

**Consolidated Clause in Administration Committee Report 4, which was considered by City Council on June 27, 28 and 29, 2006.**

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**City of Toronto's Experience Using  
Remanufactured Toner Cartridges**

*City Council on June 27, 28 and 29, 2006, adopted this Clause without amendment.*

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**The Administration Committee recommends that City Council adopt the staff recommendations in the Recommendations Section of the report (May 15, 2006) from the Treasurer.**

Action taken by the Committee:

The Administration Committee referred the following recommendations submitted by John Adams to the Executive Director, Information and Technology, for consideration and report back to the Administration Committee:

"That:

- (a) the City Manager be requested to ensure that Council's policy regarding replacement toner cartridges is fully honoured by each operating division including within each operating division's purchase order arrangements and that each divisional head be directed to confirm this compliance in writing to the City Treasurer and Director of Purchasing and Materials Management;
- (b) the Mayor be requested to write to the Chair of Toronto Hydro, the Chair of the Toronto Transit Commission, and the Chair of the Toronto Community Housing Corporation to bring this City savings initiative and City staff report to their attention and request each to invite their respective boards to adopt the same policy and strategy to maximize savings and that their respective appropriate management official be requested to report back, for information, on the outcome of their respective considerations of this invitation to the City Treasurer and City Director of Purchasing and Materials Management; and
- (c) that the Executive Director of Information and Technology and the Director of Purchasing and Materials Management be requested to consider the pro bono offer of Sistik Data to provide advice to the City for the next competition to provide maintenance services to City printers and report to the Administration Committee on whether the traditional "break-fix" strategy regarding City printers should be changed to include periodic cleaning and preventive maintenance and, if so, how, and that this review and report be done in time so that Council can make a timely decision before the next competition for printer maintenance supplier takes place."

**The Administration Committee submits the report (May 15, 2006) from the Treasurer.**

Purpose:

The purpose of this report is to respond to the Administration Committee's request to review and evaluate the City of Toronto's experience using remanufactured toner cartridges after one year's time.

Financial Implications and Impact Statement:

There are no Financial Implications arising from this report.

Recommendations:

It is recommended that:

- (1) the City continue to allow suppliers to bid on both Original Equipment Manufacturer (OEM) and remanufactured toner cartridges and require City staff and City Councilors to use remanufactured toner cartridges in every instance when they are available and meet the City's specifications;
- (2) the City continue to award future calls for printer toner cartridges based on lowest cost per cartridge meeting City specifications, rather than overall lowest bid; and
- (3) Purchasing and Materials Management Division issue a city wide communication of the toner cartridge purchasing policy and toner cartridge repair procedure on a routine basis.

Background:

At its meeting of October 26, 2004 Council approved the recommendations in Administration Committee Report 6, Clause 10a. The recommendations read as follows:

“That the Chief Financial Officer and Treasurer be requested to report back to the Administration Committee:

- (1) on the feasibility of establishing a refilling station or facility for refilling existing toner cartridges; and
- (2) in one year's time, providing a review and evaluation of the City of Toronto's experience using remanufactured toner cartridges.”

Item one was reported to Administration Committee Report 7, Clause 4 at its meeting of September 28, 2005. This report responds to item two only. The report provides usage information over two years for OEM and remanufactured toner cartridges as well as feedback from clients and Information & Technology for the remanufactured toner cartridges purchased and inventoried in PMMD Stores.

Comments:

In January, 2005 an RFQ was issued inviting both Original Equipment Manufacturer (OEM) and remanufactured toner cartridges suppliers to bid on 38 replacement toner cartridge models. The RFQ was evaluated and blanket contracts were awarded based on lowest cost per cartridge meeting City specifications. In total, six blanket contracts were awarded to six remanufactured toner cartridge suppliers. The accumulated contract award value for the six blanket contracts was \$384,133.79. At the present time all replacement toner cartridges supplied by PMMD Stores, acquired by competitive quotation process, are remanufactured toner cartridges.

