



Report to: General Committee

Meeting Date: December 6, 2022

SUBJECT: Contracts #197-S-22 Supply, Delivery, Installation and Storage of Office Furniture through the Government of Ontario Vendor of Record (VOR) arrangement (Tender 13685) and #198-S-22 Supply and Delivery of Seating Furniture

PREPARED BY: Imran Hyat, Space & Accommodation Planner, Ext. 2568
Flora Chan, Senior Buyer, Ext. 3189

RECOMMENDATION:

- 1) That the report entitled “Contracts 197-S-22 Supply, Delivery, Installation and Storage of Office Furniture through the Government of Ontario VOR arrangement (Tender 13685) and #198-S-22 Supply and Delivery of Seating Furniture”, be received; and
- 2) That the Supply, Delivery Installation and Storage of Office Furniture through the Government of Ontario VOR arrangement (Tender 13685) be awarded to POI Business Interiors (“POI”), the local authorized dealer of Steelcase furniture, for an initial term of 14 months (December 1, 2022 – January 31, 2024) in the amount of \$87,500.00 inclusive of HST impact, and for up to two (2) additional one-year optional terms (February 1, 2024 – January 31, 2026) in the amount of \$150,000.00 (\$75,000 annual upset limit); and
- 3) That pricing for POI be fixed in the initial term and adjustments for each optional year be based on the Consumer Price Index (CPI) Ontario All-Items (July to July)
- 4) That the Supply and Delivery of Seating Furniture be awarded to NUA Office Inc. (“NUA”), the local authorized dealer of Allsteel furniture, to an annual upset limit of \$50,000 inclusive of HST impact, for an initial term of one (1) year and up to four (4) additional one-year optional terms, totaling \$250,000 inclusive of HST impact; and,
- 5) That pricing for NUA be adjusted, based on manufacturer’s price increase for products and Consumer Price Index (CPI) Ontario All-Items (July to July) for services, subject to City’s approval and,
- 6) That the initial terms awarded to POI and NUA be funded from capital project Corporate Accommodation, GL account 750-101-5399-22074; and
- 7) That the amount to fund the additional optional terms be requested as part of the annual capital budget process, subject to Council approval; and,
- 8) That the tendering process be waived in accordance with Purchasing By-Law 2017-8, Part II, Section 11.1 (g) & (h), which state “where it is in the City’s best interest not to solicit a competitive Bid” and “where it is in the best interests of the City to acquire non-standard items or Professional Services from a supplier who has a proven track record with the City in terms of pricing, quality and service”; and,

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- 9) That the CAO be authorized to execute agreements with POI and NUA in forms satisfactory to the City Solicitor; and,
 - 10) That the CAO be authorized to extend the contract with POI for up to two (2) additional one-year terms and with NUA for up to four (4) additional one-year terms; and,
 - 11) That Staff be authorized and directed to do all things necessary to give effect to this resolution.

PURPOSE:

The purpose of this report is to seek Council's authorization to award the contracts for the Supply, Delivery, Installation and Storage of Office Furniture to POI Business Interiors through the Government of VOR arrangement (Tender #13685), and the Supply and Installation of Seating Furniture to NUA Office Inc..

BACKGROUND:

Each year, subject to renovations, building of new facilities, and/or changing in staffing levels, the City purchases new furniture and components to supplement existing furniture. "Steelcase Inc." (Steelcase) was awarded contracts to supply office systems (workstation) furniture at all City facilities from 1990 to 2015, through various competitive Request for Proposal processes.

In 2016, Staff explored office furniture options in the market through a competitive process and awarded the contract through Council to the highest ranked / lowest priced bidder, "NUA Office Inc." (NUA), to supply standard office furniture manufactured from "Allsteel Furniture" (Allsteel), for a term of six (6) years, which has been extended until December 31, 2022, until such time the new contract is established. Although the product lines are different (Answer Series and Context by the manufacturer Steelcase and Terrace by the manufacturer AllSteel), the appearance of each type of system furniture was similar.

The current contract also includes:

- Off-site storage and inventory tracking of existing Steelcase furniture inventory, including all seating, storage and system furniture on an as-required basis. The City endeavours to minimize inventory in storage, while ensuring City requirements can be met, especially given risks associated with supply chain delays
- Moving and installation services to reconfigure existing furniture components.

Staff Analysis

Since 2016, the City has operated through a cost effective 6-year contract with NUA. However, the overall approach has not proven advantageous, as most of the corporate accommodation projects involved re-purposing existing furniture where possible for cost efficiencies and usually required either additional Steelcase parts to match or the reconfiguration of existing Steelcase furniture. Allsteel products were sourced to fulfill requests whenever new furniture was more suitable and necessary.

The City's current office furniture inventory breakdown by manufacturer is as follows:

System furniture - 90% Steelcase, 1% Allsteel and 9% Others
Seating furniture - 70% Steelcase, 20% Allsteel and 10% Others.

