

# A11



## CITY OF VANCOUVER

### ADMINISTRATIVE REPORT

Report Date: June 8, 2006  
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Meeting Date: June 27, 2006

TO: Vancouver City Council

FROM: General Manager of Engineering Services  
Manager - Materials Management

SUBJECT: Award of Tender PS06031 - Supply and Delivery of Fire Hydrants and  
Waterworks Gate Valves

#### RECOMMENDATION

- A. THAT, subject to the conditions set out in Recommendations B, C and D, Council authorize the General Manager of Engineering Services and the Manager of Materials Management to enter into an agreement with Four Star Waterworks Ltd. for the supply and delivery of fire hydrants and waterworks gate valves for a period of three (3) years at an estimated total cost of \$1,199,117.00 plus GST (less any municipal rebate received) and PST (where applicable) with subsequent renewal options for two (2) additional one (1) year periods
- B. THAT, the Director of Legal Services be authorized to execute and deliver on behalf of the City all legal documents required to implement Recommendation A.
- C. THAT all such legal documents be on terms and conditions satisfactory to the General Manger of Engineering Services, the Manager of Materials Management and the Director of Legal Services.
- D. THAT no legal rights or obligations will be created by Council's adoption of Recommendations A, B and C above unless and until such legal documents are executed and delivered by the Director of Legal Services.

## **COUNCIL POLICY**

The Policy of Council is to award contracts for the purchase of equipment, supplies and services that result in the best value based on quality, service, price and other relevant criteria.

Contracts with a value over \$300,000 are referred to Council for approval.

## **BACKGROUND**

Currently, there are approximately 6,600 hydrants and 30,000 to 35,000 gate valves installed throughout the City.

The primary function of the hydrants is fire protection but they are also used in various secondary functions. To ensure continued reliability for the Fire Department and to minimize leakage and other potential problems, the City has a proactive maintenance and replacement program. Maintenance includes an inspection to ensure functionality, followed by the replacement of any parts that are not performing.

There are two types of inspections: classified as "A" and "B" inspections. The "A" service inspection involves exercising the hydrant to ensure that it is operational. It also includes an inspection for leakage and ensures the drain system is functioning. The "B" service inspection is a complete hydrant disassembly, inspection of all material components, replacement of parts as required, lubrication, reassembly and final exercising to ensure functionality. Hydrants are inspected every 14 months, alternating between "A" and "B" type procedures. Therefore, all hydrants receive both types of servicing every 28 months. The objective of the Waterworks Department is to review the service levels of the hydrants and to extend the maintenance out over a 36 month period or possibly longer, thereby reducing the overall costs of maintenance.

Valves fulfill a number of different functions including shut-off valves on hydrants. Valves are typically replaced in conjunction with servicing the hydrants or total hydrant replacements. Maintenance program for valves include inspection and repair activities. A valve inspection includes fully opening and closing the valve, checking the packing and documenting the overall operation of the valve. The City's current goal is to exercise valves on a three year rotation and to monitor the program to ensure the work is being performed and recorded properly.

## **DISCUSSION**

On February 7, 2006, the City issued an Invitation to Tender for the supply and delivery of Fire Hydrants and Waterworks Gate Valves. In addition to notifying incumbent suppliers to the City and other well known vendors, the ITT was placed on the City's and BC Purchasing Commission's BC Bid website.

Four (4) bids were received and opened on March 1, 2006 and referred to the General Manager of Engineering Services and the Manager of Materials Management for evaluation and report.

The tender called for the supply and delivery of fire hydrants and waterworks gate valves offering best value to the City on an as required basis over a three (3) year period with an option to renew for two (2) additional one (1) year periods and includes a review of pricing at the end of every year.

The tender was divided into two requirements. Requirement "A" for fire hydrants and requirement "B" for waterworks gate valves.

	Bid 1	Bid 2	Bid 3	Bid 4
Requirement A	\$112,719.60	\$124,217.94	\$127,048.18	\$131,216.32
Requirement B	\$279,313.80	\$275,487.60	\$329,798.79	\$333,665.83
Total	\$392,033.40	\$399,705.54	\$456,846.97	\$464,882.15

For requirement "A", Bid #1 offers the lowest price, but with a one year warranty on parts and no discount on hydrant parts.

Bid #2 offers a ten year warranty on parts and labour with a 20% discount on hydrant parts. The hydrants are painted with an epoxy based paint. Staff expect that the painting requirements will be reduced by approximately \$4000 to \$7000 per year. The 20% discount on parts would amount to approximately \$3000 per year savings in part purchases. The warranty provisions, if a failure is proven as a warranty item, would save the City approximately \$500 to \$5000 per year in hydrant repair costs. Staff conducted an extensive testing program of five different hydrant manufacturers' products and the hydrant offered in Bid #2 was the highest rated for installation, repair and maintenance.

For requirement "B", Bid #2 is the overall lowest bid that meets specifications.

Overall, the price difference on a per annum basis between Bid #1 and Bid #2 is approximately \$7700 in favour of Bid #1, which represents 2% of the annual cost. However, this is more than offset by the cost savings due to Bid #2's 10 year parts and labour warranty in combination with the overall ease of installation and maintenance of their product. As a result it is felt that Bid #2 offers the City best value for both requirement A and B.

**FINANCIAL IMPLICATIONS**

The purpose of this contract is to cover the Waterworks Fire Hydrants and Gate Valves needs on an annual basis. The funds are available from various Engineering Services Operating and Capital Budgets. The products will be purchased through Central Stores Operating Funds and then charged to the various Engineering Services project accounts on an as required basis.

## CONCLUSION

Accordingly, we recommend acceptance of the bid meeting specifications and offering best value from Four Star Waterworks for a combination of fire hydrants and waterworks gate valves, at an estimated annual cost of \$399,705.54.

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