
Subject: Approval of Public Works Single Source Purchase Order Requests and Purchase Change Order Requests Exceeding \$100,000

Report to: Public Works Committee

Report date: Tuesday, July 13, 2021

Recommendations

1. That the Single Source Purchase Order Requests identified in Appendix 1 of Report PW 41-2021 **BE APPROVED**.

Key Facts

- 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 included Single Source requests have approved funding in place from either Capital or Operating budgets in the respective divisions in Public Works.

Analysis

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.

When this happens, staff consider the following alternative approaches to addressing the scope change:

1. Is the original project objective still achievable or should it be abandoned?
2. Can the project proceed as originally planned and this new information be deferred to a later time without reducing the integrity of the design, construction, etc.?
3. Is the current work at a point where it can be terminated, and a new competitive procurement for the additional scope items be initiated without excessive costs or negative impacts to the community from the delays?
4. Does the addition of this new work to the current assignment still achieve best value if Staff can validate that it represents fair value?

Staff note, that where a construction project is underway, the Ontario Occupational Health and Safety Act dictates that, "When an owner undertakes a project by contracting with more than one employer (contractor), the owner is undertaking the project and is the constructor." As a result, if Niagara Region were to initiate additional work on a project site at the same time by two contractors, Niagara Region would assume significant additional liability risk for the safety of all workers on the site. Ideally, the work of first contractor must be completed prior second contractor commencing.

Alternatives Reviewed

Staff have considered the following alternatives for each of the change order requests appended as Appendix 1:

- Closing out the current work. Abandoning the previous approach and re-considering strategy;
- Proceeding as originally planned and addressing the new information/change in scope at a later time through a competitive process; and,
- Terminating the current contract where possible and conducting a competitive procurement process to complete the work with the additional scope items added.

Staff conclude that none of the aforementioned options achieves the desired best value outcome without significant risk to the Region in terms of cost, delay and unavailability of critical infrastructure. Staff have assessed the financial impact of these additionally scoped items, deemed them fair and reasonable hence, the recommendation contained herein is presented for approval as it offers the best value for the Corporation given in the specific circumstances.

Relationship to Council Strategic Priorities

- Responsible Growth and Infrastructure Planning

Other Pertinent Reports

- CONF-C 6-2020, July 30, 2020 Closed Session - Update from Special Council Meeting
- PW 42-2020, September 8, 2020 - Approval of Various Single Source Public Works New Purchase Orders and Purchase Order Change Request
- PW 45-2020, October 13, 2020 - Approval of Public Works Single Source Purchase Requests Over \$100,000
- PW 47-2020, November 10, 2020 Approval of Public Works Single Source Purchase Requests Over \$100,000
- PW 3-2021, January 12, 2021 Approval of Public Works Single Source Purchase Requests Over \$100,000
- PW 7-2021, February 16, 2021 Approval of Public Works Single Source Purchase Requests Over \$100,000
- PW 13-2021, March 9, 2021 Approval of Public Works Single Source Purchase Requests Over \$100,000
- PW 17-2021, April 13, 2021 Approval of Public Works Single Source Purchase Requests Over \$100,000
- PW 25-2021, May 11, 2021 Approval of Public Works Single Source Purchase Requests Over \$100,000
- PW 27-2021, June 15, 2021 Approval of Public Works Single Source Purchase Requests Over \$100,000

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Appendices

Appendix 1 Single Source Purchase Order Requests

Purchase Order Requests for Approval

1. Request: Sole source purchase of Wastewater Treatment Facility Optimization and training consulting services

Supplier: GFI (Global Facilitation Incorporated)

Increase original sole source purchase of optimization and training services for GFI (Global Facilitation Inc.) from \$300,578.52 by \$47,364 for a new total of \$347,942.52 (exclusive of HST).

Rationale for Purchase

The Niagara Falls Wastewater Treatment Plant (NFWWTP) experienced a state of decline following an anaerobic digester failure in July of 2017. As a result of this event, persistent effluent non-compliance prevailed at the facility throughout 2017 and 2018. To this effect, Ministry of Environment, Conservation and Parks (MECP) issued a Provincial Officers Order against the NFWWTP in late 2018 to evaluate the operational state of the facility and to develop corrective actions to improve the overall facility operation and effluent quality.

In 2018 Niagara Region Wastewater operations staff engaged Global Facilitation Inc. to provide an immediate optimization and corrective program to align with MECs requirement and ultimately remedy effluent non-compliance issues at the NFWWTP Facility.

This request for a sole source purchase, in accordance with Niagara Region Procurement By-law 02-2016 as amended on February 28, 2019, is to maintain programming at the site, for training staff in the proficiency of its use and in the interpretation of the data derived to make informed process control decisions.

When initially installed, the programming and support proved very beneficial. The site went from 16 non-compliance incidents from March 2018 to March 2019, to zero (0) events for the following 24 months.

Alternatives Reviewed

- (i) Do nothing – Our Regulators, namely the MECP have issued orders to comply against the Region and this facility as a result of the historic non-compliances and are threatening to further this action by way of more orders and/or fines if we are not able to meet compliance.
- (ii) Procurement strategy under review – We are required to meet conditions in the Environmental Compliance Approval (ECA). As such, a situation of

urgency exists and these services cannot be obtained in time by means of open procurement processes.

Funding Source

Funding source for this work will come from the operating budget for Niagara Falls Wastewater Treatment Facility, DeptID: 68100