Extension to Contract No's 4706723, 47016706, 47019510, and 47016724 for the supply, delivery and installation services for various Office Furniture

Date: February 2, 2016
To: Government Management Committee
From: Chief Corporate Officer
Director, Purchasing and Materials Management Division
Wards: All
Reference Number: P:\2016\Internal Services\FAC\Gm16006fac (AFS # 22127)

SUMMARY

The purpose of this report is to request the authority to extend Contract No's 47016723, 47016706, 47019510, and 47016724 for the supply, delivery and installation services for various Office Furniture for an additional twenty one (21) months and will not impact or exceed the funds already budgeted for.

The extension of the four (4) contracts is critical to supporting the Office Modernization Program (OMP) pilot projects as well as existing projects currently underway. Information such as new furniture standards and requirements gathered as a result of the OMP pilots will not be available for incorporation into a new procurement call until Q3 2016, beyond the March 31, 2016 expiry date for each of the existing contracts.

The extension of the Contract term for all four (4) contracts are under the same terms and conditions, and pricing as established with the initial awards as a result of a competitive process conducted for each of the resulting contracts. The report recommends extending the duration of the four (4) contracts only and does not alter the award values as previously approved.
RECOMMENDATIONS

The Chief Corporate Officer and the Director of Purchasing and Materials Management recommend that:

1. City Council authorize the Chief Corporate Office to extend the term of each of the four (4) Contracts, #47016723, #47016706, #47019510 and #47016724 for an additional twenty one (21) month term from March 31, 2016 to December 31, 2017 for the provision of supply, delivery and installation of various Office Furniture under the same pricing, terms and conditions as established with the initial award in a form satisfactory to the City Solicitor.

Financial Impact
There is no financial impact associated with this report. This report recommends extending the duration of the four (4) contracts but does not alter the award values already approved.

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

DECISION HISTORY
On May 2, 2012, Bid Committee granted authority to award a Contract to CTI Working Environment for supply, delivery and installation of Haworth Enhanced Premise Series Workstations, components and accessories for various City of Toronto Divisions as a result of a Request for Quotation (RFQ) 1004-12-3034 from the date of award to March 31, 2013 with an option to renew the contract for three (3) additional separate one (1) year periods. The total contract award, including option years from May 3, 2012 to March 31, 2016, is $6,062,419 net of all applicable taxes ($6,169,118 net of HST recoveries). The following is the link to the Bid Committee approval:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.BD72.1

On April 25, 2012, Bid Committee granted authority to award a Contract to Workplace Resource Group for supply, delivery and installation of Herman-Miller Action Office Series Workstations, components and accessories for various City of Toronto Divisions as a result of a Request for Quotation (RFQ) 1004-12-3041 from the date of award to March 31, 2013 with an option to renew the contract for three (3) additional separate one (1) year periods. The total contract award, including option years from April 27, 2012 to March 31, 2016, is $3,766,444 net of all applicable taxes ($3,832,734 net of HST recoveries). The following is the link to the Bid Committee approval:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.BD71.1

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On May 2, 2012, Bid Committee granted authority to award a Contract to Mayhew Inc. for supply, delivery and installation of Artopex Uni-T Series Workstations, components and accessories for various City of Toronto Divisions as a result of a Request for Quotation (RFQ) 1004-12-3040 from the date of award to March 31, 2013 with an option to renew the contract for three (3) additional separate one (1) year periods. The total contract award, including option years from May 3, 2012 to March 31, 2016, is $6,117,997 net of all applicable taxes ($6,225,674 net of HST recoveries). The following is the link to the Bid Committee approval:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.BD72.1

On May 2, 2012, Bid Committee granted authority to award a Contract to The Office Source Inc. for supply, delivery and installation of Teknion T/O/S Workstations, components and accessories for various City of Toronto Divisions as a result of a Request for Quotation (RFQ) 1004-12-3035 from the date of award to March 31, 2013 with an option to renew the contract for three (3) additional separate one (1) year periods. The total contract award, including option years from May 3, 2012 to March 31, 2016, is $4,865,404 net of all applicable taxes ($4,951,035 net of HST recoveries). The following is the link to the Bid Committee approval:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.BD72.1

At City Council meeting on July 7, 8, and 9, 2015, Office Modernization Program – Pilot Projects, GM5.18, was adopted. The report recommended City Council amend the 2015 Approved Capital Budget for Facilities Management and Real Estate (FM&RE) by adding a new capital project "Office Modernization Program" (OMP) for implementing two of the three recommended pilot projects as part of the OMP. City Council requested the Chief Corporate Officer to provide an update on the pilot project activities after completing the detailed design and costing to finalize the pilot project cost and identify future year funding sources to be considered as part of the 2016 Budget process:
http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.GM5.18

**ISSUE BACKGROUND**

The new and updated furniture standards and accompanying data resulting from Office Modernization Program pilots will not be available until Q3 of 2016, well past the expiry dates of the existing furniture contracts currently in place. Extension of the current contracts until December 31, 2017 will allow for continuance of services for ongoing projects as well as address the immediate needs of the Office Modernization Program pilots.

Council decision on the overall Office Modernization Program is scheduled to take place in Q3 2016. Therefore the extension of these contracts until December 31, 2017 will allow adequate time for the incorporation of new standards into furniture procurement call to be in place by Q3/Q4 of 2017, prior to the expiry of the current extended contracts, satisfying a continuance of services to ongoing and critical projects during this period.
COMMENTS
The extension of these blanket contracts supports ongoing and critical projects, such as the three pilot projects for Office Modernization located at Metro Hall 2nd and 15th floors, as well as North York Civic Centre 1st floor. In addition the extension supports the Chief Corporate Officers mandate for excellence in Customer Service.

Changes to furniture standards ergonomic needs require careful consideration and incorporation into any and all future furniture procurement calls. The outcome data of the OMP pilot projects will be available for inclusion into future procurement, therefore issuing a procurement call at this time would be premature without this data. In the meantime, through a contract extension staff will purchase furniture using standards consistent with modernization principles from existing suppliers.

Upon Council approval of the Office Modernization project in Q4 of 2016, a new contract will be pursued through PMMD replacing these current furniture contracts. The implementation of the replacement contract is anticipated to be active in Q3/Q4 of 2017.

The alternative is expiry of these furniture contracts as of March 31, 2016; requires formal RFQ's to be generated for all furniture related projects, this would cause significant project delays (including other Divisions), a strain on resources both in PMMD and FM, as well as delays to established deliverable timelines to the critical Office Modernization Pilot projects and subsequent Council report. In addition, any cost savings realized with the current blanket contracts would not be enforceable with the procurement of individual RFQ documents.

The proposed timeline extension of each of these existing contracts is until December 31, 2017. It is anticipated that the new replacement procurement contract(s) will be in place prior to the expiration of current proposed extended contracts, eliminating any service disruption to projects.

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SIGNATURE
Josie Scioli  Michael Pacholok
Chief Corporate Officer  Director
Purchasing and Materials Management

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