



ADMINISTRATIVE REPORT

Report Date: January 7, 2013
Contact: Nick Kassam
Contact No.: 604-829-2097
RTS No.: 9717
VanRIMS No.: 08-2000-20
Meeting Date: January 16, 2013

TO: Standing Committee on Planning, Transportation and Environment

FROM: General Manager of Engineering, General Manager Park Board, General Manager Financial Services and Chief Purchasing Official

SUBJECT: Contract Award for the Supply and Delivery of Maintenance, Repair and Operating Supplies

RECOMMENDATION

- A. THAT Council authorize City staff to negotiate, to the satisfaction of the City's General Manager of Engineering, General Manager of Park Board, Director of Legal Services, Director of Finance, and Chief Purchasing Official, and enter into a contract with ACKLANDS GRAINGER Inc. for the supply and delivery of maintenance, repair and operating supplies for a term of three years, (with the option to extend for two additional one year periods), with an estimated contract value of \$6,000,000 over the term to be funded through the annual operating budget process.
- B. THAT the Director of Legal Services be authorized to execute on behalf of the City the contract contemplated by Recommendation A.
- C. THAT no legal rights or obligations will be created by Council's adoption of Recommendations A and B above unless and until such contract is executed by the Director of Legal Services.

REPORT SUMMARY

The City has issued a Request for Proposal (RFP-PS20110011) for the supply and delivery of maintenance, repair and operating (MRO) supplies (the "RFP"). The City received 11 proposals in response to the RFP. City staff on the RFP evaluation committee, and subsequently the Bid Committee, have considered the proposals received and on that basis this report recommends that the City negotiate and, if such negotiations are successful, enter into a contract as described above with Acklands Grainger Inc.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

The City's Procurement Policy requires that contracts with values over \$2 million must be approved by Council following review and recommendation by the Bid Committee. Bid Committee has considered and approved Acklands Grainger Inc. as the winning proponent.

REPORT

Background/Context

A variety of departments across the City purchase many types of MRO supplies to support them in performing their operational services to run and maintain City facilities and equipment. Engineering Services and Vancouver Parks Board are two of the primary user departments. MRO supplies include items such as:

- Tools, hardware and general industrial supplies
- Safety supplies
- Fasteners
- Batteries

This RFP for MRO supplies was an enterprise-wide initiative, engaging the marketplace with an extensive list of products and service requirements related to the operations and maintenance of City's equipment and infrastructure. The RFP also presented an opportunity to seek a supplier who would support the transformation of the current procurement to payables processes through the introduction and enhancement of vendor managed inventory programs, electronic procurement (e-Procurement), consolidated billing options and cost control through enhanced analytical reporting.

Strategic Analysis

The RFP was issued in accordance with the City's Procurement Policy. The City received proposals from eleven vendors in response to the RFP. The proposals were evaluated under the stewardship of Supply Chain Management to ascertain which offered the best overall value to the City through the work of an evaluation team comprised of representatives from various departments throughout the City, including Engineering Services, the Parks Board, the Vancouver Police Department and Fire and Rescue Services. In determining which proposals offered the best overall value to the City, both quantitative and qualitative factors such as price, product and service offering, business technology, sustainability were considered, among other factors.

Some of the criteria considered in the overall evaluation process included:

- Ability to offer competitive financial offering
- Ability to offer quality products and depth of products lines, warranty on products offered, accessibility to new products, demonstrated service levels in areas such as: surplus obsolete products solution, vendor managed inventory programs, responsive and efficient customer service

- Ability to provide business technology solutions which incorporate electronic billing, payment options, reporting and on-line ordering.
- Demonstrated ability to adhere to City's values, including sustainability and innovation.

Based on the overall evaluation, the team concluded that the proposal submitted by Acklands Grainger Inc. provided best overall value to the City.

Financial

Funding is available from the annual operating budgets of the various departments requiring MRO supplies. As a result of the RFP process the City was able to achieve cost certainty for the three year contract term and a forecasted savings of approximately \$350,000 per year over the current contract pricing based on our historical spend.

CONCLUSION

In summary, City staff recommends that the City of Vancouver enter into a three year contract, with the option to extend for two additional one year terms, with Acklands Grainger Inc. for the supply and delivery of maintenance, repair and operating supplies. Acklands Grainger Inc. had the highest overall evaluation score and offers the best overall value to the City.

* * * * *