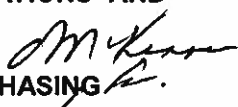

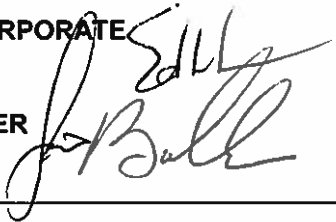
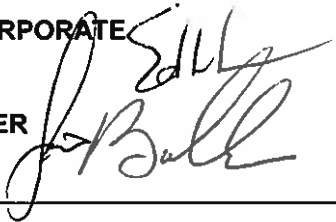


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TO:	GENERAL COMMITTEE
SUBJECT:	SINGLE AND SOLE SOURCE CONTRACT NEGOTIATIONS AND AWARDS
PREPARED BY AND KEY CONTACT	DAVID ALLAN, SCMP, CPM, CD, MANAGER OF PURCHASING 
SUBMITTED BY:	DEBBIE MCKINNON, DIRECTOR OF FINANCE 
GENERAL MANAGER APPROVAL:	E. ARCHER, CMA, GENERAL MANAGER OF CORPORATE SERVICES 
CHIEF ADMINISTRATIVE OFFICER APPROVAL:	JON BABULIC, CHIEF ADMINISTRATIVE OFFICER 

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**RECOMMENDED MOTION**

1. That the following sole and single source agreements be negotiated and executed in accordance with the Purchasing By-law 2008-121:
  - a) Sole source agreements with vendors for:
    - i. annual maintenance and licence fees associated with data and voice systems and technology hardware, software and equipment with the vendors identified in Appendix "A" to Staff Report FIN010-11 for a period not to exceed five years;
    - ii. specialized technology, replacement equipment, parts, materials and service related to the Water Pollution Control Centre with the vendors identified in Appendix "B" to Staff Report FIN010-11 for a period not to exceed five years;
    - iii. capital works construction with public utility companies or their successors/affiliates at a limit not to exceed the approved capital budget for capital works construction on an as and when required basis as identified in Appendix "C" to Staff Report FIN010-11 for a period not to exceed five years;
  - b) Single source agreements with vendors for:
    - i. annual maintenance and licence fees associated with data and voice systems and technology hardware, software and equipment with the vendors identified in Appendix "D" to Staff Report FIN010-11 for a period not to exceed five years;
    - ii. specialized technology, replacement equipment, parts, materials and service related to the Water Pollution Control Centre with the vendors identified in Appendix "E" to Staff Report FIN010-11 for a period not to exceed five years;
    - iii. credit rating services with Standard and Poor's in an amount not to exceed the amount allocated in the annual business plan and for a period not to exceed five years.

2. That staff be authorized to make the following annual sole source purchases with the following institutions to support the services provided by the City Clerk's Office:
  - a) The purchase of marriage licence forms from the Province of Ontario, Ministry of Finance in an amount not to exceed the amount allocated in the annual business plan;
  - b) The purchase of electronic banking services from Royal Bank of Canada related to the processing of payments for Provincial Offences Act charges (Paytickets) in an amount not to exceed the amount allocated in the annual business plan, subject to a review within five years to determine whether the province of Ontario has authorized additional vendors with access to its Integrated Court Offenses Network;
  - c) The expenditures related to the provision of Justices of the Peace and Prosecution services (Part III only) for Provincial Offence Act court trials in accordance with the Memorandum of Understanding and the prescribed rates established by the Ministry of the Attorney General in an amount not to exceed the amount allocated in the annual business plan.
3. That the Mayor and Clerk be authorized to execute any agreements necessary to support the recommendations presented in this report.

