

# The Regional Municipality of York

Committee of the Whole  
Environmental Services  
March 12, 2020

Report of the Commissioner of Environmental Services

## Direct Purchase of Laboratory Supplies, Equipment and Parts

### 1. Recommendations

1. Council authorize the direct purchase of laboratory supplies, equipment and parts, including repair and replacement of critical laboratory and instrumentation equipment, from Hach Sales and Service Canada Limited, pursuant to the provisions of the Purchasing Bylaw, for a term of five years commencing May 1, 2020 and ending April 30, 2025, at an upset limit cost of \$2,666,800 excluding HST.
2. Council authorize the Commissioner of Environmental Services to execute the agreement on behalf of the Region.

### 2. Summary

This report seeks Council approval of a direct purchase agreement with Hach Sales and Service Canada Limited for the purchase of laboratory supplies, equipment and parts, including repair and replacement of critical laboratory and instrumentation equipment, required for system operations and to maintain water and wastewater regulatory compliance. Pursuant to Sections 10.1 (a) of the Region's Purchasing Bylaw (2017-30) Council approval is required to award a direct purchase contract exceeding \$150,000 in circumstances where, in the opinion of the Commissioner, compatibility with existing equipment facilities or services is the paramount consideration. In this circumstance compatibility of equipment is the paramount consideration.

Additionally, this report seeks authority under Section 18.1 of the Purchasing Bylaw (2017-30) to enter into a new contract with an existing provider for an aggregate contract term greater than five years.

Key Points:

- A direct purchase agreement with Hach Sales and Service Canada Limited is recommended to purchase laboratory supplies, equipment and parts, including repair and replacement of critical laboratory and instrumentation equipment, from May 1, 2020 to April 30, 2025 in the amount of \$2,666,800 excluding HST

- Laboratory work and equipment calibrations are required to maintain regulatory compliance for water and wastewater operations under the *Safe Drinking Water Act*, *Environmental Protection Act* and the *Ontario Water Resources Act*
- A contract was awarded to Hach Sales and Service Canada Limited from August 22, 2018 to April 30, 2020 following a competitive procurement process where no other company provided pricing
- This purchase represents good value because Hach Sales and Service Canada Limited provides the most cost-effective pricing and availability to York Region as the direct manufacturer and distributor of their branded products and equipment
- Due to complexity of business needs, changing the brand and technology could impact regulatory compliance and service delivery, therefore maintaining continuity and compatibility through the use of Hach Sales and Service Canada Limited products assists in sustaining compliance
- Market research, product analysis and compatibility identified Hach Sales and Service Canada Limited as offering cost-effective pricing on its products while all other companies on the market have a markup on the same products. Purchasing directly from Hach Sales and Service Canada Limited eliminates a broker and their markup resulting in better pricing. This arrangement makes Hach Sales and Service Canada Limited the only entity reasonably capable of providing these deliverables without having to pay a markup

### 3. Background

#### **Laboratory equipment, parts and supplies are used to ensure drinking water quality and environmental protection**

Regional staff operate and maintain water and wastewater systems in full compliance with applicable legislation and regulations, including but not limited to the *Safe Drinking Water Act*, *Environmental Protection Act* and the *Ontario Water Resources Act*.

In accordance with the requirements of these Acts and associated regulations and guidelines and to maintain assets, various operational activities such as laboratory work and equipment calibrations are required to maintain regulatory compliance for water and wastewater operations. Laboratory supplies, equipment and parts procured from Hach Sales and Service Canada Limited are used to fulfil these needs including items such as chemical reagents for laboratory and analysis equipment. Repair and replacement of critical laboratory and instrumentation equipment included in the agreement supports safe water and protection of the environment, operational process improvements, 24 hour daily monitoring and measurement quality.

#### **Previous competitive bid process identified Hach Sales and Service Canada Limited as most viable supplier**

On June 6, 2018, Hach Canada Sales and Services Limited was engaged through a Request for Tender (RFT) process to provide prices for laboratory supplies and equipment

used in water and wastewater facilities. The contract was awarded to Hach Sales and Service Canada Limited for a one year term at a cost of \$512,000. They were also the only bidder for the scope of work listed in the RFT. Subsequently the contract was increased to accommodate addition of items not originally in scope increasing the cost to \$525,300.

Hach Sales and Service Canada Limited has consistently met contract requirements and continues to provide quality products and service.

Hach Sales and Service Canada Limited has agreed to hold the discounted pricing structure in this contract for an additional five years under the same terms with escalation of Consumer Price Index (CPI) annually. Table 1 illustrates deliverables provided by Hach Sales and Service Canada Limited under current contract pricing and the estimated dollar value of these deliverables.

