



May 19, 2011

Mr. Denis Kelly,
Regional Clerk
The Regional Municipality of York
17250 Yonge Street
Newmarket, ON L3Y 6Z1



The Regional
Municipality
of Durham

Clerk's Department

605 ROSSLAND RD. E.
PO BOX 623
WHITBY ON L1N 6A3
CANADA
905-668-7711
1-800-372-1102
Fax: 905-668-9963
E-mail: clerks@durham.ca
www.durham.ca

Pat M. Madill, A.M.C.T., CMM III
Regional Clerk

RE: APPROVAL TO AWARD SOLE SOURCE MAINTENANCE AGREEMENTS NEGOTIATED FOR EQUIPMENT INSTALLED AT THE DUFFIN CREEK WATER POLLUTION CONTROL PLANT, IN THE CITY OF PICKERING (2011-W-43) (Our File: O02-28)

Please be advised the Works Committee of Regional Council considered the above matter and at a meeting held on May 18, 2011 Council adopted the following recommendations of the Committee:

- "a) THAT the Finance Department be permitted to award sole source maintenance agreements, subject to negotiation of contracts satisfactory to the Commissioner of Finance, for existing equipment and new equipment installed at the Duffin Creek Water Pollution Control Plant, as noted in Section 3 of Report No. 2011-W-43 of the Commissioner of Works, with terms not to exceed five years;
- b) THAT financing for the negotiated sole source maintenance agreements be provided from the ongoing annual Sanitary Sewerage Operations Budget for the Duffin Creek Water Pollution Control Plant, at an estimated annual cost not to exceed \$1,091,000;
- c) THAT the Commissioner of Finance be authorized to execute the necessary sole source maintenance agreements; and
- d) THAT a copy of Report No. 2011-W-43 be forwarded to the Regional Municipality of York."

As directed, please find attached a copy of Report No. 2011-W-43 of the Commissioner of Works.

P.M. Madill, AMCT, CMM III
Regional Clerk

PMM/cb

Enclosure

"Service Excellence
for our Communities"

c: C. Curtis, Commissioner of Works, Region of Durham



The Regional Municipality of Durham
To: The Works Committee
From: Commissioner of Works
Report: 2011-W-43
Date: May 4, 2011

SUBJECT:

Approval to Award Sole Source Maintenance Agreements Negotiated for Equipment Installed at the Duffin Creek Water Pollution Control Plant, in the City of Pickering

RECOMMENDATIONS:

THAT subject to the approval of the Finance and Administration Committee (recommendations a, b and c), the Works Committee recommends to Regional Council that:

- a) The Finance Department be permitted to award sole source maintenance agreements, subject to negotiation of contracts satisfactory to the Commissioner of Finance, for existing equipment and new equipment installed at the Duffin Creek Water Pollution Plant, as noted in Section 3 of this report, with terms not to exceed five years;
 - b) Financing for the negotiated sole source maintenance agreements be provided from the ongoing annual Sanitary Sewerage Operations Budget for the Duffin Creek Water Pollution Control Plant, at an estimated annual cost not to exceed \$1,091,000;
 - c) The Commissioner of Finance be authorized to execute the necessary sole source maintenance agreements; and
 - d) A copy of this report be forwarded to the Regional Municipality of York.
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REPORT:

1. PURPOSE

The purpose of this report is to seek Regional Council approval for the award of sole source maintenance agreements, subject to the negotiation of contracts satisfactory to the Commissioner of Finance, for existing major equipment and new equipment installed at the Duffin Creek Water Pollution Control Plant (WPCP).

2. **BACKGROUND**

The Regional Municipalities of Durham (Durham) and York (York) pre-purchased several major equipment components as part of the Stage III Expansion project at the Duffin Creek WPCP. These items were procured through York's procurement process as all of the Stage III capital works were issued through York.

For the larger capital items, the sole authorized suppliers were asked to provide a draft maintenance agreement, along with suggested maintenance activities as part of their response to the individual Requests for Proposal issued by York.

Equipment provided under the Duffin Creek WPCP Stage III Expansion projects is provided with an 18 month warranty as specified in the contract documents. In order to maintain the warranty, it is essential that the regular, scheduled maintenance be conducted as specified by the manufacturer. This specialized maintenance must be done by qualified, trained personnel. Consumable spare parts, replacement components, and other maintenance items can only be obtained through the original vendor or their authorized Ontario representative.

