

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: JULY 9, 2009

SUBJECT: PROCUREMENT AUTHORIZATION – SUPPLY OF OFFICE SUPPLIES, TONER AND COPIER PAPER FOR A 5 YEAR PERIOD.

ACTION ITEM:

RECOMMENDATION

It is recommended that the Commission approve the issuance of a purchase order in the total upset limit of \$9,000,000 to Staples Advantage for the supply of office supplies, toner and copier paper for a 5 year period from August 1, 2009 to July 31, 2014.

FUNDING

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

BACKGROUND

At its meeting of July 14, 2004 the Commission approved the award of a contract to Corporate Express Canada Ltd. (CEC) in the upset amount of \$4,100,000 for the supply of office supplies, toner and copier paper for a 3 year period from August 1, 2004 to July 31, 2007 with the option for additional 4th and 5th year extensions, to be exercised at the Commission's sole discretion. They were awarded the contract on the basis of lowest overall compliant proposal received.

At its meeting of May 7, 2007 the Commission approved the issuance of a purchase order amendment to Corporate Express Canada Ltd. to exercise the option to extend the contract with Corporate Express for the two year extension to July 31, 2009 and increase the total upset limit amount by \$3,575,000 to \$7,675,000.

On May 25, 2009 the purchase order was amended to increase the total upset limit by \$500,000 to a revised total of \$8,175,000 to cover higher than anticipated expenditures by TTC employees for the supply of office supplies, toner supplies and copier paper.

DISCUSSION

Eleven companies were invited to submit Proposals in addition to the public advertisement on the TTC website on February 6, 2009 out of which eight companies submitted Proposals as summarized in Appendix 'A'.

A Request for Proposal (RFP) was issued requesting the services of a company/companies to provide office products, which include office supplies (i.e. pens, binders, etc.); toner (for printers and fax machines) and copier paper for desktop delivery on an "as required" basis to approximately 120 separate TTC delivery locations at approximately 60 different addresses within the City of Toronto for a 5 year period with an option to renew for an additional 2 year extension at the Commission's sole discretion, subject to the company's satisfactory performance and negotiation of acceptable pricing.

The RFP indicated that currently 17% of the TTC's office supplies are considered to be eco-friendly; 38% of toner cartridges are remanufactured and 11% of the copier paper purchased contains post consumer content. The RFP also indicated that upon award of the contract the successful Proponent(s) is to work with the Commission on "Green" alternative products. Staff will focus on and source commercially available, certified, environmentally preferable products with the objective to replace an additional approximately 20% of the office supplies, toner and copier paper items listed in the price schedules within a 12 month period of award of the contract with eco-friendly products.

Proponents were required to submit pricing and discounts in accordance with the items listed in the price schedules for each of these groups (i.e. office supplies, toner, copier paper) based on the estimated quantities indicated (the items listed in each of these Price Schedules are considered "Shopping Basket items"). Overall Shopping Basket items represent approximately 87% of the Commission's anticipated expenditures.

Proponents were also requested to provide percentage discounts, to be used for any items not included in the Shopping Baskets for each group. These items are considered "Off-Shopping Basket Items" and they represent approximately 13% of anticipated expenditures.

The RFP indicated that Proponents may bid on one, or any combination of the three groups and the Commission reserve the right to make a separate award of each group, a combination of groups, or award of all groups to one company, whichever is deemed in the best interest of the Commission.

Proponents were requested to submit pricing on a minimum number of items in each shopping basket of items for three groups in order to be considered qualified as follows: Proponents were required to quote on 95% of the items for office supplies (781 of the 822 items); 95% of the items for toner (142 of the 149 items); and 90% of the items for copier paper (71 of the 78 items), however item numbers 1-7 were mandatory.

The pricing for office supplies was required to be firm for 5 years and the pricing for toner was to be firm for 1 year. For toner products, proponents were to provide the Manufacturer's Suggested Retail Price (MRSP) and the percentage discount applicable to each item. The RFP also indicated that any proposed price increase/decrease must be substantiated in writing by the Manufacturer, a minimum of 30 days in advance of any such proposed increase/decrease.

The pricing for copier paper was required to be firm for 6 months. Proponents were to provide the Current Catalogue Price and the percentage discount applicable to each item. The RFP also indicated that any proposed price increase/decrease must be substantiated in writing by the paper manufacturer a minimum of 30 days in advance of any such proposed increase/decrease. The RFP also indicated that Proponents must supply paper that is Forest Stewardship Council (FSC) certified, Ecologo or equivalent. Paper that does not meet these specifications would not be considered.

