



Request for Decision

Title	Water Meter Replacement Contract Award
Proposed Motion	<p>1. That Council award the water meter replacement contract to Neptune Technology Group as the lowest compliant bidder at a contract price of \$880,690.13, including G.S.T.</p> <p>2. That Council authorize Administration to fund the water meter replacement program through the Vehicle & Equipment Capital Reserve (8.15) with a repayment period not exceeding five years.</p>
Administrative Recommendation	<p>1. Administration recommends that Council award the water meter replacement contract to Neptune Technology Group as the lowest compliant bidder.</p> <p>2. Administration recommends that Council authorize the borrowing of capital expenditures from the Vehicle & Equipment Reserve (8.15) to fund the water meter replacement program.</p>
Previous Council Direction	None.
Report	<p><u>Background Information</u></p> <ul style="list-style-type: none">• There are approximately 2,450 water meters and 2,450 meter transmitting units (MXUs) in Sturgeon County. The County collects meter reads bimonthly by using a drive-by reader system.• Approximately 80 percent of the County’s water meters are at the end of their 20-year lifespan. Accepted industry practice is to replace meters every 15-20 years.• Around the 10-to-15-year mark, meters start to lose their accuracy on water consumption reporting. The inaccuracy of the aging meters results in potential underestimating of water consumption, which contributes to potential loss of revenue for the County’s Utility.• Administration was planning on including the meter replacement in the 2020 budget funded from reserve; however, early notification of the discontinuation of existing MXU units has prompted an acceleration in the project.• In June 2018, the existing water meter supplier notified the County that the water meter transmitter unit (MXU) installed 13 years ago has been

discontinued. Existing software can no longer support the old infrastructure.

- Unfortunately, the replacement MXU is not compatible with the meter reading software Utility Services currently utilizes. Due to the change, the department now must run two concurrent software systems to avoid misreads. This increases the amount of time needed to obtain meter reads and contributes to an additional burden on Information Services.

Water Meter Study

- In 2017, recognizing the need to replace the aging water meter inventory, Utility Services undertook a project that looked at all major water meter manufacturers in the Canadian market. The goal was to identify a product that could provide the County the following items:
 - Improved service to utility customers by providing online access to water consumption and billing information at any time.
 - Notify utility customers and County staff when abnormal conditions occur (i.e. leaks or high consumption alerts).
 - Ability to analyze data accumulated from a water meter datalogger to assist the County in trouble-shooting high consumption of water and assist in conservation measures.
- From the market scan, the study identified three water meter companies that aligned with the department's goals. These manufacturers consisted of Neptune Technology Group, Badger Meter Inc. and Sensus.
- The research also indicated that all three manufacturers utilized smart meter technology that includes datalogging capabilities, leak detection notices and tamper indicator alerts. However, it was Neptune Technology Group that appeared to be the best fit for the County, particularly because of its 90-day datalogging abilities.
- Having 90-day datalogging capabilities allows Utility Services staff to provide greater service to our customers when trouble-shooting high consumption concerns.
- In 2018, prior to being notified of the impending changes to its current meter inventory, the County ordered thirty (30) Neptune Water meters on a trial basis. The 30 meters were installed at customers experiencing continual high-water consumption issues.
- To date, the Neptune meter pilot project has been deemed a great success by staff.

Water Meter Replacement Request for Proposal

- Once Utility Services conducted its water meter study, the department posted a Request for Proposal (RFP) for a "Fix Network Water Meter System" on November 5, 2018.

- The tender remained open on the Alberta Purchasing Connection until December 17, 2018.
- At the time of closing, Sturgeon County received two bids.
- After scoring each proposal, Neptune Technology Group achieved the highest score.

External Communication

- The tender was advertised from November 5 – December 17, 2018.
- The tender for this project was advertised through the Alberta Purchasing Connection.

Relevant Policy/Legislation/Practices:

- Water Bylaw 932/15

Implication of Administrative Recommendation

Strategic Alignment:

Maintain and Enhance Strong Communities – Replacing the aging water meter inventory will provide reliable water meters infrastructure to customers for another 20 years.

Strong Local Governance and Regional Leadership – The water meter replacement project considers the fiscal sustainability of the Utility, as water meters are a critical component of the water system.



