

CM13.6. Water Meter Reading Services Contract No. 19/03910

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CONFIDENTIAL	No		
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Purpose of Report

To recommend a preferred contractor for the reading of water meters in the urban area of AlburyCity over a four year contract period, through a qualitative and quantitative assessment.

Background

Albury City Council is the local water utility responsible for the provision of potable water to residential and non residential customers. These customers are supplied with water which is measured through approximately 22,500 water meters. The measured water consumption is charged on a per kilolitre (kL) basis through fees and charges which are levied three times per financial year. The NSW Best Practice Water Supply and Sewerage Guidelines require water meters to be read a minimum of three times per year.

Of the 22,500 water meters there is approximately 1,500 which are located in rural areas. The 1,500 rural meters are read by Council Officers. The balance, approximately 21,000 meters are in the urban areas of the City and these are required to be read by the contractor. The total number of meters increases annually by approximately 200 – 500 meters depending on the rate of development.

The meters are required to be read within 14 days from the commencement date of each billing period with the meter reading and other relevant data recorded using hand-held electronic devices which interface with Council's IT operating system. A number of the meters are only accessible at certain times and it is the responsibility of the contractor to make arrangements with individual owners or tenants to read the meters at a mutually convenient time.

In addition to reading the meters, the contractor is also required to:

- record any defects such as leaks, damage to the meter or the water service assembly, frosted or unreadable dials, condensation and broken glass;
- record suspected tampering;
- record suspected internal leakage at the property;
- specify reasons for any missed reads (locked gates, uncontrolled dog/s or overgrown gardens);
- list any communications left at the premises (Council has a number of standard letters, flyers and information cards developed for meter reading activities and these are supplied to the Contractor for distribution). These include "Accessing your Water Meter", "Difficulty Reading Water Meter on Your Property" and a "Water Leak" flyer); and

- list any new meters and property address details not shown in the meter reading route data provided by Council.

Council has out-sourced water meter reading since 2001. Prior to out-sourcing, water meters were read in house twice per year. In house resources took a period of 6-10 weeks to complete the meter reads.

The new contract is scheduled to commence with the first reads of the 2019/20 financial year which will occur in October 2019. The contract is a schedule of rates contract.

The contract is for a four-year period. The unit rate provided by the contractor in its tender submission is for the first financial year and this rate will be indexed annually at the commencement of the financial year based on the Consumer Price Index.

There are no hours of work limitation on the contractor. The total meter reads usually take six to eight calendar days in the summer months and eight to ten calendar days in the winter months per billing period.

Tenders were invited for Contract No. 19/03910 - Water Meter Reading Services, and advertised in the Border Mail, Sydney Morning Herald and on Tenderlink. Tenders closed at 12 noon on Tuesday 23 July 2019.

Council's budget allocation for the project is \$159.5K including GST for the 2019/20 financial.

Tender Assessment

At the close of tenders, submissions were received from the following companies:

- Service Stream Energy and Water Pty Ltd (Melbourne, VIC); and
- Skilltech Consulting Services Pty Ltd (Melbourne, VIC).

All tenders were evaluated in accordance with Council's Procurement Policy and Guidelines. The assessment panel for the tender comprised Acting Procurement and Contract Management Coordinator – Pat Maling, Team Leader Water Services – Benjamin Falconer, Engineering Technical Officer Water – Chris Murphy, and Supervisor Water Supply and Metering – Colin Bartlett.

Conformity Check

A conformity assessment was undertaken to ensure all submissions received were in accordance with the contract documentation and specification.

Company	Pricing Details	Supporting Information	WHS Documentation	Insurance and Liability	Comment
Service Stream Energy and Water Pty Ltd	✓	✓	✓	X	Non-compliant due to cap on liability condition
Skilltech Consulting Services Pty Ltd	✓	✓	✓	✓	Compliant

Both tender offers contained exclusions and departures from the contract terms which were outlined in Schedule 4.3 - Statement of Compliance. Council Officers sought clarification from the tenderers on the exclusions and departures.

At the completion of tender clarifications, the tender offer received from Skilltech Consulting Services Pty Ltd was assessed as being a conforming tender. The departures were assessed as constituting minor changes to the contract terms which will result in improved clarity to contract requirements for each party. Skilltech Consulting Services Pty Ltd are WHS registered with Council, with their last WHS Contractor Assessment and Registration completed in June 2019.

At the completion of tender clarifications, the tender offer received from Service Stream Energy and Water Pty Ltd was assessed as being a non-conforming tender. Their tender offer contained a requirement for the capping of liability. The original tender offer requested capping of liability to \$150K. Service Stream Energy and Water Pty Ltd has advised that they would consider increasing the capping of liability to \$1M and are not able to enter agreements without a liability cap in their tender clarification response. AlburyCity's Risk and Safety Team have advised that capping of liability is not acceptable as it transfers risk from the Contractor to Council. This risk is not insurable as AlburyCity's insurance does not cover the liability in relation to the negligence or actions of a third party in this context. For this reason, Service Stream Energy and Water Pty Ltd have been deemed a non-complying offer and were not considered further in the assessment process.

Therefore the submission from Service Stream Energy and Water Pty Ltd was not further considered for this contract.

Qualitative Assessment

A qualitative assessment considered a range of issues including:

- past performance – including referee checks, relevant experience and expertise in performing same or similar projects;
- methodology and program – project methodology and proposed program;
- capacity – current and future commitments and workload;

- capability - including availability of resources, equipment and contract management capabilities; and
- benefit to local region – social and community benefit to the Albury/Wodonga region.

