



REPORT FOR ACTION

Non-competitive Contracts with Various Vendors of Exclusive Rights to Parts and Equipment, Software and Software Maintenance for Toronto Water

Date: March 17, 2017

To: Public Works and Infrastructure Committee

From: General Manager, Toronto Water, and Director, Purchasing and Materials Management

Wards: All

SUMMARY

The purpose of this report is to seek City Council authority for the General Manager, Toronto Water to negotiate and enter into non-competitive contracts with the vendors noted below for the supply of proprietary parts and equipment, software and software maintenance required at various water treatment and wastewater facilities. The initial term of the contracts will be from the date of issue to December 31, 2017, with the option to renew for four (4) additional one (1) year periods at the sole discretion of the City, and subject to budget approvals for the total amount of \$1,734,576 net of HST (\$1,765,105 net of HST recoveries).

1. GE Intelligent Platforms
2. Gescan
3. Westburne Ontario
4. Veolia Water Technologies Canada Inc.
5. Lakeside Process Controls

City Council approval is required in accordance with Municipal Code Chapter 195- Purchasing, where the current request exceeds the Chief Purchasing Official's authority of the cumulative five year commitment limit for each vendor under Article 7, Section 195-7.3 (D) of the Purchasing By-Law or exceeds the threshold of \$500,000 net of HST allowed under staff authority as per the Toronto Municipal Code, Chapter 71- Financial Control, Section 71-11A.

RECOMMENDATIONS

The General Manager, Toronto Water and the Director, Purchasing and Materials Management recommends that:

1. City Council authorize the General Manager, Toronto Water to negotiate and enter into non-competitive agreements with the vendors listed in Attachment A on terms and conditions satisfactory to the General Manager, Toronto Water and in a form satisfactory to the City Solicitor. The contracts will be for a period from date of issue to December 31, 2017, with the option to renew for additional four (4) separate one (1) year periods at the sole discretion of the City and subject to budget approval(s). The contracts will also be on the condition that the vendors continue to be the manufacturers or are exclusive distributors for the goods and services. The estimated amount of these non-competitive contracts is \$1,734,576 net of HST (\$1,765,105 net of HST recoveries).

FINANCIAL IMPACT

The total potential cost to the City, including the option years is \$1,734,576 net of HST (\$1,765,105 net of HST recoveries). Funding in the amount of \$501,014 net of HST recoveries is included in the 2017 Approved Capital and Operating Budgets for Toronto Water. Should the City choose to exercise its option to renew for an additional four (4) separate one year periods, then appropriate additional funding, if needed, will be included in the 2018-2021 annual Capital and Operating Budget submissions for Toronto Water.

Approved 2017 funding and estimated 2018-2021 funding, net of HST recoveries are provided below.

Table 1: Approved 2017 funding and estimated 2018-2021 funding, net of HST recoveries

Year	Cost Centre/WBS Element	Cost Element	Net of HST Recoveries	Total Net of HST Recoveries
2017	TW6070 TW4075	4472/4474 2120	\$41,000 \$47,500	\$88,500
	CPW039-19 CPW039-10		\$220,000 \$192,514	\$412,514
2018	TW6070 TW4075	4472/4474 2120	\$42,230 \$48,925	\$91,155

Year	Cost Centre/WBS Element	Cost Element	Net of HST Recoveries	Total Net of HST Recoveries
	CPW039-19		\$220,000	\$220,000
2019	TW6070 TW4075	4472/4474 2120	\$43,497 \$50,392	\$93,889
	CPW039-19		\$220,000	\$220,000
2020	TW6070 TW4075	4472/4474 2120	\$46,146 \$51,907	\$98,053
	CPW039-19		\$220,000	\$220,000
2021	TW6070 TW4075	4472/4474 2120	\$47,530 \$53,464	\$100,994
	CPW039-19		\$220,000	\$220,000
Total				\$1,765,105

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

DECISION HISTORY

SOFTWARE AND HARDWARE

GE Intelligent Platforms (GE)

This request is to enter into a new exclusive rights agreement with GE Intelligent Platforms to purchase licenses to meet current operational and capital project requirements.

