

Non-Competitive Contract with HP Canada for supply and provision of Single and Multi-function Printers, plotters, and related maintenance and services

Date: November 5, 2024

To: General Government Committee

From: Chief Technology Officer and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to request City Council authority to enter a non-competitive bridge contract with HP Canada Ltd. for the supply of printers, plotters and related services and maintenance for a two (2) years period until a new, competitive contract is in place.

The City's current contract adopted by Bid Award Panel Item 2019.BA38.1 (RFP No. 3409-19-0079, Blanket Contract 47022649) with HP Canada expires January 15, 2025. This report requests authorization to enter a non-competitive bridge contract under the same terms, conditions as, and total cost as RFP No. 3409-19-0079 for two (2) years to leverage the remaining contract value (\$8,992,154.94 as of Oct 2024). This contract also acts as a foundational agreement for City agencies to leverage and develop their own sub-contracts tailored to their specific needs.

Current market analysis conducted by City staff indicates that present-day pricing is higher than existing contract rates, making an extension more cost-effective than immediately going to market. Over the two-year extension, the City will leverage remaining contract value to right-size the City's printer fleet and equipment allocation to reflect hybrid work under ModernTO and up-to-date printer usage. During the extension, City will issue and award a new competitive print services contract, including an option for agencies and corporations to participate in the solicitation to maximize overall purchasing power.

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-year (5) commitment for each supplier, 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. The original competitive solicitation resulted in a blanket contract with a set term. As per City Policy, Purchase Order Amendments for blanket contracts are permitted to support payment processing on outstanding invoices,

but not to extend the contract. A non-competitive bridge contract is required to extend the same terms and conditions beyond the current validity date.

RECOMMENDATIONS

The Chief Technology Officer and the Chief Procurement Officer recommend that:

1. City Council authorize the Chief Technology Officer to execute a non-competitive contract under the same terms and conditions as RFP No. 3409-19-0079 with HP Canada Ltd. for and amount of \$8,836,630.25 net of all applicable taxes and charges (\$8,992,154.94 net of Harmonized Sales Tax recoveries) and for a period of two (2) years.

FINANCIAL IMPACT

The total potential contract value will be based off the remaining funds of Blanket Contract 47022649. Blanket Contract 47022649 has a value of \$16,617,984.28 net of all applicable taxes and charges (\$16,910,460.80 net of Harmonized Sales Tax recoveries). As of October 2024, the remaining value of the contract is \$8,836,630.25 net of all applicable taxes and charges (\$8,992,154.94 net of Harmonized Sales Tax recoveries).

Funding for the cost per page maintenance and support has been included in the 2025 Operating Budget Submissions for all City Divisions under Cost Element, GL 4473. Funding for the equipment and managed fees has been included in the 2025-2034 Capital Budget and Plan for the Technology Services Division, (CIT702-01). Funding details are provided in Table 1.

Table 1: Financial Impact Summary of Recommended Contract¹

WBS Number / Cost Element	2025 Available Contract Budget	2026 Available Contract Budget	2027 January 1-15 Available Contract Budget	Total Available Contract Budget
Capital - Desktop Hardware CIT702-01 (TSD)	\$1,750,000	\$235,000	\$15,000	\$1,000,000
Operating - Cost Per Page GL#4473 (All City Divisions)	\$1,500,000	\$1,600,000	\$100,000	\$4,200,000

Grand Total Available Contract Budget	\$3,250,000	\$1,835,000	\$115,000	5,200,000
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¹The amounts listed by year represent the unspent balance from 47022649 from previous years' allocations. These figures are not intended as projections of future expenditures.

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

DECISION HISTORY

In August 2019, Bid Award Panel, granted authority to the Chief Purchasing Officer to award 3409-19-0079 to HP Canada for the supply and provision of multi and single-function printers and managed print services. [Agenda Item History - 2019.BA38.1 \(toronto.ca\)](#)

COMMENTS

The City of Toronto's print services contract with HP Canada was competitively procured in August 2019 and includes printing equipment (such as printers, scanners, and plotters) as well as printing-related services such as network and device security software, dedicated help desks, and training for City of Toronto staff and Councillor Offices. This contract also acts as a foundational agreement for City agencies to leverage and develop their own sub-contracts tailored to their specific needs.

The shut down of City office facilities during the pandemic, along with the dramatic shift to hybrid work over the past five (5) years significantly changed the expected use of the contract and delayed state-of-good-repair and maintenance work projects (as of Oct 2024, the remaining value of the contract is \$8,992,154.94). This contract expires January 15, 2025 and this report seeks to leverage remaining contract funds by entering a non-competitive bridge contract under the same terms, conditions as RFP No. 3409-19-0079 for two years, primarily for ongoing maintenance.

Current market analysis conducted by City staff indicates that present-day pricing is higher than existing contract rates, making a bridge contract more cost-effective than immediately going to market. Over the two-years, the City will leverage the remaining contract value to right-size its existing fleet by reallocating existing printers and replacing aging models with units from its current fleet. This strategy streamlines the City's printing infrastructure and supports the City's hybrid work model under ModernTO and up-to-date printer usage. During the two years, City will issue and award a new competitive print services contract, including an option for agencies and corporations to participate in the solicitation to maximize overall purchasing power.

Digital Infrastructure Impact Statement

The Digital Infrastructure Strategic Framework (DISF) is a corporate-wide and principles-based strategy adopted by Toronto City Council. It provides guidance for all Digital Infrastructure Initiatives to ensure that related decisions support corporate objectives and are not made in isolation. The extension of this contract aligns with the DISF by contributing to the following Strategic Priorities:

- **Maintenance and Repair:** The objective of this strategic priority is to ensure that the City holds full control over how its Digital Infrastructure is maintained and repaired. This extension will allow the City to perform a State of Good Repair on its assets to deliver printing services to business clients continuously.
- **Collaboration:** While printing services are delivered centrally through Technology Services division, the benefits of these services span across the organization, including other divisional clients, agencies, and Councillor offices.

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SIGNATURE

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