Provision of Proprietary Parts and Services from Zamboni Company Limited

Date: September 18, 2015
To: Government Management Committee
From: General Manager, Parks Forestry and Recreation; and Director, Purchasing and Materials Management Division
Wards: All
Reference Number: P:\2015\Cluster A\PFR\GM07-100515-AFS#21866

SUMMARY

The purpose of this report is to request authority to enter into a non-competitive contract with Zamboni Company Limited (Zamboni) being the only authorized dealer for the supply of proprietary parts and services to Zamboni Ice Resurface Machines, Ice Conditioner Boxes and Zamboni Ice Edgers in the amount of $719,389.00 net of HST ($732,049.00 net of HST recoveries) for a period of five years from November 1, 2015 to October 31, 2020.

City Council approval is required in accordance with Toronto Municipal Code, Chapter 71 Financial Control, Section 71-11A, where the total amount of $719,389.00 net of HST and ($732,049.00 net of HST recoveries) exceeds staff authority.

RECOMMENDATIONS

The General Manager, Parks Forestry and Recreation and Director, Purchasing and Materials Management Division recommend that:

1. City Council authorize the General Manager, Parks Forestry and Recreation to negotiate and enter into a non-competitive agreement with Zamboni Company Limited for the supply of proprietary parts and services to Zamboni Ice Resurface Machines, Ice Conditioner Boxes and Zamboni Ice Edgers, for a period of five years from November 1, 2015 to October 31, 2020 in the amount of $719,389.00 net of taxes and ($732,049.00 net of HST recoveries), on terms and conditions satisfactory to the General Manager, Parks, Forestry and Recreation and in a form satisfactory to the City Solicitor.
Financial Impact

The contract award is $812,909.00 including HST and all applicable taxes and charges. The cost to the City is $732,049.00 net of HST recoveries. Funding in the amount of $22,980.00 is included in the 2015 Approved Operating Budget for Parks, Forestry and Recreation under Cost Centre grouping for Parks, Forestry and Recreation Equipment Maintenance (PR010-11.114) and Cost Element 2120. The remaining funding for the balance of the contract to October 31, 2020 will be included in the 2016 to 2020 annual Operating Budget Submissions for Parks, Forestry and Recreation, under Cost Centre Facility Operations and Parks, Forestry and Recreation Equipment Maintenance, Cost Element 2120.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Net of all taxes</th>
<th>Total Including HST &amp; all taxes</th>
<th>Total Net of HST Recoveries</th>
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</thead>
<tbody>
<tr>
<td>2015</td>
<td>22,583.00</td>
<td>25,519.00</td>
<td>22,980.00</td>
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<tr>
<td>2016</td>
<td>139,565.00</td>
<td>157,708.00</td>
<td>142,021.00</td>
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<td>2017</td>
<td>143,752.00</td>
<td>162,440.00</td>
<td>146,282.00</td>
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<td>2018</td>
<td>148,065.00</td>
<td>167,313.00</td>
<td>150,671.00</td>
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<tr>
<td>2019</td>
<td>152,507.00</td>
<td>172,333.00</td>
<td>155,191.00</td>
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<td>2020</td>
<td>112,917.00</td>
<td>127,596.00</td>
<td>114,904.00</td>
</tr>
<tr>
<td>TOTAL</td>
<td>719,389.00</td>
<td>812,909.00</td>
<td>732,049.00</td>
</tr>
</tbody>
</table>

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

DECISION HISTORY

On November 27, 28 and 29, 2012, City Council granted authority under GM18.14 for Parks, Forestry and Recreation to enter into an agreement with Zamboni Company Limited for the supply of proprietary parts to Zamboni Ice Resurface Machines, Ice Conditioner Boxes and Zamboni Ice Edgers in the amount of $563,000 net of HST and ($572,908.00 net of HST recoveries). Contract 47017222 was issued for the period of three years from November 1, 2012 to October 31, 2015.

Following is the link to City Council decision document: http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.GM18.14
ISSUE BACKGROUND

The implementation of a contract is critical to the continued operation of all arenas and outdoor artificial ice rinks operated by the City of Toronto. The current contract 47017222 will expire on October 31, 2015.

