
**TORONTO TRANSIT COMMISSION
REPORT NO.**

MEETING DATE: April 18, 2007

SUBJECT: Procurement Authorization – Supply And Servicing Of Parts Cleaning Stations

RECOMMENDATION

It is recommended that the Commission approve the issuance of a purchase order for the supply and servicing of parts cleaning stations to Safety-Kleen in the upset limit amount of \$930,000 for a 5 year period commencing June 1, 2007 to May 31, 2012.

FUNDING

Sufficient funds are included in the 2007 TTC Operating Budget and will be included in future Operating Budgets as required.

BACKGROUND

The Commission's current contract for the supply and servicing of parts cleaning stations will expire on May 31, 2007. The service contract includes the lease, installation and servicing of parts washing machines, recycling parts washer machines, paint gun cleaners, recycling paint gun cleaners, agitating parts washers and the supply of lacquer and solvent thinners (solvents to be used are specified by the TTC's Safety Department). These are used at approximately 24 maintenance facilities for the cleaning of critical parts such as bearings, shafts, paint guns, engine parts, etc.

DISCUSSION

Nine companies were invited to submit proposals in addition to public advertisement on the Commissions' website on January 19, 2007, out of which four companies submitted Proposals, as summarized in the attached Appendix 'A'.

Proponents were required to submit firm pricing for 22 items. For 16 items, proponents submitted a price per service call per unit (based on specified quantities) which includes the cost of installation, leasing the equipment, and servicing. The remaining 6 items were for products and services which are ordered on an as required basis. Proponents were required to submit firm prices for each year for a 4 year contract term. Proponents were also requested to provide pricing for an optional year 5 of the contract. The Commission reserved the right to award a one, two, three, four or five year contract at its sole discretion.

Safety-Kleen submitted the lowest priced proposal and they did not state any exceptions or qualifications to the Commission's Terms and Conditions. Safety-Kleen is currently performing this contract for the Commission in a satisfactory manner. Safety-Kleen's proposal is considered commercially and technically acceptable and they are recommended for award.

Quantex Technologies Inc. (Quantex) submitted the second lowest priced proposal and they did not state any exceptions or qualifications to the Commission's Terms and Conditions. Quantex also submitted pricing for the optional 5th year. Quantex's proposal is considered commercially acceptable.

Direct Line Environmental Services Inc. (Direct Line) submitted the third lowest priced proposal and they did not state any exceptions or qualifications to the Commission's Terms and Conditions. Direct Line did not submit pricing for the optional 5th year. Direct Line omitted to acknowledge the addendum that was issued during the bid period, which is unacceptable. Therefore, their proposal is considered commercially non-compliant.

Intech Environmental Canada Corp. (Intech) submitted the highest priced proposal and they did not state any exceptions or qualifications to the Commission's Terms and Conditions. Intech did not submit pricing for the optional 5th year. Intech's proposal is considered commercially acceptable. Intech also submitted an alternate bid which included a more comprehensive service schedule and proposed to use alternative equipment and solvents which they indicated were environmentally friendly, non-hazardous, and non-carcinogenic. This alternative was not reviewed further as the Request for Proposal indicated that all the safety products used by the Commission must be tested and approved prior to be considered acceptable for use and no alternatives will be considered to the items listed in the Price Schedule during the proposal evaluation. However, during the term of the Contract, alternatives to the products listed will be considered.

The MSDS's from Safety-Kleen for the specified products (i.e. lacquer and solvent thinners) have been reviewed and approved by the Safety Department. The TTC selects the least hazardous products that provide the best balance between performance, health and safety characteristics, environmental impact and cost. Safety-Kleen has advised that all of the waste products are recycled at various Safety-Kleen facilities.

A price comparison for the recommended items (excluding item #15, recycling parts washer) and the current contract's purchase prices for these items revealed an overall increase of 1.05% in year 1 of the contract, an increase of 2% in year 2 of the contract compared to year 1 pricing; an increase of 1.96% in year 3 of the contract compared to year 2 pricing; an increase of 1.92% in year 4 of the contract compared to year 3 pricing; and an increase of 2% in year 5 of the contract compared to year 4 pricing.

In light of Safety-Kleen's reasonable pricing for the optional year 5, staff recommends that Safety-Kleen be awarded this contract based on a five year term.

A price comparison for item 15, recycling parts washer compared to the current contract price revealed an overall increase of approximately 258%. This increase is attributed to the fact that Safety-Kleen made an error when they bid on the current contract. Subsequent to the award of the current contract Safety-Kleen submitted a claim indicating they made an error in their bid for this item and that the actual price should have been four times the amount bid. This claim was reviewed by staff but was not accepted and therefore Safety-Kleen continued to supply this item at the price they bid. A price comparison for the recycling parts washer for the subsequent years of this contract, for each of year 2, year 3, year 4 and year 5, reveals an approximate increase of 2% per year.

The recommended upset limit amount includes a contingency of approximately 25% for the addition of new requirements and fluctuations in usage over the five year contract term.

JUSTIFICATION

Award of a contract will ensure the uninterrupted supply and service of parts cleaning facilities for the Commission's on-going maintenance requirements for a five year period.

April 4, 2007

9-118-73

Attachment – Appendix ‘A’

Appendix 'A'

SUPPLY AND SERVICING OF PARTS CLEANING STATIONS

PROPOSAL SUMMARY

	SAFETY- KLEEN	QUANTEX TECHNOLOGIES INC.	DIRECT LINE ENVIRONMENTAL SEVICES INC.	INTECH ENVIRONMENTAL CANADA CORP.
4 YEAR EVALUATED TOTAL	\$590,622.74	\$594,128.10	\$711,744.40 **	\$822,911.40
5 YEAR EVALUATED TOTAL	\$745,614.63 *	\$749,314.02	No Bid	No Bid

* Recommended for award
** Commercially non compliant