

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: OCTOBER 29, 2009

SUBJECT: PROCUREMENT AUTHORIZATION – SUPPLY OF SAFETY
EQUIPMENT/APPAREL

ACTION ITEM

RECOMMENDATION

It is recommended the Commission approve the issuance of a purchase order for the supply of safety equipment/apparel to Hansler Smith Limited in the upset limit amount of \$13,700,000 for a 5 year term commencing December 1, 2009 to November 31, 2014.

FUNDING

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

BACKGROUND

The Commission currently has a contract for the supply of safety equipment and apparel (i.e. protective hard hats, safety vests, gloves, eyewear, first aid kits, body harnesses, etc.) which is set to expire on November 30, 2009. A new contract is required to cover on-going maintenance requirements for approximately 120 separate Commission delivery locations within the GTA, on an as required basis.

DISCUSSION

Sixteen companies were invited to submit Proposals in addition to the public advertisement on the TTC website, out of which seven companies submitted Proposals as summarized in Appendix 'A'.

Proposals were requested for the supply of safety equipment and apparel for a five year period with an option for two additional years based on a corporate contract to be delivered to various Commission locations. All items purchased under these contracts must be pre-approved by the TTC Safety Department which requires the submission of samples and testing, therefore no alternatives would be considered during the proposal evaluation.

The Request for Proposals (RFP) requested firm pricing for each year of the contract based on the following three Price Schedules:

- Price Schedule A – Supply of Gloves (169 items)
- Price Schedule B – Supply of Safety Eyewear (68 items)
- Price Schedule C – Supply of Apparel (490 items)

The RFP requested pricing based on two pricing options: Option 1 was for the award of a contract to one company for the entire work, and Option 2 was based on the award of separate contracts for each Price Schedule and the RFP also stated that individual Price Schedules would not be subdivided. Proponents were requested to submit a discount Schedule D (if applicable) that would be applied to the unit pricing submitted in Price Schedules A, B and C if awarded a contract based on Option 1.

Proponents were required to submit pricing on a minimum of 95% of the items. In addition, mandatory items had to be bid on for each Price Schedule: items 1 to 5 for Price Schedule A, items 1 to 63 for Price Schedule B, and items 1 to 9 for Price Schedule C.

Proponents were also requested to submit a percentage discount off the published price list for thirty one manufacturers (Schedule E) for off-shopping basket items. It is estimated that the average value of these items added during the contract is approximately 5% of the contract value per year.

In addition, it was requested for proponents to submit a single percentage mark-up for items that are not specified in the RFP Price Schedules. This will be applied to the supplier's invoiced cost (from their manufacturer) to establish contract unit pricing for items added during the contract term. However, since it is not known which items will be added during the contract term, this information was not factored into the Proposal evaluation (all of the proponents provided this pricing information except for Camcarb Ltd.).

Proponents were requested to submit confirmation that they would supply catalogues, a dedicated Sales / Technical Representative, specialized reports, etc.

Hansler Smith Limited (Hansler) submitted a bid for Price Schedules A, B and C and submitted the lowest overall evaluated bid. They are the current supplier for these requirements and their performance has been satisfactory. They bid on all items on each of the Price Schedules. They submitted the lowest evaluated pricing for Price Schedules B and C and they submitted the lowest evaluated compliant pricing on Price Schedule A. Hansler are recommended for the award based on Option 1 (entire work) and as a result the additional 2% (Schedule D) overall discount will be applied.

In addition to Hansler two proponents submitted compliant bids for Price Schedule A, four proponents submitted compliant bids for Price Schedule B, and two proponents submitted compliant bids for Price Schedule C, but offered higher pricing.

Staff conducted a price analysis which compared the recommended pricing based on all three price schedules with the current contract pricing. This analysis results in a reduction of approximately 15% in year 1 compared to the current contract pricing (potential cost avoidance of \$360,000), an increase of 1.7% in year 2 compared to year 1, an increase of 0.3% in year 3 compared to year 2, an increase of 1.6% in year 4 compared to year 3, and an increase of 0.2% in year 5 compared to year 4.

The recommended upset limit amount includes an allowance of approximately 25% to cover the addition of new items and fluctuations in usage over the five year contract period.

For evaluation purposes, staff also conducted a price comparison on those items that were priced by all of the proponents (i.e. items not priced by one or more of the proponents were removed from this price comparison). This evaluation revealed that Hansler had the lowest bid for Price Schedules A, B, and C over the five year contract period.

JUSTIFICATION

Award of the above contract will ensure the uninterrupted supply of safety equipment and apparel for the Commission's on-going maintenance requirements for the next five years.

October 8, 2009

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Attachments - Appendix 'A'

**APPENDIX A
PROPOSAL SUMMARY
SUPPLY OF SAFETY EQUIPMENT / APPAREL
5 Year Evaluated Total**

Proponent	Schedule A Gloves 5 Year Bid Total (Tax incl.)	Schedule B Eyewear 5 Year Bid Total (Tax incl.)	Schedule C Apparel 5 Year Bid Total (Tax incl.)	Schedule D Discount 5 Year Value (Tax incl.)	Schedule E Off- Shopping Basket 5 Year Value (Tax incl.)	Evaluated 5 Year Total (Discounts/Taxes incl.)
Hansler Smith Ltd. *	\$3,284,546.38	\$851,670.49	\$6,404,384.97	-\$210,812.04	\$559,897.33	* \$10,889,687.13
CamCarb Ltd.	\$6,859,130.44	\$1,156,630.29	\$48,134,116.81	\$0.00	\$583,990.85	\$56,733,868.39
McCordick Glove & Safety Inc.	** \$2,884,622.59	\$1,006,985.60	\$7,290,436.76	-\$223,640.90	\$519,775.64	\$11,478,179.69
Acklands Grainger	** \$3,421,913.64	\$1,210,728.46	** \$36,798,570.83	\$0.00	\$547,759.19	\$41,978,972.12
Canadian Bearings Ltd.	\$4,883,265.41	** \$1,142,970.57	** \$7,887,886.06	-\$139,141.22	\$583,990.85	\$14,358,971.66
Tenaquip Ltd.	** \$3,914,405.25	\$1,138,006.78	** \$7,627,228.29	-\$253,592.81	\$485,403.94	\$12,911,451.45
International Safety System	** \$794,444.07	** \$766,314.76	** \$3,465,730.45	\$0.00	\$583,990.85	\$5,610,480.14

*Recommended for award in the total amount of \$13,700,000 (which includes taxes and a 25% contingency).

**Non-Compliant