

Memo



Date: March 17, 2011
File: 0505-15
To: City Manager
From: Keith Grayston, Director, Financial Services
Subject: Utility Billing Customer Care, Water Meter and Meter Reading Services Contract

Recommendation:

THAT Council approve a fifteen (15) month extension of the Corix Utilities Inc. contract for Utility Billing Customer Care, Water Meter and Meter Reading Services from September 30, 2011 to December 31, 2012, with an option to extend the contract for a further year.

AND FURTHER THAT the Mayor and City Clerk be authorized to sign an extension agreement.

Purpose:

To obtain Council approval to further extend the contract with Corix to allow time for a decision to be made on the ultimate form of service provision.

Background:

The City of Kelowna and BCG Services Inc. (now Corix Utilities Inc. and referred to as Corix in this document) executed a Master Agreement effective January 31, 2001 for the provision of services related to customer care, water meter and meter reading for a five year term. In July of 2005 there was a five year extension of those services to January 31, 2011. In August 2010, Council approved an eight month extension with Corix until September 30, 2011.

A request for information (RFI) was prepared and released on October 8, 2010, with a closing date of October 28, 2010. The RFI was made to be very flexible so that a variety of solutions could be considered. The intent was to open up the customer service delivery model and welcome all solutions for a part or all of the requirements.

From the responses there were three different options considered:

1. A full service provider looking after all aspects of the requirement,
2. Repatriate all functions and purchase software to support in-house customer service and utility billing systems,
3. Repatriate all functions but use a service provider as a managed solution.

Further details were obtained for the three options that allowed for consideration of how that solution may look for the City of Kelowna. The budget estimate of the solution was then considered along with the time frame for implementation and the benefits from that solution. Corix was the only company that responded as a full service provider. Over the short term there are advantages to remain with the current service provider to avoid the uncertainty of a system change along with the potential disruption to the utility customers. A further issue is the

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electrical service contract with Fortis that expires in September, 2012. There may be an option for the Utility Billing service in combination with a new electrical contract service and rather than proceed further with a change to the Utility Billing service model it was determined that process should proceed first.

A cost reduction for the current extension was negotiated with Corix and the recommendation is to extend the Corix contract agreement for fifteen months (to December 31, 2012) with an option for a further twelve month extension if required (six month notice to be provided if the extension was not being granted). This will provide the time to determine the ultimate form of service provision.

Internal Circulation:

Don Degen, Utilities Manager
George King, Revenue Manager
Brian Butchart, Systems Development Manager

Financial/Budgetary Considerations:

There will be a decrease to the 2011 budget for the three utility areas of approximately \$74,800 (over 9 months). Based on current allocations the estimate would be as follows:

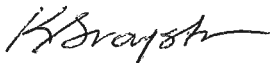
Water Utility - \$12,600
Wastewater Utility - \$17,800
Electrical Utility - \$44,400

The \$200,000 approved for contract review at Provisional Budget will also be partially delayed until 2012.

Considerations not applicable to this report:

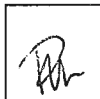
Legal/Statutory Authority:
Legal/Statutory Procedural Requirements:
Existing Policy:
Personnel Implications:
External Agency/Public Comments:
Community & Media Relations Comments:
Alternate Recommendation:

Submitted by:



K. Grayston, Director, Financial Services

Approved for inclusion:



P. Macklem, General Manager Corporate Sustainability

CC: Utilities Manager
Revenue Manager
Systems Development Manager
Strategic Land Development Manager
Director, Civic Operations
Director, Corporate Services



Hamish Cumming
Vice President, Legal and Risk Management
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March 11, 2011

BY COURIER

CITY OF KELOWNA

1435 Water Street
Kelowna, B.C.
V1Y 1J4

MAR 14 2011

Attention: Mr. Keith Grayston, Director of Finance

RE: Proposed amendment to the Master Agreement made January 31, 2006 (as amended by letter agreement dated September 27, 2010) between The City of Kelowna and Terasen Utility Services Inc. (now Corix Utilities Inc.) to provide certain services in connection with the electrical power distribution system, sewer collection system and water distribution system and Customer Care Services (the "Master Agreement")

Dear Sirs and Mesdames,

Further to our previous correspondence and discussions, we write to provide an updated proposal for an amendment to the Master Agreement to extend the term of the Master Agreement for a further period of 15 months ending on December 31, 2012, with an automatic extension for an additional period of 12 months ending on December 31, 2013, such automatic extension to apply unless either party provides to the other party written notice by no later than June 30, 2012 of its intention not to extend the Master Agreement. In addition, we propose the following amendments to the Master Agreement to be effective from April 1, 2011:

