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The Regional Municipality of Durham Report

To: Works Committee
From: Acting Commissioner of Works
Report: #2023-W-32
Date: June 7, 2023

Subject:

Approval to Award Sole Sourced Maintenance Service and/or Parts Supply Agreements for Process Control and Analytical Testing Equipment Within Water and Wastewater Facilities

Recommendations:

That the Works Committee recommends to Regional Council:

- A) That process control and analytical testing equipment installed across various water and wastewater facilities be standardized to Hach Company manufactured products for a term based on the manufacturer's expected life of the product;
 - B) That Hach Company manufactured equipment be specified in all tender documentation, and that sole source agreements be negotiated with authorized vendors for the ongoing supply of parts, servicing and reagent included as part of the tendering process for the life of the equipment procured; and
 - C) That financing for the acquisition, maintenance service, parts and reagent be provided from the approved annual Sanitary Sewerage and Water Supply Operating Business Plans and Budgets for the various facilities. It is estimated that the annual cost of parts, service and reagent will not exceed \$350,000*.
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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 standardize the supply of parts and reagents for products manufactured by Hach Company. Approval is also being sought to negotiate and

award sole source maintenance service, parts and reagent supply contracts with the vendors selected through competitive bidding processes for the supply of equipment through Regional tenders.

1.2 Dollar amounts followed by an asterisk (*) are excluding net HST.

2. Background

2.1 The Regional Municipality of Durham (Region) Works Department has an inventory of process control and testing equipment used across its facilities. The equipment is supplied by Hach Company which manufactures and distributes analytical instruments and reagents used to test the quality of water, wastewater and other liquid solutions.

2.2 This equipment has been procured competitively over the years through Durham's procurement processes and supplied through vendors that are authorized representatives for Hach Company products.

2.3 Consumable spare parts, replacement components, service and other items can only be obtained through the original vendor or their authorized Ontario representative. The analyzers require standard chemical reagents that are used in the analytical testing process that cannot be provided by an alternative vendor due to their specific formulation.

2.4 Some of the analytical test instruments are used for specialized testing of treated water supply and/or discharged final wastewater effluent. This compliance-based data is required to comply with the Ministry of the Environment, Conservation and Parks (MECP) Environmental Compliance Approvals. The testing protocols must be strictly adhered to, or the Region may be at risk of non-compliance.

2.5 Previous contracts were at a threshold below the requirement for Regional Council's authorization. The existing agreement expires this year, and a new tender must be issued to maintain continuity of supply. The current inventory of equipment has since grown, and this, along with increased spare parts and reagent pricing has elevated this procurement above the Council authorized threshold limit.

3. Previous Reports and Decisions

3.1 There are no previous reports or decisions on file.

4. Rationale for Standardization and Sole Source Approval of Maintenance Service and/or Parts Supply Agreements

- 4.1 Standardizing the supply of parts and reagents for products manufactured by Hach Company ensures continuity in testing and reported results and minimizes the training requirements for staff utilizing the equipment.
- 4.2 The existing standing agreement for subsequent service, parts and reagent supply was derived from a previously issued tender and will expire this year. A new tender must be issued to maintain operational continuity.
- 4.3 Finalization of the cost and scope of the agreement will be negotiated with the successful vendor upon Regional Council approval. The duration of the agreement will be termed to the life of the assets as the equipment has a life cycle more than the standard 5-year term normally sought.
- 4.4 The pricing cap has been estimated from a review of the procurement of representative services and/or parts to date from the existing standing agreement which will expire this year.
- 4.5 The use of the maintenance services and/or parts supply agreement will ensure the Region can obtain preferential pricing and secure a source of supply in a supply chain challenged environment.

5. Financial Implications

- 5.1 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.
- 5.2 Financing for the acquisition, maintenance services, parts and reagent supply will be provided from the approved annual Sanitary Sewerage and Water Supply Capital and Operating Business Plans and Budgets. It is anticipated that the cost of maintenance, parts and reagent supply will not exceed \$350,000* per annum.

6. Relationship to Strategic Plan

- 6.1 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.
 - b. Collaborate for a seamless service experience.
- 6.2 Standardization of specialized analytical testing and process control equipment will aid in the promotion of asset longevity and continuity of operational performance.

7. Conclusion

- 7.1 It is recommended that Regional Council approve the use of standardized supply of parts and reagents for Hach Company manufactured products for existing process control and analytical testing equipment used throughout the Region's water and wastewater facilities. The successful vendor selected through a competitive process will supply ongoing maintenance, parts and reagent chemicals subject to negotiations of a contract satisfactory to the Commissioner of Finance.
- 7.2 This report has been reviewed by the Finance Department and the Commissioner of Finance concurs with the financial recommendations.
- 7.3 For additional information, contact: Rich Tindall, Manager of Plant Operations at 905-668-7711, extension 3547.

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