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SUPPLIER AGREEMENTS FOR VARIOUS VENDORS FOR THE PROCUREMENT OF GOODS AND SERVICES FOR OPERATIONS, MAINTENANCE AND MONITORING

The Environmental Services Committee recommends the following report dated September 8, 2009, from the Commissioner of Environmental Services be referred to staff for a report to the November 11, 2009 Environmental Services Committee meeting that includes more detailed justification for the sole sourcing of the proposed supplier agreements.

1. RECOMMENDATIONS

It is recommended that:

1. Regional Council enter into supplier agreements with various vendors for the supply of York Region standardized equipment and parts used for maintaining water and wastewater assets. The upset limits range from \$175,000 to \$650,000 excluding GST.
2. The term of each of the agreements shall be for a period of five years, commencing on the Blanket Purchase Order issue date.
3. The Commissioner of Environmental Services be authorized to execute the Supplier Agreements, subject to the approval of Legal Services as to form and content.

2. PURPOSE

The purpose of this report is to obtain Council authorization to award Supplier Agreements for the supply of York Region standardized equipment and parts used to maintain water and wastewater assets. In reference to the Purchasing By-law No. A-0353-2004-089; Section 10, the sole sourced suppliers listed in Table 1 are required due to issues associated with compatibility with existing equipment, facilities and services. Council authorization is required for award of Sole Source Purchases in excess of \$100,000 per Section 10.1 and 10.2 of the Purchasing By-law.

3. BACKGROUND

York Region critical and standardized parts and equipment are required to operate and maintain assets

York Region's Environmental Services Department, Operations Maintenance and Monitoring Branch (Operations) maintain and operate water and wastewater systems in

full compliance with applicable legislation and regulations. To maintain these systems it is necessary to repair and replace critical and standardized equipment on an ongoing basis.

Operations maintain and operate a variety of facilities owned by York Region. The Regions built water wastewater assets total over \$1.9 billion. These include; complex water systems with 2 surface water treatment plants, 37 wells, 40 water storage facilities, 17 booster stations and 280 kms of watermain (400mm – 1800mm diameters). Wastewater system includes the YDSS, 6 wastewater treatment plants, 16 wastewater pumping stations and 200 kms of sewer (500mm – 2280mm diameters.)

In reviewing purchasing practices, Operations identified key approved suppliers of critical standard equipment for the ongoing operation of our water and wastewater systems. York Region Environmental Services Approved Equipment List was developed to ensure Operations reduces the cost of maintaining a large inventory of spare parts, minimize staff training requirements and provides a reliable, safe and secure drinking water supply system and ensuring that Operations continue to protect the environment.

York Region requires critical and standardized equipment and parts be readily available for procurement

The vendors listed in Table 1 retain in their inventory standardized parts and equipment that are compatible and crucial to the operation and maintenance of our water and wastewater systems. Each vendor listed was identified through historical purchasing analysis provided by Peoplesoft Financials for purchases procured in the last ten years. All vendors are recognized as licensed distributors of the Approved Equipment List for compatible parts and continue to supply critical and standardized goods and service that are essential to the operation and maintenance of York Region's water and wastewater facilities. The vendors also provide technical support, maintenance, calibration, replacement of new parts, 24/7 service and water and wastewater operator training for the supplied parts and equipment. The third party calibration services they supply ensure reliable operation of the water and wastewater systems as well as assisting Operations in maintaining compliance with applicable legislations and regulations. (All parts and equipment are American National Standards Institute/NSF 60 & 61 Approved).

Where cumulative purchases for equipment exceeded the Purchasing Bylaw, Operations developed a Supplier Agreement that would allow for standardized equipment to be available in a timely manner. The supplier agreement will benefit the Region as it will provide pricing as per the "York Preferred Rate" for a period of five years. This process will allow Operations to have readily available essential equipment for procurement with a pre-authorized Blanket Purchase Order and comply with York Region's Purchasing By-Law.

