

MEETING DATE: APRIL 14, 2004

SUBJECT: Purchase Of Bearings And Seals

RECOMMENDATION

It is recommended that the Commission authorize the award of three-year inventory supply contracts for the supply of bearings and seals to the following companies for the period from May 2004 to May 2007:

- Kinecor Incorporated for \$3,171,000 including applicable taxes.
- Reliable Bearings Company Limited for \$2,441,000 including applicable taxes.
- Canadian Bearings Limited for \$1,531,000 including applicable taxes.
- Toronto Bearings & Belting Limited for \$1,009,000 including applicable taxes.
- B.D.I. Canada Incorporated for \$210,000 including applicable taxes.
- British Auto Supply Company Limited for \$46,000 including applicable taxes.
- C.B.S. Equipment Limited for \$20,000 including applicable taxes.

FUNDING

Sufficient funds have been included in the 2004 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 bearings and seals are used to maintain the Commission's revenue and non-revenue vehicle fleet and RSEM maintenance. Several examples of parts are bearings for subway safety gearboxes and bearings for ALRV axles, transmission seals for service vehicles and turnstile bearings.

DISCUSSION

Tenders were invited from fourteen known companies coupled with an advertisement on the TTC internet website on January 15, 2004. Ten companies submitted tenders as summarised in Appendix 'A'.

The tender called for 302 pre-approved part types of which 291 are being recommended for award. The other 11 part types were not quoted by any of the tenderers. Staff will investigate these part types and may subsequently address these part types on a future request for tender. Tenderers were also advised that alternatives would not be considered during the evaluation.

During the evaluation of the tender, staff encountered identical lowest prices on several part types. Staff have recommended awards of these parts be based on the companies' performance ratings. These ratings are based on a combination of rejections, over-shipments and on-time deliveries that were applied to purchase orders awarded during a one-year period.

Kinecor Incorporated submitted prices on 265 part types and has the lowest price on 66 part types. They were also tied with B.D.I Canada Incorporated on 3 part types for the lowest price. Since Kinecor Incorporated does not have a history of providing bearings to the Commission, their performance rating could not be evaluated hence they are not being recommended for award of these 3 part types. As Kinecor Incorporated has had no prior supply experience with the Commission, staff embarked on a site tour of their facility. Staff concluded that they appeared capable of fulfilling the Commission bearings and seals requirements. They are recommended to be awarded 66 part types for an upset limit contract of \$3,171,000.

Reliable Bearings Company Limited submitted prices on 255 part types and has the lowest price on 62 part types. They are recommended to be awarded an upset limit contract for \$2,441,000.

Canadian Bearings Limited submitted prices on 108 part types and has the lowest price on 49 part types. They are recommended to be awarded an upset limit contract for \$1,531,000.

Toronto Bearings & Belting Limited submitted prices on 250 part types and has the lowest price on 66 part types. In addition, they also submitted pricing for 38 part types which were not firm and were not considered further. They were also tied with B.D.I Canada Incorporated on 1 part type for the lowest price. Since B.D.I. Canada Incorporated has a better performance rating Toronto Bearing & Belting Limited are not being recommended award of this 1 part type. Additionally, Toronto Bearings & Belting Limited were tied for lowest bid with C.B.S. Equipment Limited on 1 part type and are

recommended for award for this part as discussed elsewhere in this report. They are recommended to be awarded 67 part types for an upset limit contract of \$1,009,000.

B.D.I. Canada Incorporated submitted prices on 273 part types and has the lowest price on 37 part types, as well B.D.I. Canada Incorporated were tied for low bid on 4 part types and are recommended for award for these 4 part types as discussed elsewhere in this report. They are recommended to be awarded 41 part types for an upset limit contract for \$210,000.

British Auto Supply Company Limited submitted prices on 108 part types and has the lowest price on 2 part types. They are recommended to be awarded an upset limit contract for \$46,000.

C.B.S. Equipment Limited submitted prices on 209 part types and has the lowest price on 4 part types. They were also tied with Toronto Bearings & Belting Limited on 1 part type for the lowest price. Since C.B.S. Equipment Limited does not have a history of providing bearings to the Commission, their performance rating could not be evaluated hence they are not being recommended award of this 1 part type. They are recommended to be awarded 4 part types for an upset limit contract of \$20,000.

The remaining companies all submitted pricing, however they did not have the lowest price on any of the part types.

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 2% higher in the first year of the contract as compared to current pricing. The pricing is approximately 1% higher in year two based on year one pricing and approximately 2% higher in year three based on year two pricing.

JUSTIFICATION

These bearings and seals are required in order to support varying vehicle and RSEM maintenance needs.

April 1, 2004

9-118-55

Attachment – Appendix ‘A’

APPENDIX 'A'

PURCHASE OF BEARINGS AND SEALS

TENDER SUMMARY

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TENDERER	NO. OF ITEMS PRICED	AMOUNT TENDERED	NO. OF ITEMS RECOMMENDED
Kinecor Incorporated	265	\$6,163,046.25	66
Reliable Bearings Company Limited	255	\$7,105,928.08	62
Canadian Bearings Limited	108	\$4,417,554.84	49
Toronto Bearings and Belting Limited	250	\$7,089,072.50	67
B.D.I. Canada Incorporated	273	\$9,413,149.33	41
British Auto Supply Company Limited	108	\$2,436,298.05	2
C.B.S. Equipment Limited	209	\$7,056,480.25	4
MCI Fleet Support Group	15	\$877,319.26	---
North American Transit Supply Corporation (NATSCO)	1	\$3,737.50	---
Neudoeffer Truck Supply Incorporated	28	\$820,748.19	---