



**STAFF REPORT  
ACTION REQUIRED**

**Non-competitive Contracts with Cansel Survey Equipment Inc., Leica Geosystems Ltd., and Topcon Positioning Systems for Proprietary Maintenance, Repairs and Parts of Surveying Instruments**

<b>Date:</b>	September 28, 2016
<b>To:</b>	Public Works and Infrastructure Committee
<b>From:</b>	Executive Director, Engineering & Construction Services Director, Purchasing and Materials Management
<b>Wards:</b>	All
<b>Reference Number:</b>	P:\2016\Cluster B\TEC\PW16035 (AFS # 23550)

**SUMMARY**

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The purpose of this report is to request authority for the Executive Director, Engineering & Construction Services to negotiate and enter into non-competitive contracts with Cansel Survey Equipment Inc., Leica Geosystems Ltd. and Topcon Positioning Systems. These contracts are for the continued supply of proprietary maintenance, repairs and replacement parts for sophisticated surveying instruments used for the purpose of delivering the Capital Works Program and identifying City owned lands and dealing with City Legal Survey land claims from January 1, 2017 to December 31, 2017, with the option to renew for additional five (5) separate one (1) year periods, at the sole discretion of the City and subject to budget approval(s), for the total amount of \$317,826 net of HST and \$323,420 net of HST recoveries.

City Council approval is required in accordance with Municipal Code Chapter 195-1 Purchasing, where the current request exceeds the Chief Purchasing Official's authority of the cumulative five year commitment limit under Section 1 of the Purchasing By-Law and allowed under staff authority as per the Toronto Municipal Code, Chapter 71- Financial Control, Section 71-11A.

## RECOMMENDATIONS

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**The Executive Director, Engineering & Construction Services, and the Director, Purchasing and Materials Management, recommend that:**

1. City Council authorize the Executive Director, Engineering & Construction Services to negotiate and enter into a non-competitive agreement with Cansel Survey Equipment Inc. on terms and conditions satisfactory to the Executive Director, Engineering & Construction Services and in a form satisfactory to the City Solicitor. This contract is for the continued supply of proprietary maintenance, repairs and replacement parts for Trimble instruments from January 1, 2017 to December 31, 2017, with the option to renew for additional five (5) separate one (1) year periods at the sole discretion of the City and subject to budget approval(s). The contract will also be on the condition that the vendor continues to be the manufacturer and exclusive distributor for the goods. The estimated amount of this non-competitive contract including all option years is \$156,371 net of HST (\$159,123 net of HST recoveries).
2. City Council authorize the Executive Director, Engineering & Construction Services to negotiate and enter into a non-competitive agreement with Leica Geosystems Ltd on terms and conditions satisfactory to the Executive Director, Engineering & Construction Services and in a form satisfactory to the City Solicitor. This contract is for the continued supply of proprietary maintenance, repairs and replacement parts for Leica instruments from January 1, 2017 to December 31, 2017, with the option to renew for additional five (5) separate one (1) year periods at the sole discretion of the City and subject to budget approval(s). The contract will also be on the condition that the vendor continues to be the manufacturer and exclusive distributor for the goods. The estimated amount of this non-competitive contract including all option years is \$96,619 net of HST (\$98,320 net of HST recoveries).
3. City Council authorize the Executive Director, Engineering & Construction Services to negotiate and enter into a non-competitive agreement with Topcon Positioning Systems on terms and conditions satisfactory to the Executive Director, Engineering & Construction Services and in a form satisfactory to the City Solicitor. This contract is for the continued supply of proprietary maintenance, repairs and replacement parts for Sokkia instruments from January 1, 2017 to December 31, 2017, with the option to renew for additional five (5) separate one (1) year periods at the sole discretion of the City and subject to budget approval(s). The contract will also be on the condition that the vendor continues to be the manufacturer and exclusive distributor for the goods. The estimated amount of this non-competitive contract including all option years is \$64,837 net of HST (\$65,978 net of HST recoveries).

## FINANCIAL IMPACT

The total estimated value of all three contracts including all option years, identified in this report is \$317,826 net of HST (\$323,420 net of HST recoveries). Funding in the amount of \$50,000 net of HST recoveries will be included in the 2017 Operating Budget submission for Engineering & Construction Services, as detailed in the table below.

Should the City choose to exercise its option to renew for an additional five (5) separate one year periods, then appropriate additional funding, if needed, will be included in the 2018-2022 annual operating budgets for Engineering & Construction Services.

Funding details (net of HST recoveries) are provided below:

Cost Centre	Cost Element	Years					
		2017	2018	2019	2020	2021	2022
ECS640	4699	\$41,000	\$42,230	\$43,497	\$44,802	\$46,146	\$47,530
ECS611	4699	\$9,000	\$9,270	\$9,548	\$9,834	\$10,130	\$10,433
Yearly Totals		\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	\$57,963
Grand Total 2017-2022							\$323,420

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

## ISSUE BACKGROUND

Engineering Surveys and Land and Property Surveys provide land survey services for the City of Toronto's Capital Works Program. These services require the use of specialized, high precision, survey equipment for pre-engineering, construction layout, as-built, audit, property surveys and for the maintenance of the geodetic control network which includes horizontal and vertical control monuments in support of the Capital Works Program. This equipment is technically specialized and necessary to ensure that the accuracies required for each type of survey are achieved.