4. ANALYSIS AND OPTIONS

York Region currently has a requirement to purchase standard equipment from vendors. Entering into a five year supplier agreement with the vendors will allow Operations to improve equipment availability ensure security of our water and wastewater systems and is in accordance with water and wastewater maintenance management best practices used in other GTA jurisdictions.

The expected values were determined by:

- Historical Data extracted from Peoplesoft Financials
- Adjustments for inflation and rounding to the nearest \$5000 for annual cost increase
- Projected spending based on Operations asset maintenance and replacement

The benefit of entering into supplier agreements for the procurement of goods and services without the need to call for bids is required for:

- emergency purchases
- compatibility with existing equipment
- health and safety concerns
- compliance conformity
- facility systems
- York Region service knowledge

Table 1
Various Vendors

Vendors	Justification	Expected \$ Amount for 5 Years
Metcon Sales & Engineering	Sole supplier chemical feed pumps, parts and services compatible with existing assets	\$650,000
Motion Electric Motor Services Inc.	Provides repair, test and motor rewind services, supplies a wide range of motors, provide emergency response, have equipment and unique capability to handle York Region's largest motors	\$620,000
Siemens	Supplier of chlorine equipment, couplings, motor drives, motion control systems, motors, odour control chemicals, process equipment compatible with existing assets	\$525,000

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John Meunier Inc.	Supplier for Hach, water and wastewater treatment equipment, compatible with existing equipment	\$450,000
ClearTech Industries Inc.	Supplier of coagulants and flocculants, de-chlorination, treatment chemicals and chemical feed equipment, on-line instrumentation, Hach and Grundfoss/Alldos equipment, meets equipment standards and compatible with existing assets	\$380,000
Wamco Supply Inc.	Retailer of speciality valves, fittings, waterworks equipment and supplies, compatible with existing assets	\$375,000
Syntec Process Equipment Ltd.	Supplier of valve and actuators, compatible with existing assets	\$350,000
Toronto Bearing & Belting Ltd.	Stocking distributor for Sealmaster, Timken and SKF bearings, meets equipment standards and compatible with existing assets	\$250,000
Torbram Electrical Supplies	Sole Ontario supplier for Cutler Hammer, Moeller Electric, General Electrical equipment, wire, conduit, fittings, junction boxes, etc. Torbram has multiple outlets within York Region	\$250,000
Nedco Electrical Supplies	Sole supplier in Ontario for Schneider's electrical equipment e.g. Square D, Federal Pioneer, Merlin Gerin, Telemecanique.	\$250,000
Hill Supplies (Suppliers of Electrical, Plumbing and Mechanical)	Stocking distributor for Carlo Gavazzi (electric starters) and Watts back flow preventers, meets equipment standards and compatible with existing assets	\$250,000

CAF Electric	Stocking distributor of Lesson and Rotor Motors and Armstrong and Grundfoss pumps. Sole distributor for Emerson Motors and White Rogers controls, meets equipment standards and compatible with assets	\$175,000
Total five year expected upset limit value		\$4,525,000

5. FINANCIAL IMPLICATIONS

Sufficient funds for purchasing standard and specialized operational equipment are identified in Operation's annual budget. Funds for the supplier agreements are identified in the draft 2010 budget and will be included in each subsequent budget year covering the period of the supplier agreements. By entering into the agreements York Region will secure a preferred pricing discount calculated on a cost plus basis below the list price.

6. LOCAL MUNICIPAL IMPACT

Entering into supplier agreements will enable Operations to maintain and operate assets more efficiently and minimize disruptions to water and wastewater service delivery to the local area municipalities.

7. CONCLUSION

Entering into a supplier agreement with the identified vendors listed in Table 1 will allow Operations to adhere to the Regional Purchasing By-law and secure for procurement parts and equipment for the period of the five year agreement. The vendors will provide parts and equipment, technical support, maintenance, calibration, replacement and water and wastewater operator training services as per specifications in order to comply with applicable approvals and regulations.

For more information on this report, please contact Brett Bloxam, Director, Operations, Maintenance and Monitoring at Ext. 5320.

The Senior Management Group has reviewed this report.