

MEETING DATE: June 12, 2002

SUBJECT: Procurement Authorization - Supply Of 24 Hour Towing Services For TTC Revenue And Non-Revenue Vehicles And Miscellaneous Equipment

RECOMMENDATION

It is recommended that the Commission approve the award of two contracts for a three-year term on the basis of lowest priced Proposals as follows:

1. Abrams Towing Service Limited in the upset limit amount of \$1,100,000 for the supply of 24 hour towing services for the entire contract; and
2. 'A Towing Service Ltd.' in the upset limit amount of \$60,000 for the supply of towing services as the alternate contractor.

FUNDING

Sufficient funds are included in the 2002 TTC Operating Budget and will be included in future Operating Budgets as appropriate.

BACKGROUND

The Commission has an ongoing need for towing services for its revenue and non-revenue vehicles. These services are provided under a system contract and are available for use by all departments who require towing service. In May 1999, the first system contract for towing services was awarded to Abrams Towing Services on a competitive basis for a three year term and it provided for roadside to shop/garage movement only. In August 2001, a separate interim contract was awarded to Abrams Towing Services on a competitive basis for additional towing services, which were not included in the original contract. These services consisted of moving buses from shop/garage to shop/garage and from shop to an outside company. Both towing contracts expire on June 30, 2002.

DISCUSSION

The scope of work for the renewal system contract for towing services provides for 24 hour towing/movement service for the Commissions revenue and non-revenue vehicles, and miscellaneous equipment. This work provides for the movement of buses and other vehicles based on specified rates from roadside to shop (garage), for moving buses from shop to shop or from a shop to an outside company.

On April 16, 2002 an RFP was issued to seven companies to submit proposals in addition to the advertisement on the Commission's Web Site and on May 9, 2002. A total of three companies responded, as summarized on the attached Appendix 'A' – Proposal Summary.

The RFP requested proponents to submit pricing based on 3 options as follows:

Option 1: To provide towing/movement services based on award for the entire contract.

Option 2: To divide the work (towing/movement services) into two separate contracts (East and West) according to geographical locations of the Commission's garages.

Option 3: To provide towing/movement services based on award for an alternate/contingency contractor when heavier demand for towing services is required (i.e. in the winter where winter road conditions have made movement throughout the city more difficult) or in the event the main contractor fails to perform as required. It is therefore considered necessary to contract with another firm to also provide these services on an as required basis to ensure the Commission's buses are removed from the roadside as quickly as possible.

The intent of this Request for Proposal was to award two or more contracts consisting of the award of one contract based on selecting either Option 1 or 2, and the second contract based on Option 3.

Abrams Towing (Abrams) submitted pricing for all three options and had the lowest pricing for Option 1 or Option 2 and did not state any exceptions or qualifications. The Option 2 scenario did not represent lower overall pricing for the required services over Option 1 and as such was not considered further.

Their submission included an alternative payment term which provides for a 5% discount if payment occurs within 15 days from receipt of an acceptable invoice. Abrams offered this same discount under the current towing contract and the Commission has consistently paid within the required 15 days taking advantage of the discount and as such Abrams' alternate payment term is considered acceptable. This discount represents a potential saving of about \$45,000 over the three year term based on the upset limit for the work described as Option 1.

Abrams has been providing towing services to the Commission over the last 3 years on a satisfactory basis. Abrams is considered commercially acceptable and is recommended for the award of Option 1.

'A Towing Service Ltd.' (A Towing) submitted pricing for all three options, but only provided pricing for Option 2 – East coverage and not West coverage. They submitted the lowest proposal based on the contingency work (Option 3), and their submission did not contain any exceptions or qualifications.

As A Towing has not performed work for the Commission recently, reference checks were performed which confirmed that A Towing has provided satisfactory work. A Towing Service is considered commercially acceptable and is recommended for the award for Option 3 as the alternate contractor.

Thornhill Towing submitted pricing for Options 1 and 2 only and had the highest prices of all submissions received. In addition, they have taken numerous exceptions (such as the Proposal Validity, Records and Audit, Default By The Contractor, and Termination For Convenience) to the specified requirements in the RFP. Due to the price variance over the other lower priced proposal submissions, they were not considered further.

A price comparison between the rates submitted in this proposal and the original contract rates in 1999 revealed an increase of approximately 35% overall (only similar type work rates were compared). However, when comparing the rates submitted in this proposal to the smaller interim contract rates in 2001, there was a cost reduction of approximately 4% overall. The reason for the increase over the last 3-year (original) contract was due to the increase in fuel, insurance rates, labour rates and vehicle maintenance costs.

The recommended upset limits include an allowance of 20% for variation in usage over the three years of the contract.

JUSTIFICATION

Award of the above contract will ensure uninterrupted towing services for the Commission's revenue and non-revenue vehicles.

May 29, 2002

9-118-39

Attachment – Appendix 'A'

APPENDIX 'A'

PROPOSAL SUMMARY

SUPPLY OF 24 HOUR TOWING SERVICES FOR

**TTC REVENUE AND NON-REVENUE VEHICLES AND
MISCELLANEOUS EQUIPMENT**

DESCRIPTION	ABRAMS TOWING (Total for 3 years)	A TOWING SERVICE (Total for 3 years)
Option 1 - Overall Contract (both East & West)	\$918,535.91 *	\$1,160,427.84
Option 2 - East Coverage (Malvern, Birchmount, New Eglinton & Lakeshore Garages)	\$514,604.28	\$ 627,654.51
Option 2 - West Coverage (Queensway, Arrow Road, Wilson & Duncan Shops)	\$514,604.28	NO BID
Option 3 - Contingency (both East and West)	\$ 71,758.02	\$ 59,946.75 **

* Abrams Towing is recommended for award for Option 1 based on the lowest Proposal submitted.

** A Towing is recommended for award for Option 3 on the basis of lowest Proposal submitted.

