

**MEETING DATE:** June 18, 2003

**SUBJECT:** Procurement Authorization - Supply And Install Filtered Osmosis With Ultra Violet Sterilization Water Coolers At Various Locations

### **RECOMMENDATION**

It is recommended that the Commission authorize the award of a contract to Crystal Springs - Danone Waters of North America (Crystal Springs) for rental of 98 water coolers, complete with reverse osmosis units and ultra violet sterilization, for a three-year rental period from September 1, 2003 to August 31, 2006 in the total contract price of \$225,933.12.

### **FUNDING**

Funds in the amount of \$53,000 have been included in the 2003 TTC Operating Budget. The expenses for 2003 are estimated at \$98,600, resulting in an unbudgeted expenditure of \$45,600. Sufficient funds will be included in future TTC Operating Budgets as required.

### **BACKGROUND**

A Safe Drinking Water Study was completed in 2001/2002 by XCG Consultants Limited at 183 Commission facilities. Drinking water samples were taken and analysed for microbiological parameters, metals and general water chemistry parameters and compared against the Ontario Drinking Water Standards.

The microbiological analysis identified bacteria at 44 facilities. The surfaces of the taps or fountains were disinfected at these sites and janitorial cleaning procedures modified. Each location was re-sampled and the concentrations of microbiological parameters were found to be within the Ontario Drinking Water Standards. The detection of bacteria appears to have been a hygiene problem that was corrected through modified janitorial procedures.

The concentration of lead and iron did not meet the Ontario Drinking Water Standards at 38 facilities. A contract was awarded to Crystal Springs in March, 2002 for the supply and installation of bottled water systems to all locations identified with high lead and high iron concentrations.

As a medium term solution, XCG Consultants Limited recommended the installation of permanently piped water coolers with reverse osmosis units to remove the lead and iron and with ultraviolet sterilization as a precaution against the presence of bacteria.

Replacement of the bottled water units would result in savings of approximately \$30,000 per year.

Capital Budget Project 3.9 Buildings and Structures – Water Distribution System Rehabilitation was approved in the 2003-2007 Capital Program (Pages 685-687) as a long term solution to upgrade the portable water delivery systems at Commission facilities to ensure water quality meets the Ontario Drinking Water Standards.

## **DISCUSSION**

Drawings and specifications were prepared for the supply and installation of 98 water coolers with reverse osmosis units and ultraviolet sterilization. Specifications also included an option for the rental of the water coolers including all parts and maintenance for three years. A Request for Tender was posted on the Commission's Web Site on February 27, 2003. Seven companies requested copies of the Tender Documents out of which three companies submitted tenders, as outlined on the attached Appendix "A".

Crystal Springs submitted the lowest price tender including the lowest price for the specified option for rental of the water coolers for three years including all parts and maintenance. Staff conducted a cost analysis and determined it is more cost effective to rent rather than to purchase as all parts and maintenance is included in the rental price. Furthermore, the Water Distribution System Rehabilitation Project may eliminate the need for the coolers within the next three years.

The Tender Documents contained specified options for the provision of bonding or an Irrevocable Letter of Credit as a contract security, however, due to the short duration of this contract and the specified Terms of Payment, staff agreed that there is no financial risk to the Commission and that the contract security would not be required.

Crystal Springs have satisfactorily completed work of a similar size and nature for the Commission in the past and their tender is considered commercially and technically acceptable.

Em-Stra International Corp. submitted the second lowest priced tender and did not state any exceptions or qualifications and their tender is also considered commercially and technically acceptable.

Culligan of Canada submitted the third lowest priced tender and did not state any exceptions or qualifications, but did not note the number of addenda received and incorporated in the Form of Tender and is, therefore, considered commercially unacceptable. They also submitted a proposal security irrevocable letter of credit that is different from the Commission's form.

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**JUSTIFICATION**

The rental of 98 water coolers, complete with reverse osmosis units and ultra violet sterilization, is required to ensure the Commission's drinking water at these locations meets the Ontario Drinking Water Standards.

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May 27, 2003

6-171

Attachment: Appendix "A"

**PROCUREMENT AUTHORIZATION –  
SUPPLY AND INSTALL FILTERED OSMOSIS WITH ULTRA VIOLET  
STERILIZATION WATER COOLERS AT VARIOUS LOCATIONS**

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**SUMMARY OF PROPOSAL PRICING**

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<b>COMPANY NAME</b>	<b>PURCHASE Water Coolers</b>	<b>RENT WATER COOLERS (3 YEAR RENTAL PERIOD)</b>
Crystal Springs*	\$225,926.00	\$225,933.12*
EM-STRA International Corp.	\$279,480.00	\$283,792.32
Culligan of Canada	\$416,043.00	\$316,249.92

Engineers Estimate: \$200,000

\* Recommended for award (includes all parts & maintenance)