**Table 1**  
**Estimated Cost of Deliverables under Hach Canada Contract**

Category	Deliverables	Estimated Cost*
Laboratory Instruments	Spectrophotometers, colourimeters, turbidimeters	\$479,700
Laboratory Meters and Probes	Portable meters, benchtop meter, calibration standards	\$100,500
Chemistry, Reagents and Standards	Ammonia, free and total reagents, pH probes	\$909,500
Online Analyzers	Ammonia, chlorine and fluoride analyzers	\$120,800
Test Kits	Electrode kits for fluoride analyzer	\$32,500
Laboratory Equipment and Supplies	General laboratory consumables, instruments	\$1,023,800
<b>TOTAL:</b>		<b>\$2,666,800</b>

\*Estimated costs include CPI of up to 2.5% year over year for five years

#### 4. Analysis

##### **York Region requires consistent access to laboratory supplies, equipment and parts to support the operation of water and wastewater facilities**

Laboratory supplies, equipment and parts procured from Hach Sales and Service Canada Limited include items such as chemical reagents for laboratory and analysis equipment as well as repair and replacement of critical laboratory and instrumentation equipment.

Consistent access to laboratory supplies, equipment and parts is required to ensure drinking water quality and high quality effluent, and to maintain compatibility with existing equipment.

To support compliance with relevant environmental legislation, regulations and other additional requirements, staff are recommending York Region enter into a five year agreement with Hach Sales and Service Canada Limited.

### **Direct purchase agreement with Hach Sales and Service Canada Limited will ensure seamless management of existing products and elimination of staff retraining**

Regional staff recommends Hach Sales and Service Canada Limited as they are the manufacturer and distributor of their branded products, and as such, provide the most cost-effective pricing to York Region in a longer term supplier agreement. All other companies on the market include a markup on the same products resulting in higher prices. Hach Sales and Service Canada Limited has agreed to hold the current pricing structure for an additional five years beyond their current agreement subject to CPI increases each year.

Hach Sales and Service Canada Limited recommends their branded reagents and chemicals be used in conjunction with their equipment as a requirement during the warranty period.

### **Laboratory equipment and instruments utilized to perform advanced operational process monitoring**

All laboratory equipment and instruments are procured to perform advanced operational process monitoring and promote water quality and environmental protection. The instruments procured under the current contract assist in reducing variability and providing prompt analysis for operational process parameters. The readings obtained using these instruments are used to make decisions regarding process control and result in benefits to operational efficiency, system understanding and improve water quality.

### **Hach Sales and Service Canada Limited is an industry leader**

Hach Limited is one of only a few industry vendors capable of providing high quality, accurate and simple laboratory supplies, equipment and parts to York Region. York Region has invested in these products to ensure regulatory compliance for water and wastewater systems.

Hach Limited has been providing water and wastewater analysis products and services for over 60 years while supporting water conservation, environmental profile improvements and regulatory compliance.

Hach Limited analytical instruments and reagents are used to test the quality of water in a variety of industries and markets around the globe. They provide total solutions for water analysis to environmental and industrial markets. Hach Sales and Service Canada Limited's Quality Management System is based on the ISO 9001:2015 and ISO 14001:2015 Series Quality System Standards.

## **5. Financial**

### **Estimated upset value for five year agreement is \$2,666,800**

Historical financial data and projected spending based on sampling requirements for current and future assets were used to create an estimated value for the five year agreement. Based on the commitment from Hach Sales and Service Canada Limited to hold their pricing structure for an additional five years subject to CPI increase annually, it is projected that approximately \$533,300 annually including inflation (based on current CPI rates) but excluding HST is required over the next five years.

The cost to purchase Hach Sales and Service Canada Limited branded supplies, equipment and parts is included within the approved operating budget.

## **6. Local Impact**

Entering into a supplier agreement will enable staff to maintain and operate assets more efficiently and minimize disruptions to water and wastewater service delivery to the local area municipalities.

Regional staff are committed to providing continuous operation of water and wastewater systems to meet all applicable regulatory requirements.

## **7. Conclusion**

It is recommended that York Region enter into a direct purchase agreement with Hach Sales and Service Canada Limited for five years at \$2,666,800. This purchase meets the requirements for a direct purchase under the Purchasing Bylaw because compatibility with existing equipment, facilities or services is the paramount consideration and there is only one entity reasonably capable of providing the deliverable. Hach Sales and Service Canada Limited provides the most cost-effective pricing and availability to York Region as the direct manufacturer and distributor of their branded products and equipment, enabling continuous operation and maintenance of assets more efficiently, supporting achievement of compliance requirements, and minimizing potential service disruptions.

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For more information on this report, please contact Roy Huetl, Director, Operations, Maintenance and Monitoring at 1-877-464-9675 ext. 75323. Accessible formats or communication supports are available upon request.

Recommended by: **Erin Mahoney, M. Eng.**  
Commissioner of Environmental Services

Approved for Submission: **Bruce Macgregor**  
Chief Administrative Officer

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