

MEETING DATE: June 21, 2006

SUBJECT: Procurement Authorization - Supply Of Courier And Cartage Services

RECOMMENDATION

It is recommended that the Commission approve the issuance of purchase orders to Atripco Delivery Services for the supply of courier services and cartage services in the upset limits of \$430,000 and \$480,000, respectively, for the period of July 1, 2006 to June 30, 2009.

FUNDING

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

BACKGROUND

The Commission currently has a courier delivery service contract for the delivery of documents from various TTC locations to any outside location within the GTA/Ontario/Canada or US. There is also a cartage contract for the delivery of primarily revenue vehicle parts between various Controlled Stores locations to ensure parts that are available in one location are delivered to another location that may be out of stock for those parts. This approach makes the best use of TTC inventory and helps to minimize the number of vehicles out of service due to parts.

The current courier and cartage contracts are scheduled to expire on June 30, 2006 and new contracts are required to cover the on-going requirements.

DISCUSSION

Eight companies were invited to submit proposals in addition to the public advertisement on the TTC Web Site on March 3, 2006 out of which six companies submitted proposals as summarized on the attached Appendix 'A'.

Proponents were requested to submit firm pricing based on a flat rate per shipment for either or both courier and cartage services based on a three year contract term, which represent approximately 95% of the volume of shipments. The Commission reserved the right to award separate contracts for each type of service or a single contract to one company depending on the bid results.

The flat rate pricing for courier services covered various zones within Ontario (i.e. GTA and different zones covering the rest of Ontario) as well as other provinces. For deliveries to US destinations, proponents were requested to provide a percentage discount off their published list price. The flat rate pricing for cartage services covering the GTA and for deliveries outside of the GTA in Ontario, proponents were requested to provide a percentage discount off their published list price.

Proponents were also requested to submit the following mandatory submission requirements: summary of corporate relevant experience, details of staff experience and qualifications, details of costing information for non-typical shipments and information on situations that will impact the pricing submitted (e.g. waiting time charge).

Atripco Delivery Service (Atripco) submitted the lowest evaluated pricing for both the courier and cartage services and submitted all the mandatory requirements. They stated several qualifications regarding responsibility for damage due to improper packaging, limits on the insured value of materials damaged during delivery and the process for claiming for such damages. These qualifications have been reviewed by staff and are considered acceptable.

They stated that four additional charges would apply to the contract (i.e. waiting time charge, proof of delivery charge if requested after 30 days, service fee if shipments are not available when driver arrives and an additional fee for PO Box deliveries) all of which are acceptable. The total cost over the last 3 years from Atripco under the current contractor for these types of charges has been less than \$220.

Atripco is the current supplier for both the courier and cartage service and their performance has been satisfactory. Atripco's submission is considered commercially and technically acceptable and they are recommended for award for both courier and cartage services.

Shell X Courier Services Div. of Repromatic System (Shell X) submitted the second lowest bid for courier service and the fourth lowest bid for cartage services. They submitted all the mandatory requirements and did not state any exceptions or qualifications to the Commission's Terms and Conditions. Shell X's submission is considered commercially and technically acceptable.

Business Express International Logistics submitted the third lowest bid for both courier and cartage services. They did not submit a complete Form of Proposal and as a result, their submission is considered commercially non-compliant.

Intelcom Courier Canada Inc./Hotline Express Delivery Services submitted the fourth lowest bid for courier services and the fifth lowest bid for cartage services. They did not submit any of the mandatory requirements and their submission is therefore considered commercially non-compliant.

Split Second Courier Inc. submitted the fifth lowest bid for courier services and the second lowest bid for cartage services. They did not submit a complete Form of Proposal and as a result, their submission is considered commercially non-compliant.

Dynamex Canada Corp. did not complete the price schedule included in the Request for Proposal and did not provide a flat fee for courier and part of the cartage services within the GTA as requested, rather they submitted alternate pricing. For the courier services they divided the GTA into a number of zones (i.e. a grid pattern) and provided a unit price for traveling from one zone to another for a delivery. Since staff do not know the number of deliveries that will occur from each location in the TTC nor does staff know the destinations for these deliveries, their proposal could not be evaluated. For cartage services they provided a flat fee for deliveries above 1000 pounds, but for deliveries below 1000 pounds pricing based on the aforementioned zones would apply. Their proposal is considered unacceptable as there is no way for staff to evaluate their pricing. Further, they stated that their pricing was subject to a fuel surcharge and was also subject to change during the contract. Their submission also included exceptions to several of the Commission's commercial terms (e.g. terms of payment, detailed statements submission and the indemnification clause). Dynamex's submission is considered commercially and technically non-compliant.

A price comparison revealed that the year one pricing for the courier and cartage contracts is approximately 7.5% and 17% higher, respectively, than the current pricing. The pricing for both the courier and cartage in year two is 2.2% higher than year one and year three is 3.5% higher than year two.

Atripco advised that the main reasons for the price increase is the significant increase in the cost of fuel (i.e.

gasoline/diesel) and other energy costs, as well as higher labour costs. The cartage pricing has increased more than the courier as cartage requires the use of larger trucks to deliver the material with corresponding higher fuel costs per delivery.

The recommended upset limit for each contract includes an allowance of approximately 20% for variation in usage over the three years of the contract.

JUSTIFICATION

Award of the above contracts will ensure the uninterrupted services for delivery of documents (outside the Commission) and delivery of parts between various Controlled Stores locations for the Commission's ongoing requirements for the next three years.

June 5, 2006
9-118-30
- Appendix 'A'

Appendix 'A'

SUPPLY OF COURIER AND CARTAGE SERVICES

PROPOSAL SUMMARY

(3 YEAR EVALUATED TOTAL)

Service	Atripco Delivery Services	Shell X Courier Services	Business Express International Logistics	Intelcom Courier Canada/Hotline Express	Split Second Courier
Courier Services	\$357,976.22 *	\$370,095.82	\$382,418.35 **	\$383,513.87 **	\$439,365.32 *
Cartage Services	\$397,953.56 *	\$607,138.56	\$541,918.39 **	\$1,815,575.77 **	\$409,545.46 *

* Recommended for award for both courier and cartage services.

** Company is considered commercially non-compliant.

The 3 year totals for Shell X Courier Services and Intelcom Courier Canada/Hotline Express have each been adjusted due to arithmetic errors.