



REPORT FOR ACTION

Amendment to Blanket Contract 47020149 with City Dispensers Inc., for Toronto Employment & Social Services Division.

Date: February 24th, 2020

To: General Government and Licensing Committee

From: General Manager, Toronto Employment & Social Services and Chief Purchasing Officer

Wards: All

SUMMARY

The purpose of this report is to seek authority to amend Blanket Contract 47020149 awarded to City Dispensers Inc. as a result of Request for Quotation (RFQ) 0501-14-0008 for the non-exclusive supply, fitting and delivery of prescription eyeglasses for Ontario Works (OW) clients and Ontario Disability Support Program (ODSP) dependent adults. The total amendment being requested, is for an additional amount of \$500,000 net of all applicable taxes and charges (\$508,800 net of HST recoveries) for the current last option year period (September 01, 2019 to August 31, 2020) revising the total current Blanket Contract value from \$3,329,639 to \$3,829,639 net of all applicable taxes and charges.

The requested amendment is required to account for the potential over expenditure due to an increase in demand and complexity of the eyewear being prescribed. Currently TESS is working in conjunction with Purchasing and Material Management Division for the issuance of a new Request for Quotation (RFQ) to incorporate the volume increase by enhancing estimate accuracy. The requested amendment will ensure that the current option year period has sufficient value to account for the end of the contract, thereby allowing for continuity of service delivery of prescription eyeglasses for OW clients and ODSP dependent adults until such time as a new contract is in place.

RECOMMENDATIONS

The General Manager, Toronto Employment and Social Services and the Chief Purchasing Officer, recommends that:

The General Government and Licensing Committee, in accordance with Section 71-11.1 C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law), grant authority to amend Contract 47020149 with City Dispensers Inc. in the amount of \$500,000 net of all applicable taxes and charges (\$508,800 net of HST recoveries) revising the current Blanket Contract value from \$3,329,639 to \$3,829,639 net of all applicable taxes and charges (\$3,897,041 net of HST recoveries).

FINANCIAL IMPACT

Under the OW Act, the provision of vision care is a mandatory benefit for dependent children of OW recipients and a discretionary benefit for adults on OW. Mandatory OW benefits are 100% paid for by the Province while discretionary benefits are cost shared 100% up to the provincial funding cap. As discretionary benefits are below the funding cap, vision care benefits for adults are also 100% cost shared by the Province.

Two previous purchase order amendments were processed in the total amount of \$270,502 excluding all applicable taxes and charges. Contract details follow below;

Original Target Value (2016)	\$740,906
Renewal First Option Year (2017)	754,983
Renewal Second Option Year (2018)	771,593
Amendment (1)	133,909
Renewal Third Option Year (2019)	791,655
Amendment (2)	136,593
Current Target Value	<u>\$3,329,639</u>
Spent Feb 2nd, 2020	<u>3,086,313</u>
Balance	<u>\$243,326</u>
Current Target Value	\$3,329,639
Proposed Amendment (3)	<u>500,000</u>
Proposed New Target Value	<u><u>\$3,829,639</u></u>

Funding for this contract amendment is available in the 2020 Approved Operating Budget for Toronto Employment and Social Services as per the funding details provided in the table below:

Cost Centre	Cost Element	Additional Funding Requirement (Net of HST Recoveries)
C03201-C03299 &C04302 &C05299	2865	\$508,800

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

DECISION HISTORY

On July 22, 2016, The Bid Award Panel granted the authority to award a contract for RFQ No. 0501-16-0034 to City Dispensers Inc. for the non-exclusive supply, fitting and delivery of prescription eyeglasses for OW clients and ODSP dependent adults. The Bid Committee Contract Award document can be viewed at:

(<https://www.toronto.ca/legdocs/mmis/2016/bd/bgrd/backgroundfile-95172.pdf>)

COMMENTS

Under the OW Vision Care Benefits, all eligible persons may receive new lenses and frames every three years without restrictions and new lenses for glasses any time there is a change in prescription. Adults can receive eye glasses, including lenses and frames, repairs or replacements, when necessary as a result of a significant change in prescription or if the benefit supports the person's employability or participation requirements, which resulted in two previous amendments being processed in the total amount of \$270,500 net of all taxes. A prescription is required from an ophthalmologist, optometrist or physician before the cost of the frames and/or lenses may be approved.

An analysis of vision care expenditures has pointed to volume increases and a higher proportion of more complex prescription (e.g. Bifocal, Trifocal, and Photogrey) as the major drivers of the increased expenditures. Contract management strategies and a secondary review process were put into place as soon as the increase in expenditure was identified. While TESS staff have worked with the vendor to mitigate the escalating costs associated with the volume increase and complexity of the prescriptions with no impacts to the clients, it is important to note that the Vision Care Benefits are demand driven program and neither the vendor nor TESS could dispute a prescription issued by a Health Care Professional. Based on the current trends, it is expected that expenditures remain at or above levels for the remainder of the term of the contract.

The requested amendment in the amount of \$500,000 net of all applicable taxes and charges (\$508,800 net of HST recoveries will ensure that the current option year period has sufficient funds to account for end of the contract requirements prior to the contract being overspent for the period ending August 31, 2020, thereby allowing for continuity of service delivery of prescription eyeglasses for OW clients and ODSP dependent adults until such time as a new contract is in place.

CONTACT

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SIGNATURE

Patricia Walcott
General Manager, Toronto Employment and Social Services

Mike Pacholok
Chief Purchasing Officer