

2

WATER FOR TOMORROW UPDATE AND CONSULTANT AWARDS

The Transportation and Works Committee recommends that Council adopt the recommendations contained in the following report dated December 16, 2008, from the Commissioner of Environmental Services.

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council authorize retaining the consulting firm of Finn Projects (Synchronicity Projects Inc.) to provide program support and strategy for the rebate and industrial, commercial and institutional components of Water for Tomorrow for three years at a cost not to exceed \$1,699,477, inclusive of GST.
2. The Region enter into a contract with The Rebate Company Ltd. to provide rebate management services for Water for Tomorrow not to exceed \$150,000, inclusive of GST, for a period of one year with the ability to extend the services on an annual basis for a total period of three years, pursuant to the sole source provisions of the Purchasing By-law.
3. The Region enter into a contract with The Town of Newmarket Customer Service Centre to provide call centre services for Water for Tomorrow not to exceed \$150,000, inclusive of GST, for a period of one year with the ability to extend the services on an annual basis for a total period of three years, pursuant to the sole source provisions of the Purchasing By-law.
4. The Commissioner of Environmental Services be authorized to approve the annual renewal of the service contracts with The Rebate Company and The Town of Newmarket Customer Service Centre after the first and second years not to exceed the annual limits noted above to a maximum of three years.
5. The Regional Chair and Regional Clerk be authorized to execute the contracts, subject to the approval of Legal Services as to form and content.

2. PURPOSE

This report provides an update on *Water for Tomorrow* and seeks the authorization to retain the proponents recommended by Environmental Services staff to support 2009 initiatives as recommended in the 2007 Water Use Efficiency Master Plan Update.

The Purchasing By-law requires Council authorization to award Requests for Proposals (RFP) over \$500,000 or when the recommended proponent does not have the lowest cost and for sole sourcing of projects over \$100,000.

In the case of Finn Projects (Synchronicity Projects Inc.), the proponent has the lowest cost, but the total cost is greater than \$500,000. Therefore, Council authorization is required.

In the cases of The Rebate Company Ltd. and the Town of Newmarket Customer Service Centre, Environmental Services staff recommends the sole sourcing of contracts over \$100,000. Therefore, Council authorization is required.

3. BACKGROUND

Success of the 2008 *Water for Tomorrow* events

In 2008, Environmental Services staff conducted several events for the residents of the Region to actively engage them in water efficiency and conservation efforts.

- Two rain barrel sales events were held selling a total of 3,792 rain barrels.
- Two instant rebate toilet sales events were held with participating retailers selling a total of 3,001 water efficient toilets.

The public response to these events was tremendous and will help shape the new initiatives starting in 2009. In particular, the popularity of high efficiency toilets (4.8 litres per flush) and dual flush toilets (3 or 6 litres per flush) exceeded Environmental Services staff's expectations and indicates the enthusiasm York Region residents have for water efficiency and conservation.

Water for Tomorrow also continued to provide the ever popular water efficient landscape design seminars and workshops, over 1,100 participants took part in 15 seminars and workshops and over 1,500 home landscape visits with personalized advice were conducted. In addition, a marketing campaign spotlighting the local municipal outdoor water use by-laws was undertaken during the summer months.

Starting rebate and industrial, commercial and institutional programs in 2009

In 2009, Environmental Service staff will launch several *Water for Tomorrow* initiatives recommended in the Water Efficiency Master Plan, including:

- Rebates for a variety of water efficient fixtures.
- Instant rebate sales event(s) for rain barrels.
- Free pre-rinse spray valves for commercial kitchens.
- Industrial, commercial and institutional (ICI) water audits and capacity buy-back.

New Water for Tomorrow look and website will support new programs and renew interest in 2009

Environmental Services staff are currently updating the *Water for Tomorrow* brand image and website to support the launch of new initiatives and renew interest in existing programs. The updated image and website are expected to be launched in conjunction with a marketing campaign in late January 2009.

