SUBJECT: Supply of Furniture (PW09014) - (City Wide)

RECOMMENDATION:

(a) That staff be authorized to extend the house agreements with Lordly Jones Ltd., and Teknion, for the provision and service of Teknion furniture, on a month to month basis, until such time that the City’s Furniture Supply Tender is issued and new supplier(s) of furniture are approved (target date September 30, 2009);

(b) That staff be authorized to negotiate, with Teknion, for an approved dealer of choice to continue to supply new components, as well as, service and maintain all existing Teknion furniture currently held in the City’s stock.

(c) That, in order to facilitate Recommendation (b) above, Purchasing staff, be authorized and directed to negotiate a Service Agreement with Teknion’s approved dealer, in consultation with Facilities Management, in a form acceptable to the City Solicitor.

EXECUTIVE SUMMARY:

There are two distinct components to the recommendations in this report; (a) Supply of Furniture and (b) Service Agreement on maintaining and servicing of existing furniture.
Supply of Furniture

The City requires an extension to the existing house agreement with Teknion’s approved furniture dealer, Lordly Jones Ltd. This allows staff operational continuity during a period of product transition. The preparation of the Furniture Supply Tender is near completion and it is anticipated to be released by the end of April 2009 with a target date of awarding a new contract to supplier(s)/manufacture(s) by September 30, 2009.

Service Agreement

The intent of the Service Agreement is to enter into a formal agreement, with a Teknion approved furniture dealer, to supply, deliver, design, reconfigure, install and service Teknion’s furniture. This will guide the City’s future office reconfiguration needs.

Negotiation of a Service Agreement, with a Teknion approved dealer, ensures City staff will be able to maintain the existing furniture and reconfigure it as required, such that this furniture maximizes its useful life and costs are kept at a reasonable and maintained level.

The current agreement expired September 30, 2008, and the tender for new suppliers of Furniture has been delayed and is anticipated to be issued by the end of April 2009 with a tender award expected by the end of September 30, 2009.

BACKGROUND:

In 2003, Council approved that Teknion, Boulevard, and Steelcase be approved as acceptable manufacturers for the supply of office furniture, workstations and case goods and that the City enters into “house account agreements” with these manufacturers.

On September 13, 2006, Council approved that staff be authorized to continue to negotiate the existing “house account agreements” for an additional one year period ending September 30, 2007, with the option to extend a further year ending September 30, 2008 and that staff prepare and issue a tender to dealers to supply furniture. The preparation of the furniture supply tender is near completion and is anticipated to be released by the end of April 2009.

ANALYSIS/RATIONALE:

Over 60% of the existing systems furniture, within the City, is now Teknion. Entering into a Service Agreement with Teknion’s approved dealer provides compatible furniture and appropriate services, at the best pricing and value to the City as well as ensures that the City will be able to maintain its existing systems such that they do not become obsolete, upon award of new furniture contracts.

ALTERNATIVES FOR CONSIDERATION:

Waiting to negotiate this agreement, until award of the furniture RFP, was considered, however, from an operational perspective, this is not feasible due to staffing changes, restructuring, and work accommodations which arise.
FINANCIAL/STAFFING/LEGAL IMPLICATIONS:

Financial: Service Agreement ensures the City of Hamilton is always guaranteed the best value and lowest price offered by the suppliers.

Staffing: There are no staffing implications.

Legal: Legal will assist with the preparation and execution of the Service Agreement.

POLICIES AFFECTING PROPOSAL:

The City of Hamilton Purchasing Policy, 4.14, allows for the purchase of goods or services from a single supplier if it is more cost effective or beneficial to do so. The recommendations contained within this report are in keeping with the spirit of that provision. It is a cost benefit to the City to negotiate a Service Level Agreement with the Teknion’s supplier of choice which will allow for product discounts, consistent delivery of design and reconfiguration services and ensure existing warranties are not nullified. This will also guarantee that the City achieves the maximum discount on the furniture and services it requires.

This agreement aligns with the Public Works strategic plan by ensuring that the furniture and related equipment, currently in the City’s stock, is maintained and reaches their maximum lifecycle, and costs are kept to a minimum.

RELEVANT CONSULTATION:

Corporate Services Department: Purchasing and Legal Services

CITY STRATEGIC COMMITMENT:

By evaluating the “Triple Bottom Line”, (community, environment, economic implications) we can make choices that create value across all three bottom lines, moving us closer to our vision for a sustainable community, and Provincial interests.

Community Well-Being is enhanced. ☑ Yes ☐ No
Community well-being is enhanced by being able to provide ergonomic, sustainable furniture solutions which consider environmental and economic well-being.

Environmental Well-Being is enhanced. ☑ Yes ☐ No
Environmental well-being is enhanced by providing sustainable furniture solutions which do not become prematurely obsolete and are sensitive to environmental concerns.

Economic Well-Being is enhanced. ☑ Yes ☐ No
An extension of the “house account” agreement ensures that the City receives the best possible pricing and value while preparing documents for new furniture tender. The tender ensures that economic well-being is preserved over the long-term.

Does the option you are recommending create value across all three bottom lines? ☑ Yes ☐ No

By purchasing with the “house account” agreements while pursuing a furniture tender, the City can continue to effectively use a triple bottom line approach to furniture purchases while investigating sustainable, affordable furniture option for the long-term.

Do the options you are recommending make Hamilton a City of choice for high performance public servants? ☑ Yes ☐ No

This recommendation continues to make Hamilton a City of choice for high performing public servants. Employees will be working in an ergonomic environment that is suitable to their job tasks.