The table below represents replacement toner cartridge usage volumes and values for the past two years. Information for two years has been included for comparative purposes. Period one (1) represents replacement toner cartridges that were awarded on a low over all basis, period two (2) represents replacement toner cartridges that were awarded on a lowest cost per cartridge basis. The data represents the 38 replacement toner cartridge models maintained in PMMD inventory. PMMD Stores were stocking OEM toner cartridges almost exclusively during period 1 and remanufactured toner cartridges during period 2.

The usage value in period two is significantly lower than in period 1 for two reasons: a decrease in usage volume and a decrease in cartridge price. The usage volume data shows that there was a 27% decrease in usage from period 1 to period 2. Although detailed data related to the decrease is not available it is possible that some City clients acquired their replacement toner cartridges from an alternate source during period 2.

The average price per cartridge shown in the table below was calculated by dividing the usage volume into the usage value. As the table indicates there is a 59% decrease in the average price per cartridge from period 1 to period 2.

Usage Value and Volume

Period	Date	Total Usage Volume	Average Price/Cartridge	Total Usage Value
1	Apr 01/04 – Mar 31/05	4632	\$197.67	\$915,610.22
2	Apr 01/05 – Mar 31/06	3658	\$80.34	\$293,872.86

Product and Supplier Performance – Remanufactured Toner Cartridges

During the contract period from April 01, 2005 to March 31, 2006 for remanufactured toner cartridges several concerns were raised by City staff regarding remanufactured toner cartridge print quality. The nature of the complaints ranged from lines appearing on the print, smudging, blotching, dirty printouts and leaking cartridges. In many of these cases the toner cartridge supplier was contacted to provide printer service to the client. The service provided by the supplier’s repair technician ranged from a general cleaning of the printer to replacement of a defective cartridge. The supplier’s responses to the City’s service requests have been within the requirements of the contract in terms of timeliness and quality. Generally, City staff did not seem to be aware of the procedure to address service call requirements for remanufactured toner cartridges. The procedure was communicated to all City staff in May, 2005 and is available on the PMMD webpage in the City’s intranet. PMMD will issue a further communication of the Remanufactured Toner Cartridge Service Call Procedure.

Availability of the 38 toner cartridge models from the suppliers on contract was not an issue. Contract Release Orders issued by the City to replenish PMMD Stores inventories were delivered within the lead times required by the City.

A Remanufactured Toner Cartridge Assessment was conducted by the Toronto Police Service (TPS) because the TPS is considering the use of remanufactured toner cartridges. The assessment was conducted using two remanufactured toner cartridge models carried by PMMD Stores. The testing took place in a controlled environment, not in a typical user setting. The testing provided an objective comparison of the average page yield and overall performance of the remanufactured cartridges vs. OEM cartridges. The tests revealed that there were no issues with the remanufactured toner cartridges in terms of print quality, toner leakage and cartridge reliability.

Based on staff's review and evaluation of the City's experience using remanufactured toner cartridges it is recommended that the City continue to allow suppliers to bid on both Original Equipment Manufacturer (OEM) and remanufactured toner cartridges, require City staff and City Councillors to use remanufactured toner cartridges in every instance when they are available and meet the City's specifications, and continue to award future calls for printer toner cartridges based on lowest cost per cartridge meeting City specifications, rather than overall lowest bid.

Conclusions:

Awarding contracts to suppliers on the basis of the lowest cost per cartridge resulted in significant savings for the City. Replacement Toner cartridge usage from PMMD inventories decreased during the past year. There was an increase in printer service inquiries over the past year but there were no significant issues related to remanufactured toner cartridge products or supplier issues.

In general, City staff did not seem to be aware of the procedure to address service call requirements for remanufactured toner cartridges.

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The following persons addressed the Administration Committee:

- John Adams, President, Eelivery Solutions Inc., and filed a written submission; and
- David Title, President and Chief Executive Officer, Sistek Data, and filed a written submission.