Engineering & Construction Services (ECS) requires non-competitive contracts for the annual calibration, repair and maintenance for proprietary survey instruments used by Engineering Surveys and Land & Property Surveys. This equipment is used on daily basis by field crews in all weather conditions and undergoes significant wear and tear. The proper maintenance of this equipment ensures that capital works and other internal client projects are delivered at the highest operational precision and accuracy in compliance with the City of Toronto's standards and legislative requirements.

ECS has been procuring remote control total station survey equipment, Global Positioning System (GPS) receivers and other survey instruments using a competitive Request for Quotation

process. Over the years, due to the competitive bid process, the City has acquired various brands of instruments, namely, Leica, Sokkia and Trimble. The current inventory, listed by brand, is shown in Table 1:

**Table 1: ECS Survey Equipment Inventory**

<b>Brand</b>	<b>Model year</b>	<b># Total Station</b>	<b># GPS Receiver</b>
Leica	2000-2011	11	6
Sokkia (sold by Topcon)	2008-2013	12	10
Trimble (sold by Cansel)	2003-2012	12	0
<b>Totals</b>		35	16

The services and parts for the equipment listed in Table 1 cannot be procured through a competitive process because it was determined that Cansel Survey Equipment Inc., Leica Geosystems Ltd. and Topcon Positioning Systems are the only manufacturers or authorized dealers who can sell these proprietary services and parts to the City of Toronto.

## **COMMENTS**

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Cansel Survey Equipment Inc., Leica Geosystems Ltd., and Topcon Positioning Systems are the only manufacturers or authorized dealers who can provide the knowledge and specialized service and parts for the proprietary surveying instruments used by Engineering & Construction Services. These high-grade survey instruments have an estimated life span of eight (8) to twelve (12) years. The three non-competitive contracts will ensure that equipment is maintained to ensure top performance, high accuracy, reliable spatial data and for its estimated life span.

The historical repair and maintenance costs paid to each vendor (January 1, 2011 to December 31, 2015) are shown in Table 2.

**Table 2: Historical Repair and Maintenance Expenditures for ECS Surveying Equipment (Net of HST Recoveries)**

<b>Vendor</b>	<b>Repair and Maintenance Expenditures</b>	
	<b>January 2011 to December 2015</b>	<b>Annual Average (Approximate)</b>
Cansel	\$ 135,800	\$ 27,000
Leica	\$ 39,200	\$ 8,000
Topcon	\$ 38,200	\$ 7,600
<b>Total</b>	<b>\$213, 200</b>	<b>\$ 42,600</b>

It is recommended that the City enter into non-competitive contracts with Cansel Survey Equipment Inc., Leica Geosystems Ltd and Topcon Positioning Systems for the period from January 1, 2017 to December 31, 2017, and that staff be authorized to execute the five (5) renewal option years for the expenditures as identified in Appendix A.

Each vendor has provided written confirmation that the City is receiving the lowest possible prices when compared to other municipalities for their goods and services. In the event that other suitably qualified vendors (approved by the manufacturers/distributors) are identified, staff will follow all appropriate Purchasing By-Laws and procedures to ensure that a competitive process is conducted.

The Fair Wage Office has reported that the recommended firms have indicated that they have reviewed and understand the Fair Wage Policy and Labour Trades requirements and have agreed to comply fully.

## **CONTACT**

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## **SIGNATURE**

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Michael D'Andrea, M.E.Sc., P.Eng.  
Executive Director  
Engineering & Construction Services

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Michael Pacholok  
Director  
Purchasing and Materials Management Division

## **ATTACHMENTS**

Appendix A- List of Non-Competitive Contracts

# PW16.2 Appendix A

## APPENDIX A – List of Non-Competitive Contracts

### Net of HST Recoveries

Vendor	Goods/Service Provided	Contract Issue Date	Option Years					Total (including all Option Years)	Reason for Non-competitive
			Option Year 1 Jan. 1, 2018-Dec. 31, 2018	Option Year 2 Jan. 1, 2019-Dec. 31, 2019	Option Year 3 Jan. 1, 2020-Dec. 31, 2020	Option Year 4 Jan. 1, 2021-Dec. 31, 2021	Option Year 5 Jan. 1, 2022-Dec. 31, 2022		
Cansel Survey Equipment Inc.	Parts, service and maintenance for Trimble Surveying Instruments	\$24,600	\$25,338	\$26,098	\$26,881	\$27,688	\$28,518	\$159,123	Sole authorized distributor for Trimble parts service & repairs.
Leica Geosystems Ltd.	Parts and maintenance for Leica Geosystems Ltd Surveying Instruments	\$15,200	\$15,656	\$16,126	\$16,609	\$17,108	\$17,621	\$98,320	Manufacturer and sole distributor of Leica Geosystems Ltd Surveying Instruments
Topcon Positioning Systems	Parts and maintenance for Sokkia Surveying Instruments	\$10,200	\$10,506	\$10,821	\$11,146	\$11,480	\$11,825	\$65,978	Manufacturer and sole distributor of Sokkia Surveying Instrument
Total Value:		\$50,000	\$51,500	\$53,045	\$54,636	\$56,275	\$57,964	\$323,420	

Annual values are estimated based on historical needs and expected maintenance and include an inflationary increase of 3% each option year.