their capability to undertake projects of similar size and scope.

Neptune committed to providing the following add-on features in the new contract:

- Electronic Work Order tracking and data transfer back to the City;
- Project web site and real-time online appointment booking for customers;
- Continuing Neptune Partnership Program (NPP) with the City, that includes various additional service values such as meter testing privilege, expedited product delivery, extended meter warranty plan, statistical meter accuracy evaluation and performance measures;

In comparing the 2015 contractual price to the 2014 price, the price for 2015 will increase by 1.86%; however, the prices are fixed until January 31, 2018.

FINANCIAL CONSIDERATIONS AND TEMPLATE:

Staff is recommending the integrated contract for water meter supply, installation, maintenance and testing be awarded to Neptune for a 5-year term from February 1, 2015 to January 31, 2020, with an renewal option for an additional 2 years at the same terms and condition, for an estimated annual contract amount of \$1,038,716 inclusive of HST and a total award of \$5,193,580 inclusive of HST over 5 years.

The following table is a summary of the financial considerations for this report:

				a	b	c=a-b
Account Name	Account #	CURRENT Budget Amount	PROPOSED 2015 Budget Amount	Amount to Allocate to this project in 2015	Annual Cost Award	Variance to 2015 Budget Allocation
New Res Meter - Supply	760 120 4530	148,940	148,940	136,528	139,068	(2,539)
New Res Meter - Installation	760 120 5300	113,590	113,590	104,124	106,061	(1,937)
New ICI & Infill Meter - Supply	760 121 4530	131,831	131,831	120,845	123,093	(2,248)
Res. Meter Test & Repair - Supply	760 130 4530	55,000	55,000	50,417	51,354	(938)
Res. Meter Test & Repair - Installation	760 130 5300	75,000	75,000	68,750	70,029	(1,279)
ICI Meter Test & Repair - Supply	760 131 4530	15,000	15,000	13,750	14,006	(256)
ICI Meter Test & Repair - Installation	760 131 5300	6,638	6,638	6,085	6,198	(113)
Water Meter Replacement (Capital)*	760 101 5399 14319	493,500	500,000	500,000	509,300	(9,300)
Hydrant Meter - Water Sewer Materials	760 132 4530	9,000	9,000	8,250	8,403	(153)
Hydrant Meter - Equipment Maintenance	760 132 5425	17,000	12,000	11,000	11,205	(205)
2015 Total:		1,065,499	1,066,999	1,019,749	1,038,716	(18,967)

* 2015 capital requirement reflects amount in the Waterworks reserve study for 2015.

The 2015 to 2020 budgets will be submitted for consideration through the annual budget process and may be amended to account for growth, trending changes and price escalation. The annual award will be subject to Council approval of the 2015 to 2020 budgets.

The unit prices will remain fixed for the first three years, and the successive two years prices will be adjusted based on the Consumer Price Index for Ontario-All-Items as established for the month of October immediately preceding the renewal period.

HUMAN RESOURCES CONSIDERATIONS:

Not Applicable

ALIGNMENT WITH STRATEGIC PRIORITIES:

Not Applicable

BUSINESS UNITS CONSULTED AND AFFECTED:

Legal Services was consulted during the tendering and evaluation processes.

RECOMMENDED

13/06/2014

6/13/2014

X 

Claudia Marsales
Acting Director, Environmental Services

X 

Brenda Librecz
Commissioner, Community & Fire Services