DISCUSSION/RECOMMENDATIONS:

Staff evaluated the City's historical furniture requests with post-pandemic requirements and recommends the following future procurement strategy, in order to maximize consistency, flexibility, product lifecycle, and to address work requirements:

1. Standardize system furniture manufacturer – this award

Staff recommends to standardize system office furniture with Steelcase products based on current inventory mix and need for compatibility and inter-changeability.

In early 2022, the Government of Ontario went through a competitive process and POI, the local authorized dealer of Steelcase furniture, is one of the qualified vendors for the Supply, Delivery, and Installation of Office and Institutional Furniture (Tender #13685).

The opportunity to acquire office furniture through the competitive Vendor of Record (VOR) arrangement administered by the Government of Ontario and offered to broader public services organizations, including municipalities, provides tremendous value to the City in terms of accessing minimum discounts off manufacturer's retail prices and competitive terms, conditions and unit rates for delivery, storage and installation, without the significant Staff work effort to negotiate a separate contract. The City will realize measurable financial benefits through this approach due to the Province's significant purchasing power.

In addition to system furniture, the VOR also includes discounts for other furniture manufacturers and furniture categories, which will provide the City with greater flexibility and cost efficiencies in planning for hybrid office layouts. Staff will continue to control costs through re-use or re-configuration of existing or surplus furniture and only supplement with new components where necessary (due to compatibility and inter-changeability requirements).

The initial term of this VOR arrangement is for two (2) years (effective March 1 2022 to January 31, 2024), plus two (2) one-year extension options.

2. Standardize seating furniture manufacturer – this award

Staff recommends to standardize seating furniture with Allsteel's products based on current inventory mix and need for compatibility and inter-changeability. Allsteel's seating furniture (specifically, the Acuity chair) has been the preferred choice for recent lifecycle replacements and ergonomic assessments, due to its superior ergonomic properties. Staff will continue to optimize spend through ongoing product evaluations and reassessments.

Through negotiations, NUA, the local authorized dealer of Allsteel furniture and current contractor, will continue to supply the Allsteel Acuity line of products as per current percentage discounts off manufacturer's retail prices.

3. Establish a roster for furniture reconfiguration services – future procurement is to be tendered and is excluded from this report

In order to ensure moving and installation resource availability, efficient service levels and to minimize interruptions to regular business operations, especially when services are required simultaneously in more than one location, Staff recommend to establish, through a separate procurement process, a roster of two (2) companies, which have proven experience with the City and Steelcase products, for reconfiguration of existing system furniture. This arrangement will enable Staff will have direct control and oversight of all work activities, and streamline coordination and communication with all parties.

FINANCIAL CONSIDERATIONS

The below table describes the costs of the recommended contract awards:

Component	Annual Upset Limit	Cost of Award Inclusive of HST Impact			
		Initial Term (14 Months)	Optional Renewal *		Total Award
			Year 2 to 3	Year 2 to 5	
POI - New General and System Furniture (includes supply, delivery, installation and off-site storage and inventory tracking)	\$75,000	\$87,500	\$150,000		\$237,500
NUA - Supply and Delivery of New Seating Furniture	\$50,000	\$50,000		\$200,000	\$250,000
Total Cost of Award		\$137,500	\$150,000	\$200,000	\$487,500

* Rates will be adjusted annually per resolution #3 and #5.

In addition to the recommended contract awards, the overall corporate accommodation plans also include moves, reconfigurations and installations of existing furniture. Is that related to #3 above? If so use the same terminology Staff expects the projected cost to be \$125,000 annually, which will be awarded through a separate procurement process.

HUMAN RESOURCES CONSIDERATIONS

Human Resources and Space Planning have evaluated and approved of the task seating included in this recommended contract award from an ergonomics perspective.

LEGAL CONSIDERATIONS:

The City is subject to the following trade agreements, which apply to public sector procurements above a certain dollar threshold: the Canada-European Union Comprehensive Economic and Trade Agreement (CETA), the Canadian Free Trade Agreement (CFTA), and the Ontario-Quebec Trade and Cooperation Agreement (OQTCA).

The recommended contract awards comply with the trade agreements.

ALIGNMENT WITH STRATEGIC PRIORITIES:

This project aligns with Building Markham's Future Together goals of:

1. Engaged, Diverse, Thriving & Vibrant City. Furniture included in this award allows for various future space planning options and for varied facility types.
2. Stewardship of Money & Resources. Furniture included in this award is designed to be re-used over the course of its life, can adapt to various layouts/requirements and comes with excellent warranties.

BUSINESS UNITS CONSULTED AND AFFECTED:

The Legal and Finance Departments have been consulted and their comments have been incorporated.

RECOMMENDED BY:

Graham Seaman
Director, Asset Management

Trinela Cane
Commissioner, Corporate Services