

**MEETING DATE:** July 14, 2004

**SUBJECT:** Procurement Authorization - Supply Of Currency Packaging For A Three-Year Contract Term

### **RECOMMENDATION**

It is recommended that the Commission approve the issuance of Purchase Orders to the following companies for the supply of currency packaging for a three-year period from September 1, 2004 to August 31, 2007:

1. Grand and Toy in the upset limit amount of \$240,000, and
2. Corporate Express Canada, Inc. in the upset limit of \$185,000.

### **FUNDING**

Sufficient funds are included in the 2004 TTC Operating Budget and funding will be included in future Operating Budgets as required.

### **BACKGROUND**

The Commission has a daily need of twenty-two currency packaging items, such as coin wrappers, corrugated coin cartons, plastic and canvas bags, etc. These items must be available to Revenue Operations on a long-term direct supply contract in which the supplier delivers directly to the appropriate staff. The present contract is due to expire on August 31, 2004.

### **DISCUSSION**

Eight companies were invited to submit proposals in addition to the public advertisement on the TTC website on May 6, 2004 out of which two companies submitted proposals as detailed on the attached Appendix 'A'.

The Request for Proposal (RFP) requested pricing for 22 items and proponents were required to provide their current (catalogue) prices for the first year of the contract and to identify any percentage discount (firm for the duration of the contract) that may be applicable to each item. The 22 items make up 100% of anticipated expenditures and the quantities used for pricing each item are based on actual historical usage over a 12 month period. The RFP provided for the option of awarding the complete shopping basket to one company or awarding each item to the proponent with the lowest price per item.

Prices for year 2 and 3 are subject to adjustment on a quarterly basis commencing on September 1, 2005 based on changes to the Industrial Price Index.

The RFP included an option for an additional two years to the contract (i.e. years 4 and 5) to be exercised at the TTC's discretion on the basis of the same terms and conditions and subject to satisfactory performance by the company.

Grand & Toy Ltd. (Grand & Toy) submitted the lower overall proposal pricing for 21 of the shopping basket items. They did not quote on one item (canvas bags) as they are unable to supply this item. Grand & Toy did not state any exceptions or qualifications and are considered commercially compliant.

Corporate Express Canada Inc. submitted the second proposal and quoted on all the 22 items of the shopping basket. They did not state any exceptions or qualifications and their proposal is considered commercially compliant.

Staff performed an analysis of the savings if the contract was awarded to the lower proponent per line item versus the lower overall proponent. This analysis revealed a savings of approximately \$10,000 per year if each item was awarded to the lower bidder. Therefore, staff recommends the award of 14 items in the upset limit of \$240,000 to Grand & Toy and the award of 8 items in the upset limit of \$185,000 to Corporate Express.

A price comparison over the current contract with Corporate Express revealed an overall decrease of approximately 9% over the proposed pricing for year 1. The prices for year 2 and 3 are subject to adjustment per changes in the IPI for Toronto.

The upset limit amounts for both companies include an allowance of approximately 20% to allow for variation in actual usage and for price escalation over the three years of the contract.

The contract is recommend for award for a three-year period and prior to the contracts expiry staff will review the companies' performance and will determine the pricing for years 4 and 5 based on changes to IPI. A decision regarding the extension for the 4<sup>th</sup> and 5<sup>th</sup> year will be based on the performance of the companies and will be the subject of a future report.

Some of the reasons that the other invited proponents did not bid are as follows; one company indicated that their "retail program" was still quite new and they did not feel that they would be able to fulfil the requirements, one company indicated that they did not bid on this requirement because their legal department had some issues with some of the terms and conditions in the RFP, another company indicated the requirement was not part of their core business and they would have had to source some of the items, and bring them into stock just for the Commission, therefore they decided not to bid and one company indicated that the manufacturer of the coin wrappers would not sell to them.

## **JUSTIFICATION**

Approval of this report will ensure the uninterrupted supply of currency packaging materials for the Commission's ongoing business requirements.

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June 30, 2004  
Attachment – Appendix 'A'

9-118-73

**APPENDIX 'A'**

**SUPPLY OF CURRENCY PACKAGING FOR A THREE-YEAR TERM**

**PROPOSAL SUMMARY**

<b>COMPANY</b>	<b>NUMBER OF ITEMS BID</b>	<b>TOTAL PROPOSAL PRICE (3 YEARS)</b>	<b>NUMBER OF ITEMS RECOMMENDED</b>	<b>TOTAL RECOMMENDED UPSET LIMIT (3 YEARS)</b>
Grand & Toy Ltd.	21	\$381,610.71	14	\$240,000.00 *
Corporate Express Canada Ltd.	22	\$393,797.67	8	\$185,000.00 *

\* Recommended for award.