



Report to: General Committee

Date Report Authored: September 24, 2013

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**SUBJECT:** Award of Contract Extension # 247-S-13 Laboratory  
Sampling Analysis  
**PREPARED BY:** Stefan Ulman, Water Quality Coordinator Ext. 2449

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**RECOMMENDATION:**

- 1) THAT the report entitled "Award of Contract Extension #247-S-13 Laboratory Sampling Analysis" be received";
- 2) AND THAT the contract for # 247-S-13 Laboratory Sampling Analysis be awarded to York-Durham Regional Environmental Laboratory in the estimated contract value of \$298,488.00, inclusive of HST for a period of 2 years (2014 – 2015) at the same firm fixed unit prices per the original contract, subject to Council approval of the respective year's budgets;
  - 2014 - \$149,244.00
  - 2015 - \$149,244.00
- 3) AND THAT the Director of Environmental Services and Senior Manager of Purchasing and Accounts Payable be authorized to extend the renewal for Laboratory Sampling Analysis for an additional 3 years (2016-2018) with prices adjusted based on the annual increase in Consumer Price Index-Ontario All Items (CPI);
- 4) AND THAT the award be funded from the Operating Budget accounts as identified within the Financial Considerations Section;
- 5) AND THAT Staff be authorized to amend the award amounts in years 2014-2018 to reflect changes to the Operating Budget accounts as approved by Council during the annual budget process;
- 6) AND THAT the tender process be waived in accordance with Purchasing Bylaw 2004-341, Part 11, Section 7(1) h which states "where it is necessary or in the best interest of the City to acquire non-standard items or Professional Services from a preferred supplier";
- 7) AND THAT Staff be authorized and directed to do all things necessary to give effect to this resolution.

**EXECUTIVE SUMMARY:**

Not Applicable

**PURPOSE:**

The purpose of this report is to obtain council approval to award contract #247-S-13 for Laboratory Sampling Analysis for a period of 5 years. The first 2 years of the contract (2014-2015) will be held at the same firm fixed prices as have existed for the last 7 years, and the next 3 years of the contract (2016-2018) will be subject to CPI adjustment.

**BACKGROUND:**

The York Durham Regional Environmental Laboratory (YDREL) was established as a joint venture between both York and Durham Regions. On July 14, 1992, Council approved the use of YDREL and since then, YDREL has been the preferred supplier for the City's laboratory analysis. There has not been any price increase for the unit rates in the last 7 years.

The YDREL is an accredited laboratory and is licensed by the Ministry of Environment (MOE). The City of Markham is legislated to comply with MOE regulations regarding the drinking water distribution system for assurance of water quality. The City of Markham also has a Sewer Effluent Sampling program in place that requires an accredited laboratory to guarantee the admissibility of the results should they be required for a court room.

The City of Markham Waterworks department collects and tests over 8,000 water samples every year to ensure the safety and quality of the drinking water supplied to our residents, as well as 1,000 sewer effluent samples for Industrial, Commercial and Institutional ("ICI") surveillance and to ensure compliance with the City of Markham Sewer Use bylaw. Of these 9,000 samples, more than half must be tested by an accredited laboratory, licensed by the MOE. Four licensed laboratories are located within the GTA. They are YDREL in Pickering, Maxxam in Mississauga, AGAT in Mississauga and Caduceon in Richmond Hill. Of these laboratories, Caduceon is the most recently established, having been in business at this location for only a few years. AGAT and Maxxam have both been in operation for a longer period of time, but are not nearly as conveniently located as our current laboratory, the York-Durham Regional Environmental Laboratory (YDREL). Waterworks assists Parks and Recreation with the commissioning of seasonal water service for their facilities such as tennis court clubhouses and splash drinking fountains to ensure safe and quality drinking water is available for the public. The commissioning includes sampling the water and having it tested at an accredited laboratory. The number of samples will depend on the passing of the system.

Due to the nature of our business, we deliver our own samples to the lab. This ensures that only qualified Waterworks Operators handle and transfer the samples to the lab as to not disrupt the chain of custody and potentially introduce contamination to the samples.

**OPTIONS/ DISCUSSION:**

Staff recommend that the City's laboratory sampling analyses contract be awarded to YDREL on a sole source basis, due to the following reasons:

Comparable Price – The prices of sample testing at YDREL have proven to be very competitive with other MOE approved laboratories within the GTA. YDREL has not increased fees to the City of Markham over the previous seven years (2007-2013) and this pricing will remain constant through to December 31<sup>st</sup>, 2015. Additionally, Staff has verified that other municipalities who utilize YDREL are paying comparable rates to that of Markham.

