

Amendment to Blanket Contracts 47023952, 47023953 and 47023954 with UAP/NAPA Auto Parts for inventory management services for Fleet maintenance.

Date: June 4, 2024

To: General Government Committee

From: General Manager, Fleet Services and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to request authority to amend Blanket Contract Numbers 47023953 for Toronto Fire Services, 47023952 for Toronto Paramedic Services, and 47023954 for Fleet Services with UAP/NAPA Auto Parts for the non-exclusive provision of parts inventory and managed inventory services for Fleet-related maintenance.

This request is to increase the blanket contract target values by a total of \$3,849,928 net of all applicable taxes (\$3,917,687 net of HST recoveries), increasing the total contract target values from \$36,576,827 to \$40,426,755 net of all applicable taxes (\$45,682,234 including all taxes and charges, \$41,138,266 net of HST recoveries) for the current contract term to December 29, 2024, and to increase the authorized Option Year Renewal value by an additional \$2,766,006 net of all applicable taxes (\$2,814,688 net of HST recoveries) should the City choose to exercise it.

The requested amendment is required to account for the anticipated over-expenditure due to inflationary increase in parts cost over the contract term and an increase in parts consumption to support repairing the City's fleet. The requested amendment will ensure that the current and future year periods have sufficient funds to allow for continuity of service delivery of vehicle parts to service the City's fleet. Parts inventory is required to maintain service levels for city-owned vehicles and equipment in accordance with legislated road safety requirements, to achieve asset lifespan, and to yield greater returns at the end of the asset life cycle.

General Government Committee approval is required in accordance with Section 71-11.1C of the Toronto Municipal Code Chapter 71 (Financial Control By-law), where the current request exceeds the allowable threshold of \$500,000 net of all taxes and charges

RECOMMENDATIONS

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

1. The General Government Committee, in accordance with Section 71-11.1C of the City of Toronto Municipal Code Chapter 71 (Financial Control By-law), authorize the General Manager, Fleet Services Division to amend the legal agreement and increase the current and option year target values for Blanket Contract Numbers 47023953 for Toronto Fire Services, 47023952 for Toronto Paramedic Services, and 47023954 for Fleet Services with UAP/NAPA Auto Parts for the non-exclusive provision of managed inventory services for Fleet-related maintenance:
 - a. To increase the total blanket contract target value by a total of \$3,849,928 net of all applicable taxes (\$3,917,687 net of HST recoveries), increasing the total contract target value from \$36,576,827 to \$40,426,755 net of all applicable taxes (\$45,682,234 including all taxes and charges, \$41,138,266 net of HST recoveries) for the current contract term to December 29, 2024, and
 - b. To increase the authorized Option Year Renewal value by an additional \$2,766,006 net of all applicable taxes (\$2,814,688 net of HST recoveries),

based on 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, including all optional renewal terms, is \$7,476,005 including all taxes and charges. The total potential cost to the City is \$6,732,375 net of HST recoveries.

Financial implications for 2024, which include the current contract year in the amount of \$2,900,087 net of HST recoveries has been included in the 2024 Operating Budget of Fleet Services.

Financial implications for 2024, which include the current contract year in the amount of \$508,800 net of HST recoveries has been included in the 2024 Operating Budget of Toronto Fire Services.

Financial implications for 2024, which include the current contract year in the amount of \$508,800 net of HST recoveries has been included in the 2024 Approved Operating Budget of Toronto Paramedic Services.

Should the City choose to exercise its Option Term 1, appropriate additional funding will be included for consideration in the future Operating Budgets for Fleet Services, Toronto Paramedic Services and Toronto Fire Services. The financial impacts are shown below in Table 1

Table 1: Financial Impact Summary for all Participating Divisions, Net of HST Recoveries

Term	Approved Contract Value GL23.11 (Net of HST Recoveries)	Recommended Amendment Value (Net of HST Recoveries)	Total Cost (Net of HST Recoveries)
Current Term from November 1, 2021 to December 29, 2024	\$37,220,578	\$3,917,687	\$41,138,265
Additional Optional Year 1 from December 30, 2024 to December 29, 2025	\$13,339,080	\$2,814,688	\$16,153,768
Total Contract Amendments from November 1, 2021 to December 29, 2025	\$50,559,658	\$6,732,375	\$57,292,033

Table 2: Financial Impact Summary of Recommended Amendment (47023954) for Fleet Services Division, Net of HST Recoveries

