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**Subject:** Approval of Public Works Single Source Purchase Requests Over \$100,000

**Report to:** Public Works Committee

**Report date:** Tuesday, October 13, 2020

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## **Recommendations**

1. That a change request to Purchase Order PO71767, assigned to Summa Engineering per tender 2019-T-272 for SCADA Upgrades at Five Landfill Sites, to increase the original pre-tax amount of \$535,544.00 by \$113,595.38 for a new total of \$649,139.38, **BE APPROVED**.

## **Key Facts**

- The purpose of this report is to seek Public Works Committee's approval to proceed with a Purchase Order (PO) Change Request in excess of \$100,000.
- At the Special Council meeting on July 30, 2020, Regional Council instructed staff that, "If any single source [Public Works] procurement [over \$5000] is deemed essential there must be approval first received by the Public Works Committee."
- On August 18, 2020, the CAO provided Confidential Memorandum CONF-C 6-2020 providing key information in response to the July 30, 2020 staff direction. The memo identified that pursuant to a formal competitive procurement process, a change to the resulting contract (via the Change PO process) is required for any additional goods and/or services, which were not part of that formal process (consider Single Source additions). This includes most (if not all) instances where the "work" is underway when a Change PO request initiates.
- At the Council meeting on September 17, 2020, Regional Council approved an increase in the limit to \$100,000 above which approval must first be received by the Public Works Committee.

## **Financial Considerations**

The Change PO request has approved funding in place from either Capital or Operating budgets in the respective divisions in Public Works.

## Analysis

Staff within the Public Works Department are currently managing 1259 open active Purchase Orders related to 140 essential infrastructure projects valued at more than \$160 million dollars. These include planning, design, preventative maintenance and construction.

Niagara Region's Procurement By-law 02-2016 as amended February 28, 2019 provides controls and methods that ensure, among other things, that the procurement processes undertaken to procure Goods and/or Services achieves, "best value for the Corporation".

Pursuant to the formal procurement process, which culminates in contract award, there are occasions, when new information identified after award, requires further consideration of how these unforeseen additional requirements will impact the final project deliverable.

This report addresses a request to increase the current purchase order to account for additional work for the installation of fibre line from the main pumping station to three remote pumping wells located a significant distance away to allow for communication back to a main programmable logic controller at the main pumping station.

The original project scope contemplated the installation of the fibre in existing underground conduit installed seven (7) years ago. This approach worked everywhere on-site except for two sections where the conduit appears compromised. Despite repeated attempts, the existing wire could not be removed. Based on this issue, the scope of work was modified by requiring the fibre to be installed overhead on existing hydro lines for one section and via directional drilling for another section (that is remote and otherwise inaccessible). The work requires staff from all of Summa's existing subcontractors in order to successfully implement the work. When this project is complete, all Waste Management leachate pumping stations will meet Water & WasteWater SCADA standards.

- Modification of Construction Methods Due to Constructability Issues \$113,595.38
- Total Additional Fee Request (w/o tax):        \$113,595.38**

## **Alternatives Reviewed**

### **(i) Do Nothing:**

- This alternative does not address the needs of the project and it leaves Operations Staff without line of sight on the remote pumping wells. Furthermore, those same remote pumping wells are not currently interlocked with the leachate pumping station and could cause a spill and impact to the environment resulting in issues with the Ministry of Environment, Conservation and Parks. Due to the current lack of communications, it is also requiring additional staff time to monitor the pumping well operations.
- This alternative could also result in claims due to construction delays.

### **(ii) Proceed with competitive RFP process:**

- This will not address the increased costs and complications of incorporating work by two contractors on a project that is otherwise completed. The existing contractor has the right subcontractors available who are knowledge with respect to the site and the overall project. The only other bidder on this project was \$170,000 more on the base scope of work. Even with this additional work, Summa Engineering will still be \$57,000 less than the only other bidder on the original public tender.

## **Relationship to Council Strategic Priorities**

- Responsible Growth and Infrastructure Planning

## **Other Pertinent Reports**

- CONF-C 6-2020 Update from Special Council Meeting - July 30, 2020 Closed Session
- PW 42-2020 Approval of Various Single Source Public Works New Purchase Orders and Purchase Order Change Request - September 8, 2020

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**Prepared and Recommended by:**

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**Appendices**

None.