Schedule "A" – Water Meter Services

Section 4 (Pricing) of Schedule "A" (Water Meter Services) of the Master Agreement shall be amended by replacing Sections 4.1.1, 4.1.3, 4.1.4 and Section 4.2 with the following new Sections:

4.1. Water Meter Management Fee

1. The Water Meter Servicer (WMS) shall provide Water Meter Services, including all management operations, administration, and support, to the City for an annual fixed fee of \$230,314 (\$19,192.83 per month) subject to the provisions of Sections 4.1.2 to 4.1.5 inclusive and 4.2.

Effective January 1st of each calendar year the Price Multiplier will be applied to the then current annual fixed fee.

3. In the event that the maximum annual number of Water Meters Services identified in 4.1.2 are exceeded in any year of the Term the following fee schedule shall be applied to

the quantities in excess of those set out in Section 4.1.2.

Meter	Rate
5/8" and 3/4"	\$27.63
1"	\$41.47
1 1/2"	\$69.10
2"	\$69.10
3"	\$82.92
4"	\$110.56
6"	\$110.56
8"	\$110.56
3" Compound	\$124.42
4" Compound	\$124.42
6" Compound	\$124.42
6" Protector	\$165.82
8" Protector	\$165.82

Notes:

1. The prices in the above table cover Water Meter maintenance including test, repair and calibrate and shall include all labour required. The City shall be responsible for cost of materials when the maximum number of Water Meters to be serviced exceeds those set out in Section 4.1.2.
2. Effective January 1st of each calendar year the Price Multiplier will be applied to the then current fee schedule.

4. Notwithstanding any provision of the Master Agreement, the prices for supply and installation of residential and commercial Water Meters for new Premises shall be as set forth in the table below:

Meter Size	Standard	Omni T2	Omni C2
5/8" – 3/4"	\$213.80		
1"	\$245.87		
1.5"	\$513.12	\$995.00	
2"	\$1047.62	\$1,350.00	\$2,950.44
3"		\$2,196.80	\$3,399.42
4"		\$3,933.92	\$5,606.91
6"		\$6,071.92	\$8,558.41
8"		\$8,348.89	
4" Fire Line	\$6,649.18		
6" Fire Line	\$9,444.62		
8" Fire Line	\$14,912.55		

Note:

1. Effective January 1st of each calendar year the Price Multiplier will be applied to the then current prices in the table.

4.2. Additional Fees

In addition to the fees set out in Section 4.1, the following fees shall be payable by Water Customers or the City, where applicable, for the following services which are not services

provided pursuant to Section 4.1:

Item No	Description	Price Payable by the Customer	Price Payable by the City
1	Customer Support Center	Included in Monthly Fee	Included in Monthly Fee
2	Regular hours On-Site service call (between 8:00am-6:00pm) includes:		
	Noisy Meter	No Charge	No Charge
	Customer Requested Call Back	\$49.57 per hour	\$40.13 per hour
	Leaking Meter	No Charge	No Charge
	Meter Pit Maintenance	Not applicable	\$40.13 per hour
	Water Shut Off	\$50.16 per hour	\$40.13 per hour
	Customer Education	\$50.16 per hour	\$40.13 per hour
	Plumbing Alterations	\$50.16 per hour	\$40.13 per hour
	Meter Relocation	\$50.16 per hour	\$40.13 per hour
	Broken Touchpad	\$50.16 per hour	\$40.13 per hour
	Backflow Prevention Replacement	\$50.16 per hour	\$40.13 per hour
	Meter Pit Relocation	\$177.04 per hour	\$153.43 per hour
3	Off Hours On-site service call (between 6:00pm – 8:00am for the services listed above	Two times rates shown above	Two times rates shown above
4	Meter test deposit (refunded to the customer if the meter is found to be inaccurate)	\$35.28 per event	
5	Repair of frozen meter (Ibaour and bottom cap only)	\$64.91 per event	\$50.16
6	Relocation of receptacle	\$47.21 per event	\$37.77
7	Onsite water audit to include: 1. Leak verification 2. Faucet and shower leak detection, 3. Toilet dye test 4. Faucet, shower and toilet efficiency test 5. Provide water efficiency brochure and instruction	\$75.25 per event	\$60.20 per event
8	Conservation Program	Not applicable	Not applicable
9	Repair of damaged wire	Not applicable	\$33.04 per event
10	Meter Disassembly to remove debris	Not applicable	\$50.16 per event
11	Curb Stop shut-off for customers or contractors (for maintenance)	\$50.16 per event	
12	City owned meter install or removal	\$45.43	
13	Lock Box Installation		\$42.76 per event

