



**STAFF REPORT
ACTION REQUIRED**

**Contract Amendment – 4 Office Automation Contract
No. 47012285 Digital Photocopier and Facsimile
Equipment and Services**

Date:	September 3, 2008
To:	Government Management Committee
From:	Chief Information Officer Acting Director, Purchasing and Materials Management
Wards:	All
Reference Number:	P:/2008/Internal Services\I&T\gmo8009I&T (AFS#8328)

SUMMARY

This report is within the delegated authority of the Government Management Committee, and as such does not have to be considered by Council.

This report requests authority to increase the contract value of Contract No. 47012285 for the supply of Digital Photocopier , Facsimile Equipment and services by a total estimated amount of \$1,911,504.42 net of GST from \$2,912,612.95 net of GST to \$4,824,117.37 net of GST for the period ending July 3, 2009. The Information & Technology Division has determined that approximately 302 digital photocopiers have been ordered from 4-Office Automation Ltd. during the term of the contract. Furthermore, various Programs and Divisions throughout the City have forecasted another 200 digital photocopiers including services by July 3, 2009. The breakdown of replacement equipment versus net new equipment is estimated at 80/20.

The City of Toronto Municipal Code Chapter 71- Financial Control, states that if costs for a commitment exceed the original funding by more than \$500,000 excluding all taxes, approval must be obtained from the appropriate Standing Committee. The amendment is primarily to ensure continued processing of digital photocopier and facsimile equipment and related services requests from various Programs throughout the City.

RECOMMENDATIONS

The Chief Information Officer and the Acting Director, Purchasing and Materials Management recommend that the Government Management Committee:

1. Grant authority to increase Contract No. 47012285 with 4-Office Automation Ltd. by \$1,911,504.42 net of GST to a new total value of \$4,824,117.37 and that the appropriate officials be authorized and directed to take the necessary action to give effect thereto.

Financial Impact

The amendment to the current SAP Contract No. 47012285 results in an increase of \$1,911,504.42 net of GST from \$2,912,612.95 net of GST to \$4,824,117.37 net of GST for the supply of Digital Photocopier and Facsimile Equipment.

Funds required for the acquisition of photocopier and facsimile equipment and related services intended for various City Programs and Divisions as required, are available in the appropriate City Programs' 2008 Operating Budgets and requested in the appropriate City Programs' 2009 Operating Budget submissions.

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

DECISION HISTORY

In October 2005 the Province of Ontario issued a Request for Proposal (RFP) to select Vendor of Records for Digital Photocopiers, Facsimile Equipment and related goods and Services. The RFP was awarded by the Province to five (5) proponents in July 2006. The terms of the resulting Vendor of Record contracts awarded by the Province of Ontario allowed for the same terms and conditions to be extended to the City of Toronto.

City Council at its meeting of September 25, 26 and 27, 2006, granted authority to enter into non-exclusive agreements with five (5) proponents for a period ending July 3, 2008 with an option to renew for an additional one (1) year term for each contract, in an amount not to exceed \$947,368.42 net of GST, (\$1,000,000.00 including all charges and taxes).

<http://www.toronto.ca/legdocs/2006/agendas/committees/adm/adm060905/it014.pdf>

A subsequent request was made by the Information & Technology Division by the submission of a Staff Report submitted to the Government Management Committee in September 25, 2007 to seek authority to re-distribute the funds previously approved by Council on September 25, 26 and 27, 2006. The Information & Technology staff conducted a review on all selected models from each of the five (5) proponents, comparing specifications, features, accessories and rates. The contracts for two (2) of the

five (5) firms were increased; one (1) contract value remained unchanged and the contract values for the remaining two (2) firms were decreased such that there was no net increase in the total of the contracts awarded. The contract with 4-Office Automation Ltd. was increased to \$2,368,421.05 net of GST under Contract No. 47012285. With the exception of the 4-Office Automation Ltd. contract, all contracts remain underspent at this time.

<http://www.toronto.ca/legdocs/mmis/2007/gm/bgrd/backgroundfile-7316.pdf>

As per original Council Decision on September 25, 26 and 27, 2006, the City of Toronto has recently exercised its option to extend the contract for one (1) additional year for the period ending July 3, 2009.

ISSUE BACKGROUND

The Information & Technology Division reviewed and selected five (5) models from 4-Office Automation Ltd., that are the lowest priced models meeting City specifications. No additional equipment and services can be ordered under this contract until the total value has been increased. Services include installation, training, consumables and monthly meterage charges. Approval by Government Management Committee to increase the blanket contract value is required to reflect the anticipated volume of orders that will be placed through 4-Office Automation Ltd. for the next year, which covers the term of the extension option exercised by the Province.

The following table shows the summary of contract amendments to date.

Contract No. 47012285 – 4-Office Automation Ltd.			
Date	Item	Value Net of GST	Cumulative Value Estimate Net of GST
Sept. 25,26,27, 2006	Original contract award for the period ending July 3, 2008 with the option to extend to July 3, 2009	\$947,368.42	\$ 947,368.42
August 20, 2007	Purchase Order Amendment (POA) approved by the City Manager to increase the total value of the contract by \$500,000.00 (\$540,000 net of GST) to accommodate the request of 55 photocopiers for Social Services	\$540,000.00	\$1,487,368.42
October 22,23, 2007	Amend Contract to increase the total value of the contract authorized by Council at its meeting of October 22 and 23, 2007.	\$947,368.42	\$2,434,736.84
March 20, 2008	Purchase Order Amendment (POA) approved by the City Manager to increase the total value of the contract to accommodate the under estimated Divisional Forecasts.	\$477,876.11	\$2,912,612.95
August 8, 2008	Exercised option to extend contract from July 3, 2008 to July 3, 2009 as authorized by Council at its meeting of September 25, 26 and 27, 2006	\$0	\$2,912,612.95

COMMENTS

The Information & Technology Division has determined that approximately 302 photocopiers have been ordered from 4-Office Automation Ltd. during the term of the contract. Furthermore, various City Programs and Divisions have identified an additional 200 photocopiers which will be requested by July 3, 2009. The breakdown of replacement equipment versus net new equipment is estimated at 80/20.

In order to continue to provide best value to the City, it is recommended that authority be granted to amend the total value of contract No. 47012285 with 4 Office Automation Ltd. by \$1,911,504.42 net of GST from \$2,912,612.95 net of GST to \$4,824,117.37 net of GST for the period ending July 3, 2009. Staff in the Contract Management Office of the Information & Technology Division will continue to manage this contract.

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SIGNATURES

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