



**STAFF REPORT
ACTION REQUIRED**

Contract Amendment- Contract 47012048 for the Supply and Delivery of Water Soluble Polyelectrolyte for Ashbridges Bay Treatment Plant

Date:	October 28, 2008
To:	Public Works and Infrastructure Committee
From:	General Manager, Toronto Water Acting Director, Purchasing and Materials Management
Wards:	Ward 32, Beaches – East York
Reference Number:	P:/2008/Internal Services/pmmd/pw08019pmmd (AFS #8610)

SUMMARY

This report is within the delegated authority of the Public Works and Infrastructure Committee, and as such does not have to be considered by Council.

The purpose of this report is to advise on the over expenditure of Contract 47012048 for the supply and delivery of Water Soluble Polyelectrolyte (Polymer) for Ashbridges Bay Treatment Plant (ABTP) for the period of January 1, 2007 to December 31, 2008 by a total estimated amount of \$504,533.00 net of GST from \$1,483,920.00 to \$1,988,453.00 net of GST. Toronto Water has increased its use of polymer as additional equipment that was previously not in use has been put in service to improve treatment plant performance.

This report also requests authority to increase the value of Contract 47012048 for the supply and delivery of Water Soluble Polyelectrolyte for Ashbridges Bay Treatment Plant (ABTP) for the period of January 1, 2009 to December 31, 2009 by a total estimated amount of \$1,187,136.00 net of GST from \$1,988,453.00 net of GST to \$3,175,589.00 net of GST.

RECOMMENDATION

The General Manager, Toronto Water and the Acting Director, Purchasing and Materials Management recommend that the Public Works and Infrastructure Committee:

1. Grant authority to increase Contract 47012048 with Jes-Chem Ltd. by \$1,691,669.00 net of GST from \$1,483,920.00 net of GST to a new total value of \$3,175,589.00 net of GST for the supply and delivery of Water Soluble Polyelectrolyte for Ashbridges Bay Treatment Plant, and that the appropriate officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

The amendment to the current SAP Contract 47012048 results in an increase of \$1,691,669.00 net of GST from \$1,483,920.00 net of GST to \$3,175,589.00 net of GST.

Funding is available in the 2008 Toronto Water Operating Budget in cost centre WW100 (Wastewater Treatment) and will be made available in the 2009 Toronto Water Operating Budget under the same account.

The projected expenditure for the remaining duration of the existing contract to December 31st 2009 is as follows:

	Polymer Cost projected Net of GST
To December 2008	\$504,533.00
January to December 2009	\$1,187,136.00
Overall amendment value	\$1,691,669.00

The Acting Deputy City Manager and Chief Financial Officer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

In March 2006 Purchasing and Materials Management issued a Request for Quotation (RFQ) for the supply and delivery of Water Soluble Polyelectrolyte (Polymer) to thicken Waste Activated Sludge by dissolved air flotation at the Ashbridges Bay Treatment Plant (ABTP).

City Council at its meeting of September 25, 26 and 27, 2006, Works Committee Report 6, Clause 29 granted authority to enter into an agreement with Jes-Chem Ltd. being the lowest bidder meeting specifications for the period ending December 31, 2009, in an amount not to exceed \$1,483,920.00 net of GST.

<http://www.toronto.ca/legdocs/2006/agendas/council/cc060925/wks6rpt/cl029.pdf>

ISSUE BACKGROUND

Toronto Water uses water-soluble polyelectrolyte (polymer) at the Ashbridges Bay Treatment Plant (ABTP) to thicken Waste Activated Sludge using dissolved air flotation (DAF) units on a continuous basis. The thickening process is critical to ensuring the plant operates in compliance with the Ontario Ministry of the Environment's Certificate of Approval for the facility.

Purchasing & Materials Management Division and Toronto Water established a three (3) year contract for the supply and delivery of polymer through a Request for Quotation. The existing three (3) year polymer contract, in the amount of \$1,483,920.00 was awarded to Jes-Chem Ltd. for the supply and delivery of product PAM C-49, over the contract period January 1, 2007 to December 31, 2009, based on a polymer consumption amount of approximately 9.75 tonnes per month.

The original Request for Quotation 6617-06-3042 for the supply and delivery of polymer to ABTP for sludge thickening was a competitive process that used an extensive polymer trial/testing process to ensure the selected product met the performance standards at the lowest cost to the City. Based on the results of the competitive process, the polymer PAM C-49 from Jes-Chem Ltd. met the requirements and was awarded the contract.

The City of Toronto Municipal Code Chapter 71 – Financial Control, Section 71-11.1 states that if costs for a commitment exceed the original funding by more than \$500,000.00 excluding all taxes, approval must be obtained from the appropriate Standing Committee. The amendment is to address the current overspent status and to ensure that the Ashbridges Bay Treatment Plant has sufficient polymer supply for the remainder of the contract period.

COMMENTS

In early 2008, the ABTP reduced the volume of sludge that needs to be handled in the treatment processes by increasing the number of DAF units that are in operation (some units were off-line). This process change has improved process efficiency, reduced equipment maintenance and energy costs and reduced the potential for odours emanating from the primary clarifiers.

However, by increasing the number of DAF units in operation, there has been an increase in polymer consumption to approximately 20.0 tonnes per month. It is expected that the volumes of sludge to be thickened will increase further in 2009. This result is part of on-going efforts to improve the quality of the final effluent being discharged to Lake Ontario.

An increase in contract value is being requested to ensure that ABTP will have enough polymer supply to handle the critical sludge thickening process for the remainder of the contract period.

The Polymer material costs have increased by 28.87% in the marketplace based on the Petroleum Price Index for the period of January 2008 to August 2008. However the supplier, Jes-Chem Ltd., has agreed to extend the same current fixed price for the additional product required for the balance of the contract period.

In order to continue to provide best value to the City and to ensure that Ashbridges Bay Treatment Plant has sufficient polymer supply; it is recommended that authority be granted to amend the total value of Contract 47012048 with Jes-Chem Ltd. by \$1,691,669.00 net of GST from \$1,483,920.00 net of GST to \$3,175,589.00 net of GST for the period ending December 31, 2009.

CONTACTS:

Grazyna Gajewski, P. Eng
Engineer, Operations Coordination
Toronto Water
416-392-3302
ggajewsk@toronto.ca

John McNamara
Manager, Purchasing
& Materials Management
416-392-7316
jmcnama@toronto.ca

SIGNATURE

Lou DiGironimo
General Manager,
Toronto Water

Victor Tryl
Acting Director, Purchasing and
Materials Management