

City of Mississauga
Corporate Report



<p>Date: March 7, 2023</p> <p>To: Chair and Members of General Committee</p>	<p>Originator's files:</p>
<p>From: Jodi Robillos, Commissioner of Community Services</p>	<p>Meeting date: March 29, 2023</p>

Subject

City Standard Designations for Fitness Equipment Brands and Single Source Contract Awards File Ref.: PRF 008133

Recommendation

1. That products denoted by the brand names of Octane Fitness, Free Motion, Stages Indoor Cycle, Jacob's Ladder, Stairmaster/Schwinn/Nautilus/Star Trac/Hoist/Precor Fitness/Peloton Commercial, LifeFitness, Hammer Strength Keiser, Cybex, Atlantis, Woodway, Concept 2, Water Rower, Scifit and NuStep be approved as City Standards for fitness equipment for the period of 2023 through 2027.
2. That V02 Fitness Inc. and Liv North be approved as single-source vendors for the supply and delivery of the brand name fitness equipment for which they are the exclusive distributors.
3. That the Purchasing Agent be authorized to execute the appropriate forms of commitment to V02 Fitness Inc. for the supply and delivery of Octane Fitness, Free Motion, Stages Indoor Cycles, Jacob's Ladder, Stairmaster, Schwinn, Nautilus, StarTrac, Hoist and Precor Fitness/Peloton commercial equipment, on an as required basis annually and for which funding is approved in the budget for the period of 2023 through to 2027.
4. That the Purchasing Agent be authorized to execute the appropriate forms of commitment to Liv North (previously National Fitness Products and Advantage Fitness Sales Inc.) for the supply and delivery of Life Fitness, Woodway, Cybex and Hammer Strength equipment, as required, and for which funding is approved in the budget for the period of 2023 and forecasted for the period of 2024 through to 2027.

Executive Summary

- The City's Fitness Centres require brand name, full commercial grade equipment as a standard for use in all fitness facilities to provide a consistent quality experience for users.

- As per past practice, the City aims to establish the exclusive vendors for brand name commercial fitness equipment as single source vendors.
- The Procurement By-Law #0013-2022 requires that City Standards and single source contract awards with a value greater than \$100,000 or more be approved by Council.
- The single source awards are in accordance with the purchasing By-Law 374-2006, Schedule A, Section 1(b)(x), which states: The acquisition is for a particular brand of goods and/or service that are intended solely for the resale to the public and no other brand is desirable and the brand is not available from another source.

Background

The City operates fitness centres that strive to meet the needs of community and customers of all physical abilities, fitness interests, and exercise preferences. Providing fitness equipment that is accessible, reliable, reputable and, user-friendly contributes to overall customer satisfaction. The fitness business provides a revenue stream to the City through fitness memberships and user fees, with customer satisfaction being key to attracting and retaining these users.

Prior to 2012 Fitness equipment contracts were regularly awarded based on the lowest bid, resulting in service and quality issues as the equipment was found to be unreliable and costly to repair. This caused service disruptions for fitness users.

In June 2012, (GC #0501-2012) Council approved a process to procure fitness equipment through competitive multi-vendor sole-source bids. The City's current fitness equipment inventory consists of high quality, full commercial grade brand names, consistent with commercial fitness facilities. We consider these brands to represent an appropriate City Standard to be maintained for future purchases of fitness equipment.

Comments

Staff regularly conduct market research and review to ensure City Standards for product and services are met. As such, the recommendation is to continue with the previously established single source process to maintain City Standards, consistent with the practice over the last ten years. Having provided consistent, reliable, high quality equipment and support, VO2 Fitness and Liv North are recommended as the preferred authorized vendors who provide exclusive distribution of the brands of fitness equipment as detailed in this report. The previous two, five-year contracts were approved through GC #0501-2012 and GC #0491-2018.

Each brand of equipment may only be available through one vendor as the exclusive distributor. Accordingly, each vendor is a single source, as provided for in the Procurement By-law, Schedule A, Section 1 (i) which states: "The Goods and/or Services are a particular brand is intended solely for resale and/or use by the public and no other brand is desirable and the brand is not available from any other source." Procurement Services is supportive of multi vendor

single sourcing and will partner with contract manager(s) to negotiate acceptable pricing and terms with each vendor.

To date, this comprehensive process has demonstrated a successful approach through enhanced brand recognition, improved equipment reliability and a quality customer experience. Staff have seen a reduction in equipment repair expenses, limited down times, reduced customer complaints, improved ease of use and overall high quality in the appearance of the fitness facility. Additionally, all fitness equipment requires certified service providers and access to replacement parts with reasonable timelines for repair. By establishing certain brands of equipment and vendors as a City Standard, the city is able to ensure the assets are maintained appropriately. These factors support City fitness in remaining competitive within the commercial and private fitness sector.

In addition to the regular life cycle replacement at current facilities, the proposed contract term also includes the addition of equipment for two new equipment based fitness centres at Burnhamthorpe Community Centre (Opening Summer/Fall 2023) and Carmen Corbasson Community Centre (Opening Fall 2024) each project with an estimated value of \$500,000.00 (funded through established capital budget). Other brands may also be required depending on specific center needs annually. Any additional expenditures will be approved through annual PO process and will stay within approved annual capital budget.

Financial Impact

Funding for Burnhamthorpe Community Centre and Carmen Corbasson Community Centre are included in the existing approved projects (PN 19427 and PN 20425). The equipment requirements outlined below are estimated as allocations amongst vendors are unknown at this time. They will be requested through the annual business planning capital equipment process. Below is the estimated cost per vendor application over the next 5 years, based on the City's agreements:

Vendor Name*	Contract Value for 2017 to 2022**	Estimated Contract Value for 2023 to 2027***
V02 Fitness Inc.	\$886,617	Up to \$3,000,000
National Fitness Products of Canada Inc.	\$86,098	N/A
Advantage Fitness Sales Inc.	\$148,742	N/A
Legacy Fitness	\$27,654	N/A
Liv North	\$37,412	Up to \$3,000,000
Total	\$1,186,500	\$3,000,000

*Brands and vendors distribution is subject to change based on business structure and acquisition.

**Original request adjusted from \$2,250,000 due to Covid closures (2019-2021)

***5 year estimate will include new weight rooms (Burnhamthorpe and Carmen Corbasson CC)

Conclusion

The City operates seven fitness centres across the City with an additional two being added to the inventory in the next few years. These fitness centres generates revenue through customer membership and user fees. Operational effectiveness and customer satisfaction are key to achieving success. It is desirable to have fitness equipment that offers high brand recognition, is full grade commercial and standardized to provide ease of use, minimal maintenance and a unified appearance. Therefore, reliable and reputable brands of fitness equipment are established as City Standards.

The recommended City Standard brands are only available from vendors who hold exclusive distribution rights. Therefore, V02 Fitness Inc. and Live North should be established as single source vendors as provided for in the Procurement By-Law #0013-2022, Schedule A, Section 1(i), for the supply and delivery of City Standard fitness equipment, as required, for the contract period 2023 – 2027.

Products that are not exclusive, a competitive procurement process will be followed in compliance with Procurement By-Law 0013-2022.



Jodi Robillos, Commissioner of Community Services

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