



STAFF REPORT ACTION REQUIRED

Bus Servicing and Cleaning - Procurement Authorization

Date:	November 13, 2017
To:	TTC Board
From:	Chief Executive Office

Summary

The purpose of this report is to obtain authorization for the award to TBM Service Group Inc. (TBM) of Bus Servicing and Cleaning Services in the upset limit amount of \$91,500,000 in Canadian funds, with a 75 month duration from notification of award (which includes an estimated period of two months start-up period), on the basis of the only compliant qualified bidder.

Recommendations

It is recommended that the Board:

1. Authorize award of a contract to TBM in the upset limit amount of \$91,500,000 (inclusive of all applicable taxes), for Bus Servicing and Cleaning services at seven TTC city bus garage facilities for 75 months .

Implementation Points

The TTC service line operation is a unique process, which involves servicing and cleaning transit buses all year round within operational time constraints to meet daily schedule and service requirements.

Similar to the implementation of the original contract, TBM will be provided approximately two months to initiate and implement the work at the three new locations in addition to their four current locations. Considering TBM currently performs the work at four city bus garages, there is minimal concern regarding their ability to commence the work for the start of the new contract.

Financial Summary

Funds in the amount of \$12,917,133 have been budgeted and submitted for approval in the 2018 budget submission. Future funds will be budgeted in the operating budget going forward.

The Chief Financial Officer has reviewed this report and agrees with the financial impact information.

Accessibility/Equity Matters

There are no direct accessibility or equity issues with this recommendation.

Decision History

A Request for Bids (RFB) was publicly advertised on the Merx as well as TTC's website on July 18, 2017. Fifteen companies downloaded copies of the bid documents, out of which two (2) submitted a bid by the closing date of August 25, 2017. Prior to the Bid closing, the companies who downloaded the Bid Documents were asked if they intend to submit a Bid and two responded 'yes' (TBM and Hallcon Corporation) and a third bidder (Almon) requested a one week extension to the closing date in order to finalize their bid. The supplemental time request was accommodated; however a few hours before closing, the company advised that their bonding company provided an incorrect bond which could not be replaced until the following day. The information was received by TTC too late to allow for another time extension to the closing and therefore no bid was received from Almon.

The two bids received were submitted by the current service providers: TBM and Hallcon Corporation (Hallcon). Hallcon's submission included an incomplete Bid Form and, in discussion with Legal department staff, Hallcon's bid was deemed non-compliant in accordance with TTC's Bid Irregularities.

An evaluation team consisting of two members representing the Bus Maintenance and Shops Department and one member from the Project Procurement Section of the Materials and Procurement Department evaluated the qualitative portion of the proposals in accordance with the evaluation criteria outlined in the RFB and Appendix A.

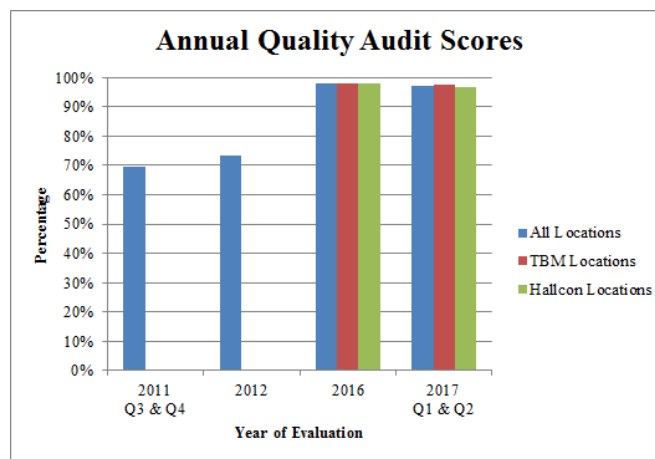
It was the TTC's intent to award up to three contracts, with upset limits and work locations (i.e. bus garages) to be determined at the sole discretion of the TTC, on the basis of the lowest priced qualified bids. Since only one compliant bid was received, this requirement is not applicable. The evaluation of the bid was based on a two envelope process and consisted of qualitative and pricing components. TBM's submission passed the required threshold of the qualitative evaluation. The unit prices submitted are considered fair and reasonable when compared with the prices of the two current contracts. TBM did not state any exceptions or qualifications in their bid.

