



## STAFF REPORT ACTION REQUIRED

### Use of Province of Ontario Vendor of Record for the Supply and Delivery of Office Seating and Related Services

<b>Date:</b>	August 18, 2016
<b>To:</b>	Government Management Committee
<b>From:</b>	Chief Corporate Officer and Director, Purchasing and Materials Management Division
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2016\Internal Services\FAC\Gm16022fac (AFS # 23409)

#### SUMMARY

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The purpose of this report is to seek City Council authority to enter into an Acknowledgement Agreement with the Province of Ontario and enter into a separate agreement with the Province of Ontario's Vendor of Record (VOR), Ergo Industrial Seating Systems Incorporated for the supply of Supply, Delivery of Office Seating and Related Services from the date of approval to July 31, 2018 in the amount of \$1,750,000 net of all applicable taxes and charges (\$1,780,800 net of HST recoveries). Ergo Industrial Seating Systems Incorporated was selected as the VOR as a result of being the highest scoring proponent from the Province's competitive call process.

A cost-benefit analysis for the existing VOR was undertaken in support of the recommended approach. Leveraging the Province of Ontario's VOR provides the City with the best possible pricing for the supply, and delivery of Office Seating and Related Services as the Province was provided the items at a highly discounted price.

The primary financial advantages to using the Provincial Vendor of Record arrangement is guaranteed access to best pricing for Canadian Public Sector customers as documented in the Province of Ontario's Master Agreement with all its Vendors of Record. Utilizing the VOR arrangement allows the City to benefit from the economies of scale, resulting in access to highly discounted product and services. The VOR agreement provides a volume discount of up to 5%, which in turn will provide increased buying power over the long term.

The products and services available under the VOR contract agreement is at the highest quality, with maximum warranty, service and life expectancy, is made under the highest design and material standards and meets the highest quality testing, ergonomic and market specifications and standards. In addition, the quality of the products provided in the arrangement will contribute to a reduction in product replacement frequency.

Leveraging the Provincial VOR will also reduce procurement timelines, including overhead costs for all activities related to obtaining a new contract.

## **RECOMMENDATIONS**

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### **The Chief Corporate Officer and the Director of Purchasing & Materials Management Division recommend that:**

1. City Council grant authority for the Chief Corporate Officer to enter into an Acknowledgement Agreement with the Province of Ontario for the use of Vendor of Record Agreement (#OSS-00510687).
2. City Council grant authority for the Chief Corporate Officer to negotiate and enter into an agreement with Ergo-Industrial Seating Systems Inc., (the Province of Ontario's vendor of record) for the supply and delivery of Office Seating and Related Services commencing from the date of approval and ending on July 31, 2018, , in the amount of \$1,750,000 net of all applicable taxes and charges (\$1,780,800 net of HST recoveries), on the same terms and conditions of the Province of Ontario's Agreement, and on terms and conditions satisfactory to the Chief Corporate Officer and in a form satisfactory to the City Solicitor.

### **Financial Impact**

The contract award identified in this report is up to \$1,977,500 including all applicable taxes and charges. The cost to the City is up to \$1,780,800 net of HST recoveries.

Facilities Management in consultation with Purchasing & Materials Management reviewed the Province of Ontario Vendor of Record contract to leverage the highly discounted product and services the Province was receiving. It is anticipated that there will be cost savings when compared to the previous contract used by the City for the same type of product and services.

The furniture requirement is based on the needs of Programs and Agencies as well as other corporate initiative such as Office Modernization Program. This includes needs as a result of replacement forecasts, the acquisition of new items, and items identified for ergonomic purposes. Programs and Agencies are required to budget furniture needs with justifications in the annual Operating and Capital Budget Submissions. Any use of the contract will be subject to the Financial Planning Division review to confirm the budget sufficiency prior to purchases.

Facilities Management has an oversight role in managing the process and coordinates with Financial Planning Division at such time when the purchase request is received to ensure that funds are in place in the appropriate Programs and Agencies before proceeding with any contract order. The cost will be charged directly to the appropriate Operating or Capital Budgets for Programs and Agencies.

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

## **DECISION HISTORY**

Bid Committee, at its meeting of October 17, 2012, approved and adopted without amendment report for the supply, delivery, unpacking, setting-in-place and removal of any debris of new office chairs and installation of additional components to new and existing office chairs as and when required from the date of award to June 30, 2016.

Following is the link to the report and decision document:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.BD95.1#>

## **ISSUE BACKGROUND**

The Minister of Government and Consumer Services (MGCS) administers VOR-Volume Agreements for Office Space Related Commodities, Materials and Services including Office Seating.

The Vendor of Record Arrangement was established for the acquisition of the Supply, Delivery and Installation of Office Seating and Furniture, in accordance with the terms and conditions of RFB OSS-00510687.

Use of the Vendor of Record Arrangement has been made available on an optional basis to the Broader Public Sector (BPS). The City of Toronto has the ability to participate in Province of Ontario Vendor of Record Agreement (#OSS-00510687) without the need to negotiate additional terms and conditions by executing an Acknowledgement Agreement with the Province. The term of this VOR arrangement is for three (3) years plus two (2) one-year extension options available at the MGCS' discretion. The Agreement has been effective since August 4, 2015 through July 31, 2018 which allows the City to enter into the Agreement at any point in time with the options to renew.

## **COMMENTS**

The product and services available under the VOR contract agreement #OSS-00510687. The product and services were evaluated and approved by PMMD, Chief Corporate Office Division and HR/Ergonomic Team as suitable for City of Toronto use and were confirmed as meeting all above listed standards and requirements. Contract approved discount (a minimum of "60% off Manufacturer Listed Price") provided under that contract is the highest available discount offered and approved for that product and services and it is compatible with the previous contract used by the City for the same type of product and services.

Product manufactured by ergoCentric® Seating Systems and related services offered by Ergo-Industrial Seating Systems Incorporated were evaluated and approved by the Ergonomic Group and Furniture Supervisor/Facilities Management Division, meeting Health and Safety, Ergonomic, and the City's Office Standards. In addition, the product(s) required are required to achieve compliance with new AODA (The Accessibility for Ontarians with Disabilities Act, 2005) legislation and was certified under required market standards (ANSI/BIFMA, CAN/CSA, AATCC) and with required material and process certification (ISO, GreenShield, ASTM and Product Emission Standards).

In order to continue to provide the City with competitive prices for the supply and delivery of approved Office Seating and related services, it is recommended that the City of Toronto utilize the Province of Ontario's Vendor of Record Arrangement (#OSS-00510687) for Supply, Delivery of Office Seating and related services to be provided by Ergo-Industrial Seating Systems Incorporated.

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**

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## **SIGNATURE**

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Josie Scioli  
Chief Corporate Officer

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Michael Pacholok  
Director, Purchasing  
& Materials Management Division