

5.14. TENDER FOR SMART WATER METERS - PHASE 2

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DEPARTMENT	Project Office

RECOMMENDATION

That Council:

1. Resolves to award Variation DSC-001 to Contract 2020-023 – Smart Water Meters Phase 2 to Taggle Systems Pty Ltd (ABN 64 126 467 847) for \$1,078,634.88 (GST exclusive).
2. Delegates authority under s 257 of the *Local Government Act 2009* to the Chief Executive Officer to negotiate, finalise and execute any and all matters in relation to this contract.

EXECUTIVE SUMMARY

Douglas Shire Council engaged Taggle Systems Pty Ltd to supply, install and work with Council to enable a smart water system that would provide real time water meter readings for the purposes of water security, while improving water billing and network maintainability.

Phase 1 had a limited budget, which was funded by Queensland Government under 2021-24 Works for Queensland initiative. The budget enabled rollout of 900 smart water meters and set up of the data management platform known as Aqualus.

This Variation for Phase 2 will be a continuation under Contract 020-023 – Smart Water Meters with Taggle Systems to ensure the remainder of the Shire's active water meters are upgraded enabling complete oversight and data capture of water usage for the purposes of billing and water network management. Revised contract value after variations is as follows:

Original contract value:	\$588,088.53
Revised contract value after variation TS-DSC-PVR-001:	\$541,274.19
This variation:	\$1,078,634.88
Revised contract value:	\$1,619,909.07 (GST exclusive)

BACKGROUND

Douglas Shire Council has sought the services of a suitable contractor to supply and install a smart water system that meets the requirements of Council to improve water security, billing accuracy and reduce resource costs for the future. Council issued an open tender invitation through Vendor Panel for the 2020-023 Smart Water Meter contract, to provide a smart water meter service to Douglas Shire for the next 15 years.

Due to funding limitations, Council officers requested the offers be presented as a two phased tender, to enable the project to be funded over a two-year period.

The Request for Tender (RFT) closed on 16 March 2021 and seven submissions were received, noting that one submission failed to provide sufficient documentation to enable

evaluation. As a result of limited funding availability, tenderers were requested to provide pricing for an initial scope (Phase 1), covering the rollout of software and hardware for Port Douglas area, with the follow-on scope (phase 2) covering the remainder of the Shire.

The submissions were independently evaluated by key internal stakeholders, based on several criteria, which reflected the needs of Council. Subsequently, two tenderers were selected to present their offer to Council, which enabled a clear understanding of each offer and enabled final selection of the preferred tenderer.

Based on this process, Taggle Systems Pty Ltd was selected as it provided the best value for money in terms of usability and robustness. Taggle has a well-established reputation, servicing many councils in the region and throughout Australia, and provided confidence that they would support Council through the full implementation and operation of this complex system.

A Council resolution for the original contract value of \$588,088.53 as Item 5.4 of the Ordinary Council Meeting of Douglas Shire Council held on Tuesday, 31 August 2021 was made.

Taggle Systems was issued a contract for Phase 1, which contained clauses enabling negotiation for Phase 2 pricing at a later date. In the 18 months since the initial pricing of proposed Phase 2, individual meter prices have increased by 9%, which reflects increases in the cost of the supply of materials to the Contractor. These cost escalations are reflecting the current worldwide volatility of fuel, transportation and commodities prices. Under this variation, the terms of the existing contract will prevail.

COMMENTS

Phase 1 is nearing completion and the system is operational and proven to be valuable in terms of identifying leaks, monitoring usage and billing. With the upcoming customer engagement via the customer portal, it is expected that water usage will be better understood and monitored more closely by individuals, which should translate to reduced overall demand in water supply.

Taggle Systems and Council have worked very well together to ensure success of the project to date and Council has confidence in Taggle systems' ability to deliver Phase 2 successfully and in a timely manner.

PROPOSAL

It is proposed that Council proceeds with the following recommendations.

That Council:

1. Resolves to award Variation DSC-001 to Contract 2020-023 – Smart Water Meters Phase 2 to Taggle Systems Pty Ltd (ABN 64 126 467 847) for \$1,078,634.88 (GST exclusive).
2. Delegates authority under s 257 of the *Local Government Act 2009* to the Chief Executive Officer to negotiate, finalise and execute any and all matters in relation to this contract.

FINANCIAL/RESOURCE IMPLICATIONS

Council removed some scope during phase 1 due to discrepancies in the meter list provided for initial pricing. As a result, the final outlay for phase 1 will be under the 2021-22 budget by approximately \$90,000, which will be rolled in to the 2022-23 budget to complete the smart water meter project.

The phase 2 works are anticipated to be under budget at this time.

RISK MANAGEMENT IMPLICATIONS

Taggle Systems have proven to be proactive and professional. Their system is not interchangeable with other suppliers' technology, so it is not viable nor recommended to change suppliers.

If Council elected to use a new supplier, a new RFT would be required with a new contract, the data management system now in use between Council's billing system and Taggle Systems would need to be duplicated, different meter types would need to be stocked and two service agreements would need to be in place

Should Council not approve this variation, Council Officers and Taggle Systems would need to generate a new contract that would also require Council resolution to proceed. The original contract took two months to negotiate in more favorable supply conditions that currently exist.

A new contract would also require pricing negotiation, since the existing extensive assumptions and schedule of rates would likely be reviewed and changed by Taggle Systems.

Implementing the remaining smart water meters across the shire will provide Council Officers with a tool to better understand and manage water security, improve billing process and data accuracy and enable community to be more aware of their water usage, improving the Shire's water security.

This will help to meet Council's legislative obligations to supply clean drinking water.

SUSTAINABILITY IMPLICATIONS

- Economic:** Council will have an improved system for identifying water leaks, which will reduce non-revenue water loss. Automatic meter reads improves billing accuracy and reduces Water Department resource requirements.
- Environmental:** Community will have access to near real time water usage data. Councils who have implemented smart water meters with public awareness and education programs have seen reduced water usage from their community. Douglas Shire should also benefit from this trend.
- Social:** Smart water meters will modernize current water infrastructure to be in line with emerging standards and benefit the community with water usage awareness and confidence of accurate billing.

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 3 - Leading Environmental Stewardship

Our visitors and residents deeply value the unparalleled environment in which we live. We recognise our responsibility in protecting and preserving our natural world for generations to come. We understand the strong link between the environment and the economy: they are interdependent. Douglas Shire will be at the forefront of environmental protection by developing strategies, setting policies, and working with all stakeholders to become the envy of and to inspire locations across Australia and the World.

Goal 3 - We will continue to build water infrastructure so that the Douglas Shire may enjoy water security and water quality.

Operational Plan 2021-2022 Actions:

3.3.2 - Continue the rollout of smart water meters to move beyond Port Douglas and include Mossman and surrounding area.

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Builder/Owner Council makes a significant investment every year in the infrastructure that underpins the Shire through its capital works program. Council will manage its assets with appropriate frameworks and deliver its projects through robust project management.

CONSULTATION

Internal: IT Department
Billing Department
Water and Wastewater Department
Project Office

External: Mareeba Shire Council
Mt Isa City Council
Toowoomba Regional Council
Torres Strait Island Regional Council
Helix Legal
GHD

COMMUNITY ENGAGEMENT

Nil

ATTACHMENTS

Nil