The Agreement to Bond submitted by TBM covers a Performance Bond and was submitted by Intact Insurance Company, who has been verified as a Surety Company licensed to transact business under the Insurance Act of Ontario. As such they are considered financially capable of performing the work. The successful Bidder will be required to execute a Performance Bond in the amount of \$3,500,000.00, calculated at \$500,000.00 per awarded location. Their bid is considered acceptable.

A comparison of actual contract costs to estimated costs for TTC forces to complete the same work, from when all seven garage locations were initially contracted out (2014-2017), returns a savings of over \$5.5M. Considering the pricing and estimated future TTC labour rates, the savings for the life of this six year contract are estimated to be approximately \$16.8M.

The latest audit results from the 2nd Quarter in 2017 indicated a fleet average cleanliness of 97.7% prior to the buses going into service for four locations serviced by TBM. Chart 1 below shows improvement in bus cleanliness for all locations, comparing audit results of the work performed by TTC personnel prior to contracting the servicing and cleaning work in 2013 Q1 to the work being performed by external contractors. Based on the improved cleanliness the TTC recommends continuing to contract the servicing and cleaning services to maintain and improve the level of cleanliness of the bus fleet.

Chart 1: Third Party Auditor Audit Results – Comparing TTC Personnel Work to Contractor Work



Due to the criticality of the bus servicing and cleaning work, TTC staff is recommending the award of work to the compliant bidder in order to continue minimizing the risk on service delivery and adding value to the TTC. In addition to the financial benefits, the previous process of servicing and cleaning the buses using in-house workforce has proven to be less than adequate to meet the expectations of our customers, with the current contractors improving and maintaining the cleanliness of TTC buses consistently.

Issue Background

As a continuation of the 2012 TTC Operating Budget process, where the City requested that TTC staff look for efficiencies within its operation to realize savings and TTC’s acceptance of the 2011 KPMG suggestion to consider the use of external suppliers for aspects of the business, the BMS department recommends renewal of the contract for bus servicing and cleaning services.

Approvals for the contracting out of this work, first as a trial for two bus garage locations in 2012 and then expanded to all seven city bus garages is referenced below:

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2012/September_27/Reports/Procurement_Authoriz.PDF

Approval to extend the previously awarded contract with three optional years is referenced below:

http://www.ttc.ca/About_the_TTC/Commission_reports_and_information/Commission_meetings/2014/July_23/Reports/PAA_-_Bus_Servicing_and_Cleaning.pdf

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Attachment

Appendix A

APPENDIX A

PROCUREMENT AUTHORIZATION CONTRACT Bus Servicing and Cleaning

EVALUATION CRITERIA

A. Corporate Qualifications

- Number of Years in the Business
- Number of Years of experience with similar work
- Depth of available relevant resources
- Experience and knowledge of bus servicing and cleaning operations

B. Proposed Work Methodology

- Contract Understanding
- Operation management plan and overall project approach for contract execution
- Description of quality assurance management to ensure continual improvement; including, process, procedures, implementation and corrective action plan
- Description of human resources recruitment and selection methodology to ensure required qualifications are fulfilled; including, recruitment process (employment documentation, testing, sourcing, interviewing), reference check procedure, assessment and selection of candidates with skill requirements and demonstration of adherence to relevant employment policies including a compliance statement as an Equal Opportunity Employer
- Methods employed to ensuring Human Resources recruitment and selection specialists are current with Human Resources best practices and legislation, Human Rights legislation and Human Resources and Equal Opportunity requirements (e.g. professional affiliations, seminars, courses, etc.)
- Description of human resources management and retention strategy to minimize employee turnover, minimize damage to TTC property and maintain the health and safety of all employees on-site

C. Pricing Evaluation