

Amendment to Non-Competitive Blanket Contract 47022513 with Strongco Limited Partnership for Proprietary Original Equipment Manufacturer (OEM) Parts and Services

Date: May 15, 2024

To: General Government Committee

From: General Manager, Fleet Services and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to seek authority from City Council to amend non-competitive Blanket Contract 47022513 with Strongco Limited Partnership (Strongco LP) to extend the contract validity and date by an additional five (5) year term and increase the contract value by \$7,457,061 net of Harmonized Sales Tax (\$7,588,306 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 \$7,547,751 to \$15,004,812 net of Harmonized Sales Tax (\$16,955,438 including all taxes and charges, \$15,268,897 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 Volvo, Case, Fassi, National Crane, and any other equipment for which Strongco LP is an authorized parts and service dealer. The parts and specialized services cannot be obtained through the competitive procurement process as Strongco LP is the only authorized dealer in the Greater Toronto Area.

This fleet 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
- Support haulage operations for Solid Waste Management
- Maintain and develop parks, urban forests, and recreation facilities for Toronto Parks, Forestry & Recreation, and
- Build and maintain the transportation network for Transportation Services.

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 safety and reliability by optimizing fleet performance and equipment health and safety. With properly maintained fleet equipment, a better return on investment can be expected, including longer in-service availability and higher returns yielded from market returns when this equipment is sent to auction at the end of its 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

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

1. City Council authorizes the General Manager, Fleet Services Division to amend the Legal Agreement and Blanket Contract Number 47022513 with Strongco LP for the supply and delivery of labour, materials, and equipment necessary to provide overflow warranty and non-warranty OEM authorized parts and services for Volvo, Case, Fassi, National Crane, and any other equipment Strongco LP 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 \$7,457,061 net of HST and all applicable charges, (\$7,588,306 net of HST Recoveries), revising the current Blanket Contract value from \$7,547,751 to \$15,004,812 net of all taxes and charges, based on the following conditions:
 - a) The agreement will be based on the condition that Strongco LP continues to be the exclusive distributor for the proprietary OEM parts and specialized services for Volvo, Case, Fassi, National Crane, 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

The total potential cost to the City identified in this report for the purchase order amendment to Blanket Contract 47022513 is \$7,457,061 net of Harmonized Sales Tax (\$7,588,306 net of Harmonized Sales Tax Recoveries).

The requested amendment has no incremental impact on the 2024 Operating Budget for Fleet Services.

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

Fleet Services Division Cost Centre: FL100 Cost Element:2181/4404	Total Amendment Value (Net of Harmonized Sales Tax Recoveries)
Additional Optional Year 5 from November 1, 2024 to December 31, 2024	-
Additional Optional Year 5 from January 1, 2025 to October 31, 2025	-
Additional Optional Year 6 from November 1, 2025 to December 31, 2025	\$128,013
Additional Optional Year 6 from January 1, 2026 to October 31, 2026	\$640,063
Additional Optional Year 7 from November 1, 2026 to December 31, 2026	\$343,003
Additional Optional Year 7 from January 1, 2027 to October 31, 2027	\$1,715,016
Additional Optional Year 8 from November 1, 2027 to December 31, 2027	\$412,375
Additional Optional Year 8 from January 1, 2028 to October 31, 2028	\$2,061,878
Additional Optional Year 9 from November 1, 2028 to December 31, 2028	\$381,326
Additional Optional Year 9 from January 1, 2029 to October 31, 2029	\$1,906,632
Total Cost from November 1, 2024 to October 31, 2029	\$7,588,306

Table 2: Financial Impact Summary by Budget Year

Budget Year	Net of Harmonized Sales Tax Recoveries
2024	-
2025	\$128,013
2026	\$983,066
2027	\$2,127,391
2028	\$2,443,204
2029	\$1,906,632
Total	\$7,588,306

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

DECISION HISTORY

The adoption of item [GL19.16](#) "Amendment to Non-Competitive Blanket Contract Number 47022513 with Strongco Limited Partnership for Proprietary Original Equipment Manufacturer Parts Supply and Services" by City Council on December 16, 2020, authorized the General Manager, Fleet Services to increase the scope of the non-competitive Blanket Contract Number 47022513 with Strongco Limited Partnership, for the supply and delivery to the City of Toronto, proprietary OEM parts and warranty and non-warranty maintenance and repair services to include all vehicle and equipment makes and models for which Strongco Limited Partnership is the sole authorized service provider within the Greater Toronto Area.

Pursuant to the adoption of item [GL8.14](#) "Non-Competitive Contract with Strongco LP for Proprietary Original Equipment Manufacturer (OEM) Parts and Services" by City Council on October 29, 2019, Strongco LP was selected in accordance with the provisions of the City of Toronto Municipal Code Chapters 71 and 195 for the supply and delivery to the City of Toronto of Original Equipment Manufacturer parts and specialized services for Volvo, Case, and Terex equipment repair and maintenance for the City's Fleet Services Division.

On May 31, 2018, Fleet Services Division issued a competitive Request for Quotation (RFQ) No. 6026-18-0062 for the provision of OEM parts and specialized services for various equipment makes and models. The RFQ included separate price schedules for each construction equipment manufacturer. Bidders were required to be authorized dealers for the equipment manufacturer they were bidding on. This was a mandatory requirement to ensure equipment warranties would not be voided. The RFQ closed on July 3, 2018, and the City received one (1) bid for Volvo equipment from Strongco and one (1) bid for Case from Strongco. These contracts expired on October 31, 2019. The previous contract award for the supply and delivery of warranty and non-warranty

services and parts on off-road construction equipment can be viewed at:
<http://app.toronto.ca/tmmis/viewAgendaItemHistory.do?item=2018.BA107.2>

COMMENTS

The parts and specialized services for the equipment manufacturers outlined in this report cannot be obtained through the competitive procurement process and Non-competitive Blanket Contract number 47022513 meets the criteria of the exception code 2, Exclusive Rights in the Purchasing By-law.

Strongco LP has provided a letter confirming that the parts and services required for the equipment types identified in this report are proprietary to the authorized dealer, Strongco LP. Strongco LP is the authorized dealer and distributor for the Greater Toronto Area.

CONTACT

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SIGNATURE

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