

# TORONTO TRANSIT COMMISSION REPORT NO.

**MEETING DATE:** April 3, 2009

**SUBJECT:** PROCUREMENT AUTHORIZATION – SUPPLY OF JANITORIAL PRODUCTS

## **ACTION ITEM**

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### **RECOMMENDATION**

It is recommended that the Commission approve the issuance of purchase orders for the supply of janitorial products for a five year period commencing on July 1, 2009 to June 30, 2014 as follows:

1. Mister Chemical Ltd. for the supply of General Janitorial Products in the upset limit amount of \$9,300,000; and
2. Morgan Scott for the supply of Toilet Paper and Hand Towels in the upset limit amount of \$2,000,000.

### **FUNDING**

Sufficient funds are included in the 2009 TTC Operating Budget and will be included in future Operating Budgets as required.

### **BACKGROUND**

The Commission currently has contracts for the supply of janitorial products which are set to expire on June 30, 2009. New contracts are required to cover on-going maintenance requirements on an as required basis for approximately 120 separate delivery locations within the City of Toronto.

The current contracts for the supply of the Commission's requirements for janitorial products were awarded to three companies. However, staff determined for the renewal Request for Proposal that the shopping baskets would be split into two categories and the award of the contract would be based on; a single award for both categories to one company, or awards to separate companies split by category.

**DISCUSSION**

Eight companies were invited to submit proposals in addition to the public advertisement on the TTC website on December 1, 2008, out of which four companies submitted proposals, as summarized on Appendix 'A'.

The Request for Proposal (RFP) requested Proponents to submit pricing based on two categories and companies were able to bid on one or both categories. Category 1 is for the supply of General Janitorial Products and was split into Category 1a, which is based on a shopping basket of 319 items and Category 1b, which was based on off-shopping basket items. Category 2 is for the supply of Toilet Paper and Hand Towels (7 items). The RFP requested Proponents to submit firm pricing for year one for the Category 1a and Category 2 and Proponents who quoted on Category 1a were required to provide a quote on Category 1b by providing percentage discounts for various specified manufacturer products and a cost plus mark-up structure for those manufacturers not listed.

Proponents were requested to submit pricing on a minimum of 95% of the items that represent approximately 98% of the value of Category 1. All pricing for the shopping basket items are to remain firm for the first year of the contract, and thereafter, is subject to adjustment for each subsequent year of the contract in accordance with the percentage change in the Consumer Price Index (CPI) for Toronto as published by Statistics Canada. The RFP indicated that the contract term was for a five year period with an optional two year extension.

The RFP also indicated that the Commission reserves the right to award separate Contracts for each Category, however individual categories would not be sub-divided.

Mister Chemical Ltd. (Mister Chemical) bid on 318 items in Category 1a, all items in Category 1b and Category 2. They submitted the lowest evaluated pricing for Category 1 and the second lowest pricing for Category 2. As they have not previously performed this work for the Commission, reference checks were conducted which revealed that they have successfully performed work of a similar nature. Staff also conducted a site tour for Mister Chemical and concluded that Mister Chemical is capable of handling this Contract. They did not state any exceptions or qualifications to the Commission's Terms and Conditions and their submission is considered acceptable and they are recommended for the award of Category 1 - General Janitorial Products.

Morgan Scott bid on 316 items in Category 1a, all items in Category 1b and Category 2. They submitted the second lowest evaluated pricing for Category 1 and the lowest pricing for Category 2. Morgan Scott is the current contractor for the Commission for the supply of Toilet Paper and Hand Towels. They did not state any exceptions or qualifications to the Commission's Terms and Conditions and their submission is considered acceptable and they are recommended for the award of Category 2 - Toilet Paper and Hand Towels.

Corporate Express Canada bid on 317 items in Categories 1a, all items in Category 1b and submitted the third lowest proposal pricing for Category 1. They did not bid on Category 2. They did not state any exceptions or qualifications to the Commission's Terms and Conditions and their submission is therefore considered commercially compliant.

Hansler Smith Ltd. bid on 318 items in Category 1a, all items in Category 1b, and did not bid on Category 2. They submitted the fourth lowest evaluated pricing for Category 1. However, they did not submit the Proposal Form and their submission is, therefore considered commercially non-compliant and was not considered further.

Staff conducted a price comparison on 314 items in Category 1 and the 7 items in Category 2, to compare the low bidder's year 1 pricing to the current contract pricing. The price comparison revealed a price increase of 3% for Category 1 and 5% for Category 2. The 5% increase for Category 2, Supply of Toilet Paper and Hand Towels is mainly due to manufacturer's cost increases and the decrease in the value of the Canadian dollar.

The recommended upset limit amounts include an allowance of approximately 25% for the impact of changes to the CPI index, and the addition of new requirements and fluctuations in usage over the five-year contract periods.

The optional two years will be exercised subject to satisfactory performance and negotiated satisfactory pricing prior to the expiry of the five year term.

**JUSTIFICATION**

Award of the above contracts will ensure the uninterrupted supply of janitorial products for the Commission's on-going maintenance requirements for the next five years.

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March 19, 2009  
9-118-27  
Attachments - Appendix 'A'

**Appendix 'A'**

**SUPPLY OF JANITORIAL PRODUCTS**

**PROPOSAL SUMMARY**

<b><u>Proponent</u></b>	<b><u>Category 1a &amp; b 5 Year Evaluated Total</u></b>	<b><u>Category 2 5 Year Evaluated Total</u></b>
Mister Chemical Ltd.	\$7,437,435.31 *	\$1,677,346.88
Morgan Scott	\$7,504,754.26	\$1,602,257.54 *
Corporate Express Canada	\$7,677,755.41	No Bid
Hansler Smith Ltd. **	\$8,054,785.18	No Bid

\* Recommended for award

\*\* Commercially non-compliant