



ADMINISTRATIVE REPORT

Report Date: May 28, 2013
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VanRIMS No.: 08-2000-20
Meeting Date: June 26, 2013

TO: Standing Committee on Planning, Transportation and Environment

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

SUBJECT: Contract Award for the Supply and Delivery of Pipe and Fittings

RECOMMENDATION

- A. THAT Council authorize City staff to negotiate, to the satisfaction of the City's General Manager of Engineering, Director of Legal Services, General Manager of Financial Services Group and Chief Purchasing Official, and enter into, a contract with Flocor Inc. for the supply and delivery of pipe and fittings for a term of three years (with the option to extend for two additional one-year periods), with an estimated contract value of \$4,500,000 over the term, to be funded through the annual capital and operating budget process.
- B. THAT the Director of Legal Services be authorized to execute on behalf of the City the contract contemplated by recommendation A above.
- C. THAT no legal rights or obligations will be created by Council's adoption of by 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-PS20110826) for the supply and delivery of pipe and fittings (the "RFP"). City staff on the RFP evaluation committee, and subsequently the Bid Committee, have considered the proposals received and on that basis, recommend that the City negotiate and, if such negotiations are successful, enter into a contract as described above with Flocor Inc.

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 Flocor Inc. as the successful proponent.

REPORT

Background/Context

The City currently purchases a variety of pipe and fittings, which are used for an assortment of applications, in order to run and maintain the City's waterworks and sewer operations. Pipe and fitting supplies include:

- PVC pipe and fittings;
- copper tube;
- ductile iron fittings;
- waterworks brass and screwed brass fittings;
- mechanical couplings; and
- waterworks service saddles

The purpose of the RFP was to seek suppliers with the capability to supply the City's estimated demand over the term of the proposed contract with competitive pricing, together with the best quality, services, innovation, and environmental or sustainability solutions, and to consolidate the vendor base for effective contract and supplier management, with a focus on delivering the overall best value to the City.

Strategic Analysis

The RFP was issued in accordance with the City's Procurement Policy. The City received proposals from six vendors in response to the RFP. The proposals were evaluated under the stewardship of Supply Chain Management to ascertain which offered the best overall value to the City through the work of an evaluation team comprised of representatives from various departments throughout the City. In determining which proposals offered the best overall value to the City, both quantitative and qualitative factors such as price, product and service offerings, business technology and sustainability were considered, among other factors.

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

- Financial offerings;
- Ability to offer quality products and depth of products, comprehensiveness of inventory management systems, demonstrated service levels in areas such as: operations and logistics, surplus obsolete products solutions, returns and restocking, and quality assurance programs, and general responsiveness and efficiency of customer service;

- Ability to provide business technology solutions which incorporate electronic billing and payment options, reporting and on-line ordering; and
- Demonstrated ability to adhere to the City's values, including environmental, sustainability and innovation values.

Based on the overall evaluation, the team concluded that the proposal submitted by Flocor Inc. met the City requirements and provided best overall value to the City.

Financial

Finance has reviewed the financial information and confirmed that funding is available from the annual operational and capital budgets of the various departments requiring the supply and delivery of pipe and fittings. As a result of the RFP process, the City was able to achieve cost certainty during the contract term and gain process efficiencies through consolidation of contracts which resulted in forecasted savings of approximately \$130,000 per year based on our historical spend.

CONCLUSION

In summary, City staff recommends that the City of Vancouver negotiate and enter into a three-year contract, with the option to extend for two additional one-year terms, with Flocor Inc. for the supply and delivery of pipe and fittings. Flocor Inc. had the highest overall evaluation score and offers the best overall value to the City.

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