SUBJECT: Supply of Furniture - Workstations and Case Goods for City of Hamilton Employees (PW07156) - (City Wide)

RECOMMENDATION:

(a) That Teknion, Boulevard and Steelcase continue to be approved as an acceptable dealer for the supply of office furniture, workstations and case goods, in accordance with Council Report PW03032 dated May 14, 2003, on a month to month basis;

(b) That Purchasing staff be authorized and directed to negotiate a service level agreement, with the approved dealers of these manufacturers, for a one year period beginning January 1, 2008, for all future reconfigurations of existing furniture.

EXECUTIVE SUMMARY:

The intent of the furniture tender, which City staff is currently pursuing, is to enter into an agreement with furniture vendors for the supply, delivery, installation and servicing of furniture. It will guide the City’s future furniture purchases creating value across all three bottom lines, moving us closer to our vision for a sustainable community. It will also allow the Municipality to explore new technologies. Systems furniture has evolved over the years, in sustainability, durability and cost. This new tender will explore all these
items and includes all case goods storage and filing, seating, meeting and training room, and occasional furniture. The preparation of the furniture tender is nearing completion. Therefore, a full one year extension is neither required nor advisable since we may be entering into a contract with new manufacturers in the near future. It is important to be able to continue the existing “house account agreements” in the interim in order that furniture may still be procured. Staff is requesting that Council support the extension of the existing agreements until the completion and award of the furniture tender.

Continuing the use of the current “house account agreements”, with Teknion, Boulevard and Steelcase to order workstations and free-standing furniture while the request for tender for furniture is ongoing, allows City staff to procure furniture which is compatible with existing systems at the best possible price. Purchasing from these manufacturers gives the City the best and lowest price with manufacturers bypassing the usual selling agent dealers’ mark-up.

Negotiation of service level agreements, with approved dealers of these manufacturers, ensures City staff will be able to maintain the existing furniture and reconfigure it as required, such that this furniture maximizes its useful life.

**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.

The contract was a three year contract signed September 30, 2003, with an option for two, one year extensions if mutually agreed.

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 31, 2007, with the option to extend a further year ending September 31, 2008 and that staff prepare a tender for furniture supply for a three year period. The preparation of the furniture supply tender is near completion. As a result, staff is requesting that Council approve a month to month extension to the existing agreements, rather than extend them for an entire one year period.

**ANALYSIS/RATIONALE:**

Over 70% of the systems furniture within the City is now Teknion, Boulevard, or Steelcase. Extending the “house accounts” with these manufacturers for workstation furniture and freestanding case goods provides compatible furniture at the best pricing and value to the City. Ongoing investigation into available furniture is also necessary to ensure that the City continues to purchase sustainable, affordable furniture in the long-term. A new furniture tender will allow the City to realize the benefits of an open and competitive process and will provide the opportunity to review the most current and environmentally sustainable systems.

The month to month extension to the “house account agreements” provides time for staff to finalize the research alternative furniture systems and specifications for the new furniture tender, scheduled to be issued by the end of December 2007 and awarded by the end of March 2008. During this time frame it is important that City staff continue to
be able to purchase new furniture and reconfigure existing to accommodate changes in staffing and reorganization.

Service level agreements, with the approved dealers of these furniture manufacturers, ensures that the City will be able to maintain existing systems such that they do not become obsolete upon award of new furniture contracts.

**ALTERNATIVES FOR CONSIDERATION:**

Ending the current house account agreements until award of the furniture tender was considered. However, this would require that no furniture purchases or reconfigurations be made for several months. From an operational perspective, this is not feasible due to staffing changes, restructuring, and work accommodations which arise.

**FINANCIAL/STAFFING/LEGAL IMPLICATIONS:**

**Financial:** House accounts ensure the City of Hamilton is always guaranteed the best value and lowest price offered by the suppliers under the terms of the house account agreement contract.

**Staffing:** There are no staffing implications.

**Legal:** Contract documents were prepared by Legal and signed by Teknion and Lordly Jones in 2003. Legal must prepare the contract documents to be signed by manufactures of Boulevard and Steelcase, and their local dealer representatives.

Legal will also be required, once the new furniture tender is awarded, to prepare contract documents.

**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 limit the purchase of office furniture to specified manufacturers and to negotiate volume discounts directly with those manufacturers. This will guarantee that the City achieves the maximum discount on the furniture it requires.

This agreement aligns with the Public Works Strategic Plan by integrating business process between an approved service provider and the City of Hamilton. City staff, in conjunction with the service provider, will be able to maintain the existing furniture and reconfigure it as required, such that this furniture maximizes its useful life.

The agreement also aligns with the financial goals of the Public Works Strategic Plan by ensuring furniture is maintained and reaches its maximum lifecycle, warranties are honoured and costs are kept to a minimum, thus allowing for more effective use of capital and operating costs associated with the reconfiguration and relocation of furniture.

**RELEVANT CONSULTATION:**

Purchasing Section, Corporate 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? 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.  ✓ Yes  ☐ No

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.