

Amendment to Blanket Contract Numbers 47023836 and 47023838 with Goodyear Canada Inc. for the standardization of Tire Purchases across the City-wide Fleet

Date: June 16, 2022

To: General Government & Licensing Committee

From: General Manager, Fleet Services and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to request authority to amend and increase the value of Blanket Contract Numbers 47023836 and 47023838 for Fleet Services Division and Toronto Fire Services respectively, issued to Goodyear Canada Inc., for the standardization of tire purchases across the City-wide Fleet. The total additional amount being requested is \$5,685,914 net of all applicable taxes and charges (\$5,785,986 net of HST recoveries) to October 31, 2025, including all remaining optional renewal terms.

The requested amendment is required to account for the anticipated shortfall of funds for Blanket Contract Numbers 47023836 and 47023838, based on the forecasted spending by the Divisions.

RECOMMENDATIONS

The General Manager, Fleet Services, and the Chief Procurement Officer recommend that:

1. The General Government & Licensing Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law), grants authority to amend Blanket Contract Number 47023836 for Fleet Services Division and increase the contract target value by \$2,992,612 net of all applicable taxes and charges (\$3,045,282 net of HST recoveries) to October 31, 2030, including all remaining optional renewal terms.
2. The General Government & Licensing Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law), grants authority to amend Blanket Contract Number 47023838 for Toronto Fire Services

and increase the contract target value by \$2,693,302 net of all applicable taxes (\$2,740,704 net of HST recoveries) to October 31, 2030, including all remaining optional renewal terms.

FINANCIAL IMPACT

The total potential cost to the City identified in this report, including the optional renewal term, is \$6,425,083 including all taxes and charges. The total potential cost to the City is \$5,785,986 net of HST recoveries.

Initial Term

Funding in the amount of \$781,957 net of HST recoveries will be included in the 2025 Operating Budget submission for Fleet Services Division.

Funding in the amount of \$270,906 net of HST recoveries is included in the 2022 Approved Operating Budget for Toronto Fire Services. Funding for years 2023 through 2025 totalling \$862,465 net of HST recoveries will be included in the 2023-2025 Operating Budget Submissions for Toronto Fire Services.

Option Term

Should the City choose to exercise its option to renew for an additional term of five (5) years, then appropriate additional funding, if needed, will be included in the 2025-2030 annual Operating Budget Submissions for Fleet Services Division and Toronto Fire Services. Funding details are summarized in Table 1 as follows:

Table 1: Financial Impact Summary of Recommended Contract Amendment - Fleet Services and Toronto Fire Services Operational Budgets Net of HST Recoveries

Division	Cost Centre (group) / Cost Element	Initial Term (August 1, 2021 to October 31, 2025)	Option Term 1 (November 1, 2025 - October 31, 2030)	Total Amendment Value
Fleet Services Division	FL100/2135	781,957	2,263,326	3,045,282
Toronto Fire Services	FR0025/2135/2120	1,133,371	1,607,333	2,740,704
Total Amendment Value		1,915,328	3,870,658	5,785,986

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

DECISION HISTORY

At its meeting of September 30, 2020, City Council adopted without amendment and without debate item GL 15.10 non-competitive contracts with Goodyear Canada Incorporated and Michelin North America (Canada) Incorporated for the standardization of tire purchases across the City-wide fleet.

<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2020.GL15.10>

COMMENTS

Fleet Services Division completed a cost analysis based on historical SAP usage under Contract 47023836 and concluded that there will be a funding shortfall in the amount of \$768,433 net of all applicable taxes and charges (\$781,957 net of HST recoveries) before the end of the initial term on October 31, 2025 and a deficit in the amount of \$2,224,180 net of all applicable taxes and charges (\$2,263,326 net of HST recoveries) during Option Term 1 from November 1, 2025 to October 31, 2030. After eight (8) months of service under Contract 47023836, Fleet Services Division is better prepared with SAP data to forecast future spending.

Toronto Fire Services completed a cost analysis based on historical SAP usage under their previous Contract 47020606 and concluded that there will be a funding shortfall under contract 47023838 in the amount of \$1,113,769 net of all applicable taxes and charges (\$1,133,371 net of HST recoveries) before the end of the initial term ending October 31, 2025 and a deficit in the amount of \$1,579,533 net of all applicable taxes and charges (\$1,607,333 net of HST recoveries) during Option Term 1 from November 1, 2025 to October 31, 2030. The discrepancy was a result of missing SAP spending data not included in the spending analysis at the time the report was brought to Council resulting in a much lower spend rate.

CONTACT

Gui Andrade, Manager, Fleet Contracts, Fleet Services, Telephone: (416) 394-8607, Email: Gui.Andrade@toronto.ca

Justin Lau, Manager, Purchasing Client Services, Corporate Services and Finance & Treasury Services, Purchasing and Materials Management, Telephone: (416) 392-7316, Email: Justin.Lau@toronto.ca

SIGNATURE

David Jollimore
General Manager, Fleet Services
Amendment to Blanket Contract Numbers 47023836 and 47023838

Kiruba Sankar
Chief Procurement Officer (Interim)
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