



Staff Report for Committee of the Whole Meeting

Date of Meeting: November 20, 2024

Report Number: SRCFS.24.053

Department: Corporate and Financial Services

Division: Financial Services

Subject: **SRCFS.24.053 – Non-Competitive Acquisition, Water Meter Supply, Installation, Maintenance and Reading**

Purpose:

To obtain Council approval, for a non-competitive acquisition greater than \$100,000, in accordance with Procurement By-Law 113-16, as amended by By-law 141-20.

Recommendation(s):

- a) That staff report SRCFS.24.053 regarding the Non-Competitive Acquisition for the Water Meter Supply, Installation, Maintenance and Reading be received;
- b) That a contract for the provision of water meter supply, installation, maintenance and reading be awarded non-competitively to Neptune Technology Group Canada Co. pursuant to Appendix "B" Part I Section (c) of the Procurement By-law 113-16 and Article 513 (c) of the Canadian Free Trade Agreement;
- c) That the contract award be for an acquisition value not exceeding \$ 3,000,000 exclusive of H.S.T., pursuant to and for a term of two (2) years, commencing January 1, 2025, and ending December 31, 2026; and
- d) That the Commissioner of Corporate and Financial Services be authorized to execute any necessary documentation to effect the contract.

Contact Person(s):

- Michael Lam, Manager Revenue Billing
- Gigi Li, Director Financial Services and Treasurer, extension #6435
- Sherry Adams, Commissioner Corporate and Financial Services, extension #2521

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Report Approval:

All reports are electronically reviewed and/or approved by the Division Director, Treasurer (as required), City Solicitor (as required), Commissioner, and City Manager. Details of the reports approval are attached.

Key Messages:

- Neptune Technology Group Canada Co. (Neptune) has been the City of Richmond Hill's supplier and installer of water meter hardware and meter replacement services since 2012. The current contract expires in December 2024.
- Neptune is the market leader for water metering hardware in Ontario and continues to supply hardware which meets the City's requirements.
- The City's inventory of 53,000 water meters is supplied by Neptune. The City recently implemented Neptune's proprietary Advanced Metering Infrastructure (AMI) network providing daily reading capabilities.
- There is complexity and cost to transition to a new hardware manufacturer, along with the financial and operational risk.
- Given the City's state of meter infrastructure and recently implemented reading infrastructure it is recommended to continue with the current vendor.

Background:

In October 2012, in accordance with RFQ 79-12, Neptune Technology Group Canada Co. (Neptune), was awarded a contract for a technology upgrade of water meters from analog to digital. Digital water meters offer added functionality including leak detection warning and data storage within the meter for three months of consumption data.

The upgrade of water meters, which began in November 2012, is substantially complete with less than 300 remaining accounts still requiring manual touchpad reading. Substantial completion of the water meter replacement program has positioned Richmond Hill to improve services by transitioning to Advanced Metering Infrastructure (AMI) meter reading.

The contract award will allow Neptune to continue to supply metering equipment and services through 2026, including the continued expansion of AMI network. The AMI reading network has been implemented over the last three years and has been installed in strategic locations across the City to ensure optimal coverage. Currently, 34 AMI collectors have been deployed and are reading over 35,000 water meters daily with over 70% read success rate every 30 days. The City is leading in the Industry with over 99% of our customers receiving a bill based on actual reading of meters. The use of AMI eliminates the need for walking and drive-by reading improving overall efficiency in periodic billing. Over the last year, staff have improved our analytical capabilities by utilizing Neptune's N360 cloud-based data management platform. By using the platform, staff have been able to better capture unauthorized water usage to prevent water loss and save customers money by alerting customers of abnormally high

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consumption. The contract award will continue the expansion of the collector network to improve read success.

The next phase of the implementation is to get the consumption information directly to the customers. Neptune offers a customer portal platform called My360. My360 provides customers the ability to view and monitor their own water consumption and create customized notifications catered to the customer's individual needs. These features build on the built-in notification features of the R900 water meter giving customer the ability to better understand their own water consumption patterns and assist in water conservation efforts.

The implementation of Neptune's AMI, N360 and My360 maximizes the City's investments in digital water meters initiated from 2012. Better data analytics have assisted in identifying significant consumption changes as well as assisted in avoiding catastrophic high consumption events, an added level of service welcomed by the City's customers and residents.

Discussion:

The Neptune Technology Group is a market leader and is used by a number of neighboring municipalities in the GTA. The award of a two-year contract to Neptune will allow for continuation of water meter supply, installation, maintenance and reading. The award will further build on the City's investment in digital water meters and will also contribute to mitigating climate change by minimizing the required driving time and distance to collect meter reads.

Financial Implications:

The total amount of the proposed two-year award of \$ 3,000,000 exclusive of H.S.T. is funded from a combination of funding from the 2025 Draft Capital Budget, 2025 Draft Water, Wastewater and Stormwater Budget and savings from prior year approved Capital Budget. The 2026 allocation will be subject to approval of 2026 Capital and Operating budgets.

Relationship to Strategic Plan 2024-2027:

The awarding of a contract for water meter supply, installation, maintenance, fixed network meter reading, N360 and My360 aligns to the Strategic Plan Pillar 3: Strengthening our Foundation specifically focused on providing quality customer service and to support innovation in response to residential needs.

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Report Approval Details

Document Title:	SRCFS.24.053 - Non-Competitive Acquisition Water Meter Supply.docx
Attachments:	
Final Approval Date:	Nov 7, 2024

This report and all of its attachments were approved and signed as outlined below:

Gigi Li - Nov 6, 2024 - 2:39 PM

Sherry Adams - Nov 7, 2024 - 8:43 AM

Darlene Joslin - Nov 7, 2024 - 10:53 AM