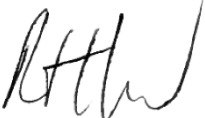
Environmental Stewardship – The replacement of the old meters to “smart meters” should help promote water conservation efforts by assisting customers with leak detection alerts and notifications.

Organizational:

- Awarding the contract to Neptune Technology Group will result in some project management work from Utility Services. However, Neptune will be providing their own project manager, appointment coordinators, and meter installation technicians as part of the contract.
- Utility Services and Neptune will need to work with the County’s Communications Department to ensure the County has properly communicated the upcoming changes to all utility customers.

Financial:

- The Neptune Technology Group submitted a proposal in the amount \$880,690.13. The submitted price includes the purchase of 2,450 water meters, project management, installation services and appointment coordination.
- If Council approves the borrowing of funds from the Vehicle & Equipment Capital Reserve (8.15), Utility Services would contribute \$176,138 per year from the Utility Capital Reserve for full reimbursement within five years.

Alternatives Considered	Replace water meters gradually through the Utility Operating Budget.
Implications of Alternatives	<p><u>Strategic Alignment:</u> None.</p> <p><u>Organizational:</u> If Council chooses to opt for a gradual replacement of water meters through the operating budget, Utility Services may experience increased workload and decreased service levels. Additional staff may be required to accommodate water meter installations, appointment scheduling and potential issues managing two data systems.</p> <p><u>Financial:</u> If Council chooses to gradually fund the water meter replacement program through the operating budget, it would take approximately 18 years to replace the all water meters under the Utility's current operational budget of \$50,000.</p> <p>Alternatively, the operating budget would need to be greatly increased to accommodate the purchase of the meters. An increase to the operating budget would result an additional 12% increase over and above the annual water rate adjustment.</p>
Follow up Action	<ol style="list-style-type: none"> 1. Award Contract to Neptune Technology Group. 2. Communicate the Water Meter Replacement Program to residents.
Attachment(s)	1. Neptune Technology Group Pamphlet
Report Reviewed by:	<p> Jeff Yanew, Manager, Utility Services</p> <p> Scott MacDougall, General Manager, Municipal Services</p> <p> Reegan McCullough, County Commissioner - CAO</p>

Strategic Alignment Checklist

Vision: *Sturgeon County: a diverse, active community that pioneers opportunities and promotes initiative while embracing rural lifestyles.*

Mission: *Provide quality, cost effective services and infrastructure to meet the diverse needs of the Sturgeon County community, while improving competitiveness and sustainability.*

Focus Areas	Not consistent	N/A	Consistent
Planned Growth and Prosperity			
<i>We encourage varied and integrated enterprises that enhance our strong economic base, while balancing the needs of the community and natural environment. (Strategic Plan and MDP pg. 36)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Supports a strong thriving business environment to strengthen our economic foundation</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Plans for responsible growth through the MDP and regional growth plan.</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Manages growth for current and future developments through: <ul style="list-style-type: none"> <i>transparent bylaws, policies and processes to enable responsible land development</i> <i>targeting growth around existing and identified future growth areas</i> </i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Maintain and Enhance Strong Communities			
<i>We are committed to a safe and viable community, where our residents are provided with access to opportunities and quality of life. (Strategic Plan and pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Provides access to programs and services that have a positive impact on residents' quality of life</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Provides access to safe and reliable infrastructure assets</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Supports the safety of people and property</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Strong Local and Regional Governance			
<i>We promote consistent and accountable leadership through collaborative and transparent processes (Strategic Plan and pg. 27 MDP)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Provides effective leadership and management consistent with Strategic Plan, MDP, master plans, bylaws, policies, community engagement</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Considers fiscal stability and sustainability</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Fosters collaborative intergovernmental partnerships</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Community Identity & Spirit			
<i>We will build upon our strengths, where together we will create an inclusive, caring community (Strategic Plan and MDP pg. 27)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Promotes and/or enhances residents' identification with Sturgeon County</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Support and/or collaborate with voluntary organizations in the region</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Environmental Stewardship			
<i>We foster a healthy environment and minimize our impact on ecosystems. (Strategic Plan and MDP pg. 27)</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<ul style="list-style-type: none"> <i>Plans and partnerships that minimize environmental impact on natural areas</i> 	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<ul style="list-style-type: none"> <i>Provides awareness of environmental issues impacting the County</i> 	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>