#### **PURPOSE & BACKGROUND**

4. The purpose of this staff report is to recommend the negotiation and execution of single and sole source agreements with vendors identified in this Staff Report in accordance with sections 14 and 15 of the Procurement By-law 2008-121. These contracts have been confirmed as being a single or sole source due to a requirement for standardisation with existing infrastructure and/or exclusivity distributorship for goods and or services that are required to maintain the operational functionality of the City.
5. Under section 6.1 of the Purchasing By-law, Council approval is required to establish single or sole-source agreements. While the Purchasing By-law was established in 2008, as maintenance agreements come up for renewal or replacement parts from vendors whose relationship with the City was established prior to 2008, enhancements to our internal control framework and improvements in purchase order management have made it apparent that agreements with the companies identified in the appendices to this report need to be updated to reflect compliance with the By-law.
6. An analysis is currently underway to identify the extent to which Schedule A of the Procurement By-Law, which addresses exempt purchases, needs to be expanded to include other items including those identified within this report. The results of that analysis, with recommendations for updates to the Purchasing By-law, will be reported to Council later in 2011.

#### **ANALYSIS**

##### **Software Maintenance & Licensing Fees**

7. The City currently utilizes many technology systems that are of a proprietary and/or patented nature. The hardware, software and equipment are of high importance for application delivery and data management and are essential to ensure the availability of the City's data and voice infrastructure.
8. While a competitive bid process was facilitated to purchase and implement the core products for use by the Corporation, the annual maintenance and license fees were not addressed at that

time. Due to the proprietary/patented nature of these technology requirements, these services are only available from the manufacturer of the product which constitutes a sole source agreement. Appendix "A" and "D" identifies the firms for which sole and single source agreements are required to support ICT services.

9. When specifications for new applications, hardware or equipment are developed, going forward staff will assess whether they should also include a specified term for maintenance and/or license fees as a standard component of the bid document.

#### **Specialized Equipment and Materials for the Water Pollution Control Centre**

10. The Water Pollution Control Centre (WPCC) requires equipment and/or systems that are of a proprietary and/or patented nature. The equipment or systems were originally sourced by the design engineering firms associated with the expansion or original construction of the centre. As a result staff have identified there is a need to standardize to maintain functionality with existing equipment and/or there is an exclusive distributor for the goods and services associated with the ongoing maintenance of the equipment.
11. The equipment is of high importance for the safety of the public and the environment. WPCC staff is responsible for remaining compliant with environmental legislation and other regulations that govern the wastewater industry and the quality of the effluent being discharged into receiving waters. Appendix "B" and "E" identifies the firms for which sole and single source agreements are required to support WPCC services.

#### **Utility Relocation Works**

12. City staff undertakes or manages the design and construction of various capital works in accordance with the approved Capital Budget. These works typically involve the installation and/or replacement of municipal infrastructure within the municipal right-of-way and on other City properties.
13. Utility companies occupy the municipal right-of-way with their plant (e.g. overhead lines, underground lines, poles, service junction boxes, switch gear, etc.). The relocation of existing utility plant should be undertaken by the owner of the plant (e.g. the utility company) as they have the necessary skills, expertise, and safety training to do so.
14. The relocation of utilities, if not undertaken expeditiously, can delay the commencement or progress of the General Contractor for capital works projects. In addition such delays can lead to increased project costs. Therefore, staff recommend the list of companies included in Appendix "D" be identified as single-source suppliers for their respective utility relocation works.

#### **Marriage Licences, Paytickets, Judicial & Prosecution Fees**

15. There are several products and services utilized by the two branches within the City Clerk's Office that have been purchased for a number of years from the Provincial government (or their authorized service providers) that are deemed to be sole source purchases in accordance with the Purchasing By-law. The particulars associated with each sole source purchase are as follows:

##### **Marriage licences –Ministry of Finance**

16. Every marriage in Ontario requires a Marriage Licence before the actual ceremony takes place. Marriage licences may be issued by the Clerk of municipality or any deputy issuer appointed by the Clerk. Staff in the City Clerk's Office Administrative Services Branch issued approximately 894 marriage licences in 2010.

