



# Corporate Report

NO: R277

COUNCIL DATE: November 15,

2004

---

## REGULAR

TO: Mayor & Council                      DATE: November 9,  
2004

FROM: General Manager, Finance,      FILE: 1820-20  
Technology & HR

SUBJECT: **Meter Reading Contract  
Extension**

---

## RECOMMENDATION

That Council approve a two-year extension to the current meter reading contract with Terasen Utility Services, in the amount of \$337,350 for a total contract value of \$606,000 including GST.

## BACKGROUND

In September of 2001, the City of Surrey entered into a three-year contract, with a two-year extension option, for meter reading services with Terasen Utility Services (then BCG Services Inc.). The original contract was valued at \$223,300, intending to service 12,000 meters by December 31, 2004. This contract was further increased to \$268,650 in July of 2004 to allow for the increased metered accounts (24,600).

Terasen Utility Services has worked well with the City to identify potential meter problems, provide quality reading services to all metering customers and promote the metering program.

## DISCUSSION

The current meter-reading contract with Terasen Utility expires December 31, 2004. This contract contains an option for a two-year extension, allowing the City to maintain meter-reading services until December 31, 2006. The pricing structure is based on the number of readings completed and it is anticipated that there will be over 40,000-metered accounts by the end of 2006. The estimated cost for the two-year extension is \$337,350 including GST, bringing the total contract value to \$606,000 for the five-year period (2002 – 2006).

The City is at a critical point in the current voluntary metering program and an extension would allow the City to put plans in place to escalate the metering program and implement a repair and maintenance program for those meters that are already in service.

The contract extension will maintain the same terms, conditions and pricing structure that exist in the current contract, however a fixed rate component of \$25,000 will be included to help cover the cost of streamlining the process through improved data management.

During the initial tendering process, there were only two submissions made to the City. The two-year extension currently offered by Terasen is still 6% below the pricing model offered by the unsuccessful bidder three years ago.

## **CONCLUSION**

The current three-year meter reading contract with Terasen Utility Services, which is set to expire December 31, 2004, contains an option for a two-year extension. The pricing structure is based on the number of readings completed and the estimated cost for the two-year extension is \$337,350 including GST. The total contract value for the five-year period (2002-2006) would be \$606,000 including GST.

Vivienne Wilke, CGA,

General Manager, Finance,  
Technology & HR