On October 6, 1999, the Works Committee in accordance with section 195-14C of the City of Toronto Municipal Code (Purchasing), awarded contract 47006688 (Request for Proposal MWRFP199) to provide Supervisory Control and Data Acquisition (SCADA) and Historian software used by the Industrial Processes of Water Supply and Wastewater Treatment for the City of Toronto in the amount of \$1,241,395.39 net of GST and PST to GE Fanuc International Inc. The following is the link to the Works Committee Decision document:

<http://www.toronto.ca/legdocs/1999/minutes/council/appa/cc991026/wks4rpt.htm>

This Agreement was amended in April 2011 due to the purchase of Intellution Inc. by GE Intelligent Platforms (GE). GE is the sole Developer, Licensor and Support Provider for the complete suite of Proficy SCADA Software Products which includes the SCADA and Historian software used by Toronto Water.

On November 28, 2012, the Bid Committee in accordance with section 195-14C of the City of Toronto Municipal Code (Purchasing), awarded contract 47017164 (RFQ No. 3405-12-7184) to supply SCADA software and Maintenance for multiple years in the amount of \$953,548.67 net of HST recoveries. The following is the link to the Bid Committee Decision document:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.BD101.1>

GE are the sole developer, licensor and support provider for Proficy SCADA suite of software and iHistorian software selected by Toronto Water.

Gescan

This request is to enter into a new exclusive rights agreement with Gescan to purchase PLC hardware, software licenses and software maintenance to meet current operational and capital project requirements.

On January 1, 2002, GE Fanuc Automation was awarded contract 47006032 (RFP # MWRFP198), to provide Programmable Control hardware and software used by the Industrial Processes of Water Supply and Wastewater Treatment for the City of Toronto. The following is the link to the Bid Committee Decision document:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.BD85.1>

On August 1, 2012, the Bid Committee awarded contract 47017137 (RFQ 3907-12-7055) for multiple years in the amount of \$3,326,569.93 net of HST to supply repairs, parts and hardware for GE PLC for the period ending December 31, 2016.

On November 15, 2013, Contract 47017810, RFQ 3405-13-7240 was awarded Gescan for multiple years in the amount of \$178,084.93 net of HST for GE PLC programming software upgrade with multi-year renewal of software maintenance.

Gescan is sole exclusive distributor for GE Fanuc Automation who is the sole developer, licensor and support provider for Programmable Logic Controller hardware and software used by Toronto Water.

Westburne Ontario

This request is to enter into a new exclusive rights agreement for the provision of Rockwell Tech Connect software maintenance until the legacy Allen Bradley PLCs are replaced or next five years. Toronto Water uses legacy Allen Bradley PLC controllers at Ashbridges Bay and Humber Waste Water Treatment Plants which are maintained using Rockwell's Tech Connect software. The Allen Bradley PLC controllers are planned to be phased out over the next five (5) years. During the interim, the continuation of a support contract for these devices is required, at which time a competitive call will be issued to replace the PLCs

In April 2011, a non-competitive purchase order (#6032661) in the amount of \$7,792.74 net of HST was issued to Westburne for the purchase of software support and maintenance for Rockwell PLCs.

In November 29, 2013, low dollar value quotation was completed: Blanket Contract #2874-13ITM, DPO # 3504538 was awarded for the provision of Rockwell Tech Connect software maintenance, for Allen Bradley PLCs software, for one year in the amount of \$ 8,999.51. This agreement ended September 23, 2014.

On September 30, 2014, low dollar value quotation # 14ITM was awarded for the provision of Rockwell Tech Connect software maintenance, for Allen Bradley PLCs software for multiple years in the amount of \$30,059.19. This agreement ends September 23, 2017.

Westburne Ontario is the sole exclusive distributor of Rockwell software and maintenance used by Toronto Water.

BAR SCREEN PARTS

Veolia Water Technologies Canada Inc.

There were six (6) bar screens installed in the headworks building of the Humber Treatment Plant (HTP) in the late 1950s. There have since been some upgrades as part of competitively bid contracts, including replacement all six (6) bar screens over three separate contracts, since the mid-2000s. The bar screens remove rags and debris from the incoming sewer, serving as the primary means of protection against damage for all downstream equipment. This equipment is critical and must be maintained in accordance with the Plant's Environmental Compliance Approval.

