Request to Exceed in Excess of 25% of PO 363946, Hydrants and PO 370743, Hydrant Replacement Parts

Recommendation
That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council:

1. That the Administration be given approval for PO 363946 with Corix Water Products Limited Partnership for the supply of hydrants to exceed 25% of the purchase order value and be extended by $163,386.10, including taxes;

2. That the Administration be given approval for PO 370743 with EMCO Corporation and FLOCOR Inc. for the supply of hydrant replacement parts to exceed 25% of the purchase order value and be extended by $81,335.69, including taxes; and

3. That Purchasing Services issue the appropriate change order.

Topic and Purpose
The purpose of this report is to request City Council approval for PO 363946 with Corix Water Products Limited Partnership (Corix) for the supply of hydrants and PO 370743 with EMCO Corporation (EMCO) and FLOCOR Inc. (FLOCOR) for the supply of hydrant replacement parts to exceed 25% of the purchase order value.

Report Highlights
1. Product design changes, growth, and climate change have contributed to the increase in operational demands for hydrant replacements and repairs in 2017 and 2018.

2. To continue to meet operational needs, PO 363946, Hydrants must be extended by $163,386.10 and PO 370743, Hydrant Replacement Parts must be extended by $81,335.69.

Strategic Goals
This report supports the Strategic Goal of Quality of Life by ensuring firefighting capabilities are maintained. The report further supports the Strategic Goal of Asset and Financial Management by ensuring maintenance, repairs and replacements of hydrants are managed at appropriate times to optimize the useful life of the asset.

Background
At its meeting held on September 25, 2017, City Council considered the Water Utility Levels of Service report and resolved that the current levels of service be maintained. In order to maintain the firefighting capacity provided by the water distribution system, additional fire hydrants and parts are required.
Report

Purchase Orders
The engineer’s estimate of required parts was based on a five-year average. In May 2016, a tender was publicly advertised for the supply of 20 hydrants per year for two years. In June 2016, the tender was awarded to Corix with optional renewal terms for a total of $158,603.50 (including taxes).

In April 2017, a tender was publicly advertised for the supply of hydrant replacement parts for one year. In May 2017, the tender was awarded to EMCO and FLOCOR with optional renewal terms for a total of $67,399.20 (including taxes).

Increased Operational Demand
In 2017, operations saw a 95% increase in hydrant replacements and a 6% increase in hydrant repairs above the five-year average. Historical lows in hydrant replacements and repairs were experienced in 2013 and 2014; skewed the five-year statistical average. Recent growth in the city has also increased demand.

Obsolete infrastructure has resulted in hydrant replacements taking place as repairs can no longer be conducted. Design changes have made it increasingly challenging to obtain replacement parts, and the supply of salvageable parts for obsolete hydrants has neared depletion.

Fluctuating weather conditions can also have a negative impact on aging underground infrastructure contributing to the upward trend of hydrant replacements. Administration is undertaking a process review to ensure better estimates, including growth, and tracking of supplies used are conducted in future contracts.

Options to the Recommendation
City Council could instruct Administration not to order additional parts until new competitive pricing can be sought. This option would eliminate the need for the approval to spend additionally on the current blanket, limiting the over expenditure. This option is not recommended as hydrants would be out of service longer, increasing the risk to the citizens in the event of a fire. Additionally, the backlog of work may require extra labour on overtime or contract support to reconcile deficiencies quickly once new pricing had been obtained, increasing the cost to the corporation to repair these hydrants.

Policy Implications
The recommendation is in accordance with the Corporate Purchasing Procedure (Administrative Policy A02-027) where the request for extension exceeds 25% of the approved purchase order value and requires City Council approval.

Financial Implications
Hydrant maintenance, repairs and replacements are purchased through an inventory account and costs are funded through the Water Utility operating budgets as the materials are required.
Details of the costs pertaining to PO 363946, Hydrants with Corix are as follows:

- Original Contract Cost (including taxes) $158,603.50
- Change Order 149,442.99
- GST (on Change Order) 6,774.99
- PST (on Change Order) 7,168.11
- Total Revised Contract Cost $321,989.59
- Less GST Rebate (on Change Order) (6,774.99)
- Total Revised Net Cost to the City $315,214.60

Details of the costs pertaining to PO 370743, Hydrant Replacement Parts with EMCO and FLOCOR are as follows:

- Original Contract Cost (including taxes) $67,399.20
- Change Order 74,400.98
- GST (on Change Order) 3,373.31
- PST (on Change Order) 3,561.40
- Total Revised Contract Cost $148,734.89
- Less GST Rebate (on Change Order) (3,373.31)
- Total Revised Net Cost to the City $145,361.58

There is sufficient funding in the Water Utility operating budgets to cover the additional material requirements.

The above shows that PO 363946, Hydrants and PO 370432, Hydrant Replacement Parts exceed 25% of the original contract amount and therefore requires City Council approval.

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

**Due Date for Follow-up and/or Project Completion**
Future hydrant and replacement part procurement with revised quantity projections will be tendered for competitive pricing.

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

**Report Approval**
Written by: Cathy Davidson, Operations Support Manager
Reviewed by: Russ Munro, Director of Water & Waste Stream
Brandon Harris, Director of Roadways & Operations