Wastewater Treatment Plant – Supply of Proprietary Parts – Blanket Purchase Order

Recommendation
That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council:
1. That the Administration prepare a blanket purchase order with SUEZ Treatment Solutions Inc. for the supply of proprietary Ultraviolet bulbs for the Wastewater Treatment Plant for the next five years, for a total estimated cost of $750,000 (including GST and PST); and
2. That Purchasing Services issue the appropriate purchase order.

Topic and Purpose
This report is to obtain City Council approval for a blanket purchase order with SUEZ Treatment Solutions Inc. (SUEZ) for proprietary Ultraviolet (UV) bulbs for the Wastewater Treatment Plant.

Report Highlights
1. SUEZ is the sole supplier for the Ozonia Aquaray 3X UV System and parts, which are designed and produced specifically for the UV system installed at the Wastewater Treatment Plant. The UV bulbs provide the final disinfection step before the effluent is released into the South Saskatchewan River.
2. It is recommended that the Administration negotiate a multi-year blanket purchase order with SUEZ to improve procurement and maintenance efficiency within Saskatoon Water.

Strategic Goal
This report supports the Strategic Goal of Continuous Improvement by standardizing maintenance parts, simplifying the purchase process, and establishing multi-year purchase orders.

Background
In 2008, Engineering Services were retained to design and construct a UV Facility in response to the change to the Permit to Operate issued by the Water Security Agency. During the equipment selection process, the Ozonia Aquaray 3X UV System was selected. The Ozonia Aquaray 3X UV System is proprietary technology represented by SUEZ. Maintenance of the UV system requires annual bulb replacement and is performed by plant personnel. Operation and maintenance costs have been analyzed over the last five years with the annual maintenance cost estimated at $150,000.
Report

Only Authorized Distributor
Saskatoon Water requires replacement parts for both preventive maintenance and emergency repairs of the UV Disinfection. SUEZ is the only authorized distributor of Ozonia equipment.

Blanket Purchase Order
The Administration is recommending that the City negotiate directly with SUEZ to obtain a blanket purchase order for parts that are proprietary to SUEZ. Blanket purchase orders allow Saskatoon Water to reduce administrative time spent managing individual purchase orders. By combining purchases into one contract, the City will have additional bargaining power, reduce administration costs, and be able to take advantage of any available bulk purchase discounts.

Options to the Recommendation
The supply of parts could be individually sole sourced to SUEZ. The Administration believes that the most advantageous approach for the City is to negotiate a blanket purchase order with the supplier.

Policy Implications
Awarding a blanket purchase order to SUEZ is consistent with Section 4.3(b) of the Policy C02-030 – Purchase of Goods, Services and Work as they are the sole distributor of the Ozonia equipment in North America.

Financial Implications
Funds are available in the Maintenance Program of the Wastewater Treatment Plant 2018 (and future) Operating Budget. These funds are generated by the Water and Wastewater Utilities; therefore, there is no impact on the mill rate.

Environmental Implications
UV bulb maintenance and replacement is paramount to destroying E. coli pathogenic bacteria before the effluent is discharged to the South Saskatchewan River. This is a requirement of the Permit to Operate from the Water Security Agency.

Other Considerations/Implications
There are no public and/or stakeholder involvement, communication, privacy, or CPTED implications or considerations.

Due Date for Follow-up and/or Project Completion
The blanket purchase order should be in place by May 2018 with an option to extend four years, provided the supplier provides acceptable pricing and maintains the status as the sole supplier of Ozonia equipment.

Public Notice
Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.