Upon initial review of the 8 bids received, it was discovered that both Printer Solutions (PS) and Ederick Associates Inc. (Ederick) did not submit any of the pages of the Form of Proposal and further, Ederick did not acknowledge the addendum. As a result, both their bids were considered non-compliant and not evaluated further.

The bids received from the remaining six proponents provided the required pricing and did not state any exceptions or qualifications to the Commission's General Terms and Conditions and all are considered commercially and technically acceptable.

The following three proponents submitted the required pricing for all three groups:

Staples Advantage (Staples) (previously operating as Corporate Express Canada Ltd) submitted the overall lowest evaluated priced proposal. They were the lowest priced proposal for each of the 3 groups (office supplies, toner & copier paper). They did not offer any additional rebates or incentives if awarded the total contract requirements. They have been satisfactorily providing these services since 2004 and are recommended for award.

Grand & Toy (G&T) submitted the second overall lowest evaluated priced proposal. G&T also offered a volume rebate if expenditures exceeded \$1,000,000 per year. G&T's proposal is also acceptable.

Lyreco submitted the overall highest evaluated priced proposal. They did not offer any additional rebates or incentives if awarded the total contract requirements. Lyreco's proposal is also acceptable.

The remaining three bidders; QRX Technology Group, ASCA Office Solutions and The Computer Media Group submitted pricing for toner only, however none of these companies offered toner pricing lower than that from Staples.

Staples are recommended for award of the contract in the total upset limit amount of \$9,000,000 for a five-year period from August 1, 2009 to July 31, 2014, with the option to renew for an additional 2 years subject to satisfactory performance and acceptable pricing, based on overall lowest evaluated proposal pricing.

The upset limit amount includes an allowance of approximately 25% to allow for any variation in usage between forecasted and actual quantities during the contract term.

A price comparison consisting of a total of approximately 86% of all of the items in the Shopping Baskets for the three groups, revealed an overall decrease of approximately 32% in year one compared to current pricing. There is no increase in pricing for the Office Supplies in years 2 to 5, inclusive. The pricing for toner is firm for one year and the price for copier paper is firm for 6 months, thereafter, any proposed price increase/decrease for the subsequent years must be substantiated in writing by the manufacturer within a minimum of 30 days in advance of any such proposed increase/decrease.

Staples advised that they have significantly increased their overall sales in recent years and are able to provide lower pricing from their vendors.

JUSTIFICATION

Award of the above contract will ensure the uninterrupted supply of office supplies, toner and copier paper for the TTC's on going business requirements.

June 26, 2009
9-118-73

APPENDIX 'A'

PROVISION OF OFFICE SUPPLIES, TONER AND COPIER PAPER

PROPOSAL SUMMARY

5 YEAR EVALUATED TOTALS								
	STAPLES ADVANTAGE *	GRAND & TOY LTD. ***	LYRECO OFFICE PRODUCTS	QRX TECHNOLOGY GROUP	ASCA OFFICE SOLUTIONS	THE COMPUTER MEDIA GROUP	PRINTER SOLUTIONS **	EDERICK ASSOCIATES INC. **
Office Supplies	\$2,089,749.40	\$2,625,862.25	\$3,219,366.09	No Bid	No Bid	No Bid	No Bid	No Bid
Toner	\$2,592,615.75	\$3,031,016.29	\$3,348,932.23	\$2,950,045.40	\$3,085,716.03	\$3,285,413.26	\$3,344,460.14	\$3,217,414.55
Copier Paper	\$1,478,138.51	\$1,558,924.91	\$1,543,207.26	No Bid	No Bid	No Bid	No Bid	No Bid
Off-Shopping Basket	\$1,044,000.00	\$1,044,000.00	\$1,044,000.00	No Bid	No Bid	No Bid	No Bid	No Bid
Rebate	----	(\$ 200,000.00)	----	----	----	----	----	----
TOTAL FOR 5-YEAR	\$7,204,503.66	\$8,059,803.45	\$9,155,505.58	\$2,950,045.40	\$3,085,716.03	\$3,285,413.26	\$3,344,460.14	\$3,217,414.55
RECOMMENDED UPSET LIMIT	\$9,000,000.00							

* **RECOMMENDED FOR AWARD**

** **NON-COMPLIANT**

*** **GRAND & TOY TOTAL INCLUDES THE \$200,000 REBATE**