

5.4. CONTRACT 2020-023 - SMART WATER METERS

REPORT AUTHOR	Wayne Kristalyn, Project Manager
MANAGER	Scott Hahne, Manager Project Office
DEPARTMENT	Project Office

RECOMMENDATION

That Council:

1. Resolves to award Contract 2020-023 – Smart Water Meters to Taggle Systems Pty Ltd (ABN 64 126 467 847) up to \$670,000.00 (GST exclusive).
2. Delegates authority under section 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 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, which included an opportunity for tenderers to provide Software as a Service (SaaS) Contracts and Network as a Service (NaaS) Contracts as applicable, to provide a smart water meter service to Douglas Shire for the next 15 years. Due to funding limitations, Council requested the offers be presented as a two staged 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, covering the rollout of software and hardware for Port Douglas area, with the follow-on scope covering the remainder of the Shire. Table 1 details the pricing of six offers.

Table 1: Received Submissions Summary

Company	First stage partial rollout	Second stage (complete rollout to shire)	Full Rollout	Annual Service Fees	15 Year Cost
Taggle Systems	\$558,089	\$789,624	\$1,347,712	\$63,000	\$2,383,333
2	\$294,305	\$766,425	\$1,060,730	\$68,000	\$2,092,040
3	\$206,030	\$372,752	\$578,782	\$121,233	\$2,516,330
4	\$499,530	\$1,199,123	\$1,698,652	\$51,011	\$2,463,818
5	\$346,022	\$558,037	\$904,059	\$75,000	\$2,029,059
6	\$280,455	\$591,451	\$871,906	\$51,292	\$1,689,796
7	Insufficient pricing information provided to summarise				

The submissions were independently evaluated by key internal stakeholders, based on several criteria, which reflected the needs of Council. From there, 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.

Although Taggle Systems' submission was not the cheapest, 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 tender report and recommendation was deferred during the Ordinary Council Meeting on 27 July 2021. Due to a need to extend the tender validity period, Council received an updated offer from Company #2, reducing its overall price and adjusting their rollout methodology to install more meters in the initial scope. However, this did not affect the evaluation rankings and hence current recommendation to Council.

BACKGROUND

Douglas Shire Council has investigated the suitability and timeliness of implementing a smart water meter system across the Shire. Investigations have shown that its implementation would assist in the following ways:

- reducing non-revenue water loss by being able to quickly detect and hence rectify leaks,
- provide near real time water usage to the community, thus enabling active participation in water saving practices, and notifications if excess water is being used for a nominated period of time, and
- improve accuracy of water rates billing.

Key internal stakeholders from Billing, Information Technology and Water departments, established a detailed list of requirements and desirable characteristics of a smart water meter system. The list formed the basis of the RFT, with each tenderer required to indicate compliance with the requirements and commentary to explain how requirements will be complied with.

An RFT was issued to the open market through Vendor Panel with the following characteristics:

- Tenderer to offer pricing for a two-stage rollout (due to funding limitations),
- Pricing table including individual hardware and software items,
- Tenderer to offer their pricing, terms and conditions of SaaS and NaaS contracts to extend through 15 years, and
- Extensive requirements list.

When the RFT closed on 16 March 2021, seven submissions were presented. However, there were only six offers that could be considered for evaluation. The seventh offer provided such little information in their submission that it was considered that it could not be evaluated.

Internal stakeholders were asked to independently evaluate each offer, the collated results informing Council which tenderers would make the shortlist and be invited to present their offer to Council Officers. Table 2 shows the evaluation criteria (extended from price, technical solution and methodology, requirements compliance, and relevant experience and track record) and collated results of the independent evaluation.

Table 2: Collated Evaluation Results

Criteria	Taggle	2	3	4	5	6
Company reputation and ability to deliver	87.5	85.0	75.8	73.8	78.8	78.8
Contract - departures, Naas/SaaS drafts,	74.0	84.0	76.8	83.0	66.3	81.3
How easily the solution may be to use (your perception) - operability and maintainability	82.8	84.5	73.8	70.3	71.3	78.8
Price - including initial rollout and ongoing fees over 15 years. Consider alternatives if viable/attractive	77.8	81.5	74.8	87.0	82.8	77.8
Program, rollout methodology and schedule	83.5	82.5	43.8	65.8	76.3	78.3
Quality of submission - completeness, relevance, readability	90.0	78.8	65.8	73.3	80.3	82.8
Requirements - including all information provided and conformance to requirements	88.8	78.8	75.5	78.8	78.3	83.8
Suitability to Douglas Shire	87.5	87.5	85.5	78.5	74.5	75.0
Technical Offer. Includes hardware and connectivity/data collection.	84.5	87.0	82.0	68.0	70.5	80.3
Meeting the brief - DSCs main drivers for SWM system	89.3	89.3	80.0	78.8	81.0	78.5
	845.5	838.8	733.5	757.0	759.8	795.0
Overall Rank	1	2	6	5	4	3
	767.8	757.3	658.8	670.0	677.0	717.3
Rank Excluding Price	1	2	6	5	4	3

The top two offers were invited to present their solution, and Taggle Systems Pty Ltd, clearly provided the most comprehensive packaged system, which was well established and iterations ahead of their rivals. Council officers who attended the presentation convened for a debrief and unanimously agreed that Taggle Systems Pty Ltd provide the most attractive offer.

