



REPORT FOR ACTION

Contract amendment for Corporate Express, Canada Inc. operating as Staples Advantage Canada for the non-exclusive supply and delivery of office supplies and related products

Date: October 27, 2017

To: Government Management Committee

From: Director, Purchasing & Materials Management Division

Wards: All

SUMMARY

The purpose of this report is to request the authority to amend various expired blanket contracts issued to Corporate Express, Canada Inc. operating as Staples Advantage Canada ("Staples") as a result of Request for Quotation ("RFQ") 3302-11-3224 for the non-exclusive supply and delivery of office supplies and related products, from April 1, 2012 to March 31, 2017 in the amount of \$328,145 net of all taxes and charges (\$333,920 net of HST recoveries), revising the current value from \$11,438,031 to \$12,266,175 net of all taxes and charges (\$12,482,029 net of HST recoveries).

The amendment is being requested in accordance with Section 71-11.1.C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-Law) in order to bring the expired blanket contracts into compliance and no further purchases will be processed against the various expired blanket contracts set out in this report. There are no outstanding invoices to be paid to Staples. A new contract for the supply and delivery of office supplies has been awarded to Novexco Inc.

RECOMMENDATIONS

The Director, Purchasing & Materials Management Division ("PMMD") recommends that:

The Government Management Committee in accordance with Section 71-11.1.C of the City of Toronto Municipal Code, Financial Control By-law, grant authority to amend the various expired blanket contracts with Staples, for the non-exclusive supply and delivery of office supplies and related products, for various divisions for the period of April 1, 2012 to March 31, 2017, as set out in "Table 1 - Spent Details Per Division" attached to this report, by an additional total amount of all combined contracts in the amount of \$328,145 net of all taxes and charges (\$333,920 net of HST recoveries), revising the current value from \$11,438,031 to \$12,266,175 net of all taxes and charges (\$12,482,029 net of HST recoveries).

FINANCIAL IMPACT

The total contract expenditure increase is \$328,145 exclusive of all taxes, \$333,920 net of HST recoveries.

The original Bid Committee award value was \$11,438,031 and the contract term was from April 1, 2012 to March 31, 2017. City staff processed an additional \$500,000 (\$508,800 net of HST recoveries) in amendments during the life of the contract. An amendment for \$328,145 (\$333,920 net of HST recoveries) is therefore required to bring the expired contracts into compliance and to remove any over-expenditure contracts from the Blanket Contract Over-Expenditure Report. Funding has been spent from the 2012-2017 annual Operating Budgets. There are no outstanding invoices to be paid to Staples as a result of this amendment.

Please refer to the Attachment, titled "Table 1 - Spent Details Per Division", which identifies the overspent blanket contracts.

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

DECISION HISTORY

An award was made by Bid Committee at its meeting of March 28, 2012, to Staples for the non-exclusive supply and delivery of office supplies and related products. This is as a result of a RFQ 3302-11-3224 from April 1, 2012 to March 31, 2017, for a total awarded value of \$11,438,031 net of all applicable taxes (\$11,639,340 net of HST recoveries).

Bid Committee Award document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.BD67.2>

An award was made by the Bid Award Panel at its meeting of June 21, 2017, to Novexco for the non-exclusive supply and delivery of office supplies and related products. This is as a result of the use of the Province of Ontario Vendor of Record OSS#00586437, from the date of award to April 30, 2020, with the option to renew the Contract for two (2), additional, separate, optional year periods for a total awarded value of \$15,037,501 net of all applicable taxes (\$15,302,161 net of HST recoveries).

Bid Award Panel document can be viewed at:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2017.BA28.1>

COMMENTS

Staples Spend Analysis

RFQ 3302-11-3224 for the non-exclusive supply and delivery of office supplies and related products was issued by PMMD on November 8, 2011. The RFQ closed on

November 30, 2011. Bid Committee, at its meeting of March 28, 2012, awarded the RFQ to Staples in the amount of \$11,438,031 net of all taxes (\$11,639,340 net of HST recoveries) for an initial period from April 1, 2012 to March 31, 2015 and two (2), one (1) year, option years. Both option years were exercised and the contract with Staples expired on March 31, 2017.

Estimates provided in the RFQ for all Divisions were based on historical data provided by the respective Divisions. Throughout the term, a total of 18 amendments were processed to the multiple contracts awarded to Staples. The amendments were attributed to underestimating divisional requirements and the four month delay in finalizing the agreement with Novexco Inc.

All invoices were paid and this report is to request the authority to amend the contracts in the amount of \$328,145 (\$333,920 net of HST recoveries) bring the expired blanket contracts into compliance.

The results of the analysis is summarized in the following "Table 2 - Spend Analysis Summary):

Table 2 - Spend Analysis Summary

	Total Spend Net Of Taxes And Charges	Total Spend Net Of HST Recoveries
Original Bid Committee Award Value	\$11,438,031	\$11,639,340
Total Spend With POAs	\$12,266,175	\$12,482,060
Difference Between Total Spend And Total Award	-\$828,145	-\$842,720
POAs Processed Under Authority	\$500,000	\$508,800
Overspent Value Requiring Authority	\$328,145	\$333,920

Following the expiry of the contract with Staples, the City leveraged the Province's Vendor of Record Arrangement ("VOR") #OSS-005-00586437 for Office Products and Print and Copy Paper to award a contract to Novexco Inc. In preparation for the new office supplies contract, PMMD has been working closely with the Divisions in order to prepare a user guide on the use of the new Office Products contract, that will help Divisions to better understand the services and pricing (discounts offered), offered by

Novexco Inc. In addition, the user guide provides information relating to product categories that are part of this agreement and those categories that are restricted, as other contracts are in place. PMMD, along with the Divisional leads, worked with Novexco Inc. to develop a process for on-line ordering which prevents restricted items from being purchased. The user guide identifies the restricted items by category and refers the division(s) to an alternate source to procure a particular restricted item/category, which will assist in reducing the over-expenditure of the office supply contract. The divisional leads will monitor the spend and items purchased on a quarterly basis to ensure the spend is in line with the divisional respective budgets.

The user guide further sets out the roles and responsibilities of City staff to ensure we have the appropriate controls in place for continuous improvement, and ensuring we have all the information needed to manage the contract and vendor performance. The user guide is available on PMMD's intranet website and the user guide will be reviewed and update periodically over the life of the contract.

CONTACT

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SIGNATURE

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ATTACHMENTS

Table 1 - Spent Details Per Division