17. In accordance with Regulation 738 under the Marriage Act, R.R.O. 1990, issuers of licences are required to requisition supplies of licences from the Registrar General and to pay the Minister of Finance \$48 for each marriage licence purchased. Municipalities in Ontario do not have the option of purchasing marriage licence forms from any other source.
18. The amount budgeted annually for the purchase of marriage licences is based upon the number of licences anticipated to be issued in any given year. Typically, the cost of marriage licences obtained from the Province is between \$40-50,000 per year. A marriage licence issuance fee is charged in order to recover the costs associated with the cost for the form as well as the recovery of staff and materials costs.

**Paytickets Service – Royal Bank of Canada as authorized by the Ministry of the Attorney General**

19. Paytickets.ca is an on-line ticket payment service that allows individuals and businesses to pay most Ontario Provincial Offences Act Violations, including court fines issued under the Highway Traffic Act, Liquor Licence Act, and Trespass to Property Act, Municipal By-Laws and other Provincial Acts tickets online through an Internet portal. The service is provided by a unique alliance between Royal Bank of Canada and Teranet Enterprises Inc. The paytickets.ca service is for payment of Traffic Violations and other POA tickets only.
20. Paytickets.ca is the only vendor authorized by the Ministry of the Attorney General to access the Integrated Court Offences Network (ICON) system. As a result, when POA fines are paid utilizing the paytickets.ca service, information is automatically updated at the Ministry. Although other e-payment options exist, no other system can update the ICON system. If an alternative e-payment option was utilized, additional staff resources would be required to update the ICON system, resulting in additional costs and reduced net revenues for each of the court service area partners.
21. Paytickets.ca was implemented in 2005 to provide enhanced customer service options through an additional payment option which is available 24 hours and day, 7 days per week. Royal Bank is paid a fee by the City of Barrie as the Provincial Offences Act court administrator of \$2.00 per transaction which is invoiced on a monthly basis, with a maximum payment of \$12,000 per year, for both court service areas. These costs are shared between Barrie and Orillia's court service area partners. As a result of the growing utilization of the e-payment alternative, it is anticipated that the fees paid by the City of Barrie for this service will exceed \$10,000 in 2011. Revenues from Provincial Offences Act fines are utilized to offset the costs associated with the provision of the Paytickets service.

**Judicial and Prosecution (Part III Offences only) Services – Ministry of the Attorney General**

22. In accordance with the Memorandum of Understanding between the City of Barrie and the Ministry of the Attorney General executed in 1999, the Ministry provides judicial resources for Provincial Offences Act court trials and for the prosecution of Part III offences. Part III offences are offences where the defendant is summoned to court and the court sets the fine.
23. The fee established by the Ministry of the Attorney General for a sitting Justice of the Peace is currently \$200 per hour. The current rate for prosecutorial services is \$109 per hour. Court service area providers are not authorized to negotiate their own judicial services or to obtain services from any other source than the Ministry of the Attorney General.
24. Annually, the fees paid to the Ministry of the Attorney General for judicial and prosecution services (Part III only), on behalf of the Barrie and Orillia court service areas range between \$495,000 to \$595,000 depending on the number of sitting hours for the Justices of the Peace and the number of prosecutions related to Part III offences. Revenues from Provincial Offences Act

finances are utilized to offset the costs associated with the Ministry of the Attorney General's expenses.

**Credit Rating Services**

25. A single source agreement is being recommended for credit rating services given the work underway to address and improve the City's financial condition. A relationship has been established with Standard & Poor's and they are well versed in the factors that are contributing to our current financial condition. Standardizing the credit assessment at this point should eliminate the risk of variation associated with different approaches or interpretations and ensure that any changes to the credit rating reflect the financial decisions and performance of the City.

**ALTERNATIVE**

**Alternative # 1**

General Committee could choose to not approve the negotiation and execution of sole/single source contracts for any or all of the listed vendors, and instruct staff to complete a competitive bid process.

