

**MEETING DATE:** March 19, 2003

**SUBJECT:** Purchase Of Lubricating Products

**RECOMMENDATION**

It is recommended that the Commission authorize the award of three-year inventory supply contracts for the supply of lubricating products to the following companies for the period from April 2003 to March 2006:

- Brodi Chemicals for \$370,000 including applicable taxes.
- British Auto Supply Company Limited for \$35,000 including applicable taxes.
- Noco Lubricants Canada Incorporated for \$24,000 including applicable taxes.
- Fuchs Lubricants Canada Limited for \$9,000 including applicable taxes.
- Shell Canada Products for \$6,000 including applicable taxes.
- Petro-Canada Lubricants for \$1,000 including applicable taxes.

**FUNDING**

Sufficient funds have been included in the 2003 TTC Operating Budget and will be included in future Operating Budgets as appropriate. These inventory materials will be charged to the appropriate budget at the time of issuance from Stores.

**BACKGROUND**

The subject lubricants are used for various maintenance applications within the Commission.

**DISCUSSION**

Proposals were invited from twenty-nine known companies coupled with an advertisement on the TTC internet web site on January 30, 2003. Eight companies submitted proposals as summarized in Appendix 'A'.

The proposal called for 43 part types out of which 15 are being recommended for award. The remaining 28 part types were a combination of 26 part types not being quoted by any of the proponents and 2 part types with excessive price increases not considered acceptable. Of the 26 part types that were not quoted, staff have determined the main contributing factor as the current uncertainty in petroleum prices. The 28 part types will be reviewed to determine a source of supply as part of a future proposal.

Brodi Chemicals has the lowest acceptable proposal on 1 part type. They are recommended to be awarded a contract for \$370,000.

British Auto Supply Company Limited has the lowest acceptable proposal on 3 part types. They are recommended to be awarded a contract for \$35,000.

Noco Lubricants Canada Incorporated has the lowest acceptable proposal on 5 part types. They are recommended to be awarded a contract for \$24,000.

Fuchs Lubricants Canada Limited has the lowest acceptable proposal on 2 part types. They are recommended to be awarded a contract for \$9,000.

Shell Canada Products has the lowest acceptable proposal on 3 part types. They are recommended to be awarded a contract for \$6,000. Their proposal contained three qualifications. The first related to invoicing, the second was for delivery of material and the third was for packaging of one part type. Staff has reviewed and has considered these qualifications acceptable.

Petro-Canada Lubricants has the lowest acceptable proposal on 1 part type. They are recommended to be awarded a contract for \$1,000. Their proposal also contained pricing on another 13 part types which were alternates. These alternates were not acceptable as they were non-compliant to the specifications and were not considered further.

Safety-Kleen Canada Incorporated submitted a proposal on 9 part types of which all were alternates. These alternates were not acceptable as they were non-compliant to the specifications and were not considered further.

Vaughan Automotive Supply submitted a proposal on 4 part types however, they did not have the lowest price on any items in the proposal.

Each contract includes approximately 20% contingency for variances between forecasted and actual usage and new parts yet to be identified which may be added to the contracts during the contract term.

The pricing for the new three-year inventory supply contracts are approximately 3% higher in the first year of the contract. There will be approximately a 3% increase in year two based on year one prices and approximately a 3% increase in year three based on year two prices.

**JUSTIFICATION**

These lubricating products are required in order to support maintenance needs.

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February 28, 2003

9-118-80

Attachment - Appendix 'A'

**APPENDIX 'A'**

**PURCHASE OF LUBRICATING PRODUCTS**

**PROPOSAL SUMMARY**

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	<b>NOT OF ITEMS PRICED</b>	<b>AMOUNT PROPOSED</b>	<b>NO. OF ITEMS RECOMMENDED</b>	<b>RECOMMENDED UPSET LIMIT AMOUNT</b>
	1	\$311,390.10	1	\$370,000
y	3	\$29,037.41	3	\$35,000
	9	\$372,104.96	5	\$24,000
hited	3	\$11,875.66	2	\$9,000
	6	\$36,032.65	3	\$6,000
	1	\$676.27	1	\$1,000
rated	9	\$337,372.09	--	--
s	4	\$33,369.49	--	--