

# Procurement Authorization - Supply Of Towing Services For TTC Revenue And Non-Revenue Vehicles And Miscellaneous Equipment

Meeting Date: July 10, 2008

Subject: Procurement Authorization – Supply Of Towing Services For TTC Revenue And Non-Revenue Vehicles And Miscellaneous Equipment

## **Recommendation**

It is recommended that the Commission approve the issuance of contracts to the following companies in the upset limits indicated below for the supply of towing services for revenue, non-revenue vehicles and miscellaneous equipment for a five year period, from August 1, 2008 to July 31, 2013.

1. Abrams Towing in the upset limit amount of \$5,400,000 for the supply of 24 hour towing services for the entire contract; and
2. A Towing Service Ltd. in the upset limit amount of \$425,000 for the supply of towing services as the alternate contractor.

## **Funding**

Sufficient funds have been included in the 2008 TTC and Wheel-Trans Operating Budgets and will be included in future Operating Budgets as required.

## **Background**

The Commission has an ongoing need for towing services for its revenue and non-revenue vehicles. These services are provided under a system contract and are available for use by all departments who require towing service.

## **Discussion**

The scope of work covered under this Request for Proposal (RFP) is to provide a 24 hour towing / movement service for the Commission's revenue and non-revenue vehicles, and miscellaneous equipment. This work provides for the movement of buses and other vehicles based on specified rates from roadside to shop garage for moving buses from shop to shop or from a shop to an outside company.

Seven companies were invited to submit proposals in addition to the advertisement on the Commission's Web-site on April 28, 2008 out of which four companies responded.

The RFP divided the work into two sections; towing services (i.e. towing of buses, heavy duty trucks and light trucks) and flat bed services, and requested pricing based on estimated quantities for up to a 5 year period. Proponents were requested to submit pricing based on 3 options: Option 1 – award both towing and flat bed services to one company; Option 2 – award of either towing services or flat bed services; and Option 3 - award of an alternate / contingency contractor when heavier demand for towing services is required (i.e. winter season where winter road conditions have made movement throughout the city more difficult) or in the event the main contractor is unable to perform as required.

The intent of this RFP was to award one or more contracts based on either Option 1 or Option 2, and a further contract based on Option 3.

Abrams Towing Service Ltd. (Abrams) submitted pricing for all three options. They submitted the lowest pricing based on the work for Option 1 and included payment terms which would provide for a 10% discount if payment occurs within 15 days from receipt of an acceptable invoice. Since Abrams is currently providing this service based on the same payment and staff has consistently been able to take advantage of such payment terms. Abrams' proposal is considered acceptable. These payment terms represents a potential saving of approximately \$429,000 over the five year term.

Abrams is the current provider for this service and is performing in a satisfactory manner and their submission is considered commercially acceptable and is recommended for award of a contract based on Option 1.

J.P. Towing Service Ltd. (J.P.) submitted pricing for Options 1 and 3, and did not provide pricing for Option 2. They submitted the apparent lowest pricing based on Option 3 -Contingency, however they did not provide pricing on all items on the Price Schedule as requested in the RFP, therefore their submission for Option 3 is considered incomplete and unacceptable.

A Towing Service Ltd. (A Towing) submitted pricing for all three options. They submitted the lowest compliant bid for Option 3 – Contingency and submitted the second lowest pricing for Option 1. Reference checks confirmed that A Towing has provided efficient service and satisfactory work for York Regional Transit, Metro Police and Greyhound Buses. Further, they have provided contingency work for the Commission on previous contracts and have performed in a satisfactory manner. As a result, A Towing is recommended for award for Option 3.

Thornhill Towing Corp. submitted pricing for Option 3 only. However, they did not submit a Proposal security deposit (in the amount of \$25,000), and they did not submit the four pages of the Form of Proposal as requested in the RFP. Consequently, their bid was considered non-compliant and was not considered further.

A comparison of Abrams Proposal pricing with the current contract pricing of the recommended Option 1 revealed an overall increase of 7.8% during the first year of the contract, an increase of 4.7% in the second year of the contract compared to the first year, an increase of approximately 4% in the third year of the contract compared to the second year, an increase of 2.3% in the fourth year of the contract compared to the third year and an increase of 1.7% in the fifth year of the contract compared to fourth year prices.

Abrams indicated that price increases are mainly attributed to the increase in fuel costs, insurance rates, vehicle maintenance and overhead costs, and the increase in labour rates. Further, Abrams' held pricing firm with no increase for all 3 years of the current contract.

The recommended upset limit amounts include a contingency of approximately 20% to cover any variances between forecasted and actual usage over the contract period.

#### **Justification**

Award this contract will ensure the uninterrupted supply of towing services for the Commission's revenue, non-revenue vehicles and miscellaneous equipment for the next five years.

June 23, 2008

9-122-73

Attachment