This is not recommended as it would require the City to conduct a public procurement process when it has been demonstrated that such contracts meet the criteria for a single or sole source award. Based on the nature of the goods and services, conducting a public procurement process at this time would result in the same outcome as presented in this report.

**FINANCIAL**

26. The costs associated with sole/single sourcing the provision of each of these goods and services have been included in the 2011 Business Plan in accordance with the applicable upset limit described in the appendices to this report.
27. The costs associated with the services provided by the City Clerk's Office are recovered from either the fees charged for the service or through the fines collected as outlined in the Analysis section of the report.

**LINKAGE TO COUNCIL STRATEGIC PRIORITIES**

33. The recommendation is operational in nature and does not directly support any of Council's Strategic Priorities.

**APPENDIX "A"**

**SOLE SOURCE AGREEMENTS – INFORMATION AND COMMUNICATIONS TECHNOLOGY  
MAINTENANCE AND LICENSE FEES**

The following systems are licensed based on the number of users or devices and will change based on current requirements. Funds would be included in the operating budget and would serve as the upset limit for the work:

1. CSDS Systems Inc. for the provision of products and services associated with AMANDA software application framework.
2. ESRI Canada for the provision of products and services associated with ArcGIS Software.
3. Active Networks for the provision of products and services associated with CLASS Registration Software.
4. Daystar Computer Systems Provision for the provision of products and services associated with eAgenda (Legistar) hosted solution.
5. Symposium Technologies for the provision of products and services associated with Symposium911 (EME Fire Dispatching Systems).
6. FIREHOUSE Software for the provision of products and services associated with FIREHOUSE software (Records Management System for Fire Services).
7. Geoware Inc. for the provision of products and services associated with Geoware Software (Administration and Landfill sites).
8. Industry Canada for the provision of products and services associated with Radio and Microwave Frequency licensing.
9. Trapeze Group for the provision of products and services associated with Trapeze Software (Transit application).

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**APPENDIX "B"**

**SOLE SOURCE AGREEMENTS – WATER POLLUTION CONTROL CENTRE SPECIALIZED  
TECHNOLOGY, REPLACEMENT EQUIPMENT, PARTS, MATERIALS AND SERVICE**

1. Applied Filter Technology for the provision of parts and service to support all AFT SAG™ siloxane removal systems to an annual upset limit of \$30,000.
2. Parkson Corporation for the purchase of OEM replacements parts for Hycor RDT400 system to an annual upset limit of \$15,000.
3. Rotork Controls (Canada) Ltd. for the purchase of OEM replacements parts for Rotork controls to an annual upset limit of \$35,000.
4. GL&V Canada Inc. for the purchase of OEM sewage pump filters to an annual upset limit of \$60,000.
5. ITT Water and Wastewater for the purchase of heavy duty submersible pumps, mixers, controls, accessories and OEM replacement parts to an annual upset limit of \$130,000.
6. Siemens Water Technologies for the purchase of Wallace Tiernan Encore 700 line of metering pump and OEM replacement parts to an annual upset limit of \$55,000.

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**APPENDIX "C"**

**SOLE SOURCE AGREEMENTS - PUBLIC UTILITIES OR THEIR SUCCESSORS/AFFILIATES**

The following companies, or their successors/affiliates, would perform utility relocation work in support of approved capital projects included in the City's Capital Budget on an as and when required basis. Funds would be included in the capital project budget and would serve as the upset limit for the work:

- a. MTS Allstream Inc.
- b. Atria Networks LP
- c. Rogers Cable Communications Inc.
- d. Enbridge Gas Distribution Inc.
- e. PowerStream Inc.
- f. Bell Canada
- g. Innisfil Hydro Distribution Systems Ltd.
- h. Hydro One Networks Inc.
- i. TransCanada Pipelines Limited



