

**Supports Item No. 2  
CF&S Committee Agenda  
February 27, 2013**



**ADMINISTRATIVE REPORT**

Report Date: February 1, 2013  
Contact: Nick Kassam  
Contact No.: 604.829.2097  
RTS No.: 9910  
VanRIMS No.: 08-2000-20  
Meeting Date: February 27, 2013

TO: Standing Committee on City Finance and Services

FROM: General Manager of Engineering, General Manager of Financial Services  
Group and Chief Purchasing Official

SUBJECT: Contract Award for the Supply and Delivery of Ductile Iron Pipe

***RECOMMENDATION***

- A. THAT Council authorize City staff to negotiate, to the satisfaction of the City's General Manager of Engineering, Director of Legal Services, Director of Finance, and Chief Purchasing Official, and enter into a contract with CANADA PIPE COMPANY ULC for the supply and delivery of ductile iron pipe for a term of three years, (with the option to extend for two additional one-year periods), with an estimated contract value of \$4,409,058 over the three-year term, to be funded through the annual capital budget.
- B. THAT the Director of Legal Services be authorized to execute on behalf of the City the contract contemplated by Recommendation A.
- C. THAT no legal rights or obligations will be created by Council's adoption of Recommendations A and B above unless and until such contract is executed by the Director of Legal Services.

***REPORT SUMMARY***

The City issued a Request for Proposal (RFP - PS20120318) for the supply and delivery of ductile iron pipe (the "RFP") on BC Bid and received one proposal in response to the RFP, due to the limited number of manufacturers for these products. The proposal received was from the City's incumbent supplier - Canada Pipe Company ULC. City staff on the RFP evaluation committee, and subsequently the Bid Committee, have considered the proposal received and on that basis this report recommends that the City negotiate and, if such negotiations are successful, enter into a contract as described above with Canada Pipe Company ULC.

## ***COUNCIL AUTHORITY/PREVIOUS DECISIONS***

The City's Procurement Policy requires that contracts with values over \$2 million must be approved by Council following review and recommendation by the Bid Committee. Bid Committee has considered and approved Canada Pipe Company ULC as the successful proponent.

## ***REPORT***

### ***Background/Context***

The City's water system consists of 1,470 km of water mains, of varying sizes and material types, to transport bulk water purchased from Metro Vancouver to the businesses and residents of Vancouver. The Engineering Services Department maintains an ongoing water main replacement program for the periodic review of the age, failure history, material properties and environmental conditions of the pipe system. The program serves to identify pipe sections that have reached the end of their service lives and selects them for replacement.

The current City contract for ductile iron pipe expired on December 31, 2012. In accordance with the City's procurement policy, an RFP was issued to the marketplace to seek suppliers with the capability to supply the City's estimated demand over three years, together with the City's service requirements, including a pipe quality control, inspection & testing process, and pipe handling & just-in-time delivery model.

Canada Pipe Company ULC is the source of supply, either directly or through a network of distributors for many other municipalities across the Lower Mainland and Vancouver Island.

### ***Strategic Analysis***

The RFP was issued in accordance with the City's Procurement Policy. The City received a proposal from one vendor in response to the RFP. The proposal was evaluated under the stewardship of Supply Chain Management to ascertain if the proposal offered the best overall value to the City through the work of an evaluation team comprised of representatives from Engineering Services (Waterworks Design and Waterworks Operations). In determining if the proposal offered the best overall value to the City, both quantitative and qualitative factors such as price, product and service offerings, and sustainability were considered, among other factors.

Some of the criteria considered in the overall evaluation process included:

- Prices - trend over last contract and cost structure assessed;
- Ability to offer quality products, warranties, and customer service, and to meet the City's service & just-in-time delivery model requirements;
- Ability to provide business technology solutions which incorporate electronic billing, payment options, and reporting; and
- Demonstrated ability to adhere to City's values, including sustainability.

Based on the overall evaluation, the team concluded that the proposal submitted by Canada Pipe Company ULC met the City requirements and provided overall value to the City.

### ***Financial***

Funding is available from the approved 2012 - 2014 Engineering Capital Plan for Distribution and Transmission Main Replacement. As a result of the RFP process the City is able to negotiate and achieve cost certainty for the proposed three-year contract term from 2013 to 2015. The new negotiated contract price for the three year contract term will be 9% above the current price which was negotiated in 2009 and held through 2012. In assessing the financial component from the sole proposal, the City conducted a thorough analysis of the elements that contribute to the product cost structure. The new contract price is consistent with the trend of cost increases associated with the manufacturing and delivery of the product since 2009.

### ***CONCLUSION***

In summary, City staff recommends that the City of Vancouver enter into a three-year contract, with the option to extend for two additional one-year terms, with Canada Pipe Company ULC for the supply and delivery of ductile iron pipe. Canada Pipe Company ULC is the incumbent City supplier.

\* \* \* \* \*