TO: Chair and Members
   Audit and Administration Committee

WARD(S) AFFECTED: CITY WIDE

COMMITTEE DATE: February 3, 2010

SUBJECT/REPORT NO:
Award of Proposal C11-19-09 - Office Furniture (FCS10005) (City Wide)

SUBMITTED BY:
Antonio D. Tollis
Treasurer
Corporate Services Department

PREPARED BY:
Rick Male (905) 546-2424 ext. 4157

SIGNATURE:

RECOMMENDATION:

(a) That the Request for Proposals C11-19-09 – Office Furniture be awarded to the compliant proposal with the lowest base submission price - that being Teknion Furniture Systems Co. Limited, at an estimated $804,198 per year;

(b) That all furniture acquisitions are coordinated through and administered by the Corporate Facilities Management (CFM) Section of the Public Works Department;

(c) That the Teknion product line offered in response to the Request for Proposals C11-19-09, as detailed in Appendix ‘A’ to report FCS10005, be approved as the standard for the City’s furniture requirements and is to be single sourced through the manufacturer’s designated dealer, who is currently Lordly Jones Limited;

(d) That the current Teknion product, TOS, remain the standard for existing workstations and continue to be utilized for reconfigurations, as per Item 1 of the Public Works Committee Report 09-004, approved by Council on March 11, 2009, respecting Supply of Furniture; and

Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.

Values: Honesty, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork
(e) That the General Manager of Public Works be authorized and directed to negotiate and execute all appropriate contracts and agreements in a form satisfactory to the City Solicitor.

**EXECUTIVE SUMMARY**

The City of Hamilton is seeking one manufacturer to be the successful proponent with respect to the supply, installation, reconfiguration, design and servicing of furniture. The intent of this Request for Proposals is to establish a long term relationship with the single successful proponent in order to obtain quality, durable, flexible furniture products. Furniture products include: systems furniture, case goods, seating, storage, filing, meeting, training and occasional furniture. Service requirements will be performed by the manufacturer’s designated dealer which includes: warranty work, support, maintenance and reconfigurations.

Corporate Facilities Management will manage and administer this Contract and any related service level agreements. The centralization of this function is key to strengthening service delivery and efficiency.

The initial term of the Contract expires on December 31, 2013, with options to renew for two additional four year terms to December 31, 2021.

*Alternatives for Consideration – Refer to Page 5.*

**FINANCIAL / STAFFING / LEGAL IMPLICATIONS**

**Financial:**
Volume discounts have been maximized by combining the City’s requirements in this Corporate Request for Proposals.

**Staffing:**
None.

**Legal:**
The Legal Services Division will assist Corporate Facilities Management with the drafting, negotiation and execution of required documentation including, without limitation, any service level agreements with the successful proponent.
HISTORICAL BACKGROUND

The Public Works staff, in conjunction with Purchasing, issued a Request for Proposals – Office Furniture on June 16, 2009, which closed on July 16, 2009. A total of sixteen proponents picked up the Request for Proposals document and three compliant submissions were received.

The compliant submissions received in response to this Request for Proposals were evaluated, on a consensus basis, and the evaluation process was divided into three steps. Each submission was required to successfully meet the evaluation requirements of each step in order to proceed to the next step of the evaluation process.

Step 1 – Technical Proposal

The first step of the evaluation process was the technical proposal which was based on the proponent’s experience; and the products and services it was offering. If the pre-defined benchmark was met, proponents proceeded to Step 2 - Furniture Mock-up.

All three proponents achieved the minimum benchmark score for Step 1 and proceeded to Step 2 of the evaluation process.

Step 2 – Furniture Mock-up

The second step of the proposal evaluation involved the physical installation and reconfiguration of the proposed product lines. The evaluation criteria for this step included: delivery and packaging, product functionality, timed Installation, design and quality.

Two of the three proponents achieved the minimum benchmark score for Step 2 and proceeded to Step 3 of the evaluation process.

Step 3 – Cost Proposal

Each of the two remaining proponents were required to provide product pricing, volume discounts and hourly rates for the products and services offered in their technical proposal. A base submission price was calculated using this information provided by the proponents. The recommendation for the award of this contract is to the compliant proponent with the lowest base submission price.
Proposal results for this Request for Proposals are as follows:

<table>
<thead>
<tr>
<th>Proponent</th>
<th>Base Submission Price (estimated annual expenditure)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teknion Furniture Systems Co. Limited</td>
<td>$804,198</td>
</tr>
<tr>
<td>Herman Miller Workplace Resource</td>
<td>$805,766</td>
</tr>
</tbody>
</table>

**POLICY IMPLICATIONS**

Purchasing Policy, Section 4.4, Policy 4 – Policy for Approval Authority, requires Council approval when the Request for Proposals is a Corporate Contract.