**APPENDIX "D"**

**SINGLE SOURCE AGREEMENTS – INFORMATION AND COMMUNICATIONS TECHNOLOGY  
MAINTENANCE AND LICENSE FEES**

1. Azteca and their exclusive distributor ESRI Canada for the provision of products and services associated with Azteca Cityworks Application for an upset limit of \$52,000
2. GE Intelligent Platforms and their exclusive distributor Gray Matter Systems for the provision of products and services associated with HMI/SCADA iFIX software for an annual upset limit of \$23,460
3. Motorola Solution and their exclusive distributor Point to Point Communications for the provision of products and services associated with Motorola products utilized to maintain, support, and upgrade the City's Radio Communications infrastructure for Police, Fire, and Emergency Services, City departments such as transit, municipal law enforcement, roads, etc. Funds for maintenance and support would be included in the operating budgets and would act as an upset limit. Funds for upgrade would be contained within Capital Project Budgets and would act as an upset limit.
4. Compugen as the Government of Ontario Vendor of Record for Microsoft products, with a guarantee from Microsoft that the pricing through Compugen will be the lowest available in Canada for the duration of the VoR contract, for the provision of a Microsoft Enterprise Agreement. This agreement will encompass the licensing of all Microsoft software utilized within the Corporation and funds will be divided between Capital Project Budget for new licenses, and Operating Budgets for on-going support and would act as an upset limit.

**APPENDIX "E"**

**SINGLE SOURCE AGREEMENTS – WATER POLLUTION CONTROL CENTRE SPECIALIZED TECHNOLOGY, REPLACEMENT EQUIPMENT, PARTS, MATERIALS AND SERVICE**

1. Altronic Inc. and their exclusive distributor Enerflex Ignition and Controls for the purchase of parts and service for Altronic ignition and controls for Cogeneration Equipment to an annual upset limit of \$80,000.
2. Dresser Roots and their exclusive distributor Pro Aqua + Shadrack for the purchase of parts and service for Air Blowers to an annual upset limit of \$68,000.
3. Infilco Degremont and their exclusive distributor Degremont Ltee for the purchase of parts and service for Aquaray 40 UV system to an annual upset limit of \$100,000.
4. JWC Environmental and their exclusive distributor Envirocan WWT Equipment Co. Ltd. for the purchase of parts and service for the Channel Monster Course Grinder system to an annual upset limit of \$70,000.
5. Moyno Inc. and their exclusive distributor Peacock (Division of Kinecor) for the purchase of parts and service for Moyno Pumps and Annihilator grinders to an annual upset limit of \$80,000.
6. Polychem Systems and their exclusive distributor C & M Environmental Technologies Inc. for the purchase of parts and service for Polychem systems to an annual upset limit of \$100,000.
7. SPX Process Equipment and their exclusive distributor Gratec Limited for the purchase of parts and service for Lightning Mixers to an annual upset limit of \$60,000.
8. Weir Minerals Canada and their exclusive distributor Directrik Ltd. for the purchase of replacement parts and service for Wemco Hydrosol pumps to an annual upset limit of \$60,000.
9. Vogelsang and their exclusive distributor Directrik Ltd. for the purchase of Rotary Lobe Pumps, Roto-Cut Macerators and replacement parts and service for Vogelsang products to an annual upset limit of \$40,000.
10. ABB Instrumentation and their exclusive distributor, Metcon Sales and Engineering Ltd for the purchase of ABB instrumentation and replacement parts and service to an annual upset limit of \$9000.
11. EME the exclusive distributor, for the purchase of EME portable aluminium lifting products and replacement parts and service to an annual upset limit of \$5000.
12. Siemens Water Technologies and their exclusive distributor, Indachem Inc., for the purchase of replacement parts and service for Siemens polyblend product line to an upset limit of \$2500.
13. Auma Electric and their exclusive distributor Troy Ontor Inc. for the purchase of Auma electric actuators and gearboxes and OEM replacement parts and service to an annual upset limit of \$30,000.