

NCP Contracts with Mister Safety Shoes Inc operating as Mister Safety Shoes and Kodiak Group Holdings operating as Work Authority for the non-exclusive supply and fitting of Various New Safety Footwear and Related Items for various City of Toronto Divisions

Date: April 3, 2025

To: General Government Committee

From: Chief Procurement Officer

Wards: All

SUMMARY

The purpose of this report is to request City Council authority to enter into non-competitive contracts with Mister Safety Shoes Inc operating as Mister Safety Shoes and Kodiak Group Holdings operating as Work Authority for the non-exclusive supply and fitting of Various New Safety Footwear and Related Items for various City of Toronto Divisions. The total amount requested for both contracts is \$12,505,494 net of all taxes and charges (\$12,725,591 net of HST recoveries) and will commence on July 1, 2025, with an option to renew the contract for four (4) additional one (1) year periods.

This non-competitive procurement (NCP) is required as the recent competitive procurement for safety footwear was unsuccessful, with no compliant or viable bids received. To ensure continuity of service and meet the City's obligations, particularly those tied to collective agreements, this NCP will allow us to maintain access to essential safety footwear in the interim. The current bridge contract, which was put in place to support operation continuity during the evaluation period of the competitive procurement, is set to expire on June 30, 2025. This NCP will provide the necessary time to investigate the challenges encountered in the previous solicitation, engage stakeholders, develop a more effective and sustainable procurement strategy for future safety footwear requirements.

Pursuant to City of Toronto Municipal Code Chapter 195, Procurement, Section 195-7.3 (D), Standing Committee and Council approval is required for all procurement valued up to or over \$500,000, or where the term of the contract exceeds five (5) years or exceeds the projected capital funding for the project as approved by Council. Approval is also required under City of Toronto Municipal Code Chapter 71, Financial Control, Section 71-11A., as the procurement value exceeds the threshold of \$500,000 net of HST allowed under staff authority.

RECOMMENDATIONS

The Chief Procurement Officer recommends that City Council authorize the Chief Procurement Officer to negotiate and execute NCP contracts with:

1. Mr. Safety Shoes Inc operating as Mister Safety Shoes in the amount of \$8,182,012 net of all taxes and charges (\$8,326,016 net of Harmonized Sales Tax recoveries) to provide for the non-exclusive supply and fitting of Various New Safety Footwear and Related Items for various City of Toronto Divisions, for a one (1) year period and will commence on July 1, 2025, with an option to renew the contract for four (4) additional one (1) year periods at the discretion of the City on terms and conditions satisfactory to the Chief Procurement Officer and in a form satisfactory to the City Solicitor.

2. Kodiak Group Holdings operating as Work Authority in the amount of \$4,323,482 net of all taxes and charges (\$4,399,575 net of Harmonized Sales Tax recoveries) to provide for the non-exclusive supply and fitting of Various New Safety Footwear and Related Items for various City of Toronto Divisions, for a one (1) year period beginning and will commence on July 1, 2025, with an option to renew the contract for four (4) additional one (1) year periods at the discretion of the City on terms and conditions satisfactory to the Chief Procurement Officer and in a form satisfactory to the City Solicitor.

FINANCIAL IMPACT

The total potential contract award for the non-exclusive supply and fitting of Various New Safety Footwear and Related Items for the initial one (1) year period and four (4) option one (1) year periods is \$12,505,494 net of all taxes and charges. The total potential cost to the City is \$12,725,591 net of Harmonized Sales Tax recoveries.

Funding for the 2025 requirements of the initial contract period in the amount of \$1,198,462 net of HST recoveries is available in the 2025 Operating Budgets of the participating City Divisions. Additional funding for the remainder of the initial contract period from January 1, 2026 to June 30, 2026 and for the additional four (4) one (1) year periods if the City chooses to exercise its option to extend the contract will be included in the 2026-2030 annual Operating Budget submissions of the participating City Divisions accordingly.

The supply and fitting of Various New Safety Footwear and Related Items for the initial one (1) year period and four (4) option one (1) year period in the amount of \$228,443 net of HST recoveries on this contract will be purchased for Purchasing and Materials Management Stores inventory purposes. The material value will be held in inventory holding Balance Sheet accounts (160004, 160026, 160049, 160067, 160068, 160082, 160083, 160085, 160171) until City divisions require the material to support their work programs at which time the material value is charged to the appropriate divisions' Operating Budgets.

Non-Competitive Contracts for the non-exclusive supply and fitting of Various New Safety Footwear and Related Items

Projected annual funding requirements are outlined in the Detailed Funding Requirements in Attachment 1.

The Chief Financial Officer and Treasurer has reviewed this report and agrees with the financial impact information.

DECISION HISTORY

At its meeting on September 5, 2018, the Bid Award Panel adopted item 1, "Award of Request for Quotation (RFQ) No. 0114-18-0008 to Kodiak Group Holdings Co. o/a Work Authority for Various Safety Footwear, Occupational Footwear and Galoshes for male and female employees" to Kodiak Group Holdings Co. operating as Work Authority for a two (2) year initial period from the date of award with three (3) separate one (1) year optional periods in the amount of \$6,420,496 net of all applicable taxes and charges. <https://www.toronto.ca/legdocs/mmis/2018/ba/bgrd/backgroundfile-120143.pdf>

At its meeting on May 30, 2023, the General Government Committee adopted item GG4.14, a NCP Bridge Contract for Various Safety Footwear was issued to Kodiak Group Holdings Co. operating as Work Authority for a 12-month period in the amount of \$1,951,161, net of all applicable taxes and charges (<https://www.toronto.ca/legdocs/mmis/2023/gg/bgrd/backgroundfile-236542.pdf>).

At its meeting on June 26, 2024, City Council adopted Member Motion MM19.40 to extend the NCP bridge contract with Kodiak Group Holdings Co. operating as Work Authority to extend the for an additional six (6) months until December 31, 2024 and increase the value by an additional \$255,850 net of all taxes and charges (<https://www.toronto.ca/legdocs/mmis/2024/mm/bgrd/backgroundfile-247301.pdf>)

At its meeting on December 12, 2024, City Council adopted Member Motion MM24.36 to extend the NCP bridge contract with Kodiak Group Holdings Co. operating as Work Authority to extend the for an additional six (6) months until June 30, 2025 and increase the value by an additional \$1,067,411 net of all taxes and charges (<https://www.toronto.ca/legdocs/mmis/2024/mm/bgrd/backgroundfile-251672.pdf>).

COMMENTS

In Ontario, workers exposed to the hazard of foot injury must wear foot protection appropriate in these circumstances. These requirements are outlined in Ontario's [Occupational Health and Safety Act](#) and supporting regulations under the Act.

The City of Toronto has a Corporate Safety Footwear program that provides employees with protective footwear appropriate to the nature of the foot hazard and the demands of the job. Specific protective footwear entitlement is determined using the City of Toronto's 'Safety Footwear Needs Analysis' tool. If the Safety footwear Needs Analysis

indicates that both summer and winter footwear are required, both types of footwear are provided.

Many of the safety footwear requirements are tied to existing union agreements, which mandate specific standards, allowances, and entitlements for unionized staff. These arrangements are the result of collective bargaining requiring the City to ensure compliance when issuing footwear. As such, the specifications reflect not only operational needs but also obligations under the current collective agreement, limiting the flexibility to alter certain aspects of the procurement specifications.

Multiple stakeholders and guiding documents are involved in the Corporate Safety Footwear program, including but not limited to: employee end users, participating Divisions, Locals 3888, 416, and 79, the Protective Clothing and Working Apparel Committee, Collective Bargaining Agreements and Memorandums of Settlements.

Led by Toronto Fire Services Request for Quotation (RFQ) Doc3918871067 was issued on August 10, 2023, for the non-exclusive supply and fitting of Various New Safety Footwear and Related Items for City of Toronto employees, for the City of Toronto and City Agencies. Suppliers were able to bid on three (3) mandatory tables Table A: Non-uniformed Duties Safety Footwear, Table B: Uniformed Duties Safety Footwear and Table C: Rubber Safety Footwear. There was a total of eight (8) addenda and the solicitation closed on October 11, 2023. The City of Toronto received a total of two (2) bids (Kodiak Group Holdings operating as Work Authority and Mister Safety Shoes Inc operating as Mister Safety Shoes).

After the solicitation closed the Standards and Specifications Unit at Purchasing and Materials Management received samples from both suppliers and began sample evaluations on November 28, 2023. The Standards and Specifications Unit completed the bid sample evaluations for each of the Tables notifying both suppliers of deviations and allowing them the ability to rectify the deviations as set out in the RFQ. After numerous communications with both suppliers, they were unable to rectify their deviations. Therefore, Purchasing Materials and Management was unable to award RFQ Doc3918871067 as is to either supplier as neither met the mandatory requirements set out in the procurement, which led the cancellation of the solicitation on December 17, 2024.

Due to the complexity of the specifications and the level of research, analysis and stakeholder and supplier engagement needed to develop and issue a new competitive procurement, it is not feasible to complete this process before the expiration of the existing contract with Kodiak Group Holding operating as Work Authority which expires on June 30, 2025.

As a result of the aforementioned challenges, and to ensure that City Staff have the proper safety footwear Purchasing Materials and Management has determined that the most practical and efficient approach, that is allowed within the Procurement Bylaw, is to proceed with two (2) new NCPs with Mister Safety Shoes Inc operating as Mister Safety Shoes and Kodiak Group Holdings operating as Work Authority utilizing the NCP rationale no. 14; "Competitive Solicitation Unsuccessful". Both suppliers are incumbents with established experience in meeting the City's safety footwear requirements.

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The NCPs will be for a one (1) year initial period with four (4) separate one (1) year optional periods. Should the option be exercised, then the Client Division Head will request the Chief Procurement Officer to process the renewals under the same terms and conditions and increased based on the Consumer Price Index.

This approach ensures uninterrupted service while allowing sufficient time to collaborate with various stakeholders including participating Divisions, Locals 3888, 416, and 79, the Protective Clothing and Working Apparel Committee to develop a robust and informed strategy for a successful future competitive procurement.

The Fair Wage Office confirms the recommended suppliers understand the Fair Wage policy and labour trades requirements and have agreed to comply fully.

CONTACT

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SIGNATURE

Geneviève Sharkey
Chief Procurement Officer

ATTACHMENTS

Appendix 1 - Detailed Funding Requirements