



## REPORT FOR ACTION

### **Non-Competitive Contract for the Provision of Proprietary OEM Parts and Service from G.C. Duke Equipment Limited**

**Date:** June 15, 2020

**To:** General Government and Licencing Committee

**From:** General Manager, Parks Forestry & Recreation and Chief Purchasing Officer, Purchasing & Materials Management Division

**Wards:** All

#### **SUMMARY**

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The purpose of this report is to request authority to enter into a non-competitive contract with G.C. Duke Equipment Limited (G.C. Duke) being the only authorized dealer in Ontario for the supply of proprietary parts and service for Jacobsen, Ransomes and Cushman machines.

The contract will be for a period of five (5) years, commencing on August 1, 2020 to July 31, 2025 in the total amount of \$796,370, net of Harmonized Sales Tax (\$810,386, net of Harmonised Sales Tax recoveries).

Mowers are acquired by Fleet Services and are sourced through a competitive solicitation process. Parks, Forestry & Recreation Division (PF&R) Small Engine Mechanics maintain the equipment and must use Original Equipment Manufacturer (OEM) parts to ensure manufacturer's warranty for the mowers remains valid. This contract will ensure the continued operation of all golf courses and parks operated and maintained by the City of Toronto.

City Council approval is required in accordance with Municipal Code Chapter 195- Purchasing, where the current request exceeds the Chief Purchasing Official's authority of the cumulative five year commitment for each vendor, under Article 7, Section 195-7.3 (D) of the Purchasing By-Law or exceeds the threshold of \$500,000 net of HST allowed under staff authority as per the Toronto Municipal Code, Chapter 71- Financial Control, Section 71-11A.

## RECOMMENDATIONS

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The General Manager, Parks Forestry and Recreation and Chief Purchasing Officer, Purchasing and Materials Management Division recommend that:

City Council authorize the General Manager, Parks Forestry and Recreation to negotiate and sign on behalf of the City a non-competitive agreement with G.C. Duke Equipment Limited for the supply, delivery and warranty of proprietary parts and services for Jacobsen, Ransomes and Cushman machines, for a period of five (5) years from August 1, 2020 to July 31, 2025 in the amount of \$796,370, net of Harmonized Sales Tax (\$810,386, net of Harmonized Sales Tax recoveries), on terms and conditions satisfactory to the General Manager, Parks, Forestry and Recreation and in a form satisfactory to the City Solicitor.

## FINANCIAL IMPACT

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The total potential amount of the proposed contract including all years identified in this report is \$796,370, net of Harmonized Sales Tax. The total estimated cost to the City is \$810,386, net of Harmonized Sales Tax recoveries.

Funding in the amount of \$63,600, net of HST recoveries, is included in the 2020 Approved Operating Budget for Parks, Forestry and Recreation under cost centre grouping for PFR Equipment Maintenance (PR010-11.114) and cost element 2120. The additional funding in the amounts detailed in the table below will be requested in the 2021 to 2025 Operating Budget submissions for Parks, Forestry and Recreation under cost centre Facility Operations and PFR Equipment Maintenance (PR010-11.114) and cost element 2120.

Year	Total Net of all taxes	Total Including HST & all taxes	Total Net of HST Recoveries
2020	\$62,500	\$70,625	\$63,600
2021	\$151,875	\$171,619	\$154,548
2022	\$156,431	\$176,767	\$159,184
2023	\$161,124	\$182,070	\$163,960
2024	\$165,958	\$187,532	\$168,879
2025	\$98,482	\$111,285	\$100,215
TOTAL	\$796,370	\$899,89	\$810,386

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

## DECISION HISTORY

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On November 30, 2012, Blanket Contract 47017167 (RFQ #6001-12-3146, BD96.1, Item 5 adopted by Bid Committee at its meeting on October 24, 2012:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2012.BD96.1>)

was awarded to sole bidder G.C. Duke, for a three year term in the amount of \$614,161, net of taxes. On December 3, 2015, Blanket Contract 47019580 (RFQ #6001-15-3180, BD59.4, adopted by Bid Committee at its meeting on December 2, 2015:

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2015.BD59.4>)

was again awarded to sole bidder, G.C Duke, for a five year term in the amount of \$751,198, net of taxes.

It has been determined through research and documentation confirming that G.C Duke is the sole authorized dealer in Ontario for the supply of proprietary OEM parts and service for Jacobsen, Ransomes and Cushman machines that this vendor is the only authorized dealer in Ontario to provide the parts and service required for Parks, Forestry & Recreation Division operations.

## COMMENTS

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The parts and specialized services for the equipment manufacturers outlined in this report cannot be obtained through the competitive procurement process and the required non-competitive contract meets the criteria of the exception code 2, Exclusive Rights in the Purchasing By-law.

This non-competitive contract includes the supply of all OEM labour, materials and equipment necessary to provide warranty and non-warranty services for the City of Toronto's Parks, Forestry & Recreation Division, all in accordance with the provisions and specifications that will be contained in the Legal Agreement.

There are approximately 50 various-sized Jacobsen, Ransomes and Cushman mowers in circulation, many procured by Fleet as recently as 2019. The mowers are required to be in operational condition to maintain City of Toronto parks and golf courses.

The life expectancy of 10 years, and replacement cost of a mower can be in excess of \$120,000.00, means this equipment must be maintained with OEM parts that will ensure the warranty remains valid on this equipment. The original equipment manufacturer (OEM) has confirmed in writing that the parts and services for Jacobsen, Ransomes and Cushman equipment are proprietary to the authorized dealer, G.C. Duke Equipment Limited, for the entire province of Ontario, which includes the Greater Toronto Area.

Parks, Forestry and Recreation has reviewed the pricing and confirmed it is comparable to historical rates, current market and other municipalities.

The Fair Wage Office has reported that G.C. Duke Equipment Limited 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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Janie Romoff  
General Manager, Parks, Forestry and Recreation



Michael Pacholok,  
Chief Purchasing Officer, Purchasing & Materials Management