Purchasing Policy, Section 4.14, Policy 14 – Policy for Standardization. Standardization is a management decision-making process that examines a specific common need or requirement and then selects a product that best fills the need to become the standard. The establishment of these standards will result in a single source purchase through the manufacturer’s designated dealer, who is currently Lordly Jones Limited. The policy requires that Council approve both the standard and the single source purchase of the standard.

**RELEVANT CONSULTATION**

Corporate Facilities Management and Purchasing worked collaboratively on this report.

**ANALYSIS / RATIONALE FOR RECOMMENDATION**

The City benefits from discounted volume based pricing when Corporate Contracts are issued versus each individual department securing pricing for items that are similar in nature. Contract management for the procurement of these items is vastly simpler when dealing with one vendor as opposed to many vendors.

Since this contract was issued as a Request for Proposals, the City will benefit from this best value approach by ensuring that the City:

- acquires quality products and services;
- provides consistency in product use and delivery;
- simplifies the co-ordination and tracking of our assets;
- makes more effective use of staff’s administrative time;
- effectively manage contracts and projects; and
- monitors product quality and sustainability.

As administrators, Corporate Facilities Management is accountable for ensuring consistent contract performance and management of the City’s inventory of tangible capital assets. In order to effectively manage these assets, any department requiring the use of this contract shall coordinate this effort through Corporate Facilities Management.

**ALTERNATIVES FOR CONSIDERATION**

The alternative method would be to secure competitive bids on both an individual and project basis. This would result in the duplication of effort for staff and external resources; inefficiency and inconsistency for the project; and accommodation and asset management. The City would not net any cost savings by individually procuring furniture outside of this Request for Proposals.

**CORPORATE STRATEGIC PLAN**


**Skilled, Innovative & Respectful Organization**
- More innovation, greater teamwork, better client focus
- An enabling work environment-respectful culture, well being and safety, effective communication

**Financial Sustainability**
- Financially Sustainable City by 2020
- Delivery of municipal services and management capital assets / liabilities in a sustainable, innovative and cost effective manner

**Intergovernmental Relationships**
- Not applicable

**Growing Our Economy**
- An improved customer service

**Social Development**
- Not applicable

Vision: To be the best place in Canada to raise a child, promote innovation, engage citizens and provide diverse economic opportunities.
Values: Honest, Accountability, Innovation, Leadership, Respect, Excellence, Teamwork
Environmental Stewardship

- Reduced impact of City activities on the environment
- Aspiring to the highest environmental standards

Healthy Community

- Plan and manage the built environment

APPENDICES / SCHEDULES

Appendix ‘A’ to report FCS10005.
## Furniture Standards – Teknion

<table>
<thead>
<tr>
<th>Category</th>
<th>Product Description</th>
<th>Teknion's Product Line</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1.0 Systems Furniture</strong></td>
<td>As per details included within the Request for Proposals</td>
<td>Leverage</td>
</tr>
<tr>
<td><strong>2.0 Seating</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid back task chair, carpet casters</td>
<td>Savera</td>
<td></td>
</tr>
<tr>
<td>High Back task chair, carpet casters</td>
<td>Savera</td>
<td></td>
</tr>
<tr>
<td>Guest Chair, fixed arms</td>
<td>Amicus</td>
<td></td>
</tr>
<tr>
<td>Meeting Room chair, fixed arms, carpet casters</td>
<td>Savera</td>
<td></td>
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<tr>
<td>Stacking lunchroom chair</td>
<td>Volume</td>
<td></td>
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<tr>
<td>Club Chair</td>
<td>Vasari</td>
<td></td>
</tr>
<tr>
<td>Two-seat sofa</td>
<td>Vasari</td>
<td></td>
</tr>
<tr>
<td><strong>3.0 Casegoods, Storage, Other Furniture</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private office furniture</td>
<td>Expansion Casegoods</td>
<td></td>
</tr>
<tr>
<td>Lateral file cabinets</td>
<td>Ledger</td>
<td></td>
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<tr>
<td>Meeting table</td>
<td>Tables</td>
<td></td>
</tr>
<tr>
<td>Folding training tables</td>
<td>Training Tables</td>
<td></td>
</tr>
<tr>
<td>Coffee tables</td>
<td>Expansion Casegoods</td>
<td></td>
</tr>
<tr>
<td>Side tables</td>
<td>Expansion Casegoods</td>
<td></td>
</tr>
<tr>
<td>Square lunch tables</td>
<td>Expansion Casegoods</td>
<td></td>
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</tbody>
</table>