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The Regional Municipality of Durham Report

To: Works Committee
From: Acting Commissioner of Works
Report: #2024-W-4
Date: February 7, 2024

Subject:

Sole Source Procurement of Plow and Grader Blades and Maintenance Parts for Maintenance Operations and Fleet Services

Recommendations:

That the Works Committee recommends to Regional Council:

- A) That a sole source contract be awarded to Valley Blades Ltd. for the supply of plow and grader blades and maintenance parts for the Fleet Services Division and the five (5) Maintenance Operations Depots (Ajax/Pickering, Oshawa/Whitby, Orono, Sunderland, and Scugog Depots) for a one (1) year term, with the option to extend for an additional four (4), one (1) year terms, with an upset limit of \$400,000* (\$80,000* per annum), to be financed through the Winter Maintenance program Business Plans and Budget; and
 - B) That the Commissioner of Finance be authorized to execute the necessary documents related to the contract.
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Report:

1. Purpose

- 1.1 The purpose of this report is to seek approval from the Regional Municipality of Durham (Region) Council to award a sole source contract for the supply of plow and grader blades and maintenance parts to Valley Blades Ltd.
- 1.2 Dollar amounts followed by an asterisk (*) are before applicable taxes.

2. Background

- 2.1 Plow and grader blades and maintenance parts are procured through a Durham Purchasing Co-operative (DPC) contract hosted by the Town of Ajax and includes the Region of Durham, the Town of Ajax, the Municipality of Clarington, the City of Oshawa, the City of Pickering, the Township of Scugog and the Town of Whitby. The DPC contract expired in October 2023, and the pricing and contract duration have been renegotiated. The contract includes proprietary products exclusive to Valley Blades Ltd. and non-proprietary products. The main portion of the plow and grader blades and maintenance parts are items proprietary to Valley Blades Inc.

3. Sole Source Justification

- 3.1 The Town of Ajax is the host agency that manages the contract for plow and grader blades and maintenance parts on behalf of the DPC. As the host Agency, the Town of Ajax has researched and recommended to all DPC participating agencies that due to the value of non-proprietary parts being significantly lower than the proprietary parts, which must be sourced through Valley Blades Inc., and to avoid managing purchases through multiple suppliers, it would be administratively efficient to sole source all parts to Valley Blades Inc. If the DPC contract for plow and grader blades and maintenance parts was awarded in sections to multiple vendors, it could result in a low spend value for each vendor which could lead to an elevated cost per item and also create inefficiencies in the administration of the DCP contract.
- 3.2 All DPC participating agencies agreed it is administratively efficient to consolidate and award all proprietary and non-proprietary items under this contract to Valley Blades Ltd. and ensure a uniform source of supply.
- 3.3 Valley Blades Ltd. has supplied proprietary and non-proprietary items to the DPC members for many years.

4. Financial Implications

- 4.1 Section 7.2 of the Region's Purchasing By-law #16-2020 permits the acquisition of goods and services through sole source negotiations under specific circumstances outlined in Appendix "C" of the by-law. Section 1.1 of Appendix "C" permits negotiations for goods or services that can be supplied only by a particular supplier where no reasonable alternative or substitute goods or services exist to ensure compatibility with existing goods. The by-law also requires approval by the appropriate standing committee and Council for the award of sole source contracts that exceed \$100,000 in value.

- 4.2 The contract is for a one (1) year term, with the option to extend for an additional four (4) one (1) year terms.
- 4.3 Financing for the sole source maintenance service and parts supply agreements, estimated at a total contract value not to exceed \$400,000.00* (\$80,000* per annum), will be funded from the Works Department's annual Winter Maintenance Business Plans and Budget.

5. Relationship to Strategic Plan

- 5.1 This report aligns with/addresses the following strategic goals and priorities in the Durham Region Strategic Plan:
- a. Optimize resources and partnerships to deliver exceptional quality services and value.
 - b. Collaborate for a seamless service experience.
- 5.2 Standardization of supplies and services of specialized equipment will aid in the promotion of asset longevity and reduce equipment maintenance.

6. Conclusion

- 6.1 It is recommended that Regional Council approve the award of a sole source supply contract of plow and grader blades and maintenance parts for the Fleet Services Division and the 5 Maintenance Operations Depots (Ajax/Pickering, Oshawa/Whitby, Orono, Sunderland and Scugog Depots).
- 6.2 This report has been reviewed by the Finance Department, and the Commissioner of Finance concurs with the recommendations.

6.3 For additional information, contact: Matthew Fair, Acting Manager of Maintenance Operations and Fleet Services, at 905-668-7711, extension 3544.

Respectfully submitted,

Original signed by:

Ramesh Jagannathan, MBA, M.Eng., P.Eng., PTOE
Acting Commissioner of Works

Recommended for Presentation to Committee

Original signed by:

Elaine Baxter-Trahair
Chief Administrative Officer