Ice resurfacers are acquired through a competitive bidding process. To ensure manufacturer's warranty for the resurfacers remains valid, OEM parts which are proprietary to Zamboni Company Limited are required. Prior to 2009, parts were obtained by Divisional Purchase Orders (DPO's); however, there were fewer Zamboni units in the fleet inventory.

In 2009, PMMD issued a non-competitive contract for three years in the amount of $490,000.00 net of HST and ($498,624.00 net of HST) which expired June 18, 2012. Parks, Forestry and Recreation (PF&R), in consultation with Purchasing and Materials Management Division (PMMD), determined that a competitive call should be issued to acquire these parts and services to determine if there are other distributors that can provide Zamboni parts and services.

The Request for Quotation (RFQ) #6011-12-3151 was issued July 12, 2012 and closed July 27, 2012 at noon, local time, and was available for the download on the City's internet website. Two (2) firms downloaded the document from the PMMD website which resulted in only one (1) bid received from Joe Johnson Equipment Inc. After a review of the only bid received, it was determined that the total bid price exceeded the available budget and, therefore, PF&R recommended that the call be cancelled. Subsequently, Zamboni Company Limited has advised that they will not provide Joe Johnson Equipment Inc. with parts for resale as they do not offer dealer representation in Ontario. It was then that PFR recommended that a new non-competitive contract be authorized due to the cancellation of RFQ # 6011-12-3151, which exceeded the divisional budget allocation and because Zamboni Company Limited had indicated that the Company did not offer dealer representation in Ontario for their OEM parts.

City Council authorized the issuance of new contract under GM18.14 and Contract 47017222 was issued to purchase various parts for all Zamboni ice resurfacer, Zamboni ice conditioners and Zamboni ice edgers equipments for the period of three years from November 1, 2012 to October 31, 2015.

COMMENTS

Zamboni Company Limited offers no dealer representation in Ontario. Zamboni Company Limited offers OEM parts only from their facility in Brantford, Ontario and will honour warranties on the parts. The ability to purchase Zamboni proprietary parts ensures that warranty is maintained on the Zamboni equipment.
The pricing on all Zamboni parts, is done by a master pricing list that is reviewed periodically by Zamboni Company Limited. This price list is consistent across other municipalities in the GTA (City of Mississauga, City of Oakville, City of Brampton, City of Vaughan and Canadian Armed Forces facilities).

As with all Parks, Forestry and Recreation specialized equipment, ice resurfacing units are provided through Fleet Services; however, the maintenance of the resurfacer units is performed by Parks small engine Mechanics. As recently as this year (2015), through City of Toronto Fleet Services, new Zamboni ice resurfacers entered into the PFR active fleet with an expected 10 year life cycle. These units, added to our current fleet, total in excess of 80 ice resurfacer units within PFR city wide. Many of these units remain in service as redeployed units on the outdoor artificial ice rink program beyond their expected 10 year life cycle. In order to maintain these units, both from a warranty perspective and beyond the expected life cycle, the part supplier must be able to provide proprietary original equipment parts in a timely fashion as to minimize impact to our service delivery.

Although a number of the Zamboni units in our current fleet have life expectancies beyond 2020, if another manufacturer was successful in the Fleet Procurement process or the authorized parts dealer landscape changed between this time and 2019, we would fully support seeking out vendors that could supply various components that meet or exceed original equipment specifications at a lower cost while also ensuring delivery in a timely manner.

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.

CONTACT
Richard Ubbens  
Director, Parks  
Parks, Forestry and Recreation Division  
Tel: (416)392-7911  
rubbens@toronto.ca

Jacquie Breen  
Manager, Corporate Purchasing  
Policy and Quality Assurance  
Tel: (416)392-0387  
jbreen@toronto.ca

SIGNATURE

Janie Romoff  
General Manager,  
Parks, Forestry and Recreation

Michael Pacholok  
Director,  
Purchasing and Materials Management