DEFERMENT AND UPDATED OFFER

The recommendation to award the Smart Water Meter contract to Taggle Systems Pty Ltd was deferred in the 27 July Council Meeting due to ongoing contract negotiations, which have progressed, having only 18% of departures remaining unresolved at the time of this report. The two tenderers who presented their offer were asked to extend their offer for a further 60 days, which they both did, with the Company #2 offering an adjusted rollout methodology, which would install around 62% of meters in the initial rollout, up from 33%, and also a price reduction of around \$200,000 over the 15 year life of the contract as follows:

Table 3: Updated Offer from Alternate Tenderer

Company	First stage partial rollout	Second stage (complete rollout to shire)	Full Rollout	Annual Service Fees	15 Year Cost
2	\$294,305	\$766,425	\$1,060,730	\$68,000	\$2,092,040
2 updated offer	\$620,000	\$410,000	\$1,030,000	\$57,920	\$1,898,809

The updated offer from Company #2 did not change the top two positions shown in Table 2. The same team who performed the original evaluation convened to reconsider their recommendation based on the above updated offer, and agreed unanimously that the contract should still be awarded to Taggle Systems Pty Ltd.

COMMENT

Taggle Systems Pty Ltd price was the fourth most expensive from the six offers received, however, this price factors in proprietary technology, which integrates smart water meter technology into the meters themselves, offering a more robust hardware option.

Their software platform easily integrates with Council systems and offered extensive visual representations and reporting options to enable Council to take full advantage of the data available. This translates to value for money, by reducing losses of non-revenue water and reduced resources required to maintain water infrastructure.

Taggle Systems' offer includes kickoff workshops with Council Officers to carefully plan the most appropriate approach for the rollout, ongoing face-to-face and remote support, and guaranteed network and software access for 15 years.

This proposed contract price includes partial hardware rollout across the Shire, software integration and commencement of NaaS and SaaS contracts.

PROPOSAL

It is proposed that Council adopts to accept the evaluation panels award recommendations.

That Council:

1. Resolves to award Contract 2020-023 – Smart Water Meters to Taggle Systems Pty Ltd (ABN 64 126 467 847) up to \$670,000.00 (GST exclusive).
2. Delegates authority under section 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

The project budget has been funded from 2021-24 Works for Queensland Program from the Queensland Government Department of State Development, Infrastructure, Local Government and Planning.

The project budget will not enable complete rollout of the hardware across the shire and software integration.

The first stage of the project consists of rollout of hardware to around half of Douglas Shire water meters and receivers, and integration of software platforms with Council systems.

It is anticipated that the remaining funding necessary to complete the entire project will be sourced from Council's 2022/23 capital works budget and be available in 1 July 2022.

Table 4: Financial Implications

Financial Year Budget 21/22	Amount (excl. GST)
Project Budget	\$810,000.00
Expended to Date (as at 13 July 2021)	\$26,766.57
Budget Available	\$774,609.43
Recommended Tender Price (up to)	\$670,000.00
Project Management/ Council Officers	\$60,000.00
Contingency (~5%)	\$36,000.00
Total Project Costs Estimated	\$766,000.00
Net Position	\$8,609.43 (Surplus)

The Water Department will be required to replace old water meter legs in anticipation of the rollout of new smart water meter hardware. This will require focused effort from a small team prior to and during the rollout of hardware in both stages of the project implementation.

As the smart water meter system is integrated with Council systems, Council officers will undergo hands-on training to be able to utilise the new software capabilities. Then, no further resources will be required.

RISK MANAGEMENT IMPLICATIONS

In selecting Taggle Systems Pty Ltd, Douglas Shire Council will benefit from a system that has been tried and tested in numerous shires, being well advanced from other systems through iterations of continual improvement. Taggle Systems' offer is a trusted product, which is polished and fit for purpose.

Hardware risk is also reduced, with the offer of a proprietary self-contained meter that eliminates problems caused by harsh environments and tampering.

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.

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.

Custodian Council owns and manages infrastructure, facilities, reserves, resources and natural areas. In fulfilling its role as custodian, Council will be mindful of the community, the economy, the environment, and good governance.

Service Provider Council provides many services to the community from roads and waste services to libraries and recreational facilities. Services evolve over time and it is the Council's mission to ensure that these services are appropriate, delivered efficiently, and designed with the customer at the centre.

CONSULTATION

Internal: ICT 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