



## **Procurement Authorization – Supply of Various Safety Products**

**Date:** July 17, 2024  
**To:** TTC Board  
**From:** Chief Financial Officer

### **Summary**

---

The purpose of this report is to obtain the TTC Board's approval to award a contract to Hansler Smith Ltd. for the supply of various safety products, with a total contract value of up to \$25,672,872, inclusive of HST, for a period of three years commencing upon notification of award, with up to two optional, one-year extension terms to be exercised at the TTC's sole discretion.

These products, which include but are not limited to, gloves, protective eyewear, respiratory products, safety vests, hard hats and first aid supplies, are required to outfit staff with personal protective equipment (PPE) and are essential to support the objectives of a safe working environment.

TTC Board approval is required as this contract award exceeds the Chief Executive Officer's delegated authority limit of \$5 million for the award of contracts for budgeted goods and services.

### **Recommendations**

---

It is recommended that the TTC Board:

1. Authorize the award of a contract for the supply of safety products for a period of three years commencing upon notification of award, to Hansler Smith Ltd., in the total upset limit amount of \$15,000,000, inclusive of HST, on the basis of lowest-priced compliant bid.
2. Delegate authority to the TTC's Chief Executive Officer to execute the first one-year term extension option valued at \$5,283,600, inclusive of HST, and the second one-year term extension option valued at \$5,389,272, inclusive of HST, for a total contract value of \$25,672,872.

## Financial Summary

The total value for the supply of safety products for the initial term of three years is \$15,000,000, inclusive of HST. Additionally, the contract includes two optional, one-year extensions at the TTC's sole discretion, with the first extension year valued at \$5,283,600, inclusive of HST and the second extension valued at \$5,389,272, inclusive of HST.

Table 1 below summarizes the total contract value of the initial and optional extension terms:

**Table 1: Contract Value of Initial and Extension Terms (\$000s)**

	2024 Forecast (Oct-Dec)	2025 Forecast	2026 Forecast	2027 Forecast	Total Contract Term	Extension Year 1 Forecast	Extension Year 1 Forecast	Total Contract Amount
Contract Expenditure (without HST)	1,053.1	4,278.7	4,504.4	3,438.1	13,274.3	4,675.7	4,769.3	22,719.3
Non-Rebatable HST 1.76%	18.5	75.3	79.3	60.5	233.6	82.3	83.9	399.8
<b>Total Contract Expenses</b>	<b>1,071.6</b>	<b>4,354.0</b>	<b>4,583.7</b>	<b>3,498.6</b>	<b>13,507.9</b>	<b>4,758.0</b>	<b>4,853.2</b>	<b>23,119.1</b>
Rebatable HST	118.4	481.0	506.3	386.4	1,492.1	525.5	536.1	2,553.7
<b>Total Authority, including HST</b>	<b>1,190.0</b>	<b>4,835.0</b>	<b>5,090.0</b>	<b>3,885.0</b>	<b>15,000.0</b>	<b>5,283.5</b>	<b>5,389.3</b>	<b>25,672.8</b>

## Funding and Expenditures

Projected expenditures have been calculated based on the TTC's usage requirements for safety products and the recommended bid pricing. Table 2 below summarizes the forecasted expenditures by year and over the term of the contract, including, contingencies and rebatable HST. A contingency of 20% has been added to cover variances between forecasted and actual usage in the event additional equipment is required due to special projects, safety audits, large-scale replenishment of outdated or worn-out equipment, or other unplanned events to meet the safety equipment needs of TTC staff.

**Table 2: Forecasted Expenditures by Year (\$000s)**

	Oct 2024- Dec 2024	2025	2026	Jan 2027- Sept 2027	Extension 1 (Oct. 2027-Sept. 2028)	Extension 2 (Oct. 2028-Sept. 2029)	Total
Projected Spend (rounded down)	991.6	4,029.4	4,242.2	3,236.7	4,402.9	4,491.1	21,393.9
Contingency 20%	198.3	805.9	848.5	647.3	880.6	898.2	4,278.8
Total Estimated Spend (including HST)	1,189.9	4,835.3	5,090.7	3,884.0	5,283.5	5,389.3	25,672.8

Sufficient funds are included in the TTC’s 2024 Operating Budget, as approved by the TTC Board on December 20, 2023, and approved by the City Council on February 14, 2024. Funds will be included in future budgets based on each year’s anticipated usage requirements and are subject to annual budget approvals.

