

**MEETING DATE:** JULY 14, 2004

**SUBJECT:** Purchase Of Electric Jobber Parts

### **RECOMMENDATION**

It is recommended that the Commission authorize the award of three-year inventory supply contracts for the supply of various electric jobber parts to the following companies for the period from September 2004 to September 2007:

- Powertrade Electric Limited for \$1,125,000 including applicable taxes.
- Wesco Distribution Canada Incorporated for \$1,000,000 including applicable taxes.
- Argo International for \$585,000 including applicable taxes.
- Harwell Electric Supply Company Limited for \$565,000 including applicable taxes.
- Guillevin International Company for \$140,000 including applicable taxes.
- CEA Telecom for \$110,000 including applicable taxes.
- Westburne Ruddy Electric for \$100,000 including applicable taxes.
- Electro Sonic Incorporated for \$85,000 including applicable taxes.
- Baumer Electric Incorporated for \$75,000 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 electric jobber parts are used for varying electrical maintenance needs throughout the Commission including vehicle and building maintenance. Several examples include contactors, motor starting switches, tie wraps, terminals, fuses, splices and breakers.

### **DISCUSSION**

Tenders were invited from twenty-six known companies coupled with an advertisement on the TTC internet website on May 14, 2004. Fifteen companies submitted proposals as summarized in Appendix 'A'. None of the recommended companies stated any exceptions or qualifications and their tenders are considered acceptable.

The tender called for 793 pre-approved part types. Tenderers were also advised that alternatives would not be considered during the evaluation. A total of 748 part types are being recommended for award. The 45 part types that are not being recommended were not priced. Staff will investigate these parts and they may subsequently be the subject of a future tender.

Powertrade Electric Limited submitted prices on 587 part types and has the lowest price on 326 part types. They are recommended to be awarded 326 parts at the upset limit price of \$1,125,000.

Wesco Distribution Canada Incorporated submitted prices on 397 part types and has the lowest price on 180 part types of which they were tied for the lowest price with Harwell Electric Supply Company Limited on 1 part type and with Guillevin International Company on 1 part type. However as Wesco Distribution Canada Incorporated did not offer the lowest lead time, staff recommend the award of these 2 part types to be made to Harwell Electric Supply Company Limited and Guillevin International Company accordingly. Hence, Wesco Distribution Canada Incorporated are recommended to be awarded 178 part types for an upset limit price of \$1,000,000.

Argo International submitted prices on 69 part types and has the lowest price on 2 part types. They are recommended to be awarded an upset limit price of \$585,000.

Harwell Electric Supply Company Limited submitted prices on 648 part types and has the lowest price on 133 part types of which they were tied for the lowest price with Guillevin International Company on 2 part types and with Wesco Distribution Canada Incorporated on 3 part types. However as Harwell Electric Supply Company did not offer the lowest lead time, staff recommend the award of these 5 part types to Guillevin International Company and Wesco Distribution Canada Incorporated accordingly. Also within the 133 parts types,

Harwell Electric Supply Company Limited was tied with CEA Telecom on 1 part type on both price and lead time. Since CEA Telecom has a better vendor performance rating, staff recommend the award of this 1 part type to CEA Telecom. Hence, Harwell Electric Supply Company Limited is recommended to be awarded 127 part types for an upset limit price of \$565,000.

Guillevin International Company submitted prices on 375 part types and has the lowest price on 12 part types of which they were tied for the lowest price with Wesco Distribution Canada Incorporated on 1 part type. However as Guillevin International Company did not offer the lowest lead time staff recommend the award of this 1 part type to Wesco Distribution Canada Incorporated. Hence, Guillevin International Company are recommended to be awarded 11 part types for an upset limit price of \$140,000.

CEA Telecom submitted prices on 100 part types and has the lowest price on 8 part types. They are recommended to be awarded an upset limit price of \$110,000.

