

Non-Competitive Contracts with Various Suppliers for the Supply of Proprietary Parts and Maintenance Services at Various Wastewater and Water Treatment Plants for Toronto Water

Date: November 8, 2024

To: General Government Committee

From: General Manager, Toronto Water and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to request City Council authority to enter into five (5) separate non-competitive contracts with the suppliers noted below for the supply of proprietary parts and maintenance services required at various water treatment and wastewater facilities. The initial term of the contracts will be from the date of issuance to December 31, 2025, with the option to extend the agreement for up to six (6) separate one (1) year periods, at the sole discretion of the City and subject to budget approvals, for the total amount of \$9,575,064, net of all taxes and charges (\$9,743,585 net of HST recoveries).

1. Automated Logic Ltd.
2. Biorem Technologies Inc.
3. Hach Sales and Service Canada Limited
4. SESCO, Division of Sonepar Canada Inc.
5. Xylem Canada LP

City Council approval is required in accordance with Toronto Municipal Code Chapter 195-Purchasing, where the current request exceeds the Chief Procurement Officer's authority of the cumulative five-year commitment for each supplier 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 Toronto Municipal Code Chapter 71, Financial Control, Section 71-11A.

RECOMMENDATION

1. City Council authorize the General Manager, Toronto Water to negotiate and enter into non-competitive agreements with the suppliers listed below, for a period from date

of issue to December 31, 2025, with the option to extend the agreement for up to six (6) separate one (1) year periods at the sole discretion of the City, subject to budget approval(s), on terms and conditions satisfactory to the General Manager, Toronto Water and in a form satisfactory to the City Solicitor:

- a. Automated Logic Ltd. with the maximum contract price of \$2,142,476 net of all applicable taxes and charges (\$2,180,184 net of Harmonized Sales Tax recoveries);
- b. Biorem Technologies Inc. with the maximum contract price of \$1,915,616 net of all applicable taxes and charges (\$1,949,330 net of Harmonized Sales Tax recoveries);
- c. Hach Sales and Service Canada Limited with the maximum contract price of \$3,831,231 net of all applicable taxes and charges (\$3,898,661 net of Harmonized Sales Tax recoveries);
- d. SESCO, Division of Sonepar Canada Inc. with the maximum contract price of \$766,246 net of all applicable taxes and charges (\$779,732 net of Harmonized Sales Tax recoveries); and
- e. Xylem Canada LP with the maximum contract price of \$919,495 net of all applicable taxes and charges (\$935,679 net of Harmonized Sales Tax recoveries).

2. City Council direct that contracts in Recommendation 1 above, will also be on the condition that the vendors continue to be the manufacturers or are exclusive distributors for the goods and services.

FINANCIAL IMPACT

The total potential contract value identified in this report is \$9,575,064 net of all applicable taxes and charges (\$9,743,585 net of HST recoveries).

Funding for the initial term of contracts -is included in the 2025 Operating Budget and 2025 Capital Budget and 2026-2034 Capital Submissions for Toronto Water. Funding for up to five (5) additional and separate one (1) year periods, should the option to renew be exercised will be included in 2026 -2031 Operating and Capital Budget Submissions for Toronto Water. Additional funding details are provided in Table 1 to follow.

Table 1: Financial Impact Summary of Recommended Contract (Net of HST Recoveries) - Operating Funding

Cost Centre			GL Account
TW1060, TW2060, TW4022, TW4036, TW4060, TW4070, TW4075, TW4085, TW4095, TW4100, TW4105, TW4110, TW5030, TW6050, TW7020, TW7035, TW7050, TW7060,			2120, 2155, 2499, 2580, 2710, 4310, 4403, 4411, 4424, 4425
Year	Initial Contract Period Ending December 31 2025	Option Year Periods January 1 2026 to December 31, 2031	Total Net of HST Recoveries
2025	\$1,089,662		\$1,089,662
2026		\$1,141,209	\$1,141,209
2027		\$1,180,067	\$1,180,067
2028		\$1,257,796	\$1,257,796
2029		\$1,374,495	\$1,374,495
2030		\$1,431,344	\$1,431,344
2031		\$1,489,279	\$1,489,279
Total			\$8,963,853

Table 2: Financial Impact Summary of Recommended Contract (Net of HST Recoveries) - Capital Funding

WBS Element: CPW039-11			
Year	Initial Contract Period Ending December 31 2025	Option Year Periods January 1 2026 to December 31, 2031	Total Net of HST Recoveries
2025	\$101,760		
2026		\$104,813	\$104,813
2027		\$107,957	\$107,957
2028		\$111,196	\$111,196

WBS Element: CPW039-11			
2029		\$114,532	\$114,532
2030		\$117,968	\$117,968
2031		\$121,507	\$121,507
			\$779,732

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the information as presented in the Financial Impact Section.

