
CITY OF KELOWNA

MEMORANDUM

Date: March 5th, 2004
File No.: 5600-08

To: City Manager

From: Water Manager

Subject: Award of Water Conservation Program Contract

RECOMMENDATION:

THAT H2Okanagan be awarded a 2 year contract to manage and deliver the Water Utility Water Conservation and Public Education Program at a cost of \$158,644 per year.

BACKGROUND:

Over the past 5 years the water utility has developed a number of approaches and strategies to achieve reduced water consumption. Overall reductions of approximately 20% have been achieved to date as a result of a consumption based rate strategy, metering and a comprehensive education program within the service area. Reduced consumption has also lead to lowering water system sizing requirements for the development community and the deferral of capital projects that would otherwise have to be built within the water utility 20 year servicing plan horizon.

Although the utility is well on its way to achieving further reductions, work continues within the program to achieve and sustain reductions related to "peak water demand". A number of pilot incentive projects are underway to determine best approaches to working with customers to achieve reductions that will then be considered for implementation on a full scale once the pilot work is complete. A social marketing approach has been adopted that involves program representatives working directly with customers in their community to provide incentives and education in all sectors of the service area. By offering customers the right mix of cost shared incentives, education coupled with consumption based water rates, further reduction goals will be achieved. The public education program has been provided by Neptune Industries on an annual basis through its program coordinator. Each year a new proposal was provided and program adjustments were made for the following year, based on previous years' results and customer response.

Staff has worked with the Purchasing Department to complete a competitive proposal call for program services that will be provided to complete pilot work that will then be used to develop a full scale comprehensive plan for the utility. At that time staff will assess options to provide program support for the full scale peak reduction program and other program components. Four (4) proposals were received. The proposals were evaluated on the basis of direct involvement in the delivery of similar programs, methodology that includes an adequate delivery

of service and customer care to meet program needs, historical performance, innovation and fees. The summary of results from the evaluation of each proposal to manage the program on an annual basis is:

	CONSULTANTS			
	TanBre Consulting	Henderson Environmental	Terasen Utilities	H2Okanagan
Fees	\$538,000	\$192,373	\$112,500	\$158,644
Average total points	23.5	60.75	73.5	76.5

All submitters were provided with the rating criteria within the Terms of Reference. H2Okanagan, although not the lowest bidder received the highest points and was determined to be the best contractor to deliver the program. This was based on the level of effort in the proposal related to customer care, customer service, pricing that realistically reflects the level of service required, demonstrated experience directly related to managing similar programs and innovative approaches to managing individual program components.

Terasen Utilities Services, although the lowest price received less points. This was due to critical components of the program which include level of effort required to meet customer and pilot incentive program needs based on current program requirements being under funded. In addition the program leader selected to manage the day to day requirements of the program had no direct experience managing similar water conservation programs.

We therefore recommend that a 2-year contract be awarded to Mr Neal Klassen of H2Okanagan subject to Council approval. Annual adjustments to contract pricing will be made in conjunction with Purchasing policy and based on the annual CPI schedule.

The 2004 approved budget for this program is \$195,000.

Don Degen
Water Manager

John Vos
Director of Works & Utilities

cc Director of Financial Services