4. ANALYSIS AND OPTIONS

REBATE AND INDUSTRIAL, COMMERCIAL AND INSTITUTIONAL PROGRAM STRATEGY AND SUPPORT

A Request for Proposal was issued for program strategy and support services

In accordance with the Purchasing By-law, a Request for Proposal (RFP) was issued and advertised nationally on biddingo.com.

The following scope of services was identified in the RFP:

- Industry best practice review including recommendations on participant levels, rebate values and methods.
- Minimum fixture specifications and a comprehensive fixture lists for rebates, updated annually.
- Program strategy and support, including detailed three year strategy, marketing recommendations.
- Rain barrel sales events for up to 5,000 rain barrels per year in coordination with Environmental Services staff.
- 750 commercial kitchen visits including the installation of 1125 pre-rinse spray valves per year.
- 10 water use audits at high water use ICI facilities per year.
- Review of ICI capacity buy back application and recommendation of approval/non-compliance to Environmental Services staff of approximately 1.5 facilities per year.

- Customer service, including direct marketing, under the direction of Environmental Services staff, of rebates to multi-family residential building owners/managers and ICI facilities, commercial kitchen visits, and ICI water audits and capacity buy back.
- Monitoring including performance monitoring, persistence audits, participant audits, and participant tracking.

Proposals were evaluated using the two envelope system

Three proposals were received and evaluated using the two envelope system with technical and financial information submitted in separate envelopes. The technical proposals were evaluated prior to any knowledge of financial information. Technical content was weighted at 70%. The Region's proposal evaluation team reviewed the three technical/management proposals based on the following criteria headings:

- Firm/project manager/key staff credentials, years of experience in project management and conservation/efficiency programs.
- Quality of references.
- Demonstrated understanding of Regional requirements.
- Ability to provide programs efficiently and effectively.
- Quality of methodology and approach.
- Compliance with RFP.

The financial evaluation composed the remaining 30% of the total evaluation. Technical and financial results are summarized in Table 1 below.

Table 1
Consultant Proposal Evaluation Summary

Name of Company	Technical Score (70%)	Financial Score (30%)	Total Score (100%)	Total Price Inclusive of GST
Commexus Inc.	46.55	15.41	61.96	\$3,308,865.00*
Finn Projects (Synchronicity Projects Inc.)	52.70	30.00	82.70	\$1,699,477.00
Resource Management Strategies Inc.	53.15	18.48	71.66	\$2,759,051.00

*Total price was corrected for math error having no impact on the final results

Proposals were evaluated resulting in Finn Projects with the highest score

The firm with the highest score was Finn Projects (Synchronicity Projects Inc.). Their proposal demonstrated a clear understanding of the projects varied requirements as well as providing an experienced team committed to working with Environmental Services staff and other third parties as required.

SUPERIOR CUSTOMER SERVICE DRIVES THE NEED FOR REBATE AND CALL CENTRE MANAGEMENT

Customer service is at the root of everything we do at York Region. Customer rebates for water efficient fixtures poses some new challenges for staff that have been overcome through two innovative approaches to superior customer service.

Over the last several months, staff have consulted with other GTA municipalities to learn from their experiences. Some of the biggest customer service challenges in offering rebate cheques can be:

- Responding to a large volume of customer phone inquiries.
- Timely delivery of cheques.
- Quality control regarding customer submissions – wrong or missing information.
- Methods for customers to check the status of their rebate.

To overcome these potential challenges, a review of both internal and external resources was completed to determine the best York Region solution. It was decided to outsource both the management of rebate cheques and the call centre. Rebate management and customer call centre service will be required for many years, as long as the Region continues to offer rebates on water efficient fixtures. For this reason, it was decided to retain the services providers on an annual basis with the option of renewing the contracts annually for a period of three years. Over this time period, Regional staff will have an opportunity to monitor the success and continued need of the outsourced services and investigate options for providing services internally if feasible.

