

**MEETING DATE:** November 28, 2005

**SUBJECT:** Procurement Authorization - Supply Of Safety Footwear

**RECOMMENDATION**

It is recommended that the Commission approve the issuance of purchase orders for the Supply of Safety Footwear for the period January 1, 2006 to December 31, 2008 to the following five companies in the upset limit amounts indicated:

Mark's Work Wearhouse \$1,200,000  
Mister Safety Shoes \$ 370,000  
ISECO \$ 270,000  
Gordon Contract \$ 60,000  
Collins Safety \$ 60,000

Total \$1,960,000

**FUNDING**

Sufficient funds will be included in the 2006 TTC Operating Budget and will also be included in future Operating Budgets as required.

**BACKGROUND**

The Occupational Health and Safety Act of Ontario requires that employees wear foot protection when working at a location where they are likely to be exposed to foot injury. As part of the renewal of the Collective Agreement between the Commission and Local 113 and Lodge 235, employees will be provided annually with a voucher for the purchase of safety footwear. The Commission's voucher program covers approximately 3,500 unionized and 1,000 staff employees. Vouchers are issued to eligible employees every year and each voucher is valid for two years. Employees may defer the use of a voucher to the second year and combine it with the voucher issued in the second year for the purchase of safety footwear.

The value of a full voucher over the three years of the current contract has been \$120.00. The value of the voucher will be \$145.00 as of January 1, 2006 (approximately 21% higher) and will remain at that level for the duration of the new contract until December 31, 2008. Vouchers are provided to employees with less than twelve months continuous service at half the value of a full voucher and their value will be \$73.00 as of January 1, 2006. There are exceptions regarding the value of vouchers to be issued to the track patrol crews, selected machinists in Local 113 and all employees in Lodge 235 as they are entitled to yearly vouchers valued at \$290.00 each.

The existing three-year contracts with four companies for safety footwear will expire on December 31, 2005 and new contracts are required to continue to provide this service.

**DISCUSSION**

Ten companies were invited to submit proposals in addition to the advertisement on the TTC Website on August 30, 2005, out of which five companies submitted proposals.

To ensure that a suitable number of stores would be readily accessible throughout the Greater Toronto area (GTA) to our unionized and staff employees, consideration would be given to any company who could meet the

requirements of the Request for Proposal (RFP). In order to be considered for an award, proponents were required to provide and maintain a readily available supply of CSA approved safety footwear at a minimum of two stores in the GTA and the proponent must honour the TTC's voucher system for the duration of the contract. In addition, proponents were also required to provide a minimum discount of 10% off their regular price for all CSA approved safety footwear and were requested to indicate if they were offering a higher discount. In any event, the TTC is required to pay the company for only the value of the shoes actually purchased up to the value of the voucher. Each employee is responsible for any cost in excess of the value of the voucher. Proponents were also required to provide monthly and periodic reports electronically to the Commission concerning sales to TTC employees.

All five of the submissions met the requirements of the RFP and none of the proponents stated any exceptions or qualifications. Four of the proponents (i.e. Mark's Work Wearhouse, Mister Safety Shoes, ISECO, and Gordon Contract Footwear) are currently successfully providing this service to the Commission. The fifth proponent (Collins Safety) has not previously supplied this service to the Commission; however they have successfully supplied similar services to Canada Customs, City of Toronto, and York Central Fire. All of the proponents are considered acceptable.

Awarding to all five proponents will provide an adequate number of locations throughout the GTA for hourly rated and staff employees to readily obtain safety footwear. The recommended distribution of the total upset dollars was determined based on the number of stores each proponent has within the GTA and their relative locations and ease of access and the spending pattern of the current contract, if applicable, as well as the proponent's discount.

Mark's Work Wearhouse (Mark's) offered a 15% discount and have 100 store locations throughout Ontario, of which 20 are located in the GTA. They have more store locations than all of the others proponents combined and their locations are more popular with employees as Mark's also have a contract with TTC for the supply of work clothing. As a result, Mark's is recommended for an award in the upset amount of \$1,200,000.00.

Mister Safety Shoes offered a 10% discount and have 4 stores in Ontario (i.e. two in Toronto, one each in Scarborough and Oshawa). Their Finch/Weston Road store is well stocked and very popular due to its relatively convenient location and ease of accessibility. Mister Safety Shoes is recommended for an award in the upset amount of \$370,000.00.

ISECO offered a 12% discount and have 4 locations in the GTA (i.e. two in Mississauga and one each in North York and Brampton, and also one in Burlington). Overall their stores are not as conveniently located, which results in less usage and a lower recommended award. ISECO is recommended for an award in the upset amount of \$270,000.00.

Gordon Contract offered a 10% discount and has 3 locations in the GTA (i.e. one each in Toronto centre core, Scarborough and North York). While they have provided excellent service in the past, their business hours are less extensive and therefore less convenient for employees to visit compared to the other proponents' facilities. This results in significantly less usage and a smaller recommended upset limit. Gordon Contract is recommended for an award in the upset amount of \$60,000.00.

Collins Safety offered a 20% discount and has 2 store locations (i.e. one each in Mississauga and North York). This is the first time that Collins Safety has participated in this contract and it is difficult to project their usage. Based on their store locations and the discount they offered, Collins Safety is recommended for an award in the upset amount of \$60,000.00.

During the term of the contract staff will monitor actual expenditures with each company and if necessary, adjust the upset limits between the companies in accordance with the Authorization for Expenditure Policy.

The recommended companies are offering discounts that range from 10% to 20% compared to the current contracts where discounts range from 10% to 15% (i.e. one company at 15% discount and three at 10% discount).

The recommended total upset limit amount of \$1,960,000 is based on an average voucher redemption rate of 85% over the last three years and includes an allowance of approximately 10% for new employees and fluctuations in the rate of redemption.

Staff investigated jointly purchasing safety footwear with the City of Toronto (City), however the City does not use a voucher system; rather they specify a list of safety shoe products with specific details as to the manufacturing requirements and request unit prices based on estimated quantities. The award of a contract(s) is based on the lowest overall price for the specified products. Further, the administration of the City's process is different as employees are required to specify the type of safety shoe required and obtain approval from their supervisor prior to the purchase at either a mobile truck service or at a store. If a supplier does not have the required product, a deviation is to be approved prior to purchase. Since the Commission uses a voucher process (where an employee goes to any of the designated companies' outlets and purchases any appropriate safety shoe up to the value of the voucher), the Commission's approach and requirements are completely different and incompatible with the City's contract requirements.

## **JUSTIFICATION**

Award of contracts are required to ensure the supply of C.S.A. approved safety footwear to approximately 3,500 unionized and approximately 1,000 staff employees for a three year period from January 1, 2006 to December 31, 2008 based on a voucher program in accordance with Collective Agreements and corporate policy.

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November 2, 2005  
9-118-39/57  
Attachment – Appendix 'A'

**SUPPLY OF SAFETY FOOTWEAR - PROPOSAL SUMMARY**

<b><u>PROPONENTS</u></b>	<b><u>Current Contracts Distribution (%) Based On Actual Expenditures</u></b>	<b><u>New Contracts Recommended Distribution (%)</u></b>	<b><u>Recomm Upset Amo</u></b>
MARKS WORK WEARHOUSE	62%	61%	\$1
MISTER SAFETY SHOES	20%	19%	
ISECO	15%	14%	
GORDON CONTRACT	3%	3%	
COLLINS SAFETY	<u>N/A</u>	<u>3%</u>	
<b>TOTALS</b>	<b>100%</b>	<b>100%</b>	<b>\$1</b>