



## STAFF REPORT ACTION REQUIRED

### **Purchase Order Amendment to Contract 47010369- For the Supply and Delivery of Vinyl (Thermal Transfer Imaging Film), Ribbons, and Repairs**

<b>Date:</b>	September 21, 2009
<b>To:</b>	Government Management Committee
<b>From:</b>	General Manager, Parks, Forestry and Recreation Director, Purchasing and Materials Management
<b>Wards:</b>	All
<b>Reference Number:</b>	P:/2009/Internal Services/pmmd/gm09020pmmd (AFS #10236)

#### **SUMMARY**

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This report provides background information and requests authority to amend and increase the value of Sole Source Contract 47010369 issued to Mikon Engineering Ltd., the only authorized Ontario dealer, for the supply and delivery of vinyl (thermal transfer imaging film), ribbons, and repairs for the Durachrome Thermal Transfer Printer to be used by the Parks, Forestry and Recreation Sign Shop to provide various printed materials such as signs, posters, banners, logos, for all City Divisions, AB&C's, Council, and the Mayor's Office.

#### **RECOMMENDATIONS**

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##### **The General Manager, Parks, Forestry and Recreation and the Director of Purchasing and Materials Management recommends that:**

Authority be granted to amend Sole Source Contract 47010369 to Mikon Engineering Ltd. for the supply and delivery of vinyl (thermal transfer imaging film), ribbons, and repairs for the Durachrome Thermal Transfer Printer for Parks, Forestry and Recreation from \$480,000.00 net of GST by the amount of \$495,000 net of GST to a revised total value of \$975,000.00 net of GST and also extend the contract expiry date to December 31, 2012.

## Financial Impact

The amendment to the current Contract 47010369 for the extended period from May 2, 2009 to December 31, 2012 results in an increase of \$495,000 net of GST from \$480,000 net of GST to a total value of \$975,000 net of GST, for the supply and delivery of vinyl (thermal transfer imaging film), ribbons, and repairs for the Durachrome Thermal Transfer Printer.

The estimated cash flows (net of GST) are as follows:

<b>May 2, 2009- December 31, 2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Total</b>
\$90,000.00	\$135,000.00	\$135,000.00	\$135,000.00	\$495,000.00

The contract costs shown above represent the yearly estimated expenditures from the start of the contract in 2009 to December 31<sup>st</sup>, 2012. Funds for May 2, 2009 to December, 31, 2009 period, in the estimated amount of \$90,000.00 net of GST (and the 12 month equivalent of \$135,000.00 net of GST) are available in the approved 2009 Parks, Forestry and Recreation base operating budget in cost centre P13306 in cost element 2792. Funds for the future years will be confirmed during the annual operating budget approval processes.

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

## DECISION HISTORY

Purchasing and Materials Management Division (PMMD) issued through the Sole Source Request process Contract 47010369 for the supply and delivery of vinyl (thermal transfer imaging film), ribbons, and repairs for the Durachrome Thermal Transfer Printer for Parks, Forestry and Recreation. This contract was subsequently amended through the Sole Source amendment procedure.

The contract has been overspent due to increased requirements for Parks, Forestry and Recreation and needs to be increased in value to satisfy ongoing requirements. Government Management Committee authority is required to increase the value of the contract and to extend the contract expiry date.

## ISSUE BACKGROUND

Staff report for action on Purchase Order Amendment to Sole Source Contract 47010369 to Mikon Engineering Ltd., for the supply and delivery of vinyl (thermal transfer imaging film), ribbons, and repairs for the Durachrome Thermal Transfer Printer

In 2005 contract 47010369 was issued by the Purchasing & Material Management Division for Parks, Forestry & Recreation, for the supply and delivery of vinyl (thermal transfer imaging film), ribbons, and repairs for the Durachrome Thermal Transfer Printer, through the Sole Source process to Mikon Engineering Ltd. for the period from April 11, 2005 to May 1, 2007 in the total amount of \$240,000.00 net of GST. This contract was subsequently amended through the Sole Source amendment procedure for an additional dollar value of \$240,000.00 net of GST and extended for the period from May 2, 2007 to May 1, 2009 for a total cumulative value of \$480,000.00 net of GST. The contract is currently overspent by \$68,271.50 net of GST due to increased requirements and the total estimated dollar value needed until December 31<sup>st</sup>, 2012 to cover the current over expenditure and future requirements will be \$495,000 net of GST, thus the cumulative value of the previous amendment of \$240,000 net of GST and the current request of \$495,000 net of GST will exceed the threshold of \$500,000.00 that Purchasing and Materials Management Division is authorized to award.

Mikon Engineering Ltd. is the only authorized dealer in Ontario and has been providing the supply and delivery of vinyl (thermal transfer imaging film), ribbons, and repairs to the Durachrome Thermal Transfer Printer through an approved sole source contract for the period April 11, 2005 through to May 1, 2009. Other suppliers' products were tried, resulting in damage to the printer head at the cost of over \$5,000.00 for a head replacement/repairs. Mikon Engineering Ltd. will continue to hold the pricing and terms and conditions as in the previous sole source agreement that expired on May 1, 2009.

## **COMMENTS**

The price quoted by Mikon Engineering Ltd. has been reviewed by Parks, Forestry and Recreation staff and is considered to be fair and reasonable. The prices quoted by Mikon Engineering Ltd. have been confirmed to be exactly the same as other organizations under large and extended contracts including the Toronto Transit Commission for the purchase of vinyl and ribbons for the Durachrome Thermal Transfer Printer.

The Fair Wage Office has reported that the recommended firm has indicated that it has reviewed and understands the Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

Parks, Forestry and Recreation have a critical requirement for the vinyl (thermal imaging film), ribbons and any repairs provided by Mikon Engineering Ltd.

Mikon Engineering Ltd. is the only authorized Ontario dealer for the supply and delivery of the vinyl (thermal imaging film), ribbons and for the Durachrome Thermal Transfer Printer to be used by the Parks, Forestry and Recreation Sign Shop.

## **CONTACT**

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## **SIGNATURE**

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Brenda Patterson  
General Manager  
Parks, Forestry and Recreation

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Lou Pagano  
Director,  
Purchasing and Materials Management