Westburne Ruddy Electric submitted prices on 391 part types and has the lowest price on 38 part types. Their submission also included pricing on an additional 42 part types which were alternatives and were not considered further. They are recommended to be awarded the 38 part types for an upset limit price of \$100,000.

Electro Sonic Incorporated submitted prices on 123 part types and has the lowest price on 57 part types. They are recommended to be awarded an upset limit price of \$85,000.

Baumer Electric Incorporated submitted prices on 1 part type and has the lowest price on that 1 part type. They are recommended to be awarded an upset limit price of \$75,000.

O'Neil Electric Supply Limited submitted pricing on 150 part types and had the lowest price on 15 part types of which they were tied for the lowest price with Wesco Distribution Canada Incorporated on 10 part types. However as O'Neil Electric Supply Limited did not offer the lowest lead time staff recommend the award of these 10 part types to Wesco Distribution Canada Incorporated. The remaining 5 of the 15 part types has a total three year value of approximately \$2,000. Staff compared their pricing to the next lowest price for each part type and revealed a premium of approximately \$50. Therefore, staff is not recommending awarding these 5 part types to O'Neil Electric Supply Limited on the basis that the cost of issuing a purchase order coupled with the administration costs of the contract over the three year term would exceed the noted \$50 premium. On this basis, staff recommend awarding to the next lowest tenderer which will be 2 part types to Wesco Distribution Canada Incorporated, 1 part type to Westburne Ruddy Electric and 2 part types to Harwell Electric Supply Company Limited.

The remaining companies' submissions are elaborated further in Appendix 'A'.

Each recommended upset limit 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 10% lower in the first year of the contract. The pricing will be approximately 3% higher in year two based on year one pricing and approximately 3% higher in year three based on year two pricing.

## **JUSTIFICATION**

These electric jobber parts are required in order to support varying electrical maintenance needs throughout the Commission.

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June 30, 2004

9-118-55

Attachment – Appendix 'A'

**APPENDIX 'A'**

**PURCHASE OF ELECTRIC JOBBER PARTS**

**COST SUMMARY**

<b>TENDERER</b>	<b>NO. OF ITEMS PRICED</b>	<b>AMOUNT TENDERED</b>	<b>NO. OF ITEMS RECOMMENDED</b>	<b>RECOMMENDED UPSET LIMIT AMOUNT</b>
Powertrade Electric Limited	587	\$2,156,145.52	326	\$1,125,000.00
Wesco Distribution Canada Incorporated	397	\$1,724,935.91	178	\$1,000,000.00
Argo International	69	\$880,509.41	2	\$585,000.00
Harwell Electric Supply Company Limited	648	\$4,600,170.76	127	\$565,000.00
Guillevin International Company	375	\$1,981,049.82	11	\$140,000.00
CEA Telecom	100	\$585,647.25	8	\$110,000.00
Westburne Ruddy Electric	391	\$1,636,737.87	38	\$100,000.00
Electro Sonic Incorporated	123	\$420,633.40	57	\$85,000.00
Baumer Electric Incorporated	1	\$63,471.38	1	\$75,000.00
O'Neil Electric Supply Limited	150	\$1,025,783.27	--	--
Jera Enterprises *	400	\$1,709,268.56	--	--
Franklin Empire Incorporated *	218	\$4,369,004.08	--	--
Distribution	204	\$58,307,706.20	--	--

Laurent Leblanc Incorporated *				
Electric Depot *	500	\$2,932,390.79	--	--
Robertson Electric Wholesale Limited *	218	\$1,292,484.97	--	--

**\* NON-COMPLIANT TENDERS:**

Jera Enterprises submitted an incomplete tender form.

Franklin Empire Incorporated did not submit required lead times.

Distribution Laurent Leblanc Incorporated submitted ambiguous pricing and their tender could not be evaluated.

Electric Depot did not submit required lead times.

Robertson Electric Wholesale Limited did not submit required lead times.