Notes:

1. Activities initiated by the City will be billed to the City
2. Activities initiated by a customer or by the City on behalf of a customer will be billed to the customer
3. Parts and materials and applicable taxes extra
4. Effective January 1st of each calendar year the Price Multiplier will be applied to the then current additional fees.

Schedule “B” – Meter Reading Services

Section 4 (Pricing) of Schedule “B” (Meter Reading Services) of the Master Agreement shall be amended by replacing Sections 4.1 and 4.3 with the following new Sections:

4.1 Payment by City

The City shall pay the Meter Reading Servicer (MRS) for the Meter Reading Services as follows:

- a) the City shall pay a fixed annual fee of \$127,425 (\$10,618.75 per month) for Meter Readings not exceeding the maximum number of Meter Readings by class as described in Section 4.2; and
- b) for each Meter Reading in excess of the maximum number of Meter Reading by class described in Section 4.2, the unit price applicable to that class of Meter Reading, as described in Section 4.3.
- c) Effective January 1st of each calendar year the Price Multiplier will be applied to the then current fixed annual fee.
- d) The City will reimburse Corix for costs associated with the replacement of Meter Reading equipment in the amount of \$10,000. This amount will be billable shortly after the signing of the agreement.

4.3 Unit Prices

	Class	Unit Price for Each Meter Reading Account by Class
IS01	Inside Meter Reading, per account	\$1.74
OS01	Outside Meter Reading, per account	\$0.58
IS02	Inside Meter Reading, per account	\$2.03
OS02	Outside Meter Reading, per account	\$0.71
GS01	Commercial Account Meter Reading	\$0.71
DR01	Non-Commercial Account Meter Reading	\$2.34
AP01	Apartment Meter Reading	\$0.33
Spec	Special Meter Reading	\$2.03

Note:

1. Effective January 1st of each calendar year the Price Multiplier will be applied to the then current unit price for each meter reading account by class.

Schedule C – Customer Care Services

Section 4 (Pricing) of Schedule “C” (Customer Care Services) of the Master Agreement shall be amended by replacing Sections 4.1 and 4.2 with the following new Sections:

4.1 Pricing

The City shall pay the CCO for the Customer Care Services at the annual rate of \$55.92 (\$4.66 per month) multiplied by the number of Billed Customers. This per annum price does not include

any changes to the postal rate or any audit requirements and is dependent on the operational hours of 8:00am to 5:00pm, Monday to Friday.

Effective January 1st of each calendar year the Price Multiplier will be applied to the then current annual rate.

4.2 Pricing for Additional Services

The ECare module will be implemented at no additional cost.

If the City requires additional services, reporting or enhancements in connection with the Customer Care Services that are not already provided and have to be customized with a minimum of 3 man hours effort, the City will request such additional services in writing and the CCO will provide an estimate of the costs for providing the services. If the City agrees in writing to these estimates, the internal man hour services will be charged to the City at \$150.00 per hour plus out of pocket expenses.

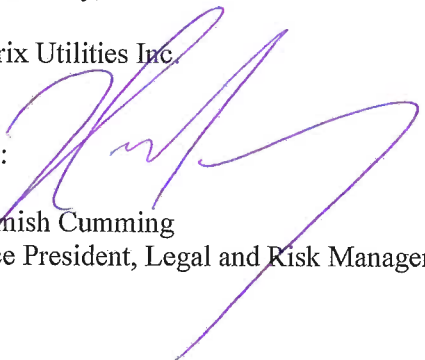
We thank you for the opportunity to submit this proposal and we look forward to continuing our long term relationship with the City of Kelowna. Please advise if the proposal is acceptable to the City and we will convert this into a contract form.

In the meantime, if you have any questions about this matter, please contact the writer.

Yours truly,

Corix Utilities Inc.

Per:


Hamish Cumming
Vice President, Legal and Risk Management

Acknowledged and agreed by the City of Kelowna this _____ day of March, 2011

Per:

Mayor

City Clerk