

Item 5



For Action

Supply of Safety Products

Date: January 27, 2020
To: TTC Board
From: Chief Executive Officer

Summary

The purpose of this report is to obtain authorization to award a contract for the supply of safety products for a three-year term. These products are required to outfit staff with personal protective equipment and to provide the necessary materials to work in a safe manner.

Recommendations

It is recommended that the TTC Board:

1. Authorize the award of a contract to Hansler Smith Ltd. for the supply of safety products, in the total upset limit amount of \$12,309,000 (including applicable taxes), for a three-year period from February 11, 2020 to February 10, 2023 on the basis of the lowest evaluated bid pricing; and
2. Delegate authority to the CEO to add up to \$8,891,000 (including applicable taxes) to the contract with Hansler Smith Ltd. to cover the cost of safety products during the two-year optional period from February 11, 2023 to February 10, 2025, as the contract allows TTC staff to exercise extension options under the same contract terms, up to a maximum of two years beyond the expiration of the initial three-year term.

Financial Summary

Approximately \$3,300,000 has been included in the 2020 TTC Operating Budget approved by the TTC Board on December 16, 2019, and will be considered by City Council on February 19, 2020, to cover expenditures for safety products under this contract. Sufficient funds will be included in future budgets based on each year's anticipated usage requirements and subject to annual budget approvals. Anticipated usage requirements under this contract by year are as follows:

Year	Feb 2020 - Dec 2020	2021	2022	Jan 2023	Total 3-Year Award
Anticipated usage requirements	\$3,268,000	\$3,681,000	\$3,818,000	\$318,800	\$11,085,800
Rebateable portion of HST	\$360,000	\$406,000	\$422,000	\$35,200	\$1,223,200
Total	\$3,628,000	\$4,087,000	\$4,240,000	\$354,000	\$12,309,000

2-year extension option

Year	Feb 2023 - Dec 2023	2024	Jan 2025	Total 2-Year Extension Option	Total Contract Authority
Anticipated usage requirements	\$3,615,200	\$4,052,000	\$339,000	\$8,006,200	\$19,092,000
Rebateable portion of HST	\$399,800	\$448,000	\$37,000	\$884,800	\$2,108,000
Total	\$4,015,000	\$4,500,000	\$376,000	\$8,891,000	\$21,200,000

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

Equity/Accessibility Matters

No equity or accessibility impacts were identified.

Decision History

As a result of a competitive bid process, a contract was awarded to Tenaquip Limited for the supply of various safety products, on the basis of the lowest evaluated bid pricing, in the total upset limit amount of \$3,800,000 for the one-year period July 11, 2017 to July 10, 2018, with options to extend the contract for up to two additional one-year periods at the TTC's sole discretion.

At its meeting on June 12, 2018, the TTC Board approved the issuance of a contract amendment to exercise the first contract extension option with Tenaquip in the amount of \$4,290,000 including HST for the period of July 11, 2018 to July 10, 2019.

[http://www.ttc.ca/About the TTC/Commission reports and information/Commission meetings/2018/June 12/Reports/Decisions/19 Supply of Various Safety Products Decision.pdf](http://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Commission%20meetings/2018/June%2012/Reports/Decisions/19%20Supply%20of%20Various%20Safety%20Products%20Decision.pdf)

Under staff authority, TTC exercised its final contract extension option in the amount of \$2,400,000 including HST for the period of July 10, 2019 to February 10, 2020.

Issue Background

As set out in the TTC's Five-Year Corporate Plan 2018-2022, the TTC commits to ensure the safety and security of customers and employees. The supply of safety products provided under this contract, such as gloves, respiratory products, eyewear, safety vests, hardhats and first aid supplies are essential requirements to support the objective of a safe working environment.

The TTC's current contract for the supply of safety products with Tenaquip expires February 10, 2020

Comments

A Request for Bid (RFB) was publicly advertised on the Merx website as of September 10, 2019. Thirteen companies were notified of this requirement and 35 companies downloaded copies of the bid documents, out of which nine submitted a bid, as summarized on the attached Appendix A – Bid Summary.

Bidders were required to submit firm pricing on a minimum 85% of the items listed within each specific category, such as the supply of gloves, eyewear, respiratory products, general safety products, and safety vests. Pricing for items not listed within these categories was based on a percentage discount off the manufacturers published price list and where no published price list exists, a cost plus factor (expressed as a percentage) was required.

