
**TORONTO TRANSIT COMMISSION
REPORT NO.**

MEETING DATE: December 13, 2006

SUBJECT: Notice of Award - Procurement Authorization - Supply of Maintenance Work Clothing

RECOMMENDATION

It is recommended that the Commission receive the notice of award of Chair Moscoe, Commissioner Mihevc and the Interim Chief General Manager approving the following:

1. The issuance of purchase orders for the supply of maintenance work clothing for a two year period commencing January 1, 2007, as follows:

COMPANY UPSET LIMIT AMOUNT

-	Mark's Work Wearhouse	\$600,000
-	HBC Custom Solutions	\$500,000
-	Mister Safety Shoes Inc.	\$400,000
-	Work Authority By ISECO	\$300,000
-	Gordon Contract	<u>\$200,000</u>

Total Recommended Amount: \$2,000,000

2. Delegate to the Manager of the Materials and Procurement Department, the authority to authorize amendments to the contracts to re-allocate the above recommended funds between the companies as required based on actual expenditures by employees with each company.

FUNDING

Sufficient funds have been included in the 2007 TTC Operating Budgets and will be included in future Operating Budgets as required.

BACKGROUND

At its meeting of July 13, 2005, the Commission approved the revisions and updates to the Authorization for Expenditures Policy/Instruction, which states that *"The Commission delegates authority to the Chair, Vice-Chair and the Chief General Manager to authorize items on an interim basis that would normally be authorized by the Commission when the approval is required before the next Commission meeting. In the event that the Chair and/or Vice-Chair are not available, authority would be delegated to any 2 Commissioners and the Chief General Manager."* These authorizations are to be followed up by a notice of award Commission report that is to be submitted to the next scheduled Commission meeting for information. The Commission has a requirement to provide a voucher program to the Commission's unionized maintenance employees and select supervisory staff for the supply of work clothing on an annual basis. Approximately 3,900 unionized and 650 staff employees are eligible to participate in the program valued at approximately \$1,000,000 annually. The open voucher program allows the employee to select a variety of work clothing without limiting the employee to a particular brand or type of work clothing. Electrical union employees are required to select 100% cotton work clothing because of safety requirements related to their

jobs.

The value of the vouchers in the past three years has been from \$200 to \$500 depending on the job requirements. The value of the vouchers is established as a result of negotiations between the TTC and its various unions. TTC is required to pay the companies for the value of the work clothing actually purchased up to only the actual value of the voucher.

The current contract is with Mark's Work Wearhouse as they were the only company to meet the Commission's requirements (i.e. minimum number of six stores in the Greater Toronto Area). The current contract expires December 31, 2006 and was for a one year period only to allow other work clothing suppliers time to set up stores to enable them to participate in the Commission's maintenance work clothing program.

In order to generate competition and provide greater convenience to unionized employees and staff purchasing work clothing, staff recommended revising the minimum number of store requirements from six stores in the Greater Toronto Area (GTA) to two stores. This requirement is similar to the Commission's safety footwear contract and is expected to provide employees with a greater selection by allowing more companies to participate in the contract.

A Request for Information (RFI) was issued to eight companies on August 9, 2006 and was also advertised on the TTC web-site to identify companies that can supply the Commission's maintenance work clothing voucher requirement. Five companies submitted responses. The RFI document requested interested companies that currently provide maintenance work clothing programs to large industrial customers to provide information in order to be considered for the Commission's future requirements for the Supply of Maintenance Work Clothing (i.e. minimum of two retail stores in GTA, the stores must be open for a minimum of eight hours a day from Monday to Saturday inclusive; must supply similar clothing voucher programs; complete a deliverables questionnaire; must be able to collect data at the point of sale, provide reports and detailed invoices; required to have a process in place to limit the clothing voucher to be used for the purchase of work clothing only by providing an account number and/or procedure at the point of sale.

As a result of the evaluation of the submissions of the RFI, all five companies that submitted responses were deemed to be qualified and able to meet the Commission's requirements: Mark's Work Wearhouse, ISECO, HBC Custom Solutions, Gordon Contract and Mister Safety Shoes. It was therefore recommended that staff negotiate with the five qualified companies to establish the best possible contract with each and subject to negotiating acceptable terms and pricing to award a contract to each acceptable company.

DISCUSSION

The five pre-qualified companies were issued a Request for Proposal (RFP) and the Commission reserved the right to negotiate terms, conditions and the pricing structure. Proponents were requested to provide a minimum of a 10% discount off their regular price for all maintenance work clothing and were requested to indicate if they could offer a higher discount.

All five of the submissions met the requirements of the RFP and none of the proponents stated any exceptions or qualifications to the Commission's terms and conditions.

Mark's Work Wearhouse (Mark's) offered a 15% discount and were unable to offer a better discount. Mark's has 100 store locations throughout Ontario, of which 20 are located in the GTA. They also have convenient business hours (9:30 am to 9:00 pm Monday to Friday and are also open on Saturdays and Sundays). Mark's has the current contract for maintenance work clothing and also have a contract with the TTC for the supply of safety shoes and have performed both contracts satisfactorily.

HBC Custom Solutions (HBC) offered a 15% discount and were unable to offer a better discount. HBC has 23 Zellers stores and 12 Hudson Bay stores located in the GTA and can limit purchases to men's and

women's clothing items only by restricting the purchase of the various other items they sell. They have more store locations than any of the other proponents, convenient business hours (10:00 am to 9:00 pm Monday to Friday and are also open on Saturdays and Sundays) and ease of accessibility as many of their locations are located in shopping malls. HBC Custom Solutions has not previously supplied this service to the Commission; however, they have successfully supplied similar services to other large customers.

Mister Safety Shoes Inc. (Mister Safety) originally offered a 12% discount and as a result of negotiations they were able to increase their discount to 15%. They have 2 stores located in the GTA (Toronto and Scarborough). Their Finch/Weston Road store (Toronto location) is well stocked and is a relatively convenient location. Mister Safety also has a contract with the TTC for the supply of safety shoes and have performed satisfactorily.

Work Authority by ISECO (ISECO) originally offered a 15% discount and as a result of negotiations they were able to increase their discount to 17%. ISECO has 3 locations in the GTA (i.e. one in North York, one in Brampton, and one in Mississauga). Overall their stores are not as conveniently located but they do have convenient business hours. They also have a contract with the TTC for the supply of safety shoes and have performed satisfactorily.

Gordon Contract (Gordon) offered a 20% discount and were unable to offer a better discount. Gordon has 3 store locations (one in the Toronto downtown centre core, one in North York and one in Scarborough). Their business hours are less extensive and therefore less convenient for employees to visit compared to the other proponents' facilities. Gordon also has a contract with the TTC for the supply of safety shoes and have performed satisfactorily.

All of the discounts offered by the five companies are considered acceptable and staff recommends issuing a contract to each of the five companies indicated above. Since the employees will decide where to redeem their vouchers, awarding to all five proponents will provide a large number of convenient locations throughout the GTA for hourly rated and staff employees to readily obtain maintenance work clothing.

The recommended distribution of the total upset limit amounts was determined based on the number of stores each proponent has within the GTA and their relative locations and ease of access hours of operation, as well as the proponent's discount. The recommended total upset limit amount of \$2,000,000 is based on the current voucher redemption rate of 99% and includes an allowance of approximately 5% for new employees and fluctuations in usage.

While staff has estimated probable expenditures with each recommended company, the actual value of vouchers redeemed with each company may vary since employees will decide where they redeem their vouchers. Therefore during the term of the contract it may be necessary to reallocate funds from one company to another based on actual expenditures by employees with each company. In order to facilitate this process and since this will not involve an increase to the total authorized amount (\$2,000,000), it is recommended that the Commission authorize the Manager of the Materials and Procurement Department to re-allocate funds within the companies (i.e. increase/decrease the individual company contract upset limits) based on actual expenditures by employees within the total recommended upset limit. Authorization for additional funds beyond the total recommended upset limit for all of the companies will be in accordance with the Authorization for Expenditure Policy.

JUSTIFICATION

Award of the above contracts will ensure the supply of maintenance work clothing to eligible employees based on a voucher program in accordance with Collective Agreements and corporate policy for a two-year period.

November 22, 2006

9-118-59

Attachment – Appendix ‘A’

APPENDIX "A"

SUPPLY OF MAINTENANCE WORK CLOTHING

PROPOSAL SUMMARY

COMPANY	DISCOUNT OFFERED	UPSET LIMIT AMOUNT
MARK'S WORK WEARHOUSE	15%	\$600,000 *
HBC CUSTOM SOLUTIONS	15%	\$500,000 *
MISTER SAFETY SHOES INC.	15%	\$400,000 *
WORK AUTHORITY BY ISECO	17%	\$300,000 *
GORDON CONTRACT	20%	\$200,000 *
TOTAL RECOMMENDED AMOUNT		\$2,000,000

* Recommended for award.