



CITY OF HAMILTON
PUBLIC WORKS DEPARTMENT
Hamilton Water Division

TO:	Chair and Members Public Works Committee
COMMITTEE DATE:	November 14, 2016
SUBJECT/REPORT NO:	Standardization of Hamilton Water Equipment, Parts, Supplies and Services (PW16101) - (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Anne McArthur 905-546-2424, Extension 1223 Pam Thomas 905-546-2424, Extension 5826
SUBMITTED BY:	Andrew Grice Director of Water and Wastewater Operations Hamilton Water
SIGNATURE:	

RECOMMENDATION

- (a) That Council approve the standardization of the products, services and suppliers identified in Appendices A, B and C to Report PW16101 pursuant to Procurement Policy #14 – Standardization and be approved as the single source of supply for the listed equipment, parts/supplies and services for the Hamilton Water Division;
- (b) That the Original Equipment Manufacturers (OEM) of equipment, parts/supplies and services contained in Appendices A, B and C to Report PW16101 be approved as the single source of supply for equipment, parts/supplies and services for the Hamilton Water Division;
- (c) That the General Manager of Public Works, or his designate, be authorized to negotiate, enter into and execute any required Contract and any ancillary documents required to give effect thereto with those suppliers identified in Appendices A, B and C to Report PW16101 with content acceptable to the General Manager of Public Works, and in a form satisfactory to the City Solicitor.

EXECUTIVE SUMMARY

The Hamilton Water Division has a multitude of complex systems that consume a high volume of parts, supplies and services in order to maintain the facilities in a state of operability and good repair. This satisfies a number of goals related to legislative compliance, continuity of operation, health and safety, cost-efficiency, productivity and return on investment.

In addition, other Sections within Hamilton Water provide capital upgrades and retrofit existing infrastructure. When retrofitting an existing facility or adding onto an existing process the equipment, parts/supplies identified in Appendix A, B, and C may be specified for procurement through a competitive bidding process.

The supplier base that the Hamilton Water Division uses is wide spread and complex and requires the use of various strategies and networks of distribution to have parts, supplies and services available to their customers. This includes vendors with exclusive distribution rights to geographical areas, levels of pricing according to whether the vendor has redistribution rights, is a service provider or is an end user.

Purchasing products and equipment through the Corporate Standardization Policy will assist the Hamilton Water Division to be compliant with current Procurement Policies and is expected to achieve the goal of transparency for the procurement of parts, supplies and equipment purchases and control cost of replacement components. It will also further reduce the time requirement for staff to prepare Procurement Policy 11's (single or sole source) for all of the vendors listed in Appendices A, B and C. Additionally this report recommends certain products as the City of Hamilton's standard to strengthen our ability to meet the goals stated above, and prevent delays or non-compatible products from entering the system.

Procurement Policy #14 provides guidelines for standardization. Standardization is a management decision-making process that examines a specific common need or requirement and then selects a good and/or service that best fills that need to become the standard.

Through a variety of sources including trade shows, periodicals, other municipalities, sales representatives and industry organizations, the market place will be monitored for new industry practices and suppliers to ensure the recommended brands and sources of supply contained in this report remain current and in the City's best interest and in compliance with the Procurement Policy.

The Procurement Policy requires an annual approval for each vendor when:

- There is only one source for supply of particular goods and/or services in the open market (sole source);
- 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).

The purpose of this report is to seek approval for the standardization of Hamilton Water equipment, parts, supplies and services.

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'.

Alternatives for Consideration – See Page 4

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: Appendix A, B or C lists the products and services recommended for standardization. In 2016, the combined expenditures relative to these vendors was approximately \$1,438,530, of this Plant Operations expended a total of \$839,730, the Environmental Laboratory expended \$505,000, while Customer Service and Community Outreach expended a total of \$93,800. Adequate budget was approved for these procurements in 2016 and is similarly included in the 2017 rates-supported operating and maintenance budgets.

Staffing: Optimizing the amount of staff time required to procure these supplies supports improved efficiency of operation and maintenance of our facilities and equipment.

Legal: N/A

HISTORICAL BACKGROUND

Hamilton Water facilities include Woodward Water Treatment Plant, Woodward Wastewater Treatment Plant, Dundas Wastewater Treatment Plant, the Environmental Laboratory and 170 outstations, which represents more than 35,000 individual pieces of equipment and includes a vast number of individual components. Asset replacement value is estimated to be approximately \$2.3 billion.

Hamilton Water has previously undertaken OEM approval under Procurement Policy #11 for spare parts, supplies and services. For much of this equipment there is no known aftermarket for parts and supplies available, or the OEM representative is the only source of specialized testing equipment and knowledge.

By allowing the standardization of these components Hamilton Water can ensure they have inventory of the specific make and model to allow for direct replacement without having to modify electrical or piping requirements or configurations for equipment therefore reducing downtime and costs.

By standardizing equipment, parts, supplies and services, it may be possible to maintain or reduce the number of SKUs. This streamlines repair and maintenance work and puts out-of-service equipment back in service in less time, thereby maximizing service availability and equipment uptime and maintaining legislative compliance. It reduces the amount of training needed for operators and maintenance technicians, and reduces the value of inventory carried in City stockrooms.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The City of Hamilton Bylaw #16-070 - Procurement Policy, Policy #14, Section 4.14, allows for standardization.

OUR Vision: To be the best place to raise a child and age successfully.

OUR Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

OUR Culture: Collective Ownership, Steadfast Integrity, Courageous Change, Sensational Service, Engaged Empowered Employees.

RELEVANT CONSULTATION

These recommendations are the result of consultations with the Procurement Section of the Financial Services Division.

ANALYSIS AND RATIONALE FOR RECOMMENDATION

The selection of parts and supplies to replace existing equipment or components that have reached the end of their service life has been given considerable attention. Management seeks to improve the efficiency and productivity of operations and create a positive work environment. Front-line employees who use the equipment know from experience what kinds of equipment are best suited for work, including those aspects which maintain an ease of operation, stable functionality and acceptable health and safety standard. Providing components where questionable reliability, unfamiliarity with new technology, incompatibility and concern for failures may otherwise distract staff from performing safe work or executing legislative compliance duties supports the need for the standardization of supply of goods noted in the related appendices.

ALTERNATIVES FOR CONSIDERATION

An alternative to the recommendations in this report is to revert back to completing Procurement Policy 11 forms for each and every vendor included in the Appendices of this report; however, it is not recommended as it is time consuming and requires an inordinate amount of staff time to complete; whereas the recommendations in this report achieves the same objective.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement & Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Built Environment and Infrastructure

Hamilton is supported by state of the art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

APPENDICES AND SCHEDULES ATTACHED

Appendix A - Single source parts/supplies summary, equipment and services and Original Equipment Manufacturers for the Environmental Laboratory operations.

Appendix B - Single source parts/supplies summary, equipment and services and Original Equipment Manufacturers for Plant Operations.

Appendix C - Single source parts/supplies summary, equipment and services and Original Equipment Manufacturers for Customer Service & Community Outreach.

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