

**MEETING DATE:** APRIL 19, 2006

**SUBJECT:** Procurement Authorization - Supply Of Janitorial Products

### **RECOMMENDATION**

It is recommended that the Commission approve the issuance of purchase orders for the supply of janitorial products as indicated below for the period of May 1, 2006 to April 30, 2009:

1. Morgan Scott for the supply of Toilet Paper and Hand Towels in the upset limit amount of \$885,000; and
2. Hansler Smith Ltd. for the supply of Virox Products in the upset limit amount of \$1,220,000; and
3. Corporate Express Canada for the supply of General Janitorial Products in the upset limit amount of \$3,700,000.

### **FUNDING**

Sufficient funds are included in the 2006 Operating Budget as approved by the Commission and will be included in future Operating Budgets as required.

### **BACKGROUND**

The Commission currently has a three year contract for the supply of janitorial products which expires on April 30, 2006. A new contract is required to cover on-going maintenance requirements.

The contract for the supply of all of the Commission's requirements for janitorial products has normally been awarded to a single company. However, based on the pricing received from the original proponents for the current contract, staff determined that there would probably be a cost savings if the contract was split and awarded to two or more companies. As a result, staff prepared the new Request for Proposals based on two options; a single award of all items to one company and a split award based on three categories of items.

Category 2 – Virox Products consists of disinfectants and Category 3 consists of cleaners, brooms, garbage bags, deodorizers etc.

### **DISCUSSION**

Eleven companies were invited to submit proposals in addition to the public advertisement on the TTC website on January 17, 2006, out of which nine companies submitted proposals, as summarized on the attached Appendix 'A'.

Proponents were requested to submit the following mandatory submission requirements: summary of corporate relevant experience, details of staff experience and qualifications, confirm they can provide 24 hours delivery, confirm the capability to maintain a minimum of 1/12 of the annual estimated usage in inventory, and confirm they can dedicate a minimum of one truck and one full time driver to this contract.

Proponents were requested to submit pricing on 95% of the items that represent approximately 95% of the

value of the shopping basket of 253 approved products based on estimated quantities, which represents a minimum of 97% of the estimated expenditure. Proponents were also requested to submit percentage discounts and cost plus mark-up structures for various manufacturer products that are not included in the shopping basket.

The RFP included two pricing options for the shopping basket of items and the award would be based on the lowest overall price based on the following options:

Option 'A' was based on the award of a single contract to a company for all 253 products; and

Option 'B' divided the shopping basket into the following three categories of products and the Commission reserved the right to award a separate contract for each category or any combination thereof:

Category 1 – Supply of Toilet Paper and Hand Towels (2 items)

Category 2 – Supply of Virox Products (3 items)

Category 3 – General Janitorial Products (248 items)

All pricing for the shopping basket items (except for the garbage bags) is to remain firm for the first year of the contract and thereafter, is subject to adjustments in both year 2 and 3 of the contract and the increases must not exceed the percentage change in the Consumer Price Index (CPI) for Toronto as published by Statistics Canada. The prices for garbage bags are to remain firm for the first six months of the contract and thereafter, are subject to adjustments every six months based on written notification from the garbage bag manufacturer of a general price increase that is to be applicable to all of its customers.

Based on the results of the evaluation, the lowest overall pricing is based on the award of three separate contracts (Option B) to three companies.

Mister Chemical Ltd. bid on the three categories of Option B only and submitted the lowest pricing for Categories 1 and 2. They provided pricing on all of the items in these two categories, however, they did not submit any of the mandatory submission requirements and their submission is therefore considered commercially non-compliant.

Morgan Scott bid on both Option A and B and submitted pricing for all items. They submitted the second lowest pricing for Category 1 and did not state any exceptions or qualifications to the Commission's Terms and Conditions. As they have not previously performed this work for the Commission reference checks were conducted, which revealed that they have successfully performed work of a similar size and nature for other companies. Their proposal is considered acceptable and they are recommended for the award of Category 1 - Supply of Toilet Paper and Hand Towels.

Johnson Diversey bid on the three items in Category 2 only and submitted the second lowest pricing. They provided pricing on all items listed for Category 2, however, they did not submit any of the mandatory submission requirements and their submission is therefore considered commercially non-compliant.

Hansler Smith bid on all the items in both Options A and B and submitted the third lowest pricing for Category 2. They did not take any exceptions or qualifications to the Commission's Terms and Conditions and they are successfully performing similar types of contracts for the Commission (i.e. system contracts for the supply of hand and power tools and the supply of safety equipment throughout the TTC). Their proposal is considered acceptable and they are recommended for the award of Category 2 - Virox Products.

Corporate Express Canada bid on Categories 1 and 3 only and submitted the lowest proposal pricing for Category 3. They provided pricing on 96% of the items listed for Category 3, which is considered acceptable. They did not take any exceptions or qualifications to the Commission's Terms and Conditions and they are successfully performing a similar type of contract for the Commission (i.e. system contract for the supply of stationery and office supplies throughout the Commission). Their proposal is considered acceptable and they are recommended for the award of Category 3 - General Janitorial Products.

Staff conducted a price comparison based on the current contract pricing to the pricing submitted by the

recommended companies which revealed that the overall new pricing for year 1 is approximately 11% or \$192,000 lower than the current contract pricing. The pricing for year two and three will be adjusted as noted above.

The recommended upset limit amounts includes an allowance of approximately 20% for the impact of changes to the CPI index, the addition of new requirements and fluctuations in usage over the three-year contract period.

### **JUSTIFICATION**

Award of the above contracts will ensure the uninterrupted supply of janitorial products for the Commission's on-going maintenance requirements for the next three years.

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April 3, 2006  
9-118-30  
- Appendix - A

**Appendix 'A'**

**SUPPLY OF JANITORIAL PRODUCTS**

**PROPOSAL SUMMARY (3 YEAR EVALUATED TOTAL)**

<b>Proponent</b>	<b>OPTION A – Single Award</b>	<b>OPTION B – Split Award</b>	
	<b>Categories 1, 2, &amp; 3 Combined</b>	<b>Category 1 - Toilet Paper &amp; Hand Towels</b>	<b>Category 2 – Virox Products</b>
Mr. Chemical **	\$4,787,264.10	\$706,801.50	\$854,345.93
Morgan Scott	\$5,737,637.93	<b>\$735,564.15</b> *	\$1,049,907.45
Johnson Diversey **	NO BID	NO BID	\$894,569.48
Hansler Smith	\$5,153,928.00	\$790,729.65	<b>\$1,016,920.28</b> *
Corporate Express Canada	NO BID	\$815,548.95	NO BID
Jestlyn	\$5,829,395.63	\$983,270.70	\$1,344,502.95
French Paper	\$6,491,899.37	\$842,417.55	\$1,199,897.93
Swish Maintenance	\$9,335,404.83	\$957,219.75	\$2,050,804.20
Mirconex **	NO BID	NO BID	\$1,716,856.28
<b>Lowest Compliant Bid</b>	\$5,153,928.00	\$735,564.15	\$1,016,920.28

	<b>OPTION A – Single Award</b>	<b>OPTION B – Split Award</b>
<b>Total Lowest Compliant Bids</b>	\$5,153,928.00	<b>\$4,830,044.48</b> *

\* Recommended for award.

\*\* Commercially non compliant.

The totals have been adjusted for all companies due to mathematical errors.