

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: November 18, 2013

SUBJECT: Procurement Authorization – Supply of Fuel Credit Cards/Secure Devices for Fuel Purchase for a 3-Year Term

ACTION ITEM

RECOMMENDATION

It is recommended that the Board authorize the award of a three-year contract for the supply of fuel credit cards/secure devices for fuel purchase for the period December 1, 2013 to November 30, 2016 to Suncor Energy Products Partnership (Suncor) in the upset limit amount of \$6,800,000 including applicable taxes.

FUNDING

Sufficient funds are included in the 2013 TTC Operating Budget and will be included in future Operating Budgets as appropriate.

BACKGROUND

The TTC has a fleet of non-revenue vehicles and shop equipment consisting of approximately 460 cars and trucks as well as 500 pieces of shop equipment (e.g. forklifts, trailers, compressors, generators, etc). The purchase of regular unleaded gasoline, extra or super grades of gasoline, diesel fuel, and car washes is needed to operate TTC's non-revenue vehicles and shop equipment. TTC utilizes a fuel credit card/secure device ("cards") to purchase these items from service (gas) stations throughout Toronto. The cards include an enhanced security system that is able to restrict and/or report the purchase of any products not approved under the contract (i.e. food, drinks, lottery tickets, bonus points, etc).

Staff is aware the City of Toronto (City) maintains its own fueling stations for City vehicles and staff will continue to study the feasibility of utilizing the City's stations in parallel to proceeding with an external provider for the supply of fuel and car washes.

DISCUSSION

Five (5) companies were made aware of this requirement, in addition to a public advertisement on the TTC's Materials & Procurement website on August 19, 2013, out of which two (2) companies submitted a proposal, as summarized in the attached Appendix A (Proposal Summary). The Request for Proposal (RFP) stated Proponents were required to have a minimum of four (4) service stations in each of the following areas:

Area 1 North West: between Eglinton Ave, Steeles Ave, Highway 427 and Yonge St.
Area 2 North East: between Eglinton Ave, Steeles Ave, Pickering Town Line and Yonge St.
Area 3 South West: between Lake Ontario, Eglinton Ave, Highway 427 and Yonge St.
Area 4 South East: between Lake Ontario, Eglinton Ave, Pickering Town Line.

Furthermore, each area must contain a minimum of two (2) stations that can supply diesel fuel and a minimum of one (1) station that is within an approximate 5 kilometer distance to the main TTC operating location in that area (i.e. Hillcrest, Greenwood, Keele Station and Wilson Station).

The RFP requested Proponents to provide a firm discount (cents per litre off pump price) for regular unleaded grade gasoline, extra/super grades of gasoline, diesel, and provide firm pricing for basic car washes for a 3-year period. The RFP also stated the TTC reserves the right to extend the contract for up to an additional two years. Any extension would be subject to the company's satisfactory work performance and TTC negotiating acceptable pricing with the company for the extension period.

In addition to pricing, Proponents were also required to submit certain information with their bid such as an outline describing the security features of the cards, the Proponent's ability to restrict and/or report the attempted purchase of items that are prohibited under the contract, and the ability to set up, track and revise the maximum dollar amount per transaction, as well as a list of clients for whom the Proponent has performed work of a similar size and nature.

Suncor submitted the lower-priced proposal, met all of the requirements as specified in the RFP, and is recommended for award in the upset limit amount of \$6,800,000 for a three-year term commencing December 1, 2013. The recommended upset limit amount includes a contingency allowance of approximately 20% to cover variance in usage and fluctuation in pump price during the three-year term.

Staff contacted the non-respondents to inquire as to why they did not submit proposals. Shell advised that it was unable to meet several requirements in the RFP, including the loyalty program restriction/reporting requirement. Husky indicated that it was going through a transition with its card program and was unable to provide further comments as to why it did not submit a bid. Ultramar indicated that it had sold its retail gasoline and card network and therefore no longer had locations that accept cards.

A price comparison of Suncor's proposed overall year 1 bid pricing with the current contract pricing (with Esso) revealed an overall decrease of approximately 0.01%. In addition, a price comparison of Suncor's year-to-year bid pricing revealed a decrease of 0.04% from year 1 to year 2 and from year 2 to year 3 respectively.

JUSTIFICATION

Approval of this requirement will ensure uninterrupted supply of card services for the purchase of fuel and car washes for the TTC's fleet of non-revenue vehicles and shop equipment.

November 7, 2013
9-99
Attachment

APPENDIX "A"

PROPOSAL SUMMARY

PROPONENT	TOTAL EVALUATED PRICES *
Suncor Energy Products Partnership	\$5,733,693.48 **
Imperial Oil Limited	\$5,737,795.10

*The total evaluated prices were calculated based on the weekly average petroleum prices, posted on <http://www.kentmarketingservices.com>, as the pump price for the week of the RFP closing date (September 10, 2013), as specified in the RFP.

** Recommended for award in the total upset limit amount of \$6,800,000, including an a contingency allowance of approximately 20% to cover variance in usage and fluctuation in pump price during the three-year term.