SOLE SOURCING REBATE MANAGEMENT SERVICES

Consistent excellent customer service is the key to success for rebates

Rebates offer an incentive to encourage residents and businesses to install water efficient fixtures. The key to success with a rebate program is a positive experience to keep the public engaged and to become ambassadors for *Water for Tomorrow* by telling their friends and colleagues about the program. From start to finish, consistent and exceptional customer service is paramount to York Region and *Water for Tomorrow*, it can be provided by:

- In store marketing of program and easily identified approved fixtures.
- Easy ways to apply for a rebate, via mail or the internet.
- Methods for checking the status of your rebate, via internet or telephone,
- Prompt rebate cheques.
- Quick response to non-compliant applications with further instructions.

These services can be offered most effectively and consistently by experts in rebate management.

An Expression of Interest was issued for rebate management services

In accordance with the Purchasing By-law, an Expression of Interest (EOI) was issued and advertised nationally on biddingo.com for firms who could provide rebate management services. Only one firm responded to the EOI, The Rebate Company Ltd. This was likely due to this being a very specialized service that only few companies could provide.

Rationale for sole sourcing to The Rebate Company Ltd.

As the sole respondent to the EOI, a quote on the cost for services were requested from The Rebate Company Ltd. for the following rebate management services:

- Develop rebate application/coupon.
- Assessment of rebate applications.
- Non-compliance letters/emails.
- Issuing of secure rebate cheques.
- On-line and mail in rebate application submission.
- Online and telephone rebate status check for participants.
- Customer service complaint with York Region standards.
- Monthly participation reports.
- Tracking of participants.
- Flagging of suspicious and/or irregular applications.
- Developing and printing of point-of-sale promotional materials.

The Rebate Company Ltd. specializes in rebate and award programs; they have demonstrated a clear understanding of all rebate management requirements for *Water for Tomorrow* and will provide dedicated and experienced staff committed to this project.

An annual total of \$150,000 inclusive of GST for rebate management services will ensure funds for providing all of the services listed above and allow for flexibility in the number of participants, levels of non-compliant application submissions, store marketing materials and/or number of live response telephone calls.

The Region will audit 10% randomly selected participants to ensure compliance with program rules and regulations, all applicants must agree to this audit prior to receiving a rebate. This audit will detect and discourage fraudulent claims.

SOLE SOURCING CALL CENTRE CUSTOMER SERVICES

***Water for Tomorrow* requires one point of contact for the community of York Region**

Success of *Water for Tomorrow* relies on the participation of members of the York Region community. Consistent and exceptional customer service is paramount to ensure continued participation and public engagement. As the program grows, the Region will be retaining a variety of experts, a single contact providing consistent and exceptional customer service is required for those calling the *Water for Tomorrow* toll free number.

Rationale for Sole Sourcing to the Town of Newmarket Customer Service Centre

The Town of Newmarket provided a quote for the cost of call centre customer services, based on estimated call volumes from existing programs and future 2009 programs, including the following:

- Meeting/exceeding York Region customer service standards.
- Staff training.
- Monthly reporting.
- Problem solving.
- Call escalation.

Due to the nature of *Water for Tomorrow* programs we expect an increase in call volumes during times of marketing campaigns, spring landscape programs and a dramatic increase during periods of dry weather, during these times additional staff are required to keep call wait times to a minimum and meet the Regions customer service standards. To perform these services “in-house”, York Region would be required to hire at least one full time employee and one to three seasonal employees (full time for six months annually depending on programs and weather conditions) dedicated to providing these services along with accommodation for this additional staff and annual training. It is estimated that the cost of this would be approximately \$150,000 – \$250,000.

