

**MEETING DATE:** June 22, 2005

**SUBJECT:** Procurement Authorization – Supply Of Towing Services For TTC Revenue And Non-Revenue Vehicles And Miscellaneous Equipment

### **RECOMMENDATION**

It is recommended that the Commission approve the award of two contracts each for a three year term from August 1, 2005 to July 31, 2008 as follows:

1. A contract to Abrams Towing Service Limited in the upset limit amount of \$1,700,000 as the main contractor for the provision of towing services for both east and west Toronto; and
2. A contract to J.P. Towing Service Ltd. in the upset limit amount of \$85,000 for the provision of towing services as the contingency contractor, on an as required basis.

### **FUNDING**

Sufficient funds have been included in the 2005 TTC Operating Budget and will be included in future Operating Budgets to cover these expenditures.

### **BACKGROUND**

At its meeting of June 12, 2002 the Commission approved the award of a contract to Abrams Towing Service Limited on a competitive basis for a three year term to provide towing services as the Commission's main contractor and an award to A Towing Service Limited to serve as the contingency contractor during periods of heavy demand. Both of these current towing contracts will expire on July 31, 2005.

### **DISCUSSION**

The scope of work covered under this contract is to provide a 24 hour towing / movement services for the Commission's revenue and non-revenue vehicles, and miscellaneous equipment. This work provides for the movement of buses and other vehicles based on specified rates from roadside to shop (garage), for moving buses from shop to shop or from a shop to an outside company.

On April 25, 2005 a Request for Proposals (RFP) was issued to seven companies to submit proposals in addition to the advertisement on the TTC's Web Site out of which five companies responded, as summarized on the attached Appendix 'A' – Proposal Summary.

The RFP divided the work into two sections; east and west Toronto. The RFP requested proponents to submit pricing based on estimated quantities of the various types of towing services required on the basis of 3 options as follows:

Option 1 - East and West – To provide towing / movement services based on award for the entire contract both east and west Toronto.

Option 2 - East or West – To provide the work for either east or west Toronto.

Option 3 – Contingency Contractor - To provide towing services based on award for a contingency contractor when heavier demand for towing services is required (i.e. in the winter where winter road

conditions have made movement throughout the city more difficult) or in the event the main contractor fails to perform as required. It is therefore considered necessary to contract with another firm to also provide these services on an as required basis.

The intent of the RFP was to award one or more contracts based on either Option 1 or Option 2 and a further contract based on Option 3.

Three companies bid on Option 1 East and West and three companies bid on Option 2 – East or West (two proponents bid on the west only and one on the east only) and five companies bid on Option 3 – Contingency Service. During the evaluation, it was revealed that the only proponent (Thornhill Towing) that bid on Option 2 east Toronto was commercially unacceptable. Since the other two bids for Option 2 were for west Toronto only, Option 2 scenario could not be considered.

Abrams Towing Service Ltd. (Abrams) submitted pricing for all three options and bid on west Toronto for Option 2. They had the lowest overall evaluated pricing based on their bid for Option 1 and did not state any exceptions or qualifications.

Abrams submission included an alternative based on payment terms which would provide a 10% discount for payment within 15 days from receipt of an invoice. Abrams is currently providing this service to the TTC based on a 5% discount for payment within 15 days. Staff has consistently paid within the required time and received the discount and as such, Abrams' alternate payment term is considered acceptable. This discount represents a potential saving of approximately \$170,000 over the contract term.

Abrams has a fleet of 128 diversified units which includes 15 flat bed units, 1 float unit (sub contracted), and 8 heavy units equipped to tow Commission buses. Abrams is currently providing towing services to the Commission in a satisfactory manner. Abrams is considered commercially and technically acceptable and is recommended for the award of the contract based on Option 1 – East and West in the upset limit of \$1,700,000 for a three year period.

J.P. Towing Service Ltd. submitted pricing for Options 2 (West Toronto) and 3, and did not provide pricing for Option 1. They submitted the lowest evaluated pricing for Option 3 - Contingency Contractor, and their submission did not contain any exceptions or qualifications.

J.P. Towing Service Ltd. has a fleet of 51 vehicles, which includes 7 Flat Beds, and 3 heavy units for the towing of Commission buses and 1 float equipment. J.P. Towing currently has contracts with Toronto Police Services (District 1), Toronto Hydro Electric Commission and CAA (central Ontario). Reference checks confirmed that J.P. Towing provides efficient service and satisfactory work. J.P. Towing Service Ltd. is considered commercially acceptable and is recommended for the award for Option 3 – Contingency Contractor in the upset limit of \$85,000.

A Towing Service Ltd. and Comtow Ltd. both submitted pricing for Options 1 and 3, but neither had the lowest price for either option. Their submissions did not contain any exceptions or qualifications and are considered commercially acceptable.

Thornhill Towing submitted pricing for Options 2 (East Toronto) and 3. However, they took exceptions to two of the RFP's standard terms and conditions (i.e. they will not accept a charge back to have another contractor perform the work if they are unable to do so within the required response time, and Records and Audit). These exceptions are not considered acceptable and as a result, they were not considered further.

The recommended upset limit for Abrams includes an allowance of 20% for variation in usage over the three years of the contract. The award to J.P. Towing does not require an allowance as it was already

included in the quantities indicated in the RFP.

When comparing the rates submitted in this proposal to the current contract rates, there was an increase of approximately 24% overall. The reason for the increase over the current 3-year contract is due to the increase in fuel costs, insurance rates, the increase in labour rates and vehicle maintenance costs. The pricing for year two is 2% higher than year one and the pricing for year three is 2% higher than year two.

**JUSTIFICATION**

Award of the above contracts will ensure uninterrupted towing services for the Commission's revenue and non-revenue vehicles for the period August 1, 2005 to July 31, 2008.

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May 31, 2005

9-123-39

Attachment – Appendix 'A'

APPENDIX 'A'

PROPOSAL SUMMARY

SUPPLY OF TOWING SERVICES FOR TTC REVENUE & NON-REVENUE VEHICLES AND MISC

| DESCRIPTION   | ABRAMS TOWING<br>(Total for 3 Years) | A TOWING<br>(Total for 3 Years) | COMTOW<br>(Total for 3<br>Years) | J.P.<br>(To<br>Y |
|---|--------------------------------------|---------------------------------|----------------------------------|------------------|
| <b>Option 1</b> Overall Contract<br>(both East & West)  | <b>\$1,415,947.80 *</b>              | \$1,913,532.36                  | \$2,054,097.19                   | N                |
| <b>Option 2</b> East Coverage<br>(Malvern,<br>Birchmount, New<br>Eglinton & Lakeshore<br>Garages) | NO BID                               | NO BID                          | NO BID                           | N                |
| <b>Option 2</b> West Coverage<br>(Queensway, Arrow<br>Road, Wilson &<br>Duncan Shops)             | \$779,210.70                         | NO BID                          | NO BID                           | \$81             |
| <b>Option 3</b> Contingency<br>(both East and West)   | \$85,597.65                          | \$103,805.52                    | \$138,100.94                     | <b>\$84,</b>     |

\*Abrams Towing is recommended for award for Option 1.

\*\* J.P. Towing Service Ltd. is recommended for award for Option 3.

\*\*\* Thornhill Towing's submission is considered non-compliant