



**CITY OF HAMILTON**  
**PUBLIC WORKS DEPARTMENT**  
**Energy, Fleet and Facilities Management Division**

<b>TO:</b>	Chair and Members Public Works Committee
<b>COMMITTEE DATE:</b>	May 17, 2021
<b>SUBJECT/REPORT NO:</b>	Standardization for the Provision of Support, Maintenance, Repair and Parts to Original Equipment Manufacturer (OEM) or Licensed Distributors (PW19003(a)) (City Wide)
<b>WARD(S) AFFECTED:</b>	City Wide
<b>PREPARED BY:</b>	Cynthia Cenerini (905) 546-2424 Ext. 7013
<b>SUBMITTED BY:</b>	Rom D'Angelo, C.E.T.; CFM Director, Energy, Fleet and Facilities Management Public Works Department
<b>SIGNATURE:</b>	

**RECOMMENDATION**

- (a) That the standardization of support, maintenance, repair and parts to the original equipment manufacturers or licenced distributors as identified in Appendix "A" attached to Report PW19003(a) pursuant to Procurement Policy #14 – Standardization, thereby approving the listed suppliers as the single source of equipment, parts, supplies and services for the listed equipment in the Energy Fleet and Facilities Management (EFFM) 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(s) and any ancillary documents required to give effect thereto with those suppliers identified in Appendix "A" attached to Report PW19003(a), with content acceptable to the General Manager of Public Works, and in a form satisfactory to the City Solicitor;
- (c) That the General Manager of Public Works, or his designate, be authorized, in the event that a supplier identified in Appendix "A" attached to Report PW19003(a) 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 Mission: To provide high quality cost conscious public services that contribute to a healthy, safe and prosperous community, in a sustainable manner.

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**EXECUTIVE SUMMARY**

Energy, Fleet and Facilities Management Division (EFFM) oversees approximately 500 facilities. The portfolio of facilities includes recreational facilities, corporate facilities, entertainment facilities, stadium, Long Term, Care facilities and libraries. The building systems involved are very diverse, and span decades of differing technologies. Maintenance and management of these facilities requires that EFFM purchase equipment, parts, supplies and services from OEM suppliers and licenced distributors.

Procurement Policy #14 provides guidelines for standardization that streamline the process to purchase the support, maintenance, repair and parts required to maintain systems by OEM providers or distributors.

Standardizing the support, maintenance, repair and parts to the OEM service providers and or licensed distributors under Policy #14 will ensure compliance with 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 Policy #11 (single/sole source) forms requesting to sole source to the OEM service providers listed in Appendix "A" attached to Report PW19003(a).

The purpose of this report is to seek approval for the standardization of support, maintenance, repair and parts to OEM service providers or licenced distributors for equipment outlined in Appendix "A" attached to Report to PW19003(a).

In accordance with the City's Procurement Policy, where a standardized Good or Service is approved by Council or the Manager of procurement and the expiry of the standardization is not stated in the approval report or motion, the expiry of the standardization shall be no more than 3 years from the date of the approval.

**Alternatives for Consideration – See Page 5**

**FINANCIAL – STAFFING – LEGAL IMPLICATIONS**

Financial: Appendix "A" to attached to Report PW19003(a) lists the products and services recommended for standardization. In 2020, the combined expenditures relative to these vendors was approximately \$440,000.00. Adequate budget was approved for these procurements in 2020 and is similarly included in the 2021 operating and maintenance budgets. In 2021 the total value of the standardization is approximately \$700,000 across a vast amount of facilities which requires that EFFM purchase equipment, parts, supplies and services from OEM suppliers, licenced distributors and service providers.

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

Legal: Not Applicable.

## **HISTORICAL BACKGROUND**

The portfolio of facilities that are being maintained by EFFM contains diverse complex systems of different vintages. The supplier base for upgrading, repairing and retrofitting of these systems is widespread and complex. Some suppliers have exclusive distribution rights to geographical areas. In the past EFFM has sought out Policy #11 approval for the single source procurement of parts, equipment, supplies and services from OEM service providers and licensed distributors.

