

**MEETING DATE:** April 11, 2001

**SUBJECT:** Procurement Authorization - Supply Of Steam Boilers And Ancillary Equipment

**RECOMMENDATION**

It is recommended that the Commission approve the acceptance of the tender and the award for the supply of steam boilers and associated ancillary equipment for Greenwood Yard to Thermogenics Inc. in the amount of \$611,110.00.

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**FUNDING**

Sufficient funds for this expenditure have been included in Project 3.2 Equipment, under Greenwood Yard Boiler Replacement of the 2001-2005 Capital Program, (set out on pages 425-428) as approved by the Commission on December 13, 2000.

**BACKGROUND**

Currently, all the buildings within Greenwood Yard are heated by the three gas-fired steam boilers. High-pressure steam generated from the boilers is distributed via overhead and underground steam lines to various buildings throughout the Greenwood Yard. The steam heating system including piping, pumps, boilers and ancillary equipment were originally installed in 1963. The boilers are now 38 years old and have exceeded their normal life expectancy of 25 years as recommended by American Society of Heating, Refrigeration and Air-conditioning Engineers. As a result, operational difficulties are more frequent and replacement parts for the original equipment are no longer available. In addition, the original design and installation no longer meet the present code and engineering standards.

Furthermore, the existing boilers require the dedicated attendance of a full-time operating engineer under the current legislation, while the new boilers will only require daily routine maintenance under the current Operating Engineers Act. Consequently, replacement boilers will be more efficient and will enable better utilization of existing resources and result in operating savings (labour and material) as committed to in the Capital Program. The Greenwood Yard Boiler Replacement Program includes the replacement of the existing system with three new steam boilers and associated ancillary equipment.

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## **DISCUSSION**

The replacement of the existing boiler system is necessary in order to ensure that all the buildings within Greenwood Yard are heated by a more efficient, reliable and safe system. The workspace will involve complete replacement of the three boilers and associated ancillary equipment. This work has been scheduled to commence in 2001 and must be finished for the 2001/2002 heating season. In view of the 12-16 week lead-time required for the fabrication of these boilers and major ancillary equipment, the procuring of these boilers and the ancillary equipment, prior to the finalization of installation contract, is required.

Drawings and specifications were prepared for the supply of boilers for Greenwood Yard, which was advertised in the Daily Commercial News on March 1, 2001. Four companies submitted tenders as summarized in the attached Appendix "A". Thermogenics Inc., who have successfully supplied numerous boilers of similar capacity in Canada, within the last five years, submitted the lowest acceptable bid. They stated three minor exceptions regarding warranty, training and commissioning, and one qualification to the payment terms. Their submission was reviewed by staff of Plant Maintenance Engineering and Materials and Procurement and is considered acceptable.

## **JUSTIFICATION**

It is essential to replace the three boilers and ancillary equipment in order to provide an efficient, reliable and safe heating system and to be compliant with the current codes and engineering standards.

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March 27, 2001

6-75-114

Attachment: Appendix "A"

**Appendix "A"**

**PROCUREMENT AUTHORIZATION – SUPPLY OF STEAM BOILERS  
AND ANCILLARY EQUIPMENT  
TENDER NO. T31W01751**

<b>COMPANY NAME</b>	<b>TOTAL TENDER PRICE</b>	<b>NOTES</b>
Miura Boiler Co. Ltd.	\$432,519.00	Bidder stated in tender submission that the boilers proposed do not meet technical requirements. Staff reviewed submission as an alternate without a base bid, and confirmed that the alternate boilers are technically not acceptable.
Thermogencis	<b>\$611,110.00</b>	Minor exceptions and one qualification considered acceptable.
Clayton Industries	\$676,184.56	Exceptions to all sections of the specifications (except Section 15512) considered unacceptable.
Black & McDonald	\$826,800.00	Exception with respect to burner emission and combustion trim control system, considered unacceptable.

Plant Maintenance Department

March 27, 2001