Staff conducted price comparisons by contacting the three other MOE approved laboratories within the GTA. Please see the table below for a breakdown of total costs, inclusive of HST:

**Table 1.0 – 2013/2014 Price Comparison chart of 4 GTA Accredited Laboratories**

	YDREL	AGAT	MAXXAM	Caduceon
Scheduled Regulatory & New Dev. Sampling	\$99,206.00	\$110,493.00	\$107,939.20	\$95,555.80
Admin. Costs	\$0.00	\$816.00	\$620.00	\$5,120.04
Wastewater Sampling	\$49,236.00	\$45,936.00	\$41,008.00	\$48,439.86
Unscheduled Provision	\$802.00	\$802.00	\$802.00	\$802.00
<b>GRAND TOTAL</b>	<b>\$149,244.00</b>	<b>\$158,047.00</b>	<b>\$150,369.20</b>	<b>\$150,567.73</b>

YDREL is the most cost effective laboratory when considering the required number of samples to be tested, the individual lab unit costs, the administration and overhead fees and their 24 hour response charge rates,.

Past Performance, Reliability, and Quality of Service – The YDREL has been the sole provider of microbiology and chemical analyses for the City of Markham for the past 21 years. During this time, Markham has received excellent and professional service. Without fail, the laboratory has carried out all of the required regulatory sampling, and sewer effluent sampling, accurately and promptly. YDREL's highly qualified and professional staff have worked very diligently to provide the City with water quality analytical data reported as quickly and accurately as possible, usually in 1 to 2 business days. It is critical that the City minimize its water quality and safety risks by ensuring that reliable and accurate analyses are undertaken and correct documentation is received from the sampling laboratory. While other laboratories have had issues with failing to report adverse results to the Ministry of the Environment (MOE), Markham has had no such issues with YDREL. And it is Staff's understanding that no other clients of YDREL have had similar issues. Currently, all municipalities within York Region, as well as York Region itself, utilize the services of YDREL.

Legal Sampling Requirements – Waterworks conducts reactive compliance surveillance to ensure the integrity of our sewage infrastructure. These tests must be performed by an accredited laboratory to guarantee the admissibility of the results in a court room. At this time, Caduceon does not have a legal lock up storage facility for sewer effluent samples.

YDREL provides Markham with its own locker for storage of legal samples, which guarantees assurance of admissibility in a court room.

#### **FINANCIAL CONSIDERATIONS AND TEMPLATE:**

The Laboratory Sampling Analysis contract will be awarded to YDREL in the estimated annual amount of \$149,244, inclusive of HST. The award will be funded from the operating budget accounts as listed below:

Account Name	Account #	Budget Amount	Cost of Award	Budget Remaining
		-	-	-
New Development	760-160-5342	29,568	29,568	-
Water Sampling	760-160-5343	60,056	60,056	-
Sewer Effluent Sampling	760-530-5345	49,620	49,620	-
Parks - Facility Maintenance	730-743-5414	118,661	10,000	108,661
<b>Totals:</b>		<b>257,905</b>	<b>149,244</b>	<b>108,661</b>

The budget remaining in the amount of \$108,661 in the Parks facility maintenance account will be used for repairs and maintenance of facilities and parks, such as electrical repairs, pumping services, fence repairs and fire inspection, as budgeted for.

For the first two years of this contract (2014 to 2015), the prices are fixed at the 2013 rates. The extension for years 3 to 5 are subject to rate adjustment equivalent to inflation using the Ontario All-Items Consumer Price Index (CPI), year to year, published by Statistics Canada, as available for October (i.e. Price beginning January 1, 2016 will increase based on the October 2014 to October 2015 CPI percentage increase). Should there be an industry wide price increase beyond CPI, such as, raw material shortages, the contractor may request for a price adjustment and staff will evaluate the request and obtain appropriate approval as per the Expenditure Control Policy. Alternatively, Staff may recommend not extending the contract and issue a Request for Proposal to the market.

#### **HUMAN RESOURCES CONSIDERATIONS**

Not Applicable

#### **ACCESSIBILITY CONSIDERATIONS:**

Not Applicable

#### **ALIGNMENT WITH STRATEGIC PRIORITIES:**

The Laboratory Sampling Analysis Contract is consistent with the City's corporate goals of Infrastructure Management and Quality Community.

The program enhances several key Waterworks service delivery components:

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- Proactive & preventative strategies to identify & manage risks to public health;
  - Continuous Improvement of Waterworks activities and service delivery;

**Infrastructure Management:**

The Laboratory analyses undertaken are a prerequisite to Markham's building, renewing and strategically managing the City's infrastructure to meet the demands and expectations of a growing community including the provision of safe drinking water.

**Managed Growth:**

Provide a framework for the timely delivery of well-planned new communities that are phased and coordinated with the provision of infrastructure, a component of which involves the water distribution system. Timely and accurate Laboratory testing and analysis of drinking water is necessary in the provision of safe quality water to residents.


**BUSINESS UNITS CONSULTED AND AFFECTED:**

Finance department has been consulted.

**RECOMMENDED BY:**

23/10/2013

11/1/2013

X 

Peter Loukes, P. Eng.  
Director, Operations

X 

Brenda Librecz  
Commissioner, Community & Fire Services

**ATTACHMENTS:**

None