Agenda – Executive Policy Committee – November 18, 2015

REPORTS

Item No. 10 Single Source Authorization and Award of Contract for the North End Sewage Treatment Plant (NEWPCC) Dewatering Centrifuge #6 Refurbishment – Materials Management Reference No. 864-2015

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the Executive Policy Committee (EPC) approve the single source negotiation for the North End Sewage Treatment Plant (NEWPCC) Dewatering Centrifuge #6 Refurbishment with B&P Process Equipment Systems L.L.C. pursuant to:

   B4.1 (e) the Materials Management Policy where the cost of solicitation of a competitive offers is reasonably anticipated to exceed the benefits thereof;

2. That the Proper Officers of the City do all things necessary to implement the foregoing.

ADMINISTRATIVE REPORT

Title: **SINGLE SOURCE AUTHORIZATION AND AWARD OF CONTRACT FOR NORTH END SEWAGE TREATMENT PLANT (NEWPCC) DEWATERING CENTRIFUGE #6 REFURBISHMENT**
MATERIALS MANAGEMENT REFERENCE NO. 864-2015

Critical Path: **Executive Policy Committee**

AUTHORIZATION

Author	Department Head	CFO	CAO
Chris Carroll, P. Eng. Manager of Wastewater Services	Geoff Patton, P. Eng. Acting Director of Water and Waste	M. Ruta	D. McNeil CAO

RECOMMENDATIONS

1. That the Executive Policy Committee (EPC) approve the single source negotiation for the North End Sewage Treatment Plant (NEWPCC) Dewatering Centrifuge #6 Refurbishment with B&P Process Equipment Systems L.L.C. pursuant to:

   B4.1 (e) the Materials Management Policy where the cost of solicitation of a competitive offers is reasonably anticipated to exceed the benefits thereof;

2. That the Proper Officers of the City do all things necessary to implement the foregoing.

REASON FOR THE REPORT

As the total conditional amount pursuant to the contract exceeds the $100,000 limit of the Agreement on Internal Trade (AIT) for a “service” contract and the AIT does not contain a single source provision to permit this procurement, approval by Executive Policy Committee is required.

As the total conditional amount to be paid by the City pursuant to the contract does not exceed $2,000,000.00, the Director of the Water and Waste Department may award the contract under the authority delegated pursuant to Administrative Standard FM-002.

EXECUTIVE SUMMARY

This report is for the approval of a single source negotiation and award of a contract to B&P Process Equipment Systems L.L.C. for the refurbishment of the NEWPCC’s Centrifuge #6. This request for a single source negotiation and award is pursuant to B4.1(e) of the Materials

Management Policy. This contract is financed from the approved 2015 Current Budget for Maintenance Materials Contracted Services.

IMPLICATIONS OF THE RECOMMENDATIONS

Funding for this project is available from the approved Current Budget – Maintenance Materials – Account Distribution No. 444 534038 201108 999.

The planned refurbishment work is expected and planned for as part of the Department's annual centrifuge maintenance program.

HISTORY / DISCUSSION

The Materials Management Policy (Policy) permits this procurement under B4.1 (e) the cost of solicitation of competitive offers is reasonably anticipated to exceed the benefits thereof.

B4.4 of the Policy requires the approval of Executive Policy Committee where the estimated value of the contract exceeds the $100,000 limit of the AIT for a "service" contract and the AIT does not contain a single source provision to permit this procurement.

The North End Water Sewage Treatment Plant's biosolids dewatering facility has six dewatering centrifuges which were installed in 1990. These machines generally need to undergo routine maintenance after one year of running time.

The capacity in the marketplace to perform dewatering centrifuge maintenance work is limited as this specific equipment is large and specialized. There are no local or regional companies capable of adequately performing the necessary maintenance on these dewatering centrifuges.

On October 2, 2015, the Manager of Materials, via email approval, approved the single source negotiation for the inspection of NEWPCC centrifuge #6 with B&P Process Equipment Systems L.L.C. Arrangements have been made to ship the equipment to Houston, Texas for inspection.

Upon completion of this inspection, a detailed report will identify the refurbishment items required for the equipment. B&P Process Equipment Systems L.L.C. will deliver a quote for the identified work. Approval for single source negotiation is requested for an amount not to exceed $250,000.00 USD plus GST, MRST and other US Federal, State and municipal taxes as applicable for the repair.

Under a single source contract, the cost of shipping the centrifuge and the compatibility with the existing inspection services is anticipated to be less costly than soliciting competitive offers.

Wastewater Services staff are satisfied that B&P Process Equipment Systems L.L.C. has the necessary resources and experience to perform all of the work as the contractor has carried out previous works of a similar nature. B&P Process Equipment Systems L.L.C. performed the refurbishment work to the NEWPCC Dewatering Centrifuge #5 in 2014 through a single source negotiation and award under Bid Solicitation No. 626-2014.

The requirement for Bid and Performance Securities, and the execution of the formal contract were waived for this purchase in accordance with the authority delegated to the Manager of Materials Management pursuant to Administrative Standard FM-002.

The Water and Waste Department is pursuing a standing order maintenance program through competitive bid to perform future dewatering centrifuge maintenance. This program will be available next year and will reduce the requirement for future single source assignments.

FINANCIAL IMPACT

Financial Impact Statement

Date: October 23, 2015

Project Name:

First Year of Program **2015**

SINGLE SOURCE AUTHORIZATION AND AWARD OF CONTRACT FOR NORTH END SEWAGE TREATMENT PLANT (NEWPCC) DEWATERING CENTRIFUGE #6 REFURBISHMENT BID SOLICITATION NO. 864-2015

	2015	2016	2017	2018	2019
Capital					
Capital Expenditures Required	$ -	$ -	$ -	$ -	$ -
Less: Existing Budgeted Costs	-	-	-	-	-
Additional Capital Budget Required	$ -	$ -	$ -	$ -	$ -
Funding Sources:					
Debt - Internal	$ -	$ -	$ -	$ -	$ -
Debt - External	-	-	-	-	-
Grants (Enter Description Here)	-	-	-	-	-
Reserves, Equity, Surplus	-	-	-	-	-
Other - Enter Description Here	-	-	-	-	-
Total Funding	$ -	$ -	$ -	$ -	$ -
Total Additional Capital Budget Required	$ -				
Total Additional Debt Required	$ -				
Current Expenditures/Revenues					
Direct Costs	$ 325,475	$ -	$ -	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 325,475	$ -	$ -	$ -	$ -
Less: Existing Budget Amounts	325,475	-	-	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Funding for this project is available from the approved Current Budget – Maintenance Materials – Account Distribution No. 444 534038 201108 999. On October 19, 2015, $250,000.00 U.S. dollar(s) = $325,475.00 Canadian Dollar(s), at an exchange rate of 1.3019 (using nominal rate).

(Original Signed by)
Lucy Szkwarek, CPA, CA
Acting Manager of Finance and Administration

js
20-Oct-15

CONSULTATION

In preparing this report there was consultation with:

Legal Services Department (as to Legal Issues)
Materials Management

OURWINNIPEG POLICY ALIGNMENT

OurWinnipeg Reference: Environment

SUBMITTED BY

Department: Water and Waste Department
Division: Wastewater Services Division
Prepared by: Ric Ramrattan, P. Eng., C.E.T.
Date: November 13, 2015
File No.: S-1038