

NO: **R217**

COUNCIL DATE: **October 1, 2012**

REGULAR COUNCIL

TO: **Mayor & Council**

DATE: **September 25, 2012**

FROM: **General Manager, Engineering**

FILE: **1212-402-11**

SUBJECT: **Award of Contract M.S. 1212-402-11
Water Meter Installations, Testing and Maintenance**

RECOMMENDATIONS

The Engineering Department recommends that Council:

1. Award Contract M.S. 1212-402-11 to CORIX Utilities Inc. for water meter installations, testing and maintenance for a 3-year term from December 1, 2012 to December 1, 2015 in the amount of \$7,800,662.74, including HST; and
2. Set the expenditure authorization limit for Contract M.S. 1212-402-11 at \$9,000,000 including HST and contingencies.

SCOPE OF WORK

The work associated with the contract consists of water meter installations, meter maintenance and meter testing over a 3-year term from December 1, 2012 to December 1, 2015. The contract includes an option in favour of the City to extend the contract for a period of up to additional 2 years subject to unit prices being adjusted at that time in relation to the Consumer Price Index (CPI).

DISCUSSION

Approximately 50,500 single family homes in Surrey are fitted with a water meter, which represents 63% of all single family homes in the City. There are approximately 29,000 single family homes that do not yet have a water meter.

Based on the recent rate of installations, it is estimated that an additional 4,100 water meters will be installed on a volunteer basis by home owners over the next 3 years and a further 4,800 meters will be installed by developers for new residential building lots during that same 3-year period.

The installation of a meter provides direct benefit to a home owner since it provides information to the owner on their water usage and allows the home owner to make adjustments to using water with a view to conserving water and reducing their water bill.

Typically, a home owner will save money by installing a meter since non-metered properties are billed based on the average consumption for all non-metered properties. On average, non-metered properties use more water per property than metered properties.

TENDER RESULTS

Tenders were requested from 3 separate contractors, who were pre-qualified through an earlier pre-qualification process. The contract includes each of the following types of work:

- Installation of meters for existing single family homes;
- Installation of meters for new single family residential lots;
- Installation of meters for multi-family residential and business sites;
- Testing of meters;
- Maintenance of residential meters; and
- Maintenance of multi-family residential meters and meters serving businesses.

Proponents were requested to provide a unit rate for each type of work based on a projected volume for that type of work over the 3-year term of the contract. The unit rates remain level for the 3-year term of the contract.

The tenders for the subject contract were opened on September 14, 2012, with the following results:

	<i>Contractor</i>	<i>Tender Amount with GST</i>	<i>Corrected Tender Amount with GST</i>	<i>Alternate Bid #1</i>	<i>Alternate Bid #2</i>
1.	CORIX Utilities Inc.	\$7,377,970.99	No change	\$7,800,662.74	\$8,178,889.87
2.	Neptune Technology	\$9,220,687.84	No change	n/a	n/a
3.	Metercor	Declined to Bid			

The Engineer's pre-tender estimate was \$8,500,000 including HST.

CORIX Utilities Inc. submitted two alternate bids. Their alternate bid #1 includes an upgrade to the type of meter that would be installed on single family homes from a base model that is stipulated in the tender documents (accuSTREAM) to a high-tech model (iPERL). The iPERL meter provides for better data and will record backflow/reverse flow information. The iPERL model has no moving parts and as such does not generate any noise.

Alternate Bid #2 is for the installation of a brass bodied meter. This type of meter is not as efficient from a data perspective and is constructed with a rotating chamber, which over time can become noisy.

Alternate bid #1 from CORIX is considered to represent good value for the City and is recommended for inclusion in the subject contract.

The City's consultant reviewed the tender submissions for accuracy and completeness. No errors were found. Both submissions included the required 10% bid bond, and were signed and sealed on the Tender Form and Summary Sheet of the Schedule of Quantities and Prices.

The low bidder, CORIX Utilities Inc., has provided a Consent of Surety for a Performance Bond and a Labour & Materials Bond, and agreed to complete the work within 780 working days as stipulated in the contract.

CORIX Utilities Inc. has provided water meter installation services for the City since 2001. During that time period, 31,400 meters have been installed under the voluntary metering program and 15,100 meters have been installed under the new residential construction program. CORIX Utilities Inc.'s performance has been satisfactory. They have no outstanding legal claims against the City. It is recommended that CORIX Utilities Inc. be awarded Contract M.S. 1212-402-11.

The contract includes for the first time the testing of larger meters (i.e., meters serving larger diameter water service connections) throughout the City. A somewhat larger contingency is being recommended in relation to potential complications associated with this element of work.

A report will be forwarded to Council in the future complete with appropriate recommendations if staff view exercising the option that is in the contract as good value to the City.

SUSTAINABILITY CONSIDERATIONS

The City's water meter program supports the social and environmental pillars of the City's Sustainability Charter; more particular, the following Charter scope action items:

- EC3: Sustainable Infrastructure Maintenance and Replacement; and
- EN16: Land, Water and Air Quality Management.

FUNDING

Funding for this contract is available in the approved 2012 Water Utility budget and the approved 5-Year Financial Plan.

Vincent Lalonde, P.Eng.
General Manager, Engineering

VL/JA/SB/brb

c.c. - General Manager, Finance & Technology