The standardization of equipment, parts, supplies and services will ensure that specific makes and models required to allow for direct replacements (like for like) without having to modify equipment configurations as may be the case if aftermarket products were to be used. Modifications in most cases can be expensive as they may require additional parts and labour time.

The standardization of support, maintenance, repair and parts will aid in the streamlining of repairs and maintenance work and reduce downtime which has a direct impact on our customers.

Hamilton Community Energy (HCE):

HCE Energy Inc. (HCE) is owned by the City of Hamilton through a holding company named Hamilton Enterprise Holdings Corporation (HEHCO). HEHCO also owns HCE Telecom and other subsidiaries. HCE Energy Inc. is our energy supplier for the district energy system in the downtown core plus they provide similar energy related services at other locations such as McMaster Innovation Park. The HCE staff are certified to work on their own 3.5 megawatt natural gas generator on Bay Street and perform many related duties to operate and maintain the district energy system.

The two specific sites where HCE has been retained for operations and maintenance (O&M) services that require approval include the Biogas Processing Unit (BPU) and 50 Main Street.

In 2005, HCE was specified and approved for operation and maintenance services when the Hamilton Renewable Power Inc. (HRPI) cogeneration plant was built. The HRPI cogeneration plant uses biogas from the Woodward digesters to generate

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renewable electricity. The recommendation and subsequent approval to use HCE for operations and maintenance on the HRPI cogeneration plant was based on leveraging staff that are already certified for similar service work. Having the same staff that are certified to work on the HCE generator on Bay Street also work on the HRPI generator provided local jobs and linked the existing 24/7 monitoring of the HCE staff to meet the needs of HRPI.

In 2011 the biogas processing unit (BPU) was built at the Woodward water and wastewater treatment plant. At the time, this was the first system of this nature in North America that connected a BPU with a wastewater plant. The BPU uses the same source of biogas as the HRPI cogeneration unit, but the BPU creates renewable natural gas. When the BPU slows down or is down for planned or unplanned maintenance, the HRPI cogeneration unit speeds up. The two systems are therefore connected and operate in a symbiotic manner. Since the two systems operate together there is a strong desire and pragmatic rationale to have a single entity operate these units and perform the maintenance.

The other site that is impacted is located at 50 Main Street. This site was recently developed. Part of that process was to have HCE acquire the heating and cooling system to use as a new hub for the district energy system. HCE was involved in the project and designed the heating and cooling system that was installed. Part of that design included communications from the site to the HCE control room where they can provide 24/7 monitoring. HCE was recommended to provide O&M services in order to ensure the system was operated within tolerances that met warranty and design parameters and the fact HCE was to ultimately own the system. If the O&M service was to be provided by City staff, there would have been a need to increase staff compliment.

## **POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS**

The City of Hamilton Bylaw #20-205 – Procurement Policy, Policy #14, and Section 4.14 allows for Standardization. Where a standardized Good or Service is approved by Council or the Manager of procurement and the expiry of the standardization is not stated in the approval report or motion, the expiry of the standardization shall be no more than 3 years from the date of the approval.

## **RELEVANT CONSULTATION**

The Procurement Section has only provided comment with respect to the adherence of the Procurement Policy.

## **ANALYSIS AND RATIONALE FOR RECOMMENDATION**

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The selection of parts and supplies to replace existing equipment of components that have reached the end of their service life has been given considerable attention. EFFM seeks to improve the efficiency and productivity of operations and create a positive work environment. Front-line employees who maintain 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 Appendix “A” attached to Report PW19003(a) of this report, however it is not recommended as it is time consuming to complete 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**

#### **Healthy and Safe Communities**

Hamilton is a safe and supportive City where people are active, healthy, and have a high quality of life.

#### **Clean and Green**

Hamilton is environmentally sustainable with a healthy balance of natural and urban spaces.

#### **Our People and Performance**

Hamiltonians have a high level of trust and confidence in their City government.

### **APPENDICES AND SCHEDULES ATTACHED**

Appendix “A” to Report PW19003(a) – OEM, Licensed Distributors & Maintenance Services of EFFM Equipment