

Committee of the Whole (2) Report

DATE: Tuesday, February 13, 2024

WARD(S): ALL

TITLE: REQUEST FOR APPROVAL OF SINGLE AND SOLE
SOURCE PURCHASES OF FIREFIGHTING EQUIPMENT
AND SERVICE PROGRAMS FOR VAUGHAN FIRE AND
RESCUE SERVICE

FROM:

Nick Spensieri, City Manager

ACTION: DECISION

Purpose

To authorize the Fire Chief, Vaughan Fire and Rescue Service (VFRS) to approve sole source and single source procurements of routinely purchased fire equipment, safety supplies, and Original Equipment Manufacturer (OEM) firefighting apparatus repair and service listed in the Tables attached up to the maximum annual amounts specified.

Report Highlights

- The Fire and Rescue sales and marketing space, and provision of related goods and equipment, is extremely unique, and highly restrictive.
- Original Equipment Manufacturers (OEMs) often work directly with very few resellers for the supply and delivery of their items, specifically due to the ability to support quality delivery, required training, and top-tier customer support. Those who supply these products are held to strict standards by the manufacturer in order to maintain their market monopoly.
- As a result, VFRS seeks authority to have the Fire Chief approve certain Single and Sole Source procurements of the vendors and the goods and/or services listed in this report to enable VFRS to reduce downtime, promote staff safety, and continue to maintain our high service standards for the maximum annual amounts identified therein, subject to budget approval.

Recommendations

1. That notwithstanding the Corporate Procurement Policy 15.C.03, the Fire Chief shall be authorized to approve Sole Source and Single Source procurements for the goods and services listed in Table 1 and Table 2;
2. That the Fire Chief be authorized to determine the allocation of individual supplier spend within the described goods and services on an annual basis up to the aggregate of the maximum annual spend specified herein, subject to annual budget approval;
3. That the Fire Chief be authorized to undertake, as required, administrative amendments to Tables 1 and 2 included in this Report;
4. That the Director of Procurement Services, or delegate, be authorized to execute agreements in a form satisfactory to Legal Services for Sole Source and Single Source procurements provided in Recommendation 1;
5. That VFRS maintain current copies of the exclusivity letters provided as attached to this report, and re-report any changes in market monopolies or supplier representation to Council annually, if applicable; and
6. That notwithstanding Recommendation 1, VFRS continue to investigate opportunities for competitive and collaborative procurement opportunities, should they become available, for the products and/or services included within the Tables to this report, to ensure Best Value for the City.

Background

The Fire and Rescue sales and marketing space, and provision of related goods and equipment, is extremely unique, and highly restrictive. OEMs often work directly with very few resellers for the supply and delivery of their items, specifically due to the ability to support quality delivery, required training, and top-tier customer support. Those who supply these products are held to strict standards by the manufacturer in order to maintain their market monopoly. This request for Single and Sole Source procurement authority for each of the requested supplier/suppliers enables VFRS to reduce downtime, promote staff safety, and continue to maintain our high service standards.

As a result, VFRS seek authority to have the Fire Chief approve certain Single and Sole Source procurements of goods and services identified in Tables 1 and 2 up to the maximum annual amounts identified therein. In the interim, VFRS will, together with Procurement Services continue to explore opportunities for competitive and collaborative procurements.

Analysis and Options

Rationale for Single Source and Sole Source Procurements

Safety and interoperability in emergency situations

As a recognized repair facility, the city strives to maintain the highest safety standards for its fire equipment/apparatus and use the highest quality parts for its maintenance, equipment, and repairs. OEM parts are recommended over after market parts due to warranty reliability, and safety requirements. Based on the critical nature of VFRS' operational requirements, the equipment purchased can greatly impact service delivery standards and component failure can significantly affect our business, which is not a risk VFRS is willing to accept.

Vaughan Fire utilizes OEM suppliers, equipment, parts and vehicles that complement a seamless service level, continuity of operations, and ensures consistent equipment across all stations for all personnel. This assists in maintaining both health and safety and training requirements as it relates to Firefighter Certification in Ontario.

