

### **Amendment to Non-Competitive Blanket Contract Number 47022513 with Strongco Limited Partnership for Proprietary OEM Parts Supply and Services**

**Date:** November 10, 2020  
**To:** General Government and Licensing Committee  
**From:** General Manager, Fleet Services Division; and  
Chief Procurement Officer, Purchasing and Materials Management  
Division  
**Wards:** All

#### **SUMMARY**

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The purpose of this report is to seek City Council authority for the General Manager, Fleet Services Division to increase the scope of non-competitive Blanket Contract Number 47022513 with Strongco Limited Partnership to include the supply and delivery of parts, warranty and non-warranty maintenance and repair services for all vehicle and equipment makes and models in which Strongco Limited Partnership is the sole authorized service provider within the Greater Toronto Area.

This contract amendment will ensure ongoing requirements of the proprietary OEM services and parts supply including but not limited to maintenance and repairs on the approved equipment (Volvo, Case, Terex) and with the addition of Fassi and National to the list of the approved equipment for the City of Toronto's Fleet Services Division. The contract length and funding will remain unchanged as the approved budget is sufficient to fulfill our requirements through this amendment.

City Council approval is required under Municipal Code Chapter 195 Purchasing, where the current request exceeds the Chief Procurement Official's authority of the cumulative five-year commitment for each vendor, under Article 7, Section 195-7.3 (D) of the Purchasing By-Law or exceeds the threshold of \$500,000 net of HST allowed under staff authority as per the Toronto Municipal Code, Chapter 71- Financial Control, Section 71-11A.

## **RECOMMENDATIONS**

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The General Manager, Fleet Services Division and the Chief Procurement Officer, Purchasing and Materials Management Division recommend that:

1. City Council grant authority to the General Manager, Fleet Services to increase the scope of non-competitive Blanket Contract Number 47022513 with Strongco Limited Partnership, for the supply and delivery to the City of Toronto (City), proprietary OEM (original equipment manufacturer) parts and warranty and non-warranty maintenance and repair services to include all vehicle and equipment makes and models for which Strongco Limited Partnership is the sole authorized service provider within the Greater Toronto Area.
2. The term of the contract will remain unchanged, having commenced on November 1, 2019, to October 31, 2020, with the option to renew the contract for four (4) additional separate one (1) year periods, subject to the exercise of each option year being at the sole discretion of the General Manager, Fleet Services Division and subject to the amounts payable under the contract being available under the current Fleet Services Division budget approval(s).
3. The contract will be based on the condition that Strongco Limited Partnership continues to be the exclusive distributor for the proprietary OEM parts and specialized services, as determined with an official, verified letter from the manufacturer.

## **FINANCIAL IMPACT**

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There is no additional financial impact associated with the approval of this report as the amendments being authorized addresses scope of services being provided and no incremental funding is required.

Any annual planned spending related to this contract will be included in the Fleet Services Division's 2021 and future annual Capital Plan submissions, subject to approval(s).

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

## **DECISION HISTORY**

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On October 29, 2019, through GL8.14, City Council authorized the General Manager, Fleet Services to negotiate and enter into a non-competitive contract with Strongco Limited Partnership, for the supply and delivery to the City of OEM (Original Equipment Manufacturer) parts and specialized services for Volvo, Case and Terex equipment repair and maintenance on terms and conditions satisfactory to the General Manager, Fleet Services and in a form satisfactory to the City Solicitor.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2019.GL8.14>

On May 31, 2018, Fleet Services Division issued a competitive Request for Quotation (RFQ) No. 6026-18-0062 for the provision of OEM parts and specialized services for various equipment makes and models. The RFQ included separate price schedules for each construction equipment manufacturer. Bidders were required to be an authorized dealer for the equipment manufacturer they were bidding on. This was a mandatory requirement to ensure equipment warranties would not be voided. The RFQ closed on July 3, 2018, and the City received one (1) bid for Volvo equipment from Strongco and one (1) bid for Case from Strongco. These contracts expired on October 31, 2019.

The previous contract award for the supply and delivery of warranty and non-warranty services, and parts on off-road construction equipment can be viewed at:  
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.BA107.2>

## **COMMENTS**

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The parts and specialized services for the equipment manufacturers outlined in this report cannot be obtained through the competitive procurement process and the required non-competitive contract meets the criteria of the exception code 2, Exclusive Rights in the Purchasing By-law.

An amendment to the existing agreement is required as the City-wide fleet contains numerous, competitively sourced, specialized vehicles and equipment in which Strongco Limited Partnership is the sole authorized service provider within the Greater Toronto Area. Currently, Fleet Services uses non-OEM vendors to complete repairs and these vendors sublet work to Strongco Limited Partnership for part repairs and specialized work. This facilitation costs the City more money and increases downtime. In addition, having an OEM agreement ensures warranty repairs will not be voided as the warranty can be completed by the Vendor which fulfills the recommendation made by the Auditor General to establish contracts with warranty service providers to ensure warranties can be claimed in "Phase Two - Stronger Asset Management Needed".

This non-competitive contract includes the supply of all OEM labour, materials, parts and equipment necessary to provide warranty and non-warranty services, including but not limited to maintenance and repairs on Volvo, Terex, Case, with the requested addition of Fassi and National to the list of approved equipment for the City of Toronto's Fleet Services Division, all following the provisions and specifications that will be contained in the legal agreement. This amendment will cover parts, maintenance and repair for all other makes and models of equipment for which Strongco Limited Partnership is the sole authorized service provider within the Greater Toronto Area.

Pricing submitted by Strongco Limited Partnership includes discounts off labour rates and OEM parts. Fleet Services has reviewed the pricing and confirmed it is comparable to historical rates, current market, other municipalities as well as other OEM vendors for repair and maintenance of highly specialized construction equipment.

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

## **CONTACT**

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## **SIGNATURE**

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Lloyd Brierley  
General Manager, Fleet Services

Michael Pacholok  
Chief Procurement Officer