In addition, specialized testing is required to comply with the Ministry of the Environment's (MOE) Certificate of Approval. RWDI Engineering is recommended to undertake this specialized work as past experience with this company has indicated consistently acceptable performance. Experience with the only other known service provider resulted in the requirement for re-testing at substantial additional cost.

As the Duffin Creek WPCP expansion project nears completion, it may be determined that there is additional equipment that will require sole sourced maintenance agreements which will be reported on separately in a future report.

3. **REASONS FOR SOLE SOURCE NEGOTIATION OF MAINTENANCE AGREEMENTS FOR THE DUFFIN CREEK WPCP PROJECT**

Specific to the Duffin Creek WPCP, the following equipment will require ongoing maintenance agreements with the manufacturer or sole authorized supplier for a proposed term not to exceed five years.

Item	Manufacturer or Authorized Supplier	Comments	Estimated Annual Costs	Proposed Contract Commencement Date
Hot Water Boilers	Johnson Patterson	TSSA certified contractor required to conduct maintenance	\$31,000	September 2011

Dewatering Centrifuges	Alfa Laval	Specialized maintenance and trained personnel required for scroll balancing	\$275,000	March 2012
Sludge Dewatering Conveyance Equipment	Schwing-Biosec	Specialized maintenance and parts	\$150,000	March 2012
Aeration Air Blowers	Siemens/Turblex	Five year maintenance agreement for existing six blowers expired March 31, 2011. Extension of existing or new agreement required to cover new blowers (for a total of nine).	\$35,000 (US dollars)	January 2012
Diffused Air System	Sanitaire-Pro Aqua	System requires annual cleaning with chlorine gas and specially trained personnel to ensure and optimize air transfer. This involves 14 aeration tanks.	\$75,000	September 2011
Biofilters	Biorem	Specialized spare parts and media, analysis of filter media, etc	\$25,000	September 2011
Continuous Emission Monitoring Systems for Incinerators 1-4	CEMS Systems	Monthly, quarterly and annual maintenance required to maintain MOE Certificate of Approval mandated Equipment uptime	\$200,000	September 2011
Annual Emission Monitoring	RWDI (See above for explanation)	Annual, MOE mandated stack testing on each operating incinerator	\$300,000	September 2011
Total Estimated Annual Cost			\$1,091,000	

In all of the above cases, except where noted, and based on the current information available to the Works Department that these are sole authorized suppliers, and the actual costs and finalization of the maintenance activities, costs and duration of the agreement will be negotiated with the service suppliers once Regional Council approval has been received.

The pricing in the above tables are estimated costs as determined from bid prices received with the pre-purchase equipment contracts issued and/or from subsequent budgetary pricing quotations. It should be noted that this pricing is for scheduled, preventative and predictive maintenance and testing. Additional breakdown or corrective maintenance required will be addressed through separate quotations as necessary.

4. FINANCIAL IMPLICATIONS

4.1 Purchasing By-Law 68-2000

The Region's Purchasing By-Law 68-2000, Section 8, permits acquisition of goods and services through sole source negotiations where there is only one known source of supply. The by-law also requires approval of the appropriate Standing Committee, the Finance and Administration Committee and Regional Council for the award of sole source contracts exceeding \$125,000 in value.

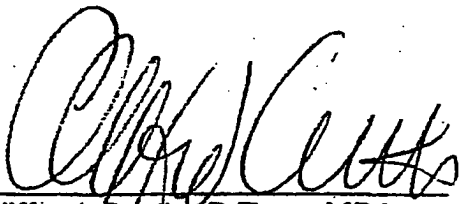
4.2 Financing

Financing for the sole source maintenance agreements will be provided from the ongoing annual Sanitary Sewerage Operations Budget for the Duffin Creek WPCP at an estimated annual cost not to exceed \$1,091,000.

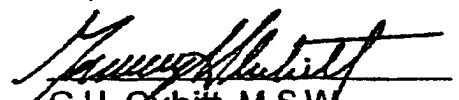
5. CONCLUSION

It is recommended that Regional Council approve the request for the Finance Department to award sole source maintenance agreements, subject to negotiations of a contract satisfactory to the Commissioner of Finance, for equipment installed at the Duffin Creek Water Pollution Control Plant.

This report has been reviewed by the Finance Department and the Commissioner of Finance concurs with the financial recommendations.


Clifford Curtis, P.Eng., MBA,
Commissioner of Works

Recommended for Presentation to Committee


G.H. Cubitt, M.S.W.,
Chief Administrative Officer

PO2/em/ms/em