Company	Past Performance (20%)	Methodology & Program (15%)	Capacity (15%)	Capability (40%)	Local Benefit (10%)	Total (100%)
Skilltech Consulting Services Pty Ltd	16	9	12	32	4	73

Skilltech Consulting Services Pty Ltd is a Melbourne based company and has undertaken a number of similar projects throughout Victoria, New South Wales and Queensland. Skilltech Consulting Services Pty Ltd are the chosen water meter reading service provider for 15 regional Councils' and water supply authorities including Ballina Regional Council, Cairns Regional Council, Dubbo Regional Council, Douglas Shire Council, Orange City Council, Gippsland Water and GWM Water.

Referee information indicated that the company typically completes all requirements of their engagement within agreed timeframes, all documentation is complete and submitted as required and the level of co-operation is exceptional. Referees all spoke very highly of them, especially the professionalism shown by their meter reading teams and the very low number of miss-reads and error-reads. All referees indicated that the meter reading teams have excellent WHS compliance.

Skilltech Consulting Services Pty Ltd has been Council's water meter reading contractor since 2001. Whilst performing work for AlburyCity, their standard of service and procedure has been high, they have always complied with timeframes and there have never been any contractual nor WHS issues. They are very efficient and the number of miss-reads or error-reads are less than ten per billing read (less than 0.05%).

The work methodology and program submitted by Skilltech Consulting Services Pty Ltd has been assessed as addressing the requirements for the provision of water meter reading services. Skilltech Consulting Services Pty Ltd submitted a detailed project management plan with their tender offer and a comprehensive Occupational Health and Safety Management System. This plan has been certified as complying with the requirements of AS/NZS 4801:2001, with their system being originally certified in February 2010 and the current certification valid until August 2020.

Skilltech Consulting Services Pty Ltd's controlling shareholder is Downer EDI. Downer EDI have a permanent presence in the local region with the Downer Wodonga Asphalt Plant employing four full time employees and a laying crew of 12 staff. Skilltech Consulting Services Pty Ltd's subcontractor utilises local accommodation providers and purchases all meals and fuel locally whilst undertaking the field requirements of the meter reading services.

From the information provided, Skilltech Consulting Services Pty Ltd demonstrate the required management systems, experience, plant, resources and availability to provide AlburyCity with a quality service.

Quantitative Assessment (100%)

The schedule of rates tender price and rating are tabulated below.

Company	Estimated Contract Value 4 Years (including GST)	Rating (100)
Skilltech Consulting Services Pty Ltd	\$680,200	100

The budget allocation for this service over the next four years is estimated at circa \$680K depending on the rate of development and the number of new connections. A slight adjustment will be required to future budget provisions.

In comparison to the rate for meter reading services for the 2018/19 meter reading period, the rate offered in Skilltech Consulting Services Pty Ltd is an increase of 2.4% over the previous rate.

Therefore, the schedule of rates provided in the tender has been assessed as competitive and providing value for money to AlburyCity.

Risk

- Business Risk – business risks are deemed to be low based on AlburyCity's previous meter reading services.
- Corporate Risk – the services provided by this contract are highly visible to the community, however public image and impropriety risks are deemed to be low. The terms of contract conditions are sufficient to mitigate the risk.
- WHS and Public Risk - WHS risks due to the provision of services will be controlled in accordance with AlburyCity procedures. The contractor will be WHS registered with AlburyCity and will be required to implement relevant Safe Work Method Statements and safety inspections.
- Delivery Program Risk – standard risks associated with delays due to weather are possible, with extreme heat and wet weather events most likely to impact the delivery program. Risk to the delivery program however has been considered low.

Community Engagement

- This service engagement is in keeping with the goals of Albury 2030 to ensure that Albury has a secure and well managed water supply.
- Water meter reading services is included in the annual budget which is placed on public exhibition prior to Council adoption.

Summary

The scoring for the qualitative and quantitative assessment is summarised in the following table:

Company	Quantitative	Qualitative
Skilltech Consulting Services Pty Ltd	100	73

From the qualitative assessment, Skilltech Consulting Services Pty Ltd has the required management systems, experience, resources and availability to successfully undertake this project.

From a quantitative perspective the submission from Skilltech Consulting Services Pty Ltd was assessed as providing acceptable value for money to AlburyCity.

Therefore, based on the qualitative and quantitative assessments, it is deemed that the submission from Skilltech Consulting Services Pty Ltd provides value for Council.

Conclusion

Council invited tenders for Water Meter Reading Services and received two submissions.

The scope of the contract includes reading approximately 21,000 urban water meters over a two-week period, three times per year. The contractor is required to supply all staff, plant and equipment to undertake the engagement. The meter read data is used to calculate water, wastewater and trade waste charges and is approximately one third of AlburyCity's total annual revenue generated through fees and charges. Due to the data being used for billing purposes, miss-reads and read errors need to be kept to an absolute minimum.

A quantitative and qualitative assessment indicated that the submission from Skilltech Consulting Services Pty Ltd is competitive and provides value. Their tendered schedule of rates price is estimated to cost \$680K over the next four year period which is slightly higher than budget allocations.

Recommendation

That Council accept the tender from Skilltech Consulting Services Pty Ltd for Schedule of Rates Contract No. 19/03910 – Water Meter Reading Services for a four year period with an estimated contract value of \$680,200 including GST.