In April 2012, a non-competitive blanket contract was issued to John Meunier Inc., for bar screen parts. The contract was transferred to Veolia Water Technologies Canada Inc. on February 27, 2015 (blanket contract No. 47018890) as John Meunier Inc. was acquired by Veolia. That contract has now expired and Toronto Water is requesting authority to issue a new non-competitive contract for bar screen parts.

The new non-competitive contract for this vendor will provide the necessary proprietary parts. The cost to completely replace the equipment and machinery is significantly higher than the cost of maintaining the equipment in good repair. Each bar screen costs in excess of \$1 million.

All the equipment identified is necessary to ensure continuous operation of the HTP in accordance with the Environmental Compliance Approval (sewage and air) as mandated by the Ministry of the Environment and Climate Change.

ANALYZERS

Lakeside Process Controls

In May 2006, a purchase order (# 6021275, RFQ 6712-06-0302) was awarded for the initial purchase of one (1) vibration data analyzer and associated analysis software tool in the amount of \$50,920.00 net of GST and PST to be used by Toronto Water facilities interested in collecting vibration data on-site. The packaged software was used to configure the device according to the individual facilities equipment and store, trend and analyse data.

In October 2008, due to the demand for the one (1) analyzer and adoption of greater interest in condition-based maintenance, a second analyzer was purchased to match existing analyzer through a non-competitive procurement process. Divisional Purchase Order (DPO # 3383893) in the amount of \$17,767.09, net of GST and PST was issued.

In May 2009, further adoption and sharing of the two existing analyzers across Toronto Water necessitated the purchase of an upgrade of the database and analysis software to support network access across multiple sites through a proprietary non-competitive process. Divisional Purchase Order # 3406811 in the amount of \$17,837.09, Net of GST and PST was issued.

In August 2009, high demand and short supply of analysers across facilities lead to another two (2) vibration analyzers (one with advanced diagnostics) being purchased through a proprietary non-competitive process. Divisional Purchase Order # 3412221 in the amount of \$39,802.35, net of GST and PST was issued.

In August 2015, an analyzer was damaged due to flooding in a facility. Toronto Water purchased a proprietary maintenance service agreement for one (1) year for the damaged unit from Lakeside Process Controls in order to investigate and provide a repair quote. Divisional Purchase Order # 3532051 in the amount of \$1,870.62, net of HST was issued. Repairs were then purchased in October 2015 through a proprietary non-competitive process. Departmental Purchase Order No. 3534329 in the amount of \$3,375.00, net of HST was issued.

In January 2016 it was decided to purchase another one (1) year of maintenance service for each of the three (3) analyzers for the period ending in January 2017, due to numerous sensor issues and operator errors experienced in 2015. Divisional Purchase Order # 3537995 in the amount of \$6,253.00 net of HST was issued. These devices when purchased at the beginning of a product cycle are expected to have a life of approximately 10 years. Current CSi 2130 analyzers are obsolete resulting in lower availability of parts for repair and increased costs of maintenance. The latest CSi 2140 is approximately 1 year into its product cycle and is being offered as an upgrade path or the CSi 2130.

Lakeside Process Controls is the sole exclusive distributor of data analyzer and associated analysis software and maintenance used by Toronto Water.

COMMENTS

The vendors noted in this report provide exclusive rights equipment, software and hardware necessary to ensure continuous operations. Changing vendors is not feasible, for both economic and technical reasons without causing substantial duplication of costs for the City or complete replacement of systems and machinery.

SOFTWARE AND HARDWARE

The three (3) vendors, GE Intelligent Platforms, Gescan and Westburne are the only authorized vendors who can provide specialized parts for the exclusive rights Process Control Systems Programmable Controller Hardware and Software and SCADA software.

The parts, software and software maintenance for the SCADA software and PLC Hardware used at its various water treatment and wastewater facilities to ensure that water and wastewater are processed in a safe and efficient manner while ensuring compliance with each facility's Certificates of Approval issued by the Ministry of the Environment and Climate Change. The purchase of these goods and services are essential for the delivery of services by Toronto Water.

Due to the on-going requirement for the General Electric SCADA Software and PLC Hardware, and continued support of Rockwell Allen Bradley PLCs, staff conducted an assessment of future requirements. Historical usage and estimated future maintenance costs due to aging infrastructure were considered in the preparation of the contract requirements stated in this report.