The RFB provided bidders the option to provide financial incentives – rebates based on annual expenditures, early payment discounts, and any other discount options available including a percentage discount if awarded the entire contract verses a contract for only some select safety product categories.

The following were mandatory bid submission requirements:

- Submission Form - bidders were required to provide evidence they had a minimum of 3 years of experience performing work of a similar size and nature
- Bid Form - to be executed and submitted by the bidder, in response to the RFB, that contained terms and conditions necessary to create a legally binding bid
- Pricing for the required safety product categories

The RFB allowed the option to award a contract to one company for the entire work or award multiple contracts to more than one company for up to a three-year term. The intent was to select the option that represented the lowest overall cost to the TTC.

Beyond the initial term, the contract allows for extension options of up to two additional one-year periods, subject to satisfactory performance and acceptable price negotiation. Bidders also had the option to submit a percentage increase in pricing for the contract extension periods.

In order to determine the lowest bid, the TTC conducted its evaluation based on like items quoted by all compliant bidders (refer to the attached Appendix A – Bid Summary).

Commercially Compliant Bid Submissions (4):

Hansler Smith Ltd. submitted the overall lowest evaluated bid. Hansler has performed similar work for the TTC in a satisfactory manner and is recommended for award of a contract for all of the work.

The evaluation determined Tenaquip Limited, Guillevin International Company and DoAll Canada Inc. submitted higher-priced bids.

Commercially Non-Compliant Bid Submissions (5):

The following bidders did not include one or more of the mandatory submission requirements and as a result, their bids were considered commercially non-compliant and were not considered further:

- F.K. Machinery Limited
- Heritage Safety Products Ltd.
- Fastenal Canada Ltd.
- Acklands-Grainger Inc.
- McCordick–A Bunzl Canada

The TTC's evaluation determined that awarding all of the work to Hansler translates into the lowest cost for the TTC, compared to awarding contracts to various companies for select safety product categories.

Hansler's bid pricing for year 1 of the new contract is approximately 4.20% lower than the current contract pricing. Hansler's bid pricing in year two of the contract is approximately 3.49% higher than year one, and its year three pricing is approximately 3.73% higher than year two.

The recommended upset limit amount of \$12,309,000 includes a contingency of approximately 20% to account for variances in usage and the addition of new items that may be added during the Contract term.

Contact

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Signature

Richard J. Leary
Chief Executive Officer

Attachments

Appendix A – Bid Summary
Appendix B – Optional 2-Year Extension Summary

APPENDIX A BID SUMMARY

Bidder Name	Total Quoted Parts	Total Quoted Value	Evaluated Totals Based on 769 Like Items Quoted (Compliant Bids)	3-Year Term Total Recommended Value
Hansler Smith Ltd *	788	\$ 10,361,466.23	\$ 10,295,731.20	\$ 12,309,000
Acklands-Grainger, Inc.**	664	\$ 11,700,461.39	-	-
Tenaquip Limited	879	\$ 12,765,762.75	\$ 11,156,520.17	-
Guillevin International Company	870	\$ 13,688,071.86	\$ 11,678,911.16	-
DoAll Canada Inc.	855	\$ 14,531,936.88	\$ 12,806,377.70	-
McCordick - A Bunzl Canada **	763	\$ 15,272,965.27	-	-
F.K. Machinery Limited **	853	\$ 15,996,290.39	-	-
Heritage Safety Products Ltd. **	869	\$ 16,319,014.92	-	-
Fastenal Canada, Ltd. **	823	\$ 17,353,570.42	-	-

Notes:

* Hansler's bid included an additional discount that applies if awarded a contract for all safety product categories. As such, the recommended contract value of \$12,309,000 includes the application of the discount to the Total Quoted Value, and an approximate 20% contingency amount.

** Non-compliant bids

**APPENDIX B
OPTIONAL 2-YEAR EXTENSION SUMMARY**

BIDDER	INITIAL 3-YEAR TERM TOTAL *	AGGREGATE 2-YEAR OPTION TOTAL **	5-YEAR GRAND TOTAL
HANSLER SMITH LTD	\$12,309,000	\$8,891,000	\$21,200,000

Hansler Smith Ltd. is recommended for award in the total upset limit amount of \$12,309,000 CDN for an initial 3-Year Term, which includes an approximate 20% contingency for variances between forecasted and actual usage.

As the contract extension options are for up to a cumulative amount of 2 additional years, it is recommended the Board delegates authority to the CEO to add up to a total aggregate amount of \$8,891,000 CDN, to cover the potential 2-year extension term.