

REGISTER OF PRE-QUALIFIED SUPPLIERS (ROPS) 2939 - SUPPLY AND DELIVERY OF WATER METERS AND ASSOCIATED EQUIPMENT

63/1/405-* | #7441230

RECOMMENDATION:

That Council:

1. Approves the establishment of Register of Prequalified Suppliers (ROPS) 2939 – Supply and Delivery of Water Meters and Associated Equipment and the appointment of the four Suppliers listed in Attachment 1, for a term of two years commencing 1 August 2024, with three extension options of up to two years each available at Council’s discretion.
2. Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to enter into contract, negotiate, finalise and execute any and all matters associated with or in relation to this arrangement and any associated contracts subject to Council’s normal procurement policies and practices.

INTERESTED PARTIES:

- Bermad Australia Pty Ltd (non-local)
- Elster Metering Pty Ltd (non-local)
- Itron Australasia Pty Ltd (non-local)
- Strongcast Pty Ltd (non-local)

Note: The identification of interested parties is provided on a best endeavours basis by Council Officers and may not be exhaustive.

EXECUTIVE SUMMARY:

Cairns Regional Council (Council) currently maintains approximately 58,000 standard and smart water meters of varying sizes for both residential and commercial properties within Council boundaries. Council is required to install new water meters and replace faulty or damaged meters as the need arises.

The existing arrangement for the Supply and Delivery of Water Meters under Register of Pre-qualified Suppliers (ROPS) 2688 expires on 30 July 2024, with no further extension options remaining. Therefore, a tender for a new ROPS arrangement to replace ROPS 2688 for the supply and delivery of water meters and associated equipment was advertised via an open tender process.

This report recommends four suppliers be appointed to the ROPS for a term of two years commencing 1 August 2024, with three extension options of up to two years each

available at Council's discretion and pending the satisfactory performance of the suppliers.

Departures are still being negotiated with one supplier (Itron) and their appointment to this ROPS will be subject to satisfactory acceptance or agreed amendments to the Standard Terms and Conditions for Goods and Services.

The expenditure in the current FY2023/24 (to 18 June 2024) has been approximately \$424,350 excluding GST. It is anticipated that future annual expenditure will remain relatively similar, however it may fluctuate depending on demand and project initiatives.

BACKGROUND:

Council invited tenders pursuant to section 228 and section 232 of *the Local Government Regulation 2012 (Qld) (Regulation)*.

The tender was advertised on 16 February 2024 and at closing time on 12 March 2024, four submissions were received from the following companies and subsequently evaluated:

- Bermad Australia Pty Ltd
- Elster Metering Pty Ltd)
- Itron Australasia Pty Ltd
- Strongcast Pty Ltd

Tenders were checked for conformance against the requirements of the request for tender. In selecting the successful suppliers, the evaluation panel had regard to the sound contracting principles described in section 104 of the *Local Government Act 2009 (Qld)*.

Each tender was assessed against the following assessment criteria:

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| • Selection Criteria A - Relevant experience | 15% |
| • Selection Criteria B - Suitability of product offered | 15% |
| • Selection Criteria C - Delivery arrangements and timeframes | 15% |
| • Selection Criteria D - Management systems (WHS, QA) | 5% |
| • Selection Criteria E - Business profile (local, social and sustainability) | 10% |
| • Selection Criteria F – Price/Value for money | 40% |

The evaluation panel consisted of the following members, with oversight from the Contracts team within Procurement and Payables:

- Team Leader Demand Management, Utility Services
- Senior Project Engineer, Major Projects
- Technical Officer, Utility Services

As an outcome of the evaluation process all four tenderers are recommended to be appointed to ROPS 2939, pending successful negotiations of outstanding departures with one supplier (Itron) which are still underway.

COMMENT:

The purpose of establishing the ROPS is to engage a panel of pre-qualified suppliers for the provision of a wide range of water meters of varying sizes for installation by Council staff at commercial and residential premises.

New installations and replacements of faulty/damaged water meters are currently being replaced with a smart water meter that can be retrofitted with componentry and will continue to be used in the short term (three to five years). The supply and installation of Smart Water Meters (SWM) is currently undertaken under a separate contract with Itron Australasia (Contract 75465 - Supply and Installation of Smart Water Meter Fixed Network) under project PCW23500. However, this ROPS arrangement can also be utilised for the supply of smart water meters if required for installation by Council staff.