Fleet Services Cost Centre: FL100 Cost Element: 2130,2710,4424, 4424	Approved Contract Value GL23.11 (Net of HST Recoveries)	Recommended Amendment Value (Net of HST Recoveries)	Total Cost (Net of HST Recoveries)
Current Term from November 1, 2021 to December 29, 2024	\$28,246,468	\$2,900,087	\$31,146,555
Additional Optional Year 1 from December 30, 2024 to December 29, 2025	\$10,133,706	\$1,288,288	\$11,421,994
Total Contract Amendments from November 1, 2021 to December 29, 2025	\$38,380,174	\$4,188,375	\$42,568,549

Table 3: Financial Impact Summary of Recommended Amendment (47023953) for Toronto Fire Services, Net of HST Recoveries

Toronto Fire Services Cost Centre: FR002 Cost Element: 2120, 2710, 2710	Approved Contract Value GL23.11 (Net of HST Recoveries)	Recommended Amendment Value (Net of HST Recoveries)	Total Cost (Net of HST Recoveries)
Current Term from November 1, 2021 to December 29, 2024	\$2,732,256	\$508,800	\$3,241,056
Additional Optional Year 1 from December 30, 2024 to December 29, 2025	\$976,896	\$1,017,600	\$1,994,496
Total Contract Amendments from November 1, 2021 to December 29, 2025	\$3,709,152	\$1,526,400	\$5,235,552

Table 4: Financial Impact Summary of Recommended Amendment (47023952) for Toronto Paramedic Services , Net of HST Recoveries

Toronto Paramedic Services Cost Centre:B41100 Cost Element:2130, 2135	Approved Contract Value GL23.11 (Net of HST Recoveries)	Recommended Amendment Value (Net of HST Recoveries)	Total Cost (Net of HST Recoveries)
Current Term from November 1, 2021 to December 29, 2024	\$6,241,854	\$508,800	\$6,750,654
Additional Optional Year 1 from December 30, 2024 to December 29, 2025	\$2,228,478	\$508,800	\$2,737,278

Toronto Paramedic Services Cost Centre:B41100 Cost Element:2130, 2135	Approved Contract Value GL23.11 (Net of HST Recoveries)	Recommended Amendment Value (Net of HST Recoveries)	Total Cost (Net of HST Recoveries)
Total Contract Amendments from November 1, 2021 to December 29, 2025	\$8,470,322	\$1,017,600	\$9,487,932

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

DECISION HISTORY

At its meeting of May 27, 2021, the General Government and Licensing Committee adopted without amendment item GL23.11 to award Sourcewell Contract Number 110520-GPC to Genuine Parts Company operating as NAPA Integrated Business Solutions for the provision of Inventory Management Solutions
<https://secure.toronto.ca/council/agenda-item.do?item=2021.GL23.11>

COMMENTS

An amendment is required to blanket contract numbers 47023953 for Toronto Fire Services, 47023952 for Toronto Paramedics Services, and 47023954 for Fleet Services with UAP/NAPA Auto Parts due to increasing costs. The COVID-19 pandemic and current market trends, including the US/CAD dollar conversion rates, new and raw materials, and shipping have resulted in increased prices. Additionally, the trade cost of parts, fluids, and shop supplies has increased year-over-year since 2018 by an average of 25%. The cost increase is expected to remain for the duration of 2024 and into the future contract term.

Table 5 summarizes the trade cost increase in common items ordered by Fleet Services, for the period of 2018-2023. Toronto Fire Services and Toronto Paramedics services have experienced similar cost increases.

Table 5: Commonly Ordered Items– Inflationary Cost Increase 2018 -2023

Commonly Ordered Items	Percentage Increase 2018-2023
Fluids	20%
Parts	26%

Shop Supplies	31%
Overall Average Increase	25%

Fleet Services has also experienced increasing demand. The existing contract for parts inventory and managed inventory services began in early 2019. Historical usage from 2013-2018 was used to estimate the demand and requirements for the 2019-2025 period. Since 2018 there has been a substantial increase in demand driven by improved Preventive Maintenance compliance, increased fleet availability, and improved staffing levels of hard-to-fill technician positions.

CONTACT

Gui Andrade, Manager, Fleet Contracts, Fleet Services Division, 416-394-8607, Gui.Andrade@toronto.ca

Francesco McGrillis, Acting Manager, Purchasing Client Services, Purchasing and Materials Management Division, 416-392-0205, Francesco.Mcgrillis@toronto.ca

SIGNATURE

Abi Thomas
General Manager
Fleet Services

Geneviève Sharkey
Chief Procurement Officer