

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: November 26, 2008

SUBJECT: PROCUREMENT AUTHORIZATION – SUPPLY OF SAFETY FOOTWEAR

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission approve the following:

1. The issuance of Purchase Orders for the supply of safety footwear 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	\$1,320,000
MISTER SAFETY SHOES INC.	\$410,000
WORK AUTHORITY BY ISECO	\$365,000
GORDON CONTRACT	\$65,000
TOTAL RECOMMENDED AMOUNT:	\$ 2,160,000

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 2009 TTC and Wheel-Trans Operating Budgets and will be included in future Operating Budgets as required.

BACKGROUND

The Occupational Health and Safety Act of Ontario requires that employees wear foot protection when working at a location where they are likely to be exposed to foot injury. As part of the Collective Agreement between the Commission and Local 113 and Lodge 235, employees are provided annually with a voucher for the purchase of safety footwear. The Commission's voucher program covers approximately 3,500 unionized and 1,000 staff employees. Vouchers are issued to eligible employees every year and each voucher is valid for two years. Employees may defer the use of a voucher to the second year and combine it with the voucher issued in the second year for the purchase of safety footwear.

The value of the vouchers will be revised on January 1, 2009 as a result of the new Union Collective Agreement and will remain at that level for the duration of the contract until December 31, 2011. TTC is required to pay the companies for the value of the safety footwear 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 safety footwear. 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.

On August 1, 2002 staff issued a Request for Proposal (RFP) to eight companies in addition to an advertisement on the TTC website. The following four companies responded: Imagewear, A Division of Mark's Work Wearhouse, Mister Safety Shoes Incorporated (Mr. Safety), Work Authority by ISECO (ISECO) and Gordon Contract (Gordon). All of the four companies met the requirements of the RFP and none of the proponents stated any exceptions or qualifications to the Commission's terms and conditions, therefore they were awarded contracts for a three year term which expired on December 31, 2005.

On August 30, 2005 staff issued another RFP to ten companies in addition to an advertisement on the TTC website. Five companies responded (Mark's Work Wearhouse, Mr. Safety, ISECO, Gordon and Collins Safety) and they were all deemed qualified to meet the Commission's requirements. The contracts were approved for award at the Commission meeting of November 28, 2005 for a three year term. Subsequent to the award of these contracts, on April 1, 2006, Collins Safety merged operations with ISECO therefore leaving the four current contracted companies for the remainder of the contract term which expires on December 31, 2008.

DISCUSSION

In order to identify any other potential companies that could supply the Commission's safety footwear 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 safety footwear 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 safety footwear voucher to be used for the purchase of safety footwear 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 safety footwear that remains firm for the duration of the contract.

The intent of the RFI was to identify new companies that could provide the Commission's footwear requirements. However, since there were no responses to the RFI, staff 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 four known companies currently interested in providing this service that meet our requirements. Rather than issue a new RFP, staff contacted the four current companies who supply the Commission's safety footwear to negotiate a new three year contract under the same or better terms and conditions as the current contract.

Three of the four companies (Mark's Work Wearhouse, Mr. Safety and Gordon) agreed to a new contract under the same terms and conditions as the current contract. ISECO agreed to a new contract under the same terms and conditions and also increased their discount to 13% (from 12%). They all have the current contracts for the supply of safety footwear and are performing satisfactorily.

All of the discounts offered by the four 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 safety footwear.

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 three years. The redemption rate for one company (Gordon) was significantly lower than the others therefore based on this historical usage staff recommended a lower amount for Gordon. The recommended amounts in the aggregate of \$2,160,000 is based on the current voucher redemption rate of 81% and includes 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 (\$2,160,000), 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 safety footwear to eligible employees based on a voucher program in accordance with Collective Agreements and corporate policy for a three-year period.

November 13, 2008
9-118-73
Attachment – Appendix 'A'

APPENDIX "A"

SUPPLY OF SAFETY FOOTWEAR

PROPOSAL SUMMARY

COMPANY	DISCOUNT OFFERED	RECOMMENDED AMOUNT
IMAGEWEAR, A DIVISION OF MARK'S WORK WEARHOUSE	15%	\$1,320,000
MISTER SAFETY SHOES INC.	10%	\$410,000
WORK AUTHORITY BY ISECO	13%	\$365,000
GORDON CONTRACT	10%	\$65,000
TOTAL RECOMMENDED AMOUNT:		\$2,160,000