



**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
**Hamilton Water Division**

<b>TO:</b>	Chair and Members Public Works Committee
<b>COMMITTEE DATE:</b>	August 14, 2019
<b>SUBJECT/REPORT NO:</b>	Standardization of Hamilton Water Equipment, Parts, Supplies and Services (PW19070) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Peter Kowalski (905) 546-2424 Ext. 5436
<b>SUBMITTED BY:</b>	Andrew Grice Director, Hamilton Water Public Works Department
<b>SIGNATURE:</b>	

**RECOMMENDATION(S)**

- (a) That the standardization of the products, services and suppliers identified in Appendices A, B and C to Report PW19070 pursuant to Procurement Policy #14 - Standardization and as the single source of supply for the listed equipment, parts, supplies and services for the Hamilton Water Division be approved;
- (b) 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 PW19070 with content acceptable to the General Manager of Public Works, and in a form satisfactory to the City Solicitor; and
- (c) That the General Manager of Public Works, or his designate, be authorized, in the event that a supplier identified in Appendices A, B and C to Report PW19070 undergoes a name change, to amend any Contracts executed and any ancillary documents as required in a form satisfactory to the City Solicitor.

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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.

## **EXECUTIVE SUMMARY**

The Hamilton Water Division has a multitude of complex systems that consume a high volume of equipment, 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.

When facilitating the design and construction of new infrastructure, Hamilton Water strives to ensure that all equipment, parts, supplies and services that are identified in Appendices A, B, and C to Report PW19070 are originally procured through the competitive bidding process.

The supplier base for upgrading, repairing and retrofitting existing water and wastewater infrastructure is wide spread and complex. Procurement Policy #14 provides guidelines for standardization that streamline the process to purchase the materials, services and equipment required to service existing infrastructure and maintain regulatory compliance of our water and wastewater systems.

Purchasing equipment, parts, supplies and services through Policy #14 will ensure the compliance with current Procurement Policies, provide transparency of the procurement process, and control cost of replacement components. It will also further reduce the amount of staff time required to prepare Procurement Policy #11s (single or sole source) for all of the suppliers listed in Appendices A, B and C to Report PW19070.

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 of Hamilton's (City) 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 as outlined in Appendices A, B and C to Report PW19070.

**Alternatives for Consideration – See Page 4**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: Appendices A, B and C to Report PW19070 list the products and services recommended for standardization. In 2019, the combined expenditures relative to these vendors are forecasted to be approximately \$3,610,696.58. Adequate budget was approved for these procurements in 2019 and is similarly anticipated to be included in the 2020 rates-supported operating and maintenance budgets.

Staffing: The approval of the recommendations contained within this report significantly reduce the amount of time spent on administrative work procuring goods and services

Legal: There are no legal implications associated with this report.

**HISTORICAL BACKGROUND**

Hamilton Water infrastructure includes the Woodward Water Treatment Plant, Woodward Wastewater Treatment Plant, Dundas Wastewater Treatment Plant, the Environmental Laboratory and 170 outstations, which represent more than 35,000 individual pieces of equipment and includes a vast number of individual components. Asset replacement value is estimated to be approximately \$3 billion.

The supplier base for upgrading, repairing and retrofitting existing water and wastewater infrastructure is wide spread and complex. Suppliers must use various strategies and networks of distribution to have equipment, parts, supplies and services available to their customers. This includes suppliers with exclusive distribution rights to geographical areas, various levels of pricing according to whether the supplier has redistribution rights, or whether the supplier is considered a service provider or an end user.

Hamilton Water has previously undertaken Original Equipment Manufacturer (OEM) approval under Procurement Policy #11 for equipment, parts, supplies and services. In most cases 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 equipment, parts, supplies and services Hamilton Water can ensure they have inventory of the specific makes and models required to allow for direct replacements (like for like) without having to modify electrical or piping configurations for equipment, as may be the case if aftermarket products were purchased. Modifications in most cases can be expensive as they may require additional parts, labour, and engineering drawings.

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By standardizing equipment, parts, supplies and services under the Procurement Policy #14, staff reduce the number units in the inventory as the equipment can be quickly procured when required. This streamlines repairs and maintenance work and reduces down time which has a direct impact on our customers.

**POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The City of Hamilton Bylaw #17-064 - Procurement Policy, Policy #14, Section 4.14, allows for standardization.

**RELEVANT CONSULTATION**

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

**ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)**

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. Hamilton Water 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 that are not compatible or have questionable reliability may distract staff from performing the work safely and exposing them to unnecessary hazards.

**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 this practice 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 and 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 - Parts, Supplies, Equipment and Services for the City of Hamilton Environmental Laboratory.

Appendix B - Parts, Supplies, Equipment and Services for Plant Operations and Plant Maintenance Technical Services.

Appendix C - Parts, Supplies, Equipment and Services for Additional Hamilton Water Sections.