A two-year term with three further extension options of two years each has been requested for this ROPS as this supports and strengthens business relationships and lessens administrative burdens on both Council and Suppliers so that the ROPS arrangement is not constantly up for renewal. It also provides flexibility to make changes to meet the requirements of the smart water meter program.

The ROPS will provide Council officers with a wide range of options offered by all four suppliers and will allow them to select the most suitable product that best meets their specific project requirements.

If additional suitable Suppliers enter the market, the arrangement includes a provision for Council to go to market and invite additional Suppliers (known as a Refresh) to be appointed to the Register of Prequalified Suppliers subject to the Standard Terms and Conditions for Services at any time during the Term of the contract, or subsequent extension options.

OPTIONS:

Option 1: (Recommended)

That Council:

1. Approves the establishment of Register of Prequalified Suppliers (ROPS) 2939 – Supply and Delivery of Water Meters and Associated Equipment add the appointment of the four Suppliers listed in Attachment 1, for a term of two years commencing 1 August 2024, with three extension options of up to two years each available at Council’s discretion.
2. Delegates authority to the Chief Executive Officer in accordance with the *Local Government Act 2009* to enter into contract, negotiate, finalise and execute any and all matters associated with or in relation to this arrangement and any associated contracts subject to Council’s normal procurement policies and practices.

Option 2:

It is recommended that Council does not endorse ROPS 2939 and adopts an alternative procurement methodology to procure the required water meters to ensure continuity of services. This is not recommended on the basis that Council has already explored other procurement options.

CONSIDERATIONS:

Risk Management:

The risk to Council for establishing this ROPS is relatively low as the suppliers recommended to be appointed to the Register are long-established, suitably experienced and qualified. Three of the four suppliers have supplied water meters to Council under previous arrangements for many years.

This is also a non-exclusive panel arrangement and appointment to the ROPS does not guarantee that the successful Suppliers will be engaged to provide any, or any minimum amount, of goods during the Term of the contract. The water meters purchased under this ROPS will be monitored for satisfactory performance in the field to ensure they meet required service levels.

Council Finance and the Local Economy:

The current financial year expenditure to date (1 July 2023 to 18 June 2024) with the existing suppliers on ROPS 2688 is approximately \$424,350 excluding GST. This is for orders above the stock already on hand in Stores.

The expenditure over this new ROPS will be spread across various projects and budgets which are all accounted for, and all fall under CIA. It is the responsibility of the Council Officer ordering the meters to ensure that there is sufficient budget allocated prior to ordering the meter/s.

There is an allocation of \$2.5M in the FY2024/25 budget for water meter works:

- \$1.5M for new meters installed (new developments etc)
- \$650k for commercial meters replacements
- \$300k for residential meters replacements (damaged etc)

This allocated budget will be sufficient to cover the supply and delivery of the required water meters. The overall \$2.5M budget also includes costs associated with the purchase of flow meters and water meter stands (procured under separate arrangements) and installation costs i.e. labour costs (staff and agency), yellow plant hire and traffic control.

Unfortunately, none of four recommended suppliers are local companies.

Corporate and Operational Plans:

The services forming the basis of this ROPS relate to the following goals in Council's Corporate Plan 2021 to 2026: Robust Economy: "Supporting a diversified and resilient economy".

Statutory:

This tender process has been conducted in accordance with legislative requirements under the *Local Government Act 2009* and the *Local Government Regulation 2012*.

Policy:

The tender process was undertaken in accordance with Council's adopted Procurement Policy.

CONSULTATION:

Relevant Council officers within Cairns Infrastructure and Assets were consulted as they are the major users of the current ROPS.

The Procurement and Payables Branch facilitated the tender and provided probity throughout the procurement process.

ATTACHMENTS:

Attachment 1 – List of recommended Suppliers to be appointed to ROPS 2939 – Supply and Delivery of Water Meters and Associated Equipment.



Toni Veronese
Executive Manager Utility Services



Mark Wuth
Director Cairns Infrastructure and Assets

Attachment 1 – List of recommended Suppliers to be appointed to ROPS 2939 – Supply and Delivery of Water Meters and Associated Equipment

- Bermad Australia Pty Ltd (non-local)
- Elster Metering Pty Ltd (non-local)
- Itron Australasia Pty Ltd (non-local) – pending satisfactory outcome of negotiations of proposed departures
- Strongcast Pty Ltd (non-local)