Agenda – Executive Policy Committee – December 2, 2015

REPORTS

Item No. 11 Single Source Negotiation and Award of Contract - Bacteriological Monitoring for the City's Water Supply and Distribution System

WINNIPEG PUBLIC SERVICE RECOMMENDATION:

1. That the Executive Policy Committee (EPC) approve a single source negotiation with ALS Canada Ltd. in the estimated amount of $284,000.00 plus GST for the period from award of this contract to April 15, 2018, pursuant to:

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

2. That, subject to the approval under recommendation 1, the Director of Water and Waste Department approves the award of contract for Bacteriological Monitoring for the City's Water Supply and Distribution System with ALS Canada Ltd. in the estimated amount of $284,000.00, GST extra as applicable.

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

ADMINISTRATIVE REPORT

Title: **SINGLE SOURCE NEGOTIATION AND AWARD OF CONTRACT FOR BACTERIOLOGICAL MONITORING FOR THE CITY'S WATER SUPPLY AND DISTRIBUTION SYSTEM**
MATERIALS MANAGEMENT REFERENCE NO. 992-2015

Critical Path: **EXECUTIVE POLICY COMMITTEE**

AUTHORIZATION

Author	Department Head	CFO	CAO/COO
Renee Grosselle Manager of Environmental Standards	G. K. Patton, P. Eng. Acting Director, Water and Waste Department	P. Olafson A/CFO	M. Jack COO

RECOMMENDATIONS

1. That the Executive Policy Committee (EPC) approve a single source negotiation with ALS Canada Ltd. in the estimated amount of $284,000.00 plus GST for the period from award of this contract to April 15, 2018, pursuant to:

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

2. That, subject to the approval under recommendation 1, the Director of Water and Waste Department approves the award of contract for Bacteriological Monitoring for the City's Water Supply and Distribution System with ALS Canada Ltd. in the estimated amount of $284,000.00, GST extra as applicable.
3. 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 is estimated to be $284,000.00, GST extra as applicable which does not exceed $2,000,000.00, the term does not exceed five years and the contract does not create an absolute commitment for future budgets, 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 ALS Canada Ltd. for the bacteriological monitoring for the city's water supply and distribution system. This request for a single source procurement is pursuant to B4.1 (e) of the Materials Management Policy where the cost of solicitation of competitive offers is reasonably anticipated to exceed the benefits thereof. This contract is financed from the approved Current Budget for non-professional services.

IMPLICATIONS OF THE RECOMMENDATIONS

Funding for this service is available from the approved Current Budget –Non Professional Services – Account Distribution No. 443-521020-201503-999.

HISTORY / DISCUSSION

In the past, the City has awarded single source negotiations for the provision of Bacteriological Monitoring for the City's water supply and distribution system to align with the Provincial contract of the Office of Drinking Water under Manitoba Conservation and Water Stewardship. The current single source contract was awarded to ALS Canada Ltd. (ALS) starting June 1, 2015 and expires on December 31, 2015. The previous three year contract was also awarded to ALS in April of 2012. The City of Winnipeg also benefits from the subsidy offered through the program administered by the Manitoba Conservation and Water Stewardship Office of Drinking Water.

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 work of this contract consists of bacteriological monitoring for the City's water supply and distribution system including Total Coliform (TC), Escherichia Coliform (EC) and Heterotrophic Plate Count (HPC) testing.

The Province of Manitoba puts out an RFP for Microbiological Services in which they negotiate volume discount pricing for all municipalities including the City of Winnipeg for TC and EC testing. The volume discount the Province of Manitoba negotiated for TC and EC testing is approximately $3 to $5 dollars less than what the City could get through our own volume discount. In additional the Manitoba Government sets aside funding for all municipalities including the City for subsidized testing of TC and EC under the Provincial subsidy program. The approximate cost savings under these two programs (volume discount and subsidy) is as follows:

	Per Year	For term of Contract
Cost Savings from Volume discount pricing	$ 14,000.00	$ 31,000.00
Cost Savings from Subsidy Program	$ 12,000.00	$ 28,000.00
Total Cost Savings	$ 26,000.00	$ 59,000.00

The total cost savings of above are only available through this Single Source through the Province of Manitoba programs and not available if the City tenders on their own.

The laboratory that performs bacteriological testing on drinking water samples must meet the Manitoba Health Guideline 98-02 for Bacteriological Water Sampling, Submission and Interpretation as well as other legislative requirements. ALS was the only laboratory to meet all contractual, regulatory and reporting requirements for bacteriological testing under the Public Health Act. Therefore, Manitoba Water Stewardship, Office of Drinking Water awarded a three year contract for the testing to ALS Canada Ltd., effective April 1, 2015 and ending April 1, 2018.

Under this new contract with ALS, the yearly estimate of the cost to the City of Winnipeg (after provincial subsidy for the testing of TC and EC) is approximately $69,000.00 plus GST. The yearly estimate for non-subsidized testing of HPC is estimated at $59,000.00 plus GST. Therefore, the total cost for all the bacteriological testing is approximately $128,000.00 annually, plus GST as applicable. The estimated amount for the period from award of this contract to April 15, 2018 is $284,000.00 plus GST. The offer is considered reasonable. The City will negotiate a cancellation clause resulting in no commitment to the current budget.

ALS Canada Ltd. is a Canadian Association for Laboratory Accreditation (CALA) accredited laboratory. The Analytical Services Branch of this Department has reviewed the work with the contractor and is satisfied that they have the necessary resources and experience to perform the work. It is in the best interest of the City to award the single source to ALS.

FINANCIAL IMPACT

Financial Impact Statement

Date: November 9, 2015

Project Name:

First Year of Program **2016**

SINGLE SOURCE NEGOTIATION AND AWARD OF CONTRACT FOR BACTERIOLOGICAL MONITORING FOR THE CITY'S WATER SUPPLY AND DISTRIBUTION SYSTEM
MATERIALS MANAGEMENT REFERENCE NO. 992-2015

	2016	2017	2018	2019	2020
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	$ 128,000	$ 128,000	$ 28,000	$ -	$ -
Less: Incremental Revenue/Recovery	-	-	-	-	-
Net Cost/(Benefit)	$ 128,000	$ 128,000	$ 28,000	$ -	$ -
Less: Existing Budget Amounts	128,000	128,000	28,000	-	-
Net Budget Adjustment Required	$ -	$ -	$ -	$ -	$ -

Additional Comments: Funding for this service is available from the approved Current Budget –Non Professional Services – Account Distribution No. 443-521020-201503-999

"Original signed by L. Szkwarek, CPA, CGA"
Lucy Szkwarek, CPA, CGA
Acting Manager of Finance and Administration

js
4-Nov-15

CONSULTATION

In preparing this report there was consultation with:

Legal Services Department (as to Legal Issues)
Materials Management Division, Corporate Finance Department

OURWINNIPEG POLICY ALIGNMENT

OurWinnipeg Reference: Environment

SUBMITTED BY

Department: Water and Waste Department
Division: Environmental Standards Division
Prepared by: Courtney Diduck
Date: November 13, 2015
File No.: 040-01-16-07-00