

**Meeting Date:** November 22, 2000

**SUBJECT:** Procurement Authorization - The Direct Supply Of Miscellaneous Hand And Cutting Tools

### **Recommendation**

It is recommended that the Commission approve the issuance of a purchase order to Hansler Smith Limited in the total upset limit amount of \$3,000,000.00 for the supply of miscellaneous hand and cutting tools for the period from December 1, 2000 to November 30, 2003.

### **Funding**

Sufficient funds are included in the 2000 TTC Operating Budget and will be included in future Operating Budgets as required.

### **Background**

The Commission has a System Contract with Hansler Smith Limited for the supply of miscellaneous hand and cutting tools in which the supplier delivers directly to the user departments. The upset limit amount for the current contract was based on the value of the previous contract. However, actual expenditures have exceeded forecasts, and there are insufficient funds to last until the contract's scheduled expiry date of December 17, 2001.

### **Discussion**

A Request for Tender was issued to five known suppliers in addition to a public advertisement in the Globe and Mail on Friday, September 8, 2000. Three companies submitted tenders and were evaluated as shown in Appendix 'A'.

Tenderers were requested to submit pricing information in three separate areas; a shopping basket, a manufacturer's discount and a cost plus factor. The shopping basket consists of a list of 1000 items with specified quantities and is estimated to represent approximately 73% of the yearly expenditures. The tenderers were required to provide prices for shopping basket items that would be firm for one year and thereafter are subject to adjustment for years 2 and 3 based on the percentage change in the Industrial Products Price Index (IPPI). For items purchased outside the shopping basket, tenderers were requested to submit a percentage discount from the published list prices of 44 manufacturers, firm for 3 years, which combined, would represent approximately 22% of the yearly expenditures. The remaining 5% of yearly expenditures are expected to be made up of one-time and incidental buys. For these types of purchases tenderers were requested to submit a percentage mark-up on their cost from the manufacturer/agent, that would be firm for 3 years. For evaluation purposes, the tenderers' pricing information on the applicable manufacturers' discounts and the percentage mark-up on the

manufacturers' costs were applied to the estimated annual expenditures for these types of purchases.

Hansler Smith has submitted the lowest evaluated tendered price and did not state any exceptions or qualifications. Hansler Smith is the current contractor for this requirement and their performance has been satisfactory. Hansler Smith is commercially and technically acceptable, and is therefore recommended for award.

Guillevin International submitted the second lowest evaluated tendered price and are considered acceptable.

The estimated upset limit includes an allowance of approximately 18% for price escalation and for fluctuations in usage over the three years of the contract.

**Justification**

Award of the above mentioned contract will ensure the uninterrupted supply of miscellaneous hand and cutting tools for the Commission's ongoing maintenance requirements.

November 9, 2000

9-118-76

Attachment – Appendix 'A'

**Appendix 'A'**

**Supply Of Miscellaneous Hand And Cutting Tools**

**List Of Tenders**

<b>TENDERER</b>	<b>TOTAL EVALUATED TENDERED PRICE BASED ON ESTIMATED ANNUAL EXPENDITURES</b>
<b>Hansler Smith</b>	<b>\$847,984.81</b> (Recommended for award)

Guillevin International	\$972,302.65
Acklands-Grainger	\$950,017.98 (Partial tender only as Acklands-Grainger did not submit a mark-up factor and their Tender included a number of commercial exceptions and qualification which were considered unacceptable.)