



CITY OF HAMILTON

**PUBLIC WORKS DEPARTMENT
Hamilton Water Division**

TO: Chair and Members Public Works Committee	WARD(S) AFFECTED: CITY WIDE
COMMITTEE DATE: August 15, 2013	
SUBJECT/REPORT NO: Single Source Supply of Coagulant Chemical Products for the Woodward Water Treatment Plant (PW13054) – City Wide	
SUBMITTED BY: Gerry Davis, CMA General Manager Public Works Department	PREPARED BY: Dan McKinnon (905) 546-2424, Extension 5941 Ian Routledge (905) 546-2424, Extension 1191
SIGNATURE:	

RECOMMENDATION

That the General Manager of Public Works be authorized to purchase coagulant chemical products from Kemira Water Solutions Canada Inc. as a single source purchase on an interim basis until such time as the proposed new competitive procurement process has been concluded.

EXECUTIVE SUMMARY

Hamilton Water issued a Request for Pre-Qualification (C11-19-12) for the supply and delivery of coagulant chemical products which are required in the production of the City's potable water supply. Four companies participated in the mandatory site meeting on November 7, 2012, however only one submission for pre-qualification was received at the closing on November 20, 2012, which was from the incumbent supplier of the product. Under the City's Drinking Water Quality Management System (DWQMS) the supply of Poly Aluminum Chloride (PACL) coagulant chemical products is deemed to be an Essential Supply. In consultation with the Procurement Section, it was determined that a new Request for Pre-Qualification (RFPQ) with amended Terms and Conditions is going to be issued in order to elicit additional responses.

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Hamilton Water is currently obtaining coagulant chemical products from Kemira Water Solutions Canada Inc. ("Kemira"), the incumbent vendor, pursuant to Procurement Policy #11 as a single source, however this authorization will quickly exceed the approved spending authority and therefore Council approval is required. Consequently, Hamilton Water is requesting authorization from Committee and Council to continue to purchase product from Kemira as a single source on an interim basis until such time as the new competitive procurement is completed.

The Procurement Policy stipulates:

- a single source for the supply of a particular Good and/or Service is being recommended because it is more cost effective or beneficial for the City (single source).
- single source requests of \$250,000 or greater must have Council approval prior to initiating the negotiation process.

Alternatives for Consideration - See Page 4

FINANCIAL / STAFFING / LEGAL IMPLICATIONS

Financial: Adequate budget was approved for these procurements in the 2013 rates-supported operating budget. Depending on water production and conditions in Lake Ontario, the annual expenditure for coagulant in the water plant is approximately \$400,000.

Staffing: N/A

Legal: The recommendations contained in this report are in accordance with the requirements of the City's Procurement Policy By-law and in particular Policy #11 which requires Council approval for single source purchases of an estimated value of \$250,000 or greater. A contract will need to be prepared and properly executed as part of the new procurement process for the secure supply of coagulant chemical products.

HISTORICAL BACKGROUND

Treatment and production of potable water requires a dependable and consistent supply of coagulant chemicals.

In 2011 Hamilton Water undertook an RFPQ and Tendering process C11-55-10 for the procurement of PACL coagulant chemicals; however, the City of Hamilton was unable to finalize a contract with a successful vendor as part of that process, which resulted in the issuing of RFPQ C11-19-12.

Hamilton Water requires the RFPQ process as it is necessary to establish the supply chain and optimum dosage rate for the proposed coagulant chemical. Through bench scale testing the effectiveness of the chemical is established which directly affects overall cost. Phase II of the RFPQ process then requires a month long full scale test of the proposed product in order to ensure that it is compatible with the City's existing

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treatment system, chemical dosing equipment and meets all water quality performance requirements.

By following this procedure staff can establish the optimum usage of the chemical to match existing production conditions. This is necessary to ensure having inventory of the specific chemical to allow for direct replacement without having to modify existing treatment systems, electrical or piping requirements or increasing the chemical dosage rate thereby increasing the overall cost of the product or complicating the change out of product.

POLICY IMPLICATIONS/LEGISLATED REQUIREMENTS

The City of Hamilton By-law #12-255 - Procurement Policy, Policy #11, Section 4.11, Non-competitive Procurements.

The recommendations contained in this report align with the Public Works Strategic Plan by ensuring the safe and adequate supply of potable water to the citizens of the City of Hamilton.

The recommendations contained in this report support the mission statement of the Public Works Business Plan - 'Innovate Now' - 'provide safe, strategic and environmentally conscious services that bring our communities to life'.

RELEVANT CONSULTATION

City Manager's Office - Legal Services Division and Finance and Corporate Services Department - Procurement Section have been consulted and their comments have been incorporated into this report.

ANALYSIS / RATIONALE FOR RECOMMENDATION

Hamilton Water received only one response to Request for Pre-Qualification C11-55-10 thereby limiting the potential for competitive pricing. In reviewing the conditions of the RFPQ, staff believe there may be an opportunity to revise these conditions such that a wider response may occur from the vending community. As a result, a new procurement process is underway however, supply of the PACL in the interim is required and as such approval by Council to continue purchasing the products from Kemira is required.

ALTERNATIVES FOR CONSIDERATION

An alternative to the recommendation contained in this report is to negotiate a single source procurement with Kemira for a long term contract. Kemira has supplied coagulant to the Hamilton Water plant for a long period of time and has demonstrated stability and reliability in the supply and performance of their product. While this would be an expeditious alternative as well as result in contracting with a vendor who has a proven track record in the Hamilton plant, it would remain unknown how competitive the final

price would be as it would not occur in a competitive environment. Therefore this alternative is not being recommended at this time.

ALIGNMENT TO THE 2012 - 2015 STRATEGIC PLAN

Strategic Priority #1

A Prosperous & Healthy Community

WE enhance our image, economy and well-being by demonstrating that Hamilton is a great place to live, work, play and learn.

Strategic Objective

- 1.5 Support the development and implementation of neighbourhood and City wide strategies that will improve the health and well-being of residents.
- 1.6 Supports Overall Sustainability (financial, economic, social and environmental).
- 1.7 Protection of Public Health.
- 1.8 Supports the provision of safe, reliable and adequate Drinking Water for all residents.
- 1.9 Aspiring to meet the highest quality, environmental and regulatory standards.

Strategic Priority #2

Valued & Sustainable Services

WE deliver high quality services that meet citizen needs and expectations, in a cost effective and responsible manner.

Strategic Objective

- 2.1 Implement processes to improve services, leverage technology and validate cost effectiveness and efficiencies across the Corporation.
- 2.3 Enhance customer service satisfaction by providing safe and reliable water services.
- 2.4 Delivery of Municipal Water Services in a cost effective manner.

Strategic Priority #3

Leadership & Governance

WE work together to ensure we are a government that is respectful towards each other and that the community has confidence and trust in.

Strategic Objective

- 3.2 Build organizational capacity to ensure the City has a skilled workforce that is capable and enabled to deliver its business objectives.
- 3.4 Enhance opportunities for administrative and operational efficiencies through the utilization of optimized processes.
- 3.5 Maintain Legislative compliance.

APPENDICES / SCHEDULES

None