

Non-Competitive Contract with Nederman Canada Limited for Manufactured Parts and Services for Corporate Real Estate Management

Date: June 27, 2025

To: General Government Committee

From: Executive Director, Corporate Real Estate Management and Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to request authority to enter into a non-competitive contract with Nederman Canada Limited (“Nederman”) for the supply of Nederman Manufactured Parts and Maintenance and Repair Services for the City of Toronto’s Corporate Real Estate Management (CREM) Division in the amount of \$636,000 net of Harmonized Sales Tax (\$647,194 net of Harmonized Sales Tax recoveries) for an initial period of three years, commencing on August 1, 2025 to July 31, 2028, with two separate single year option terms.

A non-competitive procurement is required, as the Nederman Magna System utilizes proprietary technology for vehicle exhaust extraction and is available exclusively from Nederman, the sole manufacturer and seller of the required parts. As such, the contract meets the criteria for Exception Code 2 – Exclusive Rights – under the City’s Purchasing By-law.

The Nederman Magna exhaust evacuation system is installed and used at various City facilities managed by CREM, where the maintenance and repair of City-owned vehicles occur, including police cars, ambulances, fire trucks, and other vehicles. The maintenance and repair of the Nederman exhaust evacuation system was previously outsourced to a third-party supplier. However, as part of a cost efficiency strategy, CREM is now self-performing most of the required maintenance and repairs. This contract will supply the necessary Nederman parts needed to keep the systems operational and includes a provision for maintenance and repair services for instances where City staff cannot complete the work.

General Government Committee 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 commitment limit 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(A).

RECOMMENDATIONS

The Executive Director, Corporate Real Estate Management, and Chief Procurement Officer recommends that:

1. The General Government Committee, in accordance with Municipal Code Chapter 195- Purchasing, where the current request exceeds the Chief Procurement Officer's authority of the cumulative five-year commitment, 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 71-11A grant authority to the Executive Director, Corporate Real Estate Management to negotiate and enter into a non-competitive agreement with Nederman Canada Limited for the supply of proprietary original equipment manufacturer parts and services to Nederman Canada Limited, for a period of five years from August 1, 2025 to July 31, 2030 in the amount of \$636,000 net of Harmonized Sales Tax (\$647,194 net of Harmonized Sales Tax recoveries), on terms and conditions satisfactory to the Executive Director, Corporate Real Estate Management and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The total potential contract value identified in this report is \$636,000 net of Harmonized Sales Tax. The total estimated cost to the City is \$647,194, net of Harmonized Sales Tax recoveries.

Funding in the amount of \$53,933, net of Harmonized Sales Tax recoveries, is included in CREM's 2025 Operating Budget. Additional funding in the amounts detailed in Table 1 below will be requested in the 2026 to 2030 Operating Budget submissions for CREM.

Table 1 - Financial Impact Summary (Net of Harmonized Sales Tax recoveries)

Year	Cost Centre	GL Code	Cost
August 1, 2025 to December 31, 2025	FA100-30.S	2120, 4403	\$ 53,933
January 1, 2026 to July 31, 2026			\$75,506
2026 to 2027			\$129,439

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Year	Cost Centre	GL Code	Cost
2027 to 2028			\$129,439
2028 to 2029 (Option Year 1)			\$129,439
2029 to 2030 (Option Year 2)			\$129,439
Total			\$647,194

The Chief Financial Officer and Treasurer have reviewed this report and agree with the financial implications identified in the Financial Impact section.

DECISION HISTORY

There is no previous decision history.

COMMENTS

Background

In 2023, CREM, in consultation with the Purchasing and Materials Management Division (PMMD), approved Non-Competitive Sourcing Project WS3915043381. This resulted in the award of Blanket Contract 47024999 to Nederman Canada Limited (Nederman) for a two-year term from June 1, 2023, to May 31, 2025, with a total value of \$400,000 net of Harmonized Sales Tax (\$407,040 net of Harmonized Sales Tax recoveries). The non-competitive contract strictly covers the supply of original equipment manufacturer (OEM) parts required for completing the necessary repair and maintenance of Nederman exhaust systems installed at various CREM-managed facilities where the maintenance and repair of City-owned vehicles occur, including police cars, ambulances, fire trucks, and other vehicles.

Exhaust capture systems, particularly in fire stations, are essential for reducing firefighters' exposure to diesel exhaust, which is considered a Group 1 carcinogen as defined by the World Health Organization. Fire apparatus emit harmful substances such as benzene and formaldehyde, which can accumulate in apparatus bays without proper ventilation. Direct-source systems capture emissions at the tailpipe, improving air quality, lowering the risk of respiratory illness and occupational cancer, and supporting a safer, healthier work environment.

Rationale for New Non-Competitive Contract

The maintenance and repair of Nederman exhaust evacuation systems were previously outsourced to a third-party supplier. However, as part of a cost efficiency strategy, CREM identified an opportunity to perform repairs and maintenance in-house using

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original equipment manufacturer (OEM) parts supplied under the existing agreement. To support this work, CREM requests that a new non-competitive contract with Nederman be executed to supply the necessary Nederman parts needed to keep the systems operational and includes a provision for maintenance and repair services for instances where City staff cannot complete the work.

A non-competitive procurement is required, as the Nederman Magna System utilizes proprietary technology for vehicle exhaust extraction and is available exclusively from Nederman, the sole manufacturer and seller of the required parts. As such, the contract meets the criteria for Exception Code 2 – Exclusive Rights – under the City's Purchasing By-law.

The proposed contract will be for an initial period of three years, commencing on August 1, 2025, to July 31, 2028, with two separate single year option terms in the total amount of \$636,000 net of Harmonized Sales Tax (\$647,194 net of Harmonized Sales Tax recoveries).

The Fair Wage Office confirmed that Nederman has reviewed and understands the City's Fair Wage Policy and Labour Trades requirements and has agreed to comply fully.

CONTACT

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SIGNATURE

Patrick Matozzo
Executive Director, Corporate Real Estate Management

Geneviève Sharkey
Chief Procurement Officer