TO: Chair and Members  
Public Works Committee  
WARD(S) AFFECTED: CITY WIDE  

COMMITTEE DATE: January 17, 2011  

SUBJECT/REPORT NO:  
Central Fleet Request for Policy 11 Approval (PW09042b) (City Wide)  

SUBMITTED BY:  
Gerry Davis, CMA  
General Manager  
Public Works Department  

PREPARED BY:  
Chris Hill, Manager Central Fleet  
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RECOMMENDATION  
That Council authorize the Central Fleet section to use Purchasing Policy 11 to award a single source contract for repair and maintenance of the City's two natural gas compressor stations to MCI Inc. of Kitchener in the estimated amount of $300,000 for the calendar year 2011.  

EXECUTIVE SUMMARY  
Central Fleet maintains two natural gas compressor stations to provide natural gas for fleet vehicles and transit buses. One is located at the Transit Garage at 2200 Upper James Street and the other is located at the Central Garage at 330 Wentworth Street North. A contract for repair and maintenance services for the compressor stations has expired. The Purchasing Section issued a Request for Prequalifications, Contract C11-81-10 in July 2010 that resulted in a single submission that failed to meet the minimum evaluation score due to incomplete responses.  
The single respondent is MCI Inc., which has reliably provided the City of Hamilton with the services required in this contract for eleven years.  
As the vendor's past and current service has been satisfactory to the City and no other vendor can be found to provide an alternative source, the Public Works Department recommends that a contract be awarded to MCI Inc. to continue providing its services for the next year at an estimated cost of $300,000 for labour and materials.
In 2011, as part of the City’s Biogas/ Digester (Energy Recovery) Infrastructure Funding Stimulus (ISF 660), staff will be evaluating the technical and economic feasibility of replacing one or both of the existing compressor stations. If one or both of the stations are modernized and resume service in 2011 as planned, the cost of ongoing service and maintenance of the station(s) would be reduced in future years.

**Alternatives for Consideration - See Page 3**

### FINANCIAL / STAFFING / LEGAL IMPLICATIONS

**Financial:** Adequate budget has been proposed in our 2011 tax-supported operating budget.

**Staffing:** N/A

**Legal:** N/A

### HISTORICAL BACKGROUND

- The City built natural gas compressor stations for automotive fuelling at the Central Garage in 1994 and the Transit Garage in 2000. The Transit Division used about 3.8-million cubic metres of compressed natural gas (CNG) in 2009 for its 83 CNG-powered buses. The Central Fleet used a much smaller quantity for the five vehicles that use CNG in the Public Works fleet.

- MCI Inc. has serviced and repaired these stations under contract since 2000. The service has been consistent and reliable.

- Central Fleet and Purchasing have searched unsuccessfully for alternative sources. The nearest alternative is Enbridge Gas Distribution, a competitor to Union Gas and unable to provide service outside their franchise territory. There is only one other vendor in Ontario, Fiba-Canning in Markham who declined to quote.

- In July 2010 the Purchasing section issued a Request for Prequalifications, Contractors Required for Natural Gas Compressor Station Maintenance & Service, Contract C11-81-10 to find out if there were any overlooked sources. The only response was from MCI Inc. An evaluation team reviewed the submission and concluded that it did not sufficiently respond to the form of the prequalification selection criteria. While the applicant met our requirements for understanding the project and ability to respond to after-hours emergencies, both critical for success, insufficient detail was provided about experience in similar contracts and applicant experience in the written submission to meet the minimum score needed to pass. The evaluation team agreed that this was an oversight on the applicant’s part and did not truly describe the applicant’s qualifications, based on our experience to date.

### POLICY IMPLICATIONS

Single source requests which are $250,000 or greater must have Council approval prior to initiating the negotiation process.
This recommendation aligns with the Public Works Business Plan by ensuring that equipment is maintained and completes its expected lifecycle, and costs are kept to a minimum.

RELEVANT CONSULTATION

The Manager of Purchasing was consulted and recommended that we include information about Fiba-Canning as a potential vendor, and noted that the market for this service is very small.

ANALYSIS / RATIONALE FOR RECOMMENDATION

Although the written submission from MCI was evaluated as insufficient to be awarded the minimum score required to proceed, the evaluation team has reviewed our experience with this vendor and concluded that disqualification on this basis alone puts the City in an unnecessarily risky situation. This vendor has performed reliably and competently for the past eleven years, and the omission of certain details in the pre-qualification round was an oversight by the applicant.

Given that the existing compressor stations are both original prototypes with "one of a kind" parts, it is important that the City continues to have local and timely repairs available. This will minimize the risk of transit disruption.

ALTERNATIVES FOR CONSIDERATION

There are none at this time, pending the results of the financial and technical feasibility study of replacing one or both of the compressor stations, in 2011.

CORPORATE STRATEGIC PLAN


Financial Sustainability

- Delivery of municipal services and management of capital assets/liabilities in a sustainable, innovative and cost effective manner is maintained.

APPENDICES / SCHEDULES

None