

CITY OF VAUGHAN

EXTRACT FROM COUNCIL MEETING MINUTES OF APRIL 11, 2018

Item 11, Report No. 4, of the Finance, Administration and Audit Committee, which was adopted without amendment by the Council of the City of Vaughan on April 11, 2018.

11 REQUEST FOR APPROVAL OF SINGLE SOURCE PURCHASES OF FITNESS EQUIPMENT

The Finance, Administration and Audit Committee recommends approval of the recommendation contained in the following report of the Deputy City Manager, Community Services, dated April 3, 2018:

Purpose

To seek Council approval to award the single source contract of fitness equipment for a period of three (3) years with two (2) additional one (1) year optional terms to the vendors (Ontario's exclusive distributors) for the amounts as specified in Table 1.

Report Highlights

- On an annual basis, purchases are required to replace and enhance the fitness equipment at the Community Centres and Fire Stations.
- It is recommended that the City single source fitness equipment to the vendors specified in Table 1 due to the exclusivity of dealership requirements; equipment standardization, interchangeability and compatibility; level of quality, maintenance and service agreements; and training and vendor performance.
- Sufficient funds are available in the approved 2018 operating and capital budget. Future year spending will be contingent on the approval of operating and capital budgets.

Recommendations

1. That single source agreements for the purchase of fitness equipment be awarded for a period of three (3) years with two (2) additional one (1) year terms to the vendors as specified in Table 1.
2. That the Director of Procurement Services be authorized to finalize and sign any necessary agreements.

Background

Fitness Overview:

With approximately 5,000 plus fitness members, Recreation Services operates six fitness centres at City of Vaughan community centres and an additional one at Vaughan City

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Hall. On an annual basis, purchases are required to replace and enhance the inventory of fitness equipment. Ensuring that fitness equipment is updated consistently across all fitness centres is critical in the department's ability to retain members and remain competitive in the marketplace, and is one of the leading comments received from existing users via feedback surveys.

The City also has fitness equipment throughout its 9 Fire Stations, where over 300 Firefighters can use it to maintain the level of physical fitness that is essential for the safe and effective completion of their duties.

The equipment to be purchased is within the same selection that is currently offered, including treadmills, cross-trainers, stair-climbers, exercise bicycles, muscle conditioning machines, free weights and spinning bikes. The City's fitness centres include a selection of LifeFitness, Precor, Stairmaster, Hammer, Hampton and Schwinn fitness equipment.

Previous Reports/Authority

COW - 2016.654 - Request for Approval of Sole Source Purchases of Fitness Equipment - City Wide

COW – 2012 – Item 22 Report No. 48 - Request for Approval of Sole Source Purchase of Fitness for Vellore Village Fitness Centre – Ward 3

Analysis and Options

Recreation Services has worked with Procurement Services to determine the best method for procuring fitness equipment considering the standardization, compatibility and exclusivity of dealership requirements. It was determined that single source procurement is the recommended method where Recreation and Procurement Services will negotiate and finalize the agreements with these Vendors (exclusive Ontario dealers) to obtain the best value for the City. Many municipalities, including the City of Markham and the City of Mississauga, have also used similar single source approaches to procure the fitness equipment.

Section 4.2.4 of the Corporate Procurement Policy states a single source agreement may be entered if any of the following conditions are met:

- There is a need for standardization or compatibility with goods, services (c), or
- Where necessary to maintain an existing warranty from a previous vendor (d), or
- Where only one authorized dealer/seller is offering the goods or services (e), or
- The ability of a specific vendor to deliver within the requested time frames (f).

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Single Source Justification:

- **Standardization:** The selection of equipment reflects the type and quality of fitness equipment that currently exists within fitness centres, which is over 100 different types of equipment. This allows the City to aggregate the requirements for maintenance, spare parts and consumables, thus reducing total cost of ownership.
- **Interchangeability/Compatibility:** Consistency and familiarity of look, adjustments and functional flexibility benefits both the user and staff who use multiple fitness centre locations.
- **Exclusivity of Dealership Requirements:** The vendors specified in Table 1 are the exclusive authorized dealers in Ontario of the preferred brands of equipment that currently exists within the City's fitness centres.
- **Choice of Equipment:** Over the years, the department has selected and standardized these types/makes of equipment based on a level of quality and performance standards that serves the user well, minimizes maintenance issues and reduces equipment down time which affect user experience.
- **Value for Money:** Having a long-term agreement allows the City to negotiate discounted rates on the equipment maintenance agreements.
- **Value Added Services:** City gets preferred customer services for warranty service calls and timely access to the original manufacturer parts and preferred rates.
- **Training:** Preventative maintenance technicians are certified to perform work on these brands of equipment which reduces the need of additional training, thus reduces the training cost.
- **Vendor Performance:** These vendors have successfully performed during their previous contracts and have met their obligations on quality, delivery, price, insurance, liability and servicing.

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Table 1: Recommended Single Source Arrangements

Item	Exclusive Vendor	Brands of Equipment	Recreation Services Spend (CDN	Vaughan Fire & Rescue Services Spend (CDN \$)	Total Spend
1	Advantage Fitness	<ul style="list-style-type: none"> Life Fitness Hammer Strength Hampton Fitness 	\$ 166,000/year	\$ 25,000/year	\$191,000/year
2	National Fitness Products	<ul style="list-style-type: none"> Woodway Octane Fitness Jacobs Ladder Star Trac StairMaster Nautilus Schwinn 	\$ 98,000/year		\$ 98,000/year
3	Legacy Fitness Products	<ul style="list-style-type: none"> Cybex International 	\$ 60,000/year		\$ 60,000/year
4	Spartan Fitness in partner with V02 Fitness	<ul style="list-style-type: none"> Precor 	\$ 42,000/year		\$ 42,000/year
		TOTAL	\$ 366,000/year	\$25,000/year	\$391,000/year

* Estimated amounts are based on historical spend data and pro-rated based on approved 2018 budget amounts. Figures do not include applicable taxes.

Recreation Services

Over the five-year term (including option years), it is anticipated that the total spend value is \$1,830,000, or \$366,000 per annum, for Recreation Services. Note that the total value includes the unspent capital funding from 2017.

Vaughan Fire & Rescue Services

Over the five-year term (including option years), it is anticipated that the total spend value is \$125,000, or \$25,000 per annum, for Vaughan Fire & Rescue Services.

Financial Impact

Sufficient funds are available in the approved 2018 Recreation Services and Vaughan Fire & Rescue Services operating and capital budgets. Future year spending will be contingent on the approval of operating and capital budgets.

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Broader Regional Impacts/Considerations

Not Applicable

Conclusion

To ensure the consistency of fitness equipment standards at the City's fitness centres, it is recommended that the City award the single source provision of fitness equipment to the Vendors (Ontario's exclusive distributors) specified in Table 1.

Attachments

1. Letters of Exclusivity

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(A copy of the attachments referred to in the foregoing have been forwarded to each Member of Council and a copy thereof is also on file in the office of the City Clerk.)