Timeliness and economies of scale

Due to the operational tempo and nature of emergencies in the City of Vaughan, the failure of any components on these vehicles can lead to service level interruptions. Aggregate purchases should produce economies of scale and help in cost negotiations and reductions for VFRS, making best use of available budget dollars. The list of supplier/suppliers outlined in Tables 1 and 2 have demonstrated the availability to complete OEM service warranty work and provide equipment and safety products that are proprietary.

Annually, Vaughan Fire has worked with Procurement Services to determine the best available method for procuring fire equipment/products/services considering product suitability, compatibility, and exclusivity of dealership requirements. While there are many products and services that VFRS procures annually that can be facilitated through a competitive bidding process, the lists outlined in Tables 1 and 2 below comprise a list of suppliers that are the subject to these strict market monopolies, and/or exclusive dealer relationships that VFRS must adhere to in order to make the purchases required. There has also been significant consultation with the market, resulting in the development of the package of exclusivity letters, Attachment 2 to this report. These letters, in conjunction with the reasons provided in Tables 1 and 2 provide the justification for Single Source and Sole Source procurements, in line with the criteria provided in the City's Procurement Policy.

Director of Procurement Services satisfied as to justification.

The Director of Procurement Services is satisfied based on the information provided that Single and Sole Source procurements are justified for the specific grouping of products and services identified in Tables 1 and 2, in order to comply with the market monopolies and sales restrictions imposed by the equipment manufacturers. As such, with Council approval, VFRS will work together with Procurement Services and Legal Services to negotiate and finalize the agreements with these supplier/suppliers (exclusive Ontario dealers of the OEM's) to obtain the best value for the city.

The procurement of IT Goods and Services not related to the Supplier/Suppliers, Goods and/or Services not listed in Tables 1 and 2 would continue in the normal course under the City's Corporate Procurement Policy (15.C.03).

Approval Authority

According to the City's Corporate Procurement Policy, Council approval is required where the Cumulative Total Cost of a Single Source or Sole Source Procurement exceeds \$100,000. The City Manager has authority to approve Single or Sole Source Procurements in excess of \$50,000 or below \$100,000. VFRS recommend that the Fire Chief be authorized to approve Single Source and Sole Source awards for the supplier/suppliers, Goods and Services listed in Tables 1 and 2 to this report. VFRS will work together with Procurement Services and Legal Services to negotiate and finalize the agreements resulting from these procurements. These arrangements will remain contingent on supplier performance and continued exclusivity of these dealer arrangements.

In order to ensure Best Value for the City, VFRS would continue to work with Procurement Services to explore opportunities for collaborative and competitive procurements.

Procurement activities for all VFRS purchases will continue to be reported to Council in the relevant Procurement Activity Reports.

Previous Reports/Authority

[Finance, Administration & Audit – 2017 Item 7 Report No 10](#) – Request for approval of single source procurements of Original Equipment Manufacturers (OEM) parts, replacement parts, service, and equipment for fire apparatus

Financial Impact

Funding for these agreements is included in approved 2024 operating and capital accounts. Any incremental funding that may be required for future year spending will be submitted as part of future annual budget cycles.

Operational Impacts

This report has been prepared in consultation with Procurement Services and Legal Services.

Broader Regional Impacts/Considerations

N/A

Conclusion

The fire and rescue supplier space are extremely complex, and there are a significant number of exclusive representation and relationships that VFRS must adhere to in order to continue to maintain our high service level standards. Therefore, it is recommended that the Fire Chief be authorized to approve Single Source and Sole Source procurements with the supplier/suppliers for the goods and/or services listed in Tables 1 and 2 of this report up to the maximum amounts listed, subject to budget approval.

Attachments

1. Tables 1 and 2 – Proposed Sole Source and Single Source Procurements
2. Letters of Exclusivity (OEM letters) for all requested supplier/suppliers

Prepared by

Michael Ing, Assistant Deputy Fire Chief

Approved by

A handwritten signature in black ink, appearing to read 'Nick Spensieri', with a horizontal line extending from the end of the signature.

Nick Spensieri, City Manager