



**STAFF REPORT
ACTION REQUIRED**

**Purchase Order Amendment – Sole Source
Contract 47011841 For Safety Inspections, Parts, and
Service for Various Aerial and Crane Devices**

Date:	November 5, 2008
To:	Government Management Committee
From:	Director, Fleet Services Division Acting Director, Purchasing and Materials Management Division
Wards:	All
Reference Number:	

SUMMARY

This report requests authority to amend and extend the current sole source contract 47011841 to Wajax Industries Ltd., being the only Ontario authorized dealer for safety inspections, parts, and service for various aerial and crane devices and heavy equipment for Fleet Services from December 1, 2008 to November 30, 2009 with the option to renew for four (4) additional separate one (1) year periods.

RECOMMENDATIONS

The Director, Fleet Services Division, and Acting Director, Purchasing and Materials Management Division recommend that City Council grant authority to:

- (1) Extend the term and increase the amount of the current sole source blanket contract 47011841 to Wajax Industries Ltd. for safety inspections, parts, and service for various aerial and crane devices and heavy equipment for the period from December 1, 2008 to November 30, 2009 with the option to renew for four (4) additional separate one year periods. The total increase amount required to the current contract is \$150,000.00 net of GST from \$400,000.00 net of GST for a new total value of \$550,000.00 net of GST. The increases requested for each of the renewal option year periods is \$150,000.00 net of GST from December 1, 2009 to November 30, 2010, December 1, 2010 to November 30, 2011, December 1, 2011 to November 30, 2012, and from December 1, 2012 to November 30, 2013 for a total amount of \$600,000.00 net of GST . Should the options to renew

be exercised, the Director of Fleet Services will instruct the Director of Purchasing and Materials Management to process the contract renewals under the same terms and conditions. The total potential cost of the blanket contract will be increased by \$750,000.00 net of GST from \$400,000.00 net of GST to \$1,150,000.00 net of GST.

Financial Impact

The amendment to the current blanket contract 47011841 for the extended period November 30, 2008 to December 31, 2008 results in an increase of \$12,500 net of GST. Funding is available in the approved 2008 Fleet Services Division Operating Budget as indicated below. The estimated cost of \$137,500 for 2009 is included in Fleet Services' 2009 Operating Budget submission. Should the options to renew be exercised, then the required funding will be included in Fleet Services' 2010, 2011, 2012 and 2013 operating budget submissions.

Table 1

Fleet Maintenance Accounts	Nov 30, 2008 to Dec 1, 2008 net GST	Jan 01, 2009 to Nov 30, 2009 net GST	Option Year (1) Dec 01, 2009 to Nov 30, 2010 net GST	Option Year (2) Dec 01, 2010 to Nov 30, 2011 net GST	Option Year (3) Dec 01, 2011 to Nov 30, 2012 net GST	Option year (4) Dec 01, 2012 to Nov 30, 2013 net GST	Total net GST
FL1005	\$ 3,125.00	\$ 34,375.00	\$ 37,500.00	\$ 37,500.00	\$ 37,500.00	\$ 37,500.00	\$ 187,500.00
FL1602	\$ 3,125.00	\$ 34,375.00	\$ 37,500.00	\$ 37,500.00	\$ 37,500.00	\$ 37,500.00	\$ 187,500.00
FL1606	\$ 3,125.00	\$ 34,375.00	\$ 37,500.00	\$ 37,500.00	\$ 37,500.00	\$ 37,500.00	\$ 187,500.00
FL1702	\$ 3,125.00	\$ 34,375.00	\$ 37,500.00	\$ 37,500.00	\$ 37,500.00	\$ 37,500.00	\$ 187,500.00
Total	\$12,500.00	\$137,500.00	\$150,00.00	\$150,00.00	\$150,000.00	\$150,000.00	\$750,000.00

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

DECISION HISTORY

Sole Source Requests for Wajax Industries Ltd., being the only Ontario authorized dealer, for safety inspections, parts, and service for various aerial and crane devices and heavy equipment for Fleet Services have been sent to Purchasing and Materials Management Division in accordance with the Toronto Municipal Code, Chapter 195, Section 9B for approval every year since July 2002. The total value of purchases from July 2002 to date is \$965,440.51.

ISSUE BACKGROUND

Wajax Industries Ltd. is the only authorized dealer and have been providing services for inspections/service and parts for various vehicle type aerial and crane devices and various types of heavy equipment through yearly approved sole source contract(s) since July of 2002.

Fleet Services requires Wajax Industries Ltd. to repair and provide replacement parts for this equipment throughout the year as required. Fleet Services must use “authorized dealers” to ensure use of Original Equipment Manufacturer (OEM) parts that are fully warranted to protect the City from any liability issues and problems with voiding of the overall original equipment warranty. The aerial devices also require an annual safety inspection as governed by the Ministry of Labour.

During annual safety inspections, the equipment needs to be completely disassembled. It is not economically feasible to retain the services of a third party (structural engineer) to disassemble, inspect, and then reassemble these devices, have the units moved to Wajax Industries Ltd. to receive the authorized repairs required, and then returned to the third party for final certification.

Fleet Services staff have obtained pricing discounts on crane and utility parts based on the Standard 2008 Electronic Price List and secured an hourly rate for labour rate for service and inspections and found that the City is paying reasonable prices and rates. Wajax Industries Ltd. is the only company authorized in Ontario by the original equipment manufacturers to perform these services, and provides the certification of the aerial devices as mandated by the Ministry of Labour.

The City of Toronto Municipal Code Chapter 71 – financial Control, Section 71-11.1 states that if costs for a commitment exceed the original funding by more than \$500,000.00 excluding all taxes, approval must be obtained from the appropriate Standing Committee.

COMMENTS

The approval of this purchase order amendment is required to continue the maintenance services of various aerial devices and provide OEM authorized parts, service and provide required annual inspection and certification as mandated by the Ministry of Labour.

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SIGNATURE

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