DECISION HISTORY

At its meeting on June 7, 2016, City Council, by its adoption of PW13.1, granted the authority to enter into non-competitive contracts with exclusive distributors or manufacturers of proprietary parts and services for Toronto Water, Ashbridges Bay Treatment Plant (ABTP), for the period from the date of issue to December 31, 2016, with the option to renew for eight (8) additional one (1) year periods. The Council decision can be found here:

<https://secure.toronto.ca/council/agenda-item.do?item=2016.PW13.1#>

At its meeting on April 26, 2017, City Council, by its adoption of PW20.2, granted the authority to enter into non-competitive contracts with Various Suppliers of exclusive rights to parts and equipment for Toronto Water for a period of one (1) year with the option to renew for additional four (4) separate one (1) year periods. The Council decision can be found here:

<https://secure.toronto.ca/council/agenda-item.do?item=2017.PW20.2>

COMMENTS

Toronto Water operates and maintains the City's water and wastewater treatment plants to ensure safe, efficient and compliant operations. The use of proprietary parts and services is required to maintain specialized and complex process equipment and systems at the plants. These specialized goods and services ensure that water and wastewater plant equipment is maintained according to specifications and operate to the standards necessary for regulatory compliance and system performance objectives.

All of these contracts are required to maintain City wastewater and water treatment equipment installed at the various plants and pumping stations. These contracts ensure that the proprietary parts, equipment and services are readily available for routine maintenance and repairs, thereby facilitating the safe and efficient operation of the City's water and wastewater plants and regulatory compliance. With access to these

proprietary parts and services, staff routinely maintain the equipment beyond the manufacturer's anticipated lifespan and extend their useful life.

All the original process equipment was purchased through publicly tendered construction projects or through a competitive solicitation and, in some cases, the applicable manufacturer warranty period and maintenance services have long since ended. As such, Toronto Water has had to acquire the necessary parts and services to maintain this equipment.

Automated Logic Ltd.

Automated Logic Ltd has installed nine (9) Building Automation Systems (BAS) at Ashbridges Bay Treatment Plant. These systems manage heating/cooling requirements and proper operation is essential. The BAS requires scheduled maintenance services, proprietary software, and parts. Automated Logic Ltd is the sole service and parts supplier for their BAS.

Biorem Technologies Inc.

Biofilter system from Biorem Technologies Inc., (Biorem) is installed at Ashbridges Bay Treatment Plant and Highland Creek Treatment Plant to remove odourous air from the process and treat it before being released. A biofilter system is made up of a proprietary structured media installed in concrete cells. The other components of the biofilter include a humidifier, fans, and circulating pumps that operate continuously. The biofilter media will be sampled and tested on a predetermined quarterly visit schedule to initiate corrective action for any system issues and determine its life expectancy. Similarly, some consumable parts, such as an immersion heater and a standby pump critical to system operation, must be kept in inventory for unexpected repairs.

Hach Sales and Service Canada Limited

Hach Sales and Service Canada Limited (Hach) supplies our wastewater and water treatment plant with various laboratory supplies, equipment and parts, including repair and replacement of critical laboratory and instrumentation equipment, required for system operations and to maintain water and wastewater regulatory compliance. Hach is the sole service and parts supplier for their instrumentation.

Sesco, Division of Sonepar Canada Inc.

Sesco, Division of Sonepar Canada Inc. is the sole exclusive distributor of Emerson Controls & Software used by Toronto Water to control automation and remote monitoring capabilities made possible by its SCADA system infrastructure. This new agreement with SESCO is required to meet current operational and new capital project requirements. This equipment is essential to sustain these operations through the degree of process control automation and remote monitoring capabilities made possible by its SCADA system infrastructure, which is standardized using the Emerson RX3i PLC hardware throughout Toronto Water.

Xylem Canada LP

Flygt pumps are used in our wastewater and water treatment process to move water between treatment and distribution. Xylem Canada LP is the manufacturer and the sole distributor for all Flygt pumps, parts, accessories and after warranty repairs.

Staff have reviewed the pricing for the parts and services and have determined that the pricing is fair and reasonable.

The Fair Wage Office has reported that all recommended suppliers have reviewed and understand the Fair Wage Policy and Labour Trades requirements, and each has agreed to comply fully.

CONTACT

William Fernandes, Deputy General Manager, Toronto Water, 416-392-8220,
William.Fernandes@toronto.ca

Marie Reid, Manager, Infrastructure and Development Services, Purchasing Client Services, Purchasing and Material Management, 416- 397-5187,
Marie.Reid@toronto.ca

SIGNATURE

Lou Di Gironimo
General Manager, Toronto Water

Geneviève Sharkey
Chief Procurement Officer