## **Equity/Accessibility Matters**

---

A cornerstone of the TTC’s 2024-2028 Corporate Plan is accessibility, and as a proud leader in providing accessible public transit to the residents in Toronto and surrounding municipalities, the TTC is committed to ensuring reliable, safe, accessible and inclusive transit services for all of its customers. This safety products contract ensures TTC staff have timely and reliable access to the necessary materials to work in a safe manner and contributes to safe, inclusive and accessible vehicles and facilities.

## **Decision History**

---

At its January 27, 2020 meeting, the TTC Board authorized the award of a contract for supply of safety products for a period of three years (February 11, 2020 to February 10, 2023), to Hansler Smith Ltd. in the total upset limit amount of \$12,309,000 on the basis of lowest evaluated bid pricing, and delegated authority to the CEO to add up to \$8,891,000 to exercise the available contract extension options of up to two additional years.

2020 Board Report: [Supply of Safety Products](#)

Under delegated authority, the TTC exercised extension options by increasing the contract amount by \$2,219,000 and amending the expiry date to October 31, 2024 from February 10, 2023.

## **Issue Background**

---

The safety and security of customers and employees is a key principle set out in the TTC’s 2024-2028 Corporate Plan. The supply of safety products, such as gloves, respiratory products, eyewear, safety vests, hard hats and first aid supplies are

essential to enable a safe environment for employees and customers.

The TTC has a continual need for an external company to provide various safety products, which are delivered directly to various TTC locations on an as required basis. The TTC's current contract for the supply of safety products with Hansler Smith Ltd. expires October 31, 2024.

## **Comments**

---

To ensure an uninterrupted supply of various safety products, a publicly advertised competitive bid process was undertaken in early 2024 to establish a new contract.

### Procurement Process

On February 26, 2024, a publicly advertised Notice of Planned Procurement for the Supply of Various Safety Products was issued, followed by the Request for Bids (RFB) publicly advertised on the MERX website on April 3, 2024. Fifty-eight companies downloaded the bid documents out of which four bids were received by the closing date of May 2, 2024. The bid validity date is October 29, 2024.

The following were mandatory bid submission requirements:

- The Bid Form signed by the Bidder, which contained terms and conditions necessary to create a legally binding bid;
- A list of references to confirm the Bidder has the required minimum of three years of experience performing work of a similar size and nature; and
- Pricing for the required safety product categories for each of the three contract years and a percentage increase for optional extension years.

Bidders were required to submit firm pricing on a minimum of 90% of the items listed (including mandatory items) within each specific safety product category (gloves, eyewear, respiratory products, general safety products, and safety vests). For additional items not listed within these categories, pricing was based on a percentage of the manufacturer's published price list, and if no published price list exists, a cost-plus percentage factor was required. Bidders also had the option to provide financial incentives (e.g. rebates on annual expenditures, early payment discounts, etc.).

To determine the lowest bid, the TTC conducted its evaluation based on like items quoted by all compliant Bidders.

The four companies that submitted bids were Hansler Smith Ltd., Tenaquip Ltd., FK Machinery Limited and Fastenal Canada Ltd. There were two commercially compliant bid submissions and two deemed to be commercially non-compliant as outlined below.

### Two Commercially Compliant Bid Submissions:

Hansler Smith Ltd. submitted all the mandatory requirements, did not state any exceptions or qualifications to the terms set out in the RFB, and provided the overall

lowest-priced evaluated bid. Hansler has performed similar work for the TTC in a satisfactory manner and is recommended for award of the contract. Hansler's bid pricing for year one of the new contract is approximately 16.41% lower than the current contract pricing. Hansler's bid pricing in year two of the contract is approximately 0.63% higher than year one, and its year three pricing is approximately 2.68% higher than year two.

Lower pricing in year one of the recommended contract as compared to the current contract is attributed to market conditions; certain safety products, such as PPE, were priced significantly higher at periods of high demand and low supply as a result of the COVID-19 pandemic. Market pricing has since stabilized post-COVID with a higher degree of balance between supply and demand.

Tenaquip Ltd. also submitted all of the mandatory requirements, did not state any exceptions or qualifications to the terms set out in the RFB, and provided the highest-priced bid.

#### Two Commercially Non-Compliant Bid Submissions:

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

- FK. Machinery Limited
- Fastenal Canada Ltd.

#### **Contact**

---

Tharshini Markandaier, Head – Procurement and Category Management  
647-473 – 9432  
[tharshini.markandaier@ttc.ca](mailto:tharshini.markandaier@ttc.ca)

#### **Signature**

---

Josie La Vita  
Chief Financial Officer