BAR SCREEN PARTS

Veolia Water Technologies Canada Inc. is the only vendor who can provide the specialized parts for the exclusive rights bar screens.

The anticipated lifespan of this equipment is approximately twenty (20) years. By properly maintaining the bar screens, Toronto Water are able to maintain or increase the lifespan of the equipment, therefore delaying the need for replacement, ultimately reducing costs.

ANALYSERS

Current CSI 2130 vibration analyzers are used across the division to monitor the running condition of critical equipment. Furthermore, the existing Machinery Health Manager Analysis software tool and historical database software that was bought in 2006 is currently only compatible with the CSI brand of analyzers. If a different analyzer

were purchased, the analyzer would not be compatible with this software. A different analyzer brand would require years of data collection to build up enough reference data for trending and would introduce equipment risk.

Lakeside Process Controls is the sole exclusive vendor for CSI brand of data analyzers associated analysis software and maintenance used by Toronto Water.

Toronto Water staff confirmed that the City is receiving the lowest possible price from each of the noted vendors when compared to their other customers. Staff will continue to review the pricing for the parts and services to ensure that the pricing remains fair and reasonable throughout the terms of the contracts.

In the event that other suitably qualified vendors (approved by the manufacturers / distributors) are identified, Toronto Water staff will initiate a competitive call process in accordance with purchasing policies and procedures for the procurement of said goods and services.

The Fair Wage Office has reported that the recommended vendors have indicated that they have reviewed and understand the Fair Wage Policy and Labour Trades requirements and have agreed to comply fully.

CONTACT

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SIGNATURE

Lou Di Gironimo
General Manager, Toronto Water

Michael Pacholok,
Director, Purchasing and Materials Management

ATTACHMENTS

Attachment A - 2017 - 2021 Summary of Non-Competitive Contracts, Toronto Water

TW Non-Competitive Contracts with Various Vendors

ATTACHMENT A

Attachment A: 2017-2021 Summary of Non-Competitive Contracts, Toronto Water, net of HST recoveries

Vendor	Goods/ Service	Contract from Date of issue to December 31, 2017	Option Years				Total (including all Option Years)	Reason for Non-competitive
			Option Year 1 Jan 01 2018-Dec 31, 2018	Option Year 2 Jan 01 2019-Dec 31, 2019	Option Year 3 Jan 01 2020-Dec 31, 2020	Option Year 4 Jan 01 2021-Dec 31, 2021		
GE Intelligent Platforms	Parts and maintenance for General Electric SCADA Software	\$145,000	\$145,700	\$146,454	\$147,918	\$149,397	\$734,469	Sole authorized distributor for General Electric Proficy SCADA Software Suite
Gescan	Parts and Software for General Electric PLC	\$75,000	\$75,300	\$75,311	\$76,515	\$77,280	\$379,406	Sole authorized distributor for General Electric PLC Hardware and Software
Gescan	Software Maintenance	\$27,500	\$27,600	\$27,732	\$28,009	\$28,149	\$138,990	Sole authorized distributor for General Electric PLC Software Maintenance

Vendor	Goods/ Service	Contract from Date of issue to December 31, 2017	Option Years				Total (including all Option Years)	Reason for Non-competitive
			Option Year 1 Jan 01 2018-Dec 31, 2018	Option Year 2 Jan 01 2019-Dec 31, 2019	Option Year 3 Jan 01 2020-Dec 31, 2020	Option Year 4 Jan 01 2021-Dec 31, 2021		
Westburne Ontario	Maintenance Agreement for Rockwell Allen Bradley PLC	\$13,500	\$13,630	\$14,000	\$13,704	\$12,704	\$67,538	Sole authorized distributor for Rockwell Allen Bradley PLC Software Maintenance
Veolia	Bar Screens	\$47,500	\$48,925	\$50,392	\$51,907	\$53,464	\$252,188	Sole manufacturer of proprietary equipment
Lakeside	Analysers	\$192,514	- 0 -	- 0 -	- 0 -	- 0 -	\$192,514	Match existing equipment
Total Value:		\$501,014	\$311,155	\$313,889	\$318,053	\$320,994	\$1,765,105	