



**STAFF REPORT  
ACTION REQUIRED**

**Purchase Order Amendment to Contract 47006838  
Housekeeping and Laundry Chemicals, Hand Soaps,  
and Miscellaneous Supplies**

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| <b>Date:</b>             | April 26, 2007   |
| <b>To:</b>               | Government Management Committee  |
| <b>From:</b>             | General Manager, Homes for the Aged<br>Director, Purchasing and Materials Management |
| <b>Wards:</b>            | All  |
| <b>Reference Number:</b> | P:\2007\Internal Services\pmmd\gm07015pmmd (AFS #4560)                               |

**SUMMARY**

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This report is within the delegated authority of the Government Management Committee.

This report provides background information and requests authority to amend over expenditures and increase the value of Contract 47006838 issued to Johnson Diversey Canada Inc. for the supply and delivery of Housekeeping and Laundry Chemicals, Hand Soaps and Miscellaneous Supplies and ongoing support for the Homes for the Aged (HFA).

**RECOMMENDATIONS**

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**The General Manager of Homes for the Aged and the Director of Purchasing and Materials Management recommends that:**

1. Authority be granted to amend Contract 47006838 to Johnson Diversey Canada Inc. for the supply and delivery of housekeeping and laundry chemicals, hand soaps and miscellaneous supplies for the Homes for the Aged Division from \$810,000.00 net of GST by the amount of \$378,000.00 net of GST, to a revised total value of \$1,188,000.00 net of GST.

## **Financial Impact**

The amendment to the current SAP Contract 47006838 for the extended period of January 1, 2007 to December 31, 2007 results in an increase of \$378,000.00 net of GST from \$810,000.00 net of GST to \$1,188,000.00 net of GST for a total of \$1,254,000.00 including all taxes, for the supply and delivery of Housekeeping and Laundry Chemicals, Hand Soaps and Miscellaneous Supplies.

Funding has been requested in the HFA 2007 Operating budget submission in accounts D3\*041 and D3\*051.

The Deputy City Manager and Chief Financial Officer have reviewed this report and agree with the financial impact information.

## **DECISION HISTORY**

Purchasing and Materials Management Division (PMMD) issued a Request for Proposal on June 12, 2002 for the supply and delivery of Housekeeping and Laundry Chemicals, Hand Soaps and Miscellaneous supplies for the Homes for the Aged Division. The contract was awarded to Johnson Diversey Canada Inc., being the highest scoring proponent offering the lowest overall pricing.

The contract has been overspent due to increased requirements of the Homes for the Aged Division and needs to be increased in value to satisfy ongoing requirements. Committee authority is required to increase the value of the contract.

## **ISSUE BACKGROUND**

Contract 47006838 was issued in December 2002 to Johnson Diversey Canada Inc. for the supply and delivery of Housekeeping and Laundry Chemicals, Hand Soaps and Miscellaneous Supplies, in the amount of \$324,000.00 net of GST (all dollar amounts in this report are net of GST), for the period November 1, 2002 to December 31, 2005 with an option to renew for two (2) additional separate one (1) year periods ending December 31, 2007 in the total amount of \$108,000.00 for each option year. The total amount of the contract including the option years was \$540,000.00. The option years were taken although the total amount with the second option year should have been reported for award, as it exceeds the \$500,000.00 awarding limit, staff at the time failed to do so. The staff responsible for this file are no longer with the City. Current staff have been trained on Purchasing Policies and Procedures to ensure that all purchases totalling over \$500,000.00 are reported for award.

In accordance with the requirements of the Toronto Municipal Code—Chapter 71—Financial Control and the original contract terms and conditions, the contract was

subsequently amended on two occasions to purchase additional products required to satisfy operational needs. The first amendment was on November 22, 2004 by an additional \$162,000.00, and the second amendment on March 24, 2005 by an additional \$108,000.00, raising the total contract value including all option years to \$810,000.00.

In 2003, the SARS outbreak resulted in a significant increase for products used to control infection. As a result of the increased use of disinfectants and hand washing activity, HFA has had to raise the number of housekeeping chemicals, hand soaps and other miscellaneous products used for disinfection and infection control. The infection control procedures established during SARS have been maintained according to Ministry of Health and Long Term Care Guidelines resulting in the current level of expenditures for Housekeeping Chemicals, Hand Soaps and Miscellaneous Products.

In addition, five (5) new in-house laundry facilities were introduced to improve resident services and to reduce lost and damaged personal laundry. Products used to operate the new laundries are purchased from this contract. This additional demand on the contract was not anticipated at the time the contract was awarded in 2002.

As a result of additional products purchased by the Homes for the Aged to satisfy operational needs the contract is currently overspent by \$99,375.37, and a third request to amend this contract has been submitted to cover the current over expenditure and request additional funds to support the remainder of the contract term for an additional \$378,000.00. The revised total value of this contract would be \$1,188,000.00 which includes contract amendments in the amount of \$648,000.00.

## **COMMENTS**

A further increase of \$378,000.00 increases the current contract value of \$810,000.00 to \$1,188,000.00 and is required to cover the existing over expenditure and for additional requirements needed for the period ending December 31, 2007. The increase is due to an increase in the volumes of housekeeping chemicals, hand soaps and any other related miscellaneous products used for disinfection and infection control as mandated by the Ministry of Health and Long Term Care Guidelines and to supply products to the five (5) new laundry facilities at various Homes for the Aged locations.

The additional products used to control infections as required by the Ministry of Health and Long Term Care Guidelines and the products required for the new in-house laundry facilities at the Homes for the Aged will be included in the RFQ issued by PMMD for the new contract that will commence on January 1, 2008.

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