

# **Amendment to Non-Competitive Blanket Contract 47022515 with Joe Johnson Equipment for Supply and Delivery of Original Equipment Manufacturer (OEM) Parts and Specialized Services for Warranty and Non-Warranty Repair and Maintenance**

**Date:** April 25, 2024

**To:** General Government Committee

**From:** General Manager, Fleet Services and Chief Procurement Officer

**Wards:** All

## **SUMMARY**

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The purpose of this report is to seek authority from City Council to amend non-competitive Blanket Contract 47022515 with Joe Johnson Equipment to extend the contract validity and date by an additional 5 year term and increase the budget by \$2,743,207 net of Harmonized Sales Tax (\$2,791,488 net of Harmonized Sales Tax Recoveries). The term extension will revise the maximum duration from five (5) years to ten (10) years, where all optional extension years are exhausted. This blanket contract value increase will revise the target value from \$1,761,067 to \$4,504,274, net of Harmonized Sales Tax (\$5,089,830 including all taxes and charges, \$4,583,099 net of Harmonized Sales Tax Recoveries).

The contract is for the supply and delivery of labour, materials, and equipment necessary to provide overflow warranty and non-warranty Original Equipment Manufacturer (OEM) authorized parts and services for Labrie, Vactor, Elgin, Trackless, and any other OEM for which Joe Johnson Equipment is an authorized parts and service dealer. The parts and specialized services cannot be obtained through the competitive procurement process as Joe Johnson Equipment is the only authorized dealer in the Greater Toronto Area.

This equipment is required to ensure the continued delivery of critical services across the City of Toronto, specifically to support and maintain water infrastructure for Toronto Water Operations and to support haulage operations for Solid Waste Management. Access to OEM parts and specialized services for warranty/non warranty repair and maintenance is vital to ensuring that units are safe, reliable and available when required.

Additionally, completing preventative maintenance services in line with OEM recommended standards and specifications supports Fleet Services' ongoing work to advance fleet availability and reliability by optimizing fleet performance and equipment health and safety. A better return on investment is also expected, with well maintained vehicles having a lengthy lifespan, and yielding greater returns at the end of their life cycle.

City Council approval is required in accordance with Municipal Code Chapter 195-Purchasing, where the current request exceeds the Chief Procurement Officer's authority of the cumulative five (5) 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 Harmonized Sales Tax allowed under staff authority as per the Toronto Municipal Code, Chapter 71-Financial Control, Section 71-11.1.

## **RECOMMENDATIONS**

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

1. City Council authorize the General Manager, Fleet Services Division to amend the Legal Agreement and Blanket Contract Number 47022515 with Joe Johnson Equipment for the supply and delivery of labour, materials, and equipment necessary to provide overflow warranty and non-warranty OEM authorized parts and services for Labrie, Vactor, Elgin, Trackless, and any other equipment for which Joe Johnson Equipment is the authorized dealer, to extend the target date by one (1) year from November 1, 2024 to October 31, 2025, with the option to renew the contract for four (4) additional (1) one year periods, at the sole discretion of the City, and increase the total target value by \$2,743,207 net of HST and all applicable charges, (\$2,791,488 net of HST recoveries), revising the current Blanket Contract value from \$1,761,067 to \$4,504,274 net of all taxes and charges, based on the following conditions:
  - a. The agreement will be based on the condition that Joe Johnson Equipment continues to be the exclusive distributor for the proprietary OEM parts and specialized services for Labrie, Vactor, Elgin, Trackless, and other equipment; and,
  - b. On other terms and conditions satisfactory to the General Manager, Fleet Services, and in a form satisfactory to the City Solicitor.

## **FINANCIAL IMPACT**

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The total potential cost to the City identified in this report is \$2,743,207 net of Harmonized Sales Tax (\$2,791,488 net of Harmonized Sales Tax Recoveries).

Funding for the first option year in the amount of \$64,455 net of Harmonized Sales Tax Recoveries is included in the 2024 Approved Operating Budget for Fleet Services Division.

Should the City choose to exercise its option to renew for an additional five (5) separate one (1)-year periods, then appropriate funding, if needed, will be included in the 2025 - 2029 annual Operating Budget Submissions for Fleet Services Division. Funding details are provided in the tables below.

Table 1: Financial Impact Summary by Contract Year, Net of Harmonized Sales Tax Recoveries

<b>Fleet Services Division Cost Centre: FL100 Cost Element:2181/4404</b>	<b>Total Amendment Value (Net of Harmonized Sales Tax Recoveries)</b>
Additional Optional Year 5 from November 1, 2024 to December 31, 2024	\$64,455
Additional Optional Year 5 from January 1, 2025 to October 31, 2025	\$322,273
Additional Optional Year 6 from November 1, 2025 to December 31, 2025	\$84,647
Additional Optional Year 6 from January 1, 2026 to October 31, 2026	\$423,234
Additional Optional Year 7 from November 1, 2026 to December 31, 2026	\$111,198
Additional Optional Year 7 from January 1, 2027 to October 31, 2027	\$555,991
Additional Optional Year 8 from November 1, 2027 to December 31, 2027	\$88,781
Additional Optional Year 8 from January 1, 2028 to October 31, 2028	\$443,905
Additional Optional Year 9 from November 1, 2028 to December 31, 2028	\$116,167
Additional Optional Year 9 from January 1, 2029 to October 31, 2029	\$580,837
<b>Total Cost from November 1, 2023 to October 31, 2029</b>	<b>\$2,791,488</b>

Table 2: Financial Impact Summary by Budget Year

<b>Budget Year</b>	<b>Net of Harmonized Sales Tax Recoveries</b>
2024	\$64,455
2025	\$406,920

Budget Year	Net of Harmonized Sales Tax Recoveries
2026	\$534,432
2027	\$644,771
2028	\$560,072
2029	\$580,837
Total	\$2,791,488

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

## DECISION HISTORY

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Pursuant to the adoption of item [GL8.13](#) "Non-Competitive Contract with Joe Johnson Equipment for Proprietary Original Equipment Manufacturer (OEM) Parts and Services" by City Council on October 29, 2019, Joe Johnson Equipment was selected in accordance with the provisions of the City of Toronto Municipal Code Chapters 71 and 195 for the supply and delivery of OEM parts and specialized services for Labrie, Vactor, Elgin, Trackless, Epoke, and Madvac equipment repair and maintenance for the City's Fleet Services Division.

## 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 Non-competitive Blanket Contract number 47022515 meets the criteria of the exception code 2, Exclusive Rights in the Purchasing By-law.

Joe Johnson Equipment has provided a letter from the OEM's confirming that the parts and services required for the equipment types identified in this report are proprietary to the authorized dealer, Joe Johnson Equipment. Joe Johnson Equipment is the authorized dealer and distributor for the Greater Toronto Area.

## CONTACT

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## SIGNATURE

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Abi Thomas  
Acting General Manager  
Fleet Services

Geneviève Sharkey  
Chief Procurement Officer