



The Regional Municipality of Durham Report

To: Works Committee
From: Acting Commissioner of Works
Report: #2023-W-28
Date: June 7, 2023

Subject:

Amendment of the Negotiated Contract with Xylem Canada LP for Maintenance Services and/or Parts for Equipment Installed at the Duffin Creek Water Pollution Control Plant, in the City of Pickering

Recommendation:

That the Works Committee recommends to Regional Council:

- A) That the negotiated contract for maintenance services and/or parts with Xylem Canada LP be amended to reflect an increase from the original annual value of \$375,000* by \$300,000* to a revised annual amount of \$675,000*, with all other terms and no change from the original term of the contract not to exceed five years; and
 - B) That financing for the additional costs be provided from the approved annual Sanitary Sewerage Operating Budget for the Duffin Creek Water Pollution Control Plant, to be cost-shared with the Regional Municipality of York, with the Regional Municipality of Durham's share to be determined annually based on process utilization.
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Report:

1. Purpose

- 1.1 The purpose of this report is to seek Regional Municipality of Durham (Region) Council approval to amend the negotiated agreement for the purchase of maintenance services and/or spare parts for equipment located at the Duffin Creek Water Pollution Control Plant in the City of Pickering (Pickering).

- 1.2 Dollar amounts followed by an asterisk (*) are before applicable taxes.

2. Background

- 2.1 On September 29, 2021, Regional Council approved Works Committee Report #2021-W-32 authorizing the negotiation of several sole source agreements with vendors and manufacturers for the maintenance of existing and new equipment at the Duffin Creek Water Pollution Control Plant (WPCP).
- 2.2 Xylem Canada LP (Xylem) was identified and approved as one of the equipment manufacturers with whom an annual negotiated agreement was executed. The estimated annual value of the contract with Xylem was \$375,000*, with a term not to exceed five years. The estimated annual value was based on an original scope of work that included annual pump removal and inspection, maintenance service, and spare parts as required for submersible raw sewage pumps installed in the Stage 3 Influent Pumping Station circa 2013 and in the Stages 1 and 2 Influent Pumping Station circa 2017.

3. Amendments to Annual Value

- 3.1 The annual dollar value of the requirements has risen due to increases in the cost of raw materials used for the manufacture of spare parts, ongoing supply chain challenges, and fuel price increases that have impacted the cost of performing the scheduled inspections and associated pump repairs.
- 3.2 In addition, the scope of inspections undertaken on the Influent Pumping Station pumps has been expanded to include their guide rail support systems. The inspections and any associated repairs identified involve confined space entry and working from heights protocols. This increase in the scope of the agreement is required due to observed fatigue of the guide rail support anchors in the Stage 3 Influent Pumping Station. A failure of the support anchors would prohibit pump removal via the guide rail, necessitating complex and expensive alternative actions to remove a pump.
- 3.3 As a result of the above impacts, the revised estimated annual value for the contract with Xylem is \$675,000.

4. Financial Implications

- 4.1 Section 7.2 of the Region's Purchasing By-law #16-2020 permits the acquisition of goods and services through sole source negotiations under specific

circumstances outlined in Appendix “C” of the by-law. Section 1.1 of Appendix “C” permits negotiations for goods or services that can be supplied only by a particular supplier where no reasonable alternative or substitute goods or services exist to ensure compatibility with existing goods or to maintain specialized goods that must be maintained by the manufacturer of those goods or its representative. The by-law also requires approval by the appropriate standing committee and Council for the award of sole source contracts that exceed \$100,000 in value.

- 4.2 Financing for the maintenance service and/or parts supply agreements with Xylem, estimated at an annual cost of \$675,000*, will be funded from the annual Sanitary Sewerage Operating Budget for the Duffin Creek WPCP, cost-shared with the Regional Municipality of York, with Durham’s share to be determined annually based on the operating agreement with the Regional Municipality of York Region.

5. Relationship to Strategic Plan

- 5.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- a) Optimize resources and partnerships to deliver exceptional quality services and value; and
 - b) Collaborate for a seamless service experience.
- 5.2 Standardization of supplies and services of specialized equipment will aid in the promotion of asset longevity and reduced, unplanned facility maintenance events.

6. Conclusion

- 6.1 It is recommended that Regional Council approve the additional requirements for the maintenance and/or parts supply agreement with Xylem as outlined within this report.
- 6.2 This report has been reviewed by the Finance Department and the Commissioner of Finance concurs with the financial recommendations.

6.3 For additional information, contact: Jeff Murray, Duffin Creek Water Pollution Control Plant Superintendent, at 905-686-2002.

Respectfully submitted,

Original signed by:

Ramesh Jagannathan
MBA, M.Eng., P.Eng., PTOE
Acting Commissioner of Works

Recommended for Presentation to Committee

Original signed by:

Elaine C. Baxter-Trahair
Chief Administrative Officer