



ADMINISTRATIVE REPORT

Report Date: July 5, 2018
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Meeting Date: July 25, 2018

TO: Standing Committee on Policy and Strategic Priorities
FROM: General Manager of Engineering and Chief Procurement Officer
SUBJECT: Contract Award for the Supply and Delivery of Water Meters

RECOMMENDATION

- A. THAT Council authorize City staff to negotiate to the satisfaction of the City's General Manager of Engineering, City's Director of Legal Services, and the City's Chief Procurement Officer and enter into two (2) separate contracts with (i) KTI Limited/Sensus Canada("KTI") and (ii) Neptune Technology Group ("Neptune"), for the supply and delivery of water meters, each for a term of three (3) years, with the option to extend for two(2) additional one (1) year terms, with an estimated combined contract value of \$2,389,000, (KTI contract value at \$1,823,000 and Neptune contract value at \$566,000) plus applicable taxes over the initial three-year term, current Multi-Year Capital Budgets and 2018 Annual Capital Expenditure Budget are available for the 2018 planned expenditure. The expected expenditure from the contract for 2019 and beyond will be requested as part of the 2019 (and future) Capital budgets.
- B. THAT the Director of Legal Services, Chief Procurement Officer and General Manager of Engineering be authorized to execute on behalf of the City the contracts contemplated by Recommendation A.
- C. THAT no legal rights or obligations will be created by Council's adoption of Recommendations A and B above unless and until such contracts are executed by the authorized signatories of the City as set out in these Recommendations.

REPORT SUMMARY

The City issued a Request for Proposals PS20180002 (the "RFP") on March 2, 2018 for supply and delivery of water meters. The RFP was advertised on the City of Vancouver website and BC Bid and the work was called in accordance with the terms and conditions of the City's Procurement Policy ADMIN-008. City staff on the RFP evaluation committee, and, subsequently, the Bid Committee, has considered the responses

received, and on that basis recommend that the City negotiates and if such negotiations are successful enter into contracts as describe above with KTI Limited/Sensus Canada and Neptune Technology Group.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City's Procurement Policy ADM-008 requires that contracts with values over \$2 million must be approved by Council following review and recommendations by the Bid Committee. The Bid Committee has considered, and recommended KTI Limited/Sensus Canada and Neptune Technology Group, as the successful proponents.

REPORT

Background/Context

The City's Engineering Department - Waterworks Design requires a contract(s) to address an ongoing requirement for new and replacement water meters. Meters must be replaced at the end of their life cycle to maintain a network of meters that capture consumption accurately. Water meters are installed and maintained by the Waterworks Operations group and are an important aspect of the City's Greenest City Action Plan to track and provide feedback regarding water consumption. All new institutional, commercial, industrial and residential developments are required to have water meters installed before occupancy.

The most recent City contract for water meters expired on November 10, 2017. By way of the RFP the City has sought proposals from qualified suppliers in the marketplace, with the ability to supply the City's estimated demand over a three year term with competitive pricing and meeting the City's technical and service requirements. Such technical and service requirements include delivery lead-time, size, type, materials, compliance to specifications and AWWA standards, performance in specific City configurations, and compatibility with the City's remote registration system.

Strategic Analysis

The RFP was issued in the accordance with City's Procurement Policy ADMIN-008.

The City received seven responses from

- Corix Water Products;
- KTI Limited/Sensus Canada;
- METERCOR Inc.;
- Neptune Technology Group;
- EMCO Corporation;
- Elster AMCO Water, LLC and
- Western Water and Gas Products Ltd.

The responses were evaluated under the stewardship of Supply Chain Management to ascertain if the proposals offered the best overall value to the City, through the work

of an evaluation team comprised of representatives from Engineering Services (Waterworks Design, Waterworks Operations). In determining if the proposals offered the best overall value to the City, both quantitative and qualitative factors such as product, price, service offering and sustainability were considered, among other factors.

Some of the criteria considered in the overall evaluation process included:

- The proponent's experience, reputation and history of success;
- Product compatibility to our current AMR technology, low maintenance design, user friendly installation, test plugs;
- Price;
- Ability to meet the City's service requirements including, but not limited to, lead time, inventory, replacement, temporary products, training, samples; and
- Demonstrated ability to adhere to City's values, including sustainability.

Based on the overall evaluation, the team concluded that the proposals submitted by KTI Limited/Sensus Canada and Neptune Technology Group best met the City's requirements and provided best overall value to the City.

Financial Implications

Financial Planning & Analysis (FP&A) has reviewed the cost of the goods and services and concurs that the capital budgets will be requested during the 2019 Capital Budgeting. The funding has been included in the Aging Meter Replacement Program and the New Water Meter Program in the 2019-2022 Capital Plan, subject to Council approval. The expenditure for this contract is subject to Council approval of the 2019 Budget, including the water rate, the Annual Capital Expenditure Budget and the Multi-Year Capital Budget. Water meters are to be ordered on an "as-needed" basis during the contract term and will be subject to approved available budget.

For this RFP quantities were estimated, thus actual volumes will vary depending on requirements and approved budget.

Legal

The City's Procurement Policy requires that all contracts that have a total value in excess of \$2,000,000 and that require the approval of Council need to be concurred and signed by the Director of Legal Services.

CONCLUSION

In summary, City staff recommends that the City of Vancouver negotiate and enter into three (3) year contracts, with the option to extend the contracts for an additional two (2), one(1) year terms, with KTI Limited/Sensus Canada and Neptune Technology Group, for the supply and delivery of water meters.

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