An annual total of \$150,000 inclusive of GST for call centre customer services will ensure funds to provide all of the services listed above by the Town of Newmarket Customer Service Centre and allow for flexibility in the number of calls, length of calls, reports, and additional programs or marketing campaigns. York Region will only be paying for call centre services used. During a wet summer call volumes may be low and therefore the Region would not be required to pay for higher than usual call volumes.

Retaining the call centre services to the Town of Newmarket Customer Service Centre will allow us to track call volume, duration, transfer rates, etc. in a high quality customer service environment with dedicated staff for three years. After three years, the Region

will have quality historical data on call volume and fluctuations and can make necessary changes to the call centre services if needed.

The Town of Newmarket Customer Service Centre is recommended as a sole source for call centre services on the following basis:

- Specialized in customer service in a call centre environment.
- Ability to meet high call volumes during peak times.
- Proven track record providing customer service.
- Experience providing customer service for a wide variety of municipal programs.
- Stakeholders in *Water for Tomorrow*.
- High customer service level targets.
- Robust telephone technology.
- Proven understanding of *Water for Tomorrow* initiatives.
- Experience in handling *Water for Tomorrow* calls regarding the 2008 outdoor water use by-law marketing campaign.
- Accessibility.
- Cost-effective.

The Town of Newmarket Customer Service Centre has provided call centre services for the following Region and municipal programs:

- York Region and local municipalities' outdoor water use by-law campaign summer 2008.
- Green bin program start up campaign for Aurora, Newmarket, East Gwillimbury, King, and Whitchurch-Stouffville June – October 2007.
- Green bin campaign for Halton Region spring 2008.
- York Region yard waste plastic to paper campaign 2005.

The Town of Newmarket Customer Service Centre specializes in call centre customer service. They have demonstrated a clear understanding of requirements for *Water for Tomorrow*; they will provide dedicated and experienced staff committed to this project. Contracting to the customer service specialists at The Town of Newmarket Customer Service Centre meets the Region customer service values.

5. FINANCIAL IMPLICATIONS

The total costs, including GST, for the contracts are summarized below.

Table 2
Financial Summary

Name of Company	Total Cost (Incl. GST)
Finn Projects	\$1,699,477
	Total Annual Cost (Incl. GST)
The Rebate Company Ltd.	\$150,000
The Town of Newmarket Customer Service Centre	\$150,000

Funding is available for these projects as part of the Water for Tomorrow budget in 2009, 2010 and 2011.

6. LOCAL MUNICIPAL IMPACT

Water for Tomorrow benefits residents and businesses of all nine local municipalities by engaging the public in water efficiency and conservation. Local municipalities are encouraged to promote and partner in the *Water for Tomorrow* initiatives through website links, providing information to residents at public events and other interactions with the residents of the Region.

7. CONCLUSION

Environment Services staff reviewed three proposals for the provision of program support and strategy for three years for the rebate and industrial, commercial and institutional components of *Water for Tomorrow* in accordance with Regional procedures and the Purchasing By-law. It is recommended that the Region retain the firm with the highest score, Finn Projects (Synchronicity Projects Inc.), at a cost not to exceed \$1,699,477, inclusive of GST.

Environment Services staff recommend retaining The Rebate Company Ltd. to provide specialized rebate management services for a period of one year at a cost not to exceed \$150,000, inclusive of GST, with the ability to extend the services on an annual basis for a total period of three years.

Environmental Services staff recommend retaining The Town of Newmarket Customer Service Centre as a sole source contract due to the importance of consistent and exceptional customer service outlined in the Regions Customer Service Values. Staff recommend a one year contract to provide call centre customer service for *Water for Tomorrow* at a cost of no more that \$150,000 inclusive of GST, with the ability to extend the services on an annual basis for a total period of three years.

Report No.1 of the Transportation and Works Committee
Regional Council Meeting of January 22, 2009

For more information on this report, please contact Laura McDowell, Director,
Environmental Promotion and Protection at Ext. 5077.

The Senior Management Group has reviewed this report.