

TORONTO TRANSIT COMMISSION REPORT NO.

MEETING DATE: October 23, 2008

SUBJECT: PROCUREMENT AUTHORIZATION-PURCHASE ORDER
AMENDMENT FOR THE SUPPLY OF JANITORIAL PRODUCTS

ACTION ITEM

RECOMMENDATION

It is recommended that the Commission approve the issuance of a Purchase Order Amendment to Corporate Express Canada to increase the total upset limit amount by \$960,000 to a revised total of \$4,745,000 for the supply of general janitorial products.

FUNDING

Sufficient funds for these expenditures have been included in the 2008 TTC Operating Budget and will be included in future budgets as required.

BACKGROUND

At its meeting of April 19, 2006 the Commission approved the issuance of purchase orders for the supply of janitorial products as indicated below for the period of May 1, 2006 to April 30, 2009:

1. Morgan Scott for the supply of Toilet Paper and Hand Towels in the upset limit amount of \$885,000;
2. Hansler Smith Ltd. for the supply of Virox Products in the upset limit amount of \$1,220,000; and
3. Corporate Express Canada (CEC) for the supply of General Janitorial Products in the upset limit amount of \$3,700,000.

On September 9, 2008 an amendment was approved by staff for additional funds in the amount of \$85,000 increasing the original upset limit for Corporate Express Canada to \$3,785,000 as an interim measure to cover expenditures to October 31, 2008 and to allow sufficient time to prepare a Commission Report for the additional funds required to cover expenditures to the contract expiry of April 30, 2009.

The Commission has a continuing need for the supply of general janitorial products and supplies to maintain all surface and subway facilities. The Commission's janitorial requirements are varied and cover a broad range of products to service specific requirements.

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PRODUCTS**

Various products such as garbage bags, cotton rags, hand soap, cleaners, graffiti removers, mops and deodorizers etc. are ordered through the contract on a continuous basis.

DISCUSSION

The upset limit amounts for the current contracts were established based on expenditures on the previous contract awarded to a single vendor which supplied all of the janitorial products, currently supplied by the 3 vendors.

Actual expenditures under the Morgan Scott contract (category 1) are in line with forecasts and based on the current rate of expenditures there will be sufficient funds to contract expiry.

Actual expenditures for the Hansler Smith contract (category 2) are substantially below forecast and based on the current rate of expenditures it is estimated that funds remaining at the contract expiry will be approximately \$1,060,000. The original forecast was based on actual usage during the previous contract term of February 01, 2002 to January 31, 2005. In the month of February 2003, Severe Acute Respiratory Syndrome (SARS) was first recognized in Toronto and consequently usage of disinfectants (i.e. Virox) had dramatically increased. The forecast for this current contract included the higher usage quantities for the Virox; however demand for this item has fallen off significantly. Staff will continue to monitor the usage for this item and may recommend decreasing the upset limit total for this contract if the usage pattern continues.

The actual expenditures under the CEC contract (category 3) are exceeding the original forecasts and as of July 31, 2008 approximately \$3,340,000 or 90% of the \$3,700,000 awarded to CEC has been expended. Based on the current rate of expenditures over the past 6 months (approximately \$145,000 per month), there are insufficient funds for the remaining contract term. The funds remaining in the CEC contract will be exhausted in October 2008.

Expenditures have been higher than expected during the term of the current contract as a result of approximately forty-four additional items being added to the original shopping basket (e.g. various types of cleaners, degreasers, floor finishers, new types of garbage bags etc.). Approximately 80% of the increase in expenditures are related to these items.

In addition, during the contract period staff have either initiated or changed several major maintenance projects such as; window cleaning which is no longer contracted out as in the past and a "densification" project which involves sanding/buffing the surface of the platform along with the application of a product to harden/seal the terrazzo. Also, there have been changes made to cleaning and waste collection procedures such as, a switch from a routine clean to a heavy duty cleaning process in the subway system and the re-introduction of subway platform recycling units, which also resulted in higher than expected expenditures.

Based on projected expenditures for the balance of the contract to April 30, 2009 staff recommends increasing the total upset limit amount for Corporate Express Canada by \$960,000 to \$4,745,000 to cover expenditures until the expiry of the contract. The recommended increase to the upset limit includes an allowance of approximately 10% for variation in usage over the remainder of the contract term.

The proposed increased upset limit will ensure sufficient funds are available for receipt of general janitorial supplies throughout the Commission. Staff is currently preparing the requirements for a new RFP which will be the subject of a future Commission Report.

JUSTIFICATION

Approval of this Purchase Order Amendment will ensure the uninterrupted supply of general janitorial products for the Commission's ongoing maintenance requirements until April 30, 2009.

October 2, 2008
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