

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: November 26, 2008

SUBJECT: PROCUREMENT AUTHORIZATION – SUPPLY OF MAINTENANCE
WORK CLOTHING

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission approve the following:

1. The issuance of purchase orders for the supply of maintenance work clothing for a three year period commencing January 1, 2009 to December 31, 2011 as follows:

COMPANY	RECOMMENDED AMOUNT
IMAGEWEAR, A DIVISION OF MARK'S WORK WEARHOUSE	\$2,400,000
HBC CUSTOM SOLUTIONS	\$850,000
MISTER SAFETY SHOES INC.	\$50,000
WORK AUTHORITY BY ISECO	\$50,000
GORDON CONTRACT	\$50,000

TOTAL RECOMMENDED AMOUNT:	\$3,400,000
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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 2009 TTC and Wheel-Trans Operating Budgets and will be included in future Operating Budgets as required.

BACKGROUND

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 \$1,100,000 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.

As of January 1, 2009, the value of the vouchers will be revised as a result of the new Union Collective Agreement and will remain at this level for the duration of the contract to December 31, 2011. 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.

This contract was established to provide a convenience to the employees by providing a selection of companies and discounts for the maintenance work clothing. The Commission does not dictate where employees redeem their vouchers rather the employees choose from any of the participating companies which have been awarded a contract and are listed on the voucher.

Prior to 2007, Imagewear, A Division of Mark's Work Wearhouse was the only company supplying maintenance work clothing to the Commission as they were the only company that could meet the Commission's requirements (i.e. minimum number of six stores in the Greater Toronto Area). In order to generate competition and provide greater convenience to employees, staff recommended revising the minimum number of store requirements from six stores in the Greater Toronto Area (GTA) to two stores.

In August 2006 staff issued a Request for Information (RFI) to eight companies in addition to an advertisement on the TTC website. Five companies responded to the RFI and were deemed to be qualified and able to meet the Commission's requirements. Therefore, staff issued a Request for Proposal (RFP) to the following five qualified companies: Mark's Work Wearhouse, HBC Custom Solutions (Hbc), Mister Safety Shoes Incorporated (Mr. Safety), Work Authority by ISECO (ISECO) and Gordon Contract (Gordon). All five of the companies met the requirements of the RFP and none of the proponents stated any exceptions or qualifications to the Commission's terms and conditions. The contracts were approved for award at the Commission meeting of December 13, 2006 for a two year term and will expire on December 31, 2008.

DISCUSSION

In order to identify any other potential companies (beyond the current five companies) that could supply the Commission's maintenance work clothing voucher requirements, staff advertised an RFI on the TTC's website on September 19, 2008. The RFI requested interested companies to provide the following information in order to be considered: a) minimum of two retail stores in the GTA; b) the stores must be open for a minimum of eight hours a day from Monday to Saturday inclusive; c) must supply similar clothing voucher programs; d) must be able to collect data at the point of sale, provide reports and detailed invoices; and e) 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. The interested companies had to be able to supply a percentage discount off stores list priced items for all clothing categories that remains firm for the duration of the contract.

Only one company, Outdoor Outfits, submitted a response to the RFI stating that they were unable to quote competitively at this time. Staff contacted the company and found that they only have one store location and therefore would not meet the requirements for the supply of maintenance work clothing. Staff also canvassed the marketplace (e.g. Wal-Mart and Sears) to identify other potential companies that may be capable of meeting the requirements, but no other interested companies were identified.

Based on the results of the RFI and the subsequent investigation by staff, there are only five known companies currently interested in providing this service that meet our requirements. Rather than issue a new RFP staff contacted the five current companies who supply the Commission's maintenance work clothing to negotiate a new three year contract under the same or better terms and conditions as the current contract.

Four of the five companies (i.e. Mark's Work Wearhouse, Mr. Safety, ISECO, and Gordon) agreed to a new contract under the same terms and conditions as the current contract. They have the current contracts for the supply of maintenance work clothing and are performing satisfactorily.

Hbc stated they are willing to agree to a new contract under the same terms and conditions however; they would like the ability to review the contract on an annual basis in order to determine whether to continue. Hbc will honour the voucher for the one year validity period, but request the ability to terminate with advance notice (minimum 4 months) for the following year. This condition was reviewed and found acceptable. Hbc has one of the current contracts for maintenance work clothing and are performing satisfactorily.

All of the discounts offered by the five companies are detailed in Appendix 'A' and are considered acceptable and staff recommends three year contracts in order to coincide with the expiry of the Collective Agreement. Since the employees will decide where to redeem their vouchers, providing a large number of convenient locations throughout the GTA is a key requirement for this program. In addition, staff will issue an RFI on a yearly basis in order to identify additional new potential companies that may meet the requirements for the supply of maintenance work clothing.

The recommended distribution of the total upset limit amounts was determined based on the

actual redemption rates at each of the current companies over the past two years. The redemption rate for three companies (Mr. Safety, ISECO and Gordon) was significantly lower therefore based on this historical usage staff recommended lower amounts for these 3 companies. The recommended amounts, in the aggregate of \$3,400,000, are based on the current voucher redemption rate of 98% and include an allowance of approximately 10% 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 (\$3,400,000), it is recommended that the Commission authorize the Manager - 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 and Other Commitments 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 three-year period.

November 13, 2008
9-118-39
Attachment – Appendix 'A'

APPENDIX 'A'

SUPPLY OF MAINTENANCE WORK CLOTHING

PROPOSAL SUMMARY

COMPANY	DISCOUNT OFFERED	RECOMMENDED AMOUNT
IMAGEWEAR, A DIVISION OF MARK'S WORK WEARHOUSE	15%	\$2,400,000
HBC CUSTOM SOLUTIONS	15%	\$850,000
MISTER SAFETY SHOES INC.	15%	\$50,000
WORK AUTHORITY BY ISECO	17%	\$50,000
GORDON CONTRACT	20%	\$50,000
TOTAL RECOMMENDED AMOUNT		\$3,400,000