

# **TORONTO** STAFF REPORT

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May 15, 2006

To: Administration Committee  
From: Treasurer  
Subject: City of Toronto's Experience Using Remanufactured Toner Cartridges

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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Cam Weldon  
Treasurer