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TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON AUGUST 25, 2014
FROM:	JOHN BRAAM, P.ENG. MANAGING DIRECTOR, ENVIRONMENTAL AND ENGINEERING SERVICES & CITY ENGINEER
SUBJECT	SINGLE SOURCE CURED IN PLACE PIPE – LINING SUPPLIES

RECOMMENDATION

That, on the recommendation of the Managing Director - Environmental and Engineering Services & City Engineer, the following actions **BE TAKEN** with respect to the supply of materials to support the City's cured in place, private drain connection (PDC), lining process:

- (a) the approval hereby **BE GIVEN** to enter into negotiations with LMK Enterprises Inc. to provide cured in place pipe, lining supplies for a one (1) year term, with an option to renew the contract two (2) additional years;
- (b) the Civic Administration **BE AUTHORIZED** to undertake all the administrative acts that are necessary in connection with this initiative;
- (c) the approval herein **BE CONDITIONAL** upon the Corporation negotiating satisfactory prices, terms and conditions with LMK Enterprises Inc., to the satisfaction of the Managing Director, Environmental and Engineering Services and City Engineer; and
- (d) the approval hereby **BE CONDITIONAL** upon the Corporation entering into a formal contract or issuing a purchase order relating to the subject matter of this approval.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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None.

BACKGROUND

Purpose:

This report seeks approval of the Municipal Council to procure cured in place pipe lining supplies through negotiations and in accordance with Section 14.4 (e) of the Procurement of Goods and Services Policy being that the required goods and services are to be supplied by a particular supplier having special knowledge, skills, expertise or experience. The Municipal Council approval is required where such purchases exceed \$50,000.

Context:

Under provisions of the City's Drainage By-law, WM – 4, the City of London, Sewer Operations Division is responsible for the repair of all malfunctioning PDC's servicing residential properties. The Division is fully equipped to undertake such work using advanced trenchless technology. Necessary material purchases, such as felt lining, bladders, catalysts, resins and miscellaneous appurtenances are required to support this cost efficient and effective PDC replacement method. Without an appropriate means to purchase this material, the City owned, specialized trenchless equipment would be greatly underutilized.

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Moreover, the customer could be faced with the potential aftermath of more invasive PDC replacement methods including typical inconveniences associated with the reinstatement of damaged property.

Discussion:

In June, 2009, the Municipal Council approved a Single Source report that resulted in the purchase of equipment from LMK Enterprises Inc., 1779 Chessie Lane, Ottawa, Illinois, 61350-USA, enabling City forces the ability to trenchlessly line an existing PDC at the request of a property owner. A cured in place pipe lining process is still considered state of the art and superior in most cases to the traditional open cut alternative. The City of London is only one municipality in a handful of municipalities across the country that has the capability of carrying out such an advanced PDC replacement solution. Not only is this trenchless method cost effective, but it offers a number of social impact benefits. For instance, a PDC replacement through a cured in place method can be accomplished in approximately one third of the time of an average PDC replacement by traditional open cut excavation. Mature trees, elaborate landscaping, irrigation systems and manicured properties have all been spared through the City's trenchless PDC replacement process, since the acquisition of the specialized equipment in 2009.

In 2011, an extensive investigation was conducted North American wide to determine whether a comparable product to that offered by LMK Enterprises Inc. existed and to undertake a competitive bidding process upon the confirmation of equivalent competitors. The following considerations were given during the investigation:

- health & safety of the worker – chemical attributes of resin products on the market and their potential hazards
- compatibility of the material with City owned specialized lining equipment
- workability - ease of working with available products on the market
- customer service support

Upon conclusion of the investigation it was determined that LMK Enterprises Inc. offered the best overall result given the key considerations noted above. While the Sewer Operations Division has ordered material from LMK through the provisions of the current Procurement of Goods and Services Policy, the limited dollar value shown under schedule "A" (\$50,000) has been insufficient, particularly in times when the number of unpredictable PDC replacement occurrences approach or exceed the estimated annual average of 25.

Financial Impact:

Funding for the purchase of cured in place pipe lining supplies is provided through the Council approved 2014 Sewer Operations, Operating budget. The range in material costs is expected from \$50,000 to \$75,000.

There are no anticipated additional operating costs in the 2014 Environmental and Engineering Services Operating budgets and subsequent years associated with the approval of this acquisition.

Conclusions:

For all of the benefits cured in place pipe technology has to offer, including customer satisfaction, the City needs to maintain full utilization of the specialized equipment it currently owns and the in-house expertise it possesses. Approval to purchase lining materials through the recommendations of this Single Source report will ensure that City forces are adequately equipped to respond to customer requests in a timely manner.

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SUBMITTED BY:	RECOMMENDED BY:
RICK PEDLOW, C.E.T. DIVISION MANAGER SEWER OPERATIONS	JOHN LUCAS, P.Eng. DIRECTOR, WATER & WASTEWATER
REVIEWED AND CONCURRED BY:	
JOHN BRAAM, P.Eng. MANAGING DIRECTOR - ENVIRONMENTAL AND ENGINEERING SERVICES & CITY ENGINEER	

August 6, 2014

c. John Freeman, Manager, Purchasing